

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

FORM 8-K

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

Date of report (Date of earliest event reported): November 25, 2020

QuantumScape Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or other jurisdiction
of incorporation)

001-39345
(Commission
File Number)

85-0796578
(I.R.S. Employer
Identification Number)

1730 Technology Drive
San Jose, California
(Address of principal executive offices)

95110
(Zip code)

(408) 452-2000
(Registrant's telephone number, including area code)

Kensington Capital Acquisition Corp.
1400 Old Country Road, Suite 301
Westbury, New York
(Former name or former address, if changed since last report)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	QS	The New York Stock Exchange
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50	QS.W	The New York Stock Exchange

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

Emerging growth company

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

INTRODUCTORY NOTE

On November 25, 2020 (the “Closing Date”), QuantumScape Corporation, a Delaware corporation (f/k/a Kensington Capital Acquisition Corp. (“KCAC”)) (the “Company”), consummated the previously announced merger pursuant to that certain Business Combination Agreement, dated September 2, 2020 (the “Business Combination Agreement”), by and among KCAC, Kensington Merger Sub Corp., a Delaware corporation and wholly owned subsidiary of KCAC (“Merger Sub”), and QuantumScape Subsidiary, Inc., a Delaware corporation (f/k/a QuantumScape Corporation) (“Legacy QuantumScape”).

Pursuant to the terms of the Business Combination Agreement, a business combination between the Company and Legacy QuantumScape was effected through the merger of Merger Sub with and into Legacy QuantumScape, with Legacy QuantumScape surviving as the surviving company and as a wholly-owned subsidiary of KCAC (the “Merger” and, collectively with the other transactions described in the Business Combination Agreement, the “Business Combination”). On the Closing Date, the registrant changed its name from Kensington Capital Acquisition Corp. to QuantumScape Corporation.

At the effective time of the Merger (the “Effective Time”), and subject to the terms and conditions of the Business Combination Agreement, each share of Legacy QuantumScape Class A common stock, par value \$0.0001 per share, and each share of the Legacy QuantumScape Preferred Stock that was convertible into a share of Legacy QuantumScape Class A common stock, was canceled and converted into the right to receive the number of shares of the Company’s Class A Common Stock, \$0.0001 par value per share (the “Class A Common Stock”) equal to 4.02175014920 (the “Exchange Ratio”), and each share of Legacy QuantumScape Class B Common Stock, par value \$0.0001 per share, and each share of the Legacy QuantumScape Preferred Stock that was convertible into a share of Legacy QuantumScape Class B common stock was canceled and converted into the right to receive the number of shares of the Company’s Class B Common Stock, \$0.0001 par value per share (the “Class B Common Stock,” and, together with the Class A Common Stock, the “Common Stock”) equal to the Exchange Ratio.

At the Effective Time, each outstanding and unexercised warrant (“Legacy QuantumScape Warrant”) to purchase shares of Legacy QuantumScape capital stock was automatically converted into a warrant to purchase a number of shares of the applicable class of Common Stock (such warrant, the “Exchanged Warrant”) equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Legacy QuantumScape common stock subject to such Legacy QuantumScape Warrant immediately prior to the Effective Time multiplied by (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price per share of such Legacy QuantumScape Warrant immediately prior to the Effective Time divided by (B) the Exchange Ratio. Except as specifically provided above, following the Effective Time, each Exchanged Warrant continued to be governed by the same terms and conditions (including vesting and exercisability terms) as were applicable to the corresponding former Legacy QuantumScape Warrant immediately prior to the Effective Time.

Each option to purchase shares of Legacy QuantumScape common stock (a “Legacy QuantumScape Option”) that was outstanding immediately prior to the Effective Time, whether vested or unvested, was converted into an option to purchase a number of shares of the applicable class of Common Stock that the Legacy QuantumScape Option covered (such option, an “Exchanged Option”) equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Legacy QuantumScape Common Stock subject to such Legacy QuantumScape Option immediately prior to the Effective Time and (ii) the Exchange Ratio, at an exercise price per share (rounded up to the nearest whole cent) equal to (A) the exercise price per share of such Legacy QuantumScape Option immediately prior to the Effective Time, divided by (B) the Exchange Ratio. Except as specifically provided in the Business Combination Agreement, following the Effective Time, each Exchanged Option continued to be governed by the same terms and conditions (including vesting and exercisability terms) as were applicable to the corresponding former Legacy QuantumScape Option immediately prior to the Effective Time.

Each share of restricted stock granted under Legacy QuantumScape’s option plans or acquired via the early exercise of Legacy QuantumScape’s options, immediately prior to the Closing (“Legacy QuantumScape Restricted Stock”) that was outstanding immediately prior to the Effective Time was converted into restricted shares of the applicable class of Common Stock that the pre-conversion Legacy QuantumScape Restricted Stock covered (such share of restricted Common Stock, an “Exchanged Restricted Stock”) equal to the product (rounded down to the nearest whole number) of (i) the number of shares subject to a Legacy QuantumScape Restricted Stock immediately prior to the Effective Time multiplied by (ii) the Exchange Ratio. Except as specifically provided above, following the Effective Time, each Exchanged Restricted Stock continued to be governed by the same terms and conditions (including transfer restrictions and repurchase right terms) as were applicable to the corresponding former Legacy QuantumScape Restricted Stock immediately prior to the Effective Time.

Each outstanding restricted stock unit granted by Legacy QuantumScape, immediately prior to the Closing under Legacy QuantumScape option plans or otherwise (“Legacy QuantumScape RSU”) that was outstanding immediately prior to the Effective Time was converted into a restricted stock unit of the applicable class of Common Stock that the pre-conversion Legacy QuantumScape RSU covered (such restricted stock unit award covering Common Stock, an “Exchanged RSU”) equal to the product (rounded down to the nearest whole number) of (i) the number of shares of Legacy QuantumScape RSU immediately prior to the Effective Time multiplied by (ii) the Exchange Ratio. Except as specifically provided above, following the Effective Time, each Exchanged RSU continued to be governed by the same terms and conditions (including transfer restrictions and repurchase right terms) as were applicable to the corresponding former Legacy QuantumScape RSU immediately prior to the Effective Time.

Immediately prior to the Effective Time, the obligation to purchase shares of Legacy QuantumScape’s Series F Preferred Stock, par value \$0.0001 per share (“Legacy QuantumScape Series F Preferred Stock”), upon satisfaction of certain milestones, if still outstanding, became an obligation to purchase, upon satisfaction of the milestones, shares of Class A Common Stock equal in number to the shares of Class A Common Stock that would have been issued in the Merger in exchange for such shares of Legacy QuantumScape Series F Preferred Stock if such shares of Legacy QuantumScape Series F Preferred Stock had been outstanding prior to the Merger.

As of the open of trading on November 27, 2020, the Common Stock and warrants of QuantumScape Corporation, formerly those of KCAC, began trading on The New York Stock Exchange (“NYSE”) as “QS” and “QS.W”, respectively.

As used in this Current Report on Form 8-K henceforward, unless otherwise stated or the context clearly indicates otherwise, the terms the “Company,” “Registrant,” “we,” “us” and “our” refer to the parent entity formerly named Kensington Capital Acquisition Corp., after giving effect to the Business Combination, and as renamed QuantumScape Corporation.

A description of the Business Combination and the terms of the Business Combination Agreement are included in the proxy statement/prospectus/information statement filed with the Securities and Exchange Commission (the “SEC”) on November 12, 2020 (the “Proxy Statement”) in the sections entitled “The Business Combination” beginning on page 93 and “The Business Combination Agreement” beginning on page 107 of the Proxy Statement.

On November 25, 2020, a number of purchasers (each, a “Subscriber”) purchased from the Company an aggregate of 50,000,000 shares of Class A Common Stock (the “PIPE”), for a purchase price of \$10.00 per share and an aggregate purchase price of \$500.0 million (the “PIPE Shares”), pursuant to separate subscription agreements (each, a “Subscription Agreement”) entered into effective as of September 2, 2020. Pursuant to the Subscription Agreements, the Company gave certain registration rights to the Subscribers with respect to the PIPE Shares. The sale of PIPE Shares was consummated concurrently with the closing of the Business Combination (the “Closing”).

A description of the Subscription Agreements is included in the Proxy Statement in the section entitled "[Certain Agreements Related to the Business Combination—Subscription Agreements](#)" on page 123 of the Proxy Statement.

The foregoing descriptions of each of the Business Combination Agreement and the Subscription Agreements is a summary only and is qualified in their entirety by the full text of the Business Combination Agreement, a copy of which is attached hereto as Exhibit 2.1 and incorporated herein by reference, and the Subscription Agreements, a copy of which is attached hereto as Exhibit 10.4 and incorporated herein by reference.

As of November 25, 2020, there were approximately 189,469,223 shares of Class A Common Stock and 158,271,287 shares of Class B Common Stock issued and outstanding.

The foregoing description of the Business Combination does not take into account the sale and issuance on December 1, 2020 of 15,221,334 shares of Class A Common Stock to Volkswagen Group of America Investments, LLC ("VGA") for an aggregate purchase price of \$100 million, and 15,221,334 shares of Class A Common Stock that are issuable to VGA for \$100 million by the end of the first quarter of 2021, subject to completion of a certain technical milestone.

Item 1.01 Entry into a Material Definitive Agreement.

Stockholder Lock-Up Agreements

In connection with the transactions contemplated by the Business Combination Agreement (the "[Transactions](#)"), on November 25, 2020, the Company and certain stockholders of Legacy QuantumScape entered into a lock-up agreement, pursuant to which they agreed, subject to customary exceptions, not to transfer shares of Common Stock for a period of 180 days after the Closing Date.

The foregoing description of the lock-up agreement is qualified in its entirety by the full text of the form of lock-up agreement, a copy of which is attached hereto as Exhibit 10.3 and incorporated herein by reference.

Indemnification Agreements

In connection with the Transactions, on November 25, 2020, the Company entered into indemnification agreements with each of its directors and executive officers. These indemnification agreements provide the directors and executive officers with contractual rights to indemnification and advancement for certain expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or executive officer in any action or proceeding arising out of their services as one of the Company's directors or executive officers or as a director or executive officer of any other company or enterprise to which the person provides services at the Company's request.

The foregoing description of the indemnification agreements is qualified in its entirety by the full text of the form of indemnification agreement, which is attached hereto as Exhibit 10.7 and incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The disclosure set forth in the "Introductory Note" above is incorporated by reference into this Item 2.01.

At a special meeting of the Company's stockholders held on November 25, 2020 (the "Special Meeting"), the Company's stockholders approved the Business Combination. On November 25, 2020, the parties to the Business Combination Agreement completed the Business Combination.

Immediately after giving effect to the completion of the Business Combination and the issuance of the PIPE Shares, there were outstanding:

- approximately 189,469,223 shares of Class A Common Stock;
- approximately 158,271,287 shares of Class B Common Stock;
- approximately 18,149,989 warrants, each exercisable for one share of Class A Common Stock at a price of \$11.50 per share;
- approximately 521,693 warrants, each exercisable for one share of Class A Common Stock at a price of \$2.5877 per share; and
- approximately 501,047 warrants, each exercisable for one share of Class B Common Stock at a price of \$0.5473 per share.

The material terms and conditions of the Business Combination Agreement are described in the section "[The Business Combination Agreement](#)" beginning on page 107 of the Proxy Statement, which are incorporated herein by reference.

FORM 10 INFORMATION

Cautionary Note Regarding Forward-Looking Statements

The Company makes forward-looking statements in this Current Report on Form 8-K and in documents incorporated herein by reference. All statements, other than statements of present or historical fact included in or incorporated by reference in this Current Report on Form 8-K, regarding the Company's future financial performance, as well as the Company's strategy, future operations, financial position, estimated revenues, and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Current Report on Form 8-K, the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "will," "would" the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations, assumptions, hopes, beliefs, intentions and strategies regarding future events and are based on currently available information as to the outcome and timing of future events. The Company cautions you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond the control of the Company, incident to its business.

These forward-looking statements are based on information available as of the date of this Current Report on Form 8-K, and current expectations, forecasts and assumptions, and involve a number of risks and uncertainties. Accordingly, forward-looking statements in this Current Report on Form 8-K and in any document incorporated herein

by reference should not be relied upon as representing the Company's views as of any subsequent date, and the Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, the Company's actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include:

- the Company's ability to recognize the anticipated benefits of the Business Combination, which may be affected by, among other things, competition and the ability of the Company to grow and manage growth profitably following the Closing;
- costs related to the Business Combination;
- changes in applicable laws or regulations;
- the effect of the COVID-19 pandemic on the Company's business;
- the Company's financial and business performance following the Business Combination, including financial projections and business metrics;
- changes in the Company's strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects and plans;
- the implementation, market acceptance and success of the Company's business model;
- the Company's ability to scale in a cost-effective manner;
- the Company's ability to raise capital;
- developments and projections relating to the Company's competitors and industry;
- the outcome of any known and unknown litigation and regulatory proceedings;
- the Company's relationship with VGA and certain of its affiliates ("[Volkswagen](#)"), including the development of its joint venture arrangements with Volkswagen and as a potential customer.
- other risks and uncertainties set forth in the Proxy Statement in the section entitled "[Risk Factors](#)" beginning on page 41 of the Proxy Statement, which is incorporated herein by reference.

Business and Properties

The business and properties of KCAC and Legacy QuantumScope prior to the Business Combination are described in the Proxy Statement in the sections entitled "[Information About Kensington](#)" beginning on page 197 and "[Information About QuantumScope](#)" beginning on page 156 of the Proxy Statement, which are incorporated herein by reference.

The Company's investor relations website is located at <https://ir.quantumscape.com>. The Company uses its investor relations website to post important information for investors, including news releases, analyst presentations, and supplemental financial information, and as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor the Company's investor relations website, in addition to following press releases, SEC filings and public conference calls and webcasts. The Company also makes available, free of charge, on its investor relations website under "Financials—SEC Filings," its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports as soon as reasonably practicable after electronically filing or furnishing those reports to the SEC.

Risk Factors

The risks associated with the Company's business are described in the Proxy Statement in the section entitled "[Risk Factors](#)" beginning on page 41 of the Proxy Statement, which is incorporated herein by reference.

Selected Historical Financial Information

The selected historical consolidated financial information and other data for the six months ended June 30, 2020 and 2019 and the years ended December 31, 2019 and 2018, and the selected consolidated balance sheet as of June 30, 2020 December 31, 2019 and 2018 for Legacy QuantumScope are included in the Proxy Statement in the section entitled "[Selected Historical Consolidated Financial Information of QuantumScope](#)" beginning on page 34 of the Proxy Statement, which is incorporated herein by reference.

Unaudited Consolidated Financial Statements

The unaudited consolidated financial statements as of and for the nine months ended September 30, 2020 of Legacy QuantumScope set forth in Exhibit 99.1 hereto have been prepared in accordance with U.S. generally accepted accounting principles and pursuant to the regulations of the SEC. The unaudited financial information reflects, in the

opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of Legacy QuantumScape's financial position, results of operations and cash flows for the periods indicated. The results reported for the interim period presented are not necessarily indicative of results that may be expected for the full year.

These unaudited consolidated financial statements should be read in conjunction with the historical audited consolidated financial statements of Legacy QuantumScape as of and for the years ended December 31, 2019 and 2018 and the related notes included in the Proxy Statement, the section entitled "[QuantumScape's Management's Discussion and Analysis of Financial Condition and Results of Operations](#)" beginning on page 179 of the Proxy Statement and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein.

Unaudited Pro Forma Condensed Consolidated Combined Financial Information

The unaudited pro forma condensed combined financial information of the Company as of June 30, 2020 for the six months ended June 30, 2020 and, the year ended December 31, 2019 is included in the Proxy Statement in the section entitled "[Unaudited Pro Forma Condensed Combined Financial Information](#)" beginning on page 73 of the Proxy Statement, which is incorporated herein by reference.

The unaudited pro forma condensed combined financial information of the Company as of and for the nine months ended September 30, 2020 is set forth in Exhibit 99.2 hereto and is incorporated herein by reference.

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

Management's discussion and analysis of the financial condition and results of operations of Legacy QuantumScape for prior to the Business Combination is included in the Proxy Statement in the section entitled "[QuantumScape Management's Discussion and Analysis of Financial Condition and Results of Operations](#)" beginning on page 179 of the Proxy Statement, which is incorporated herein by reference.

Management's discussion and analysis of the financial condition and results of operations of Legacy QuantumScape as of and for the nine months ended September 30, 2020 is set forth below.

The following discussion and analysis provides information that the Company's management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read together with the historical consolidated financial statements and related notes and unaudited pro forma condensed financial information that are included elsewhere or incorporated by reference in this Current Report on Form 8-K. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the Proxy Statement in the section entitled "[Risk Factors](#)" beginning on page 41 of the Proxy Statement or in other parts of this Current Report on Form 8-K. Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "Legacy QuantumScape", "the Company", "we", "us" and "our" refer to the business and operations of Legacy QuantumScape and its consolidated subsidiaries prior to the Business Combination and to QuantumScape, Corporation and its consolidated subsidiaries, following the Closing.

Overview

Legacy QuantumScape is developing next generation battery technology for electric vehicles ("EVs") and other applications. It believes that its technology will enable a new category of battery that meets the requirements for broader market adoption. The lithium-metal solid-state battery technology that Legacy QuantumScape is developing is being designed to offer greater energy density, longer life, faster charging, and greater safety when compared to today's conventional lithium-ion batteries.

Legacy QuantumScape is a development stage company with no revenue to date that has incurred a net loss of approximately \$405.2 million for the nine months ended September 30, 2020 and an accumulated deficit of approximately \$701.1 million from its inception through September 30, 2020.

The Business Combination

The disclosure set forth in the "Introductory Note" above with respect to the completion of the Business Combination is incorporated by reference into this Item 2.01.

The Business Combination is accounted for as a reverse recapitalization. Legacy QuantumScape is deemed the accounting predecessor and the combined entity will be the successor SEC registrant, meaning that Legacy QuantumScape's financial statements for previous periods will be disclosed in the registrant's future

periodic reports filed with the SEC. Under this method of accounting, KCAC is treated as the acquired company for financial statement reporting purposes. The most significant change in the successor's future reported financial position and results are expected to be an estimated \$957 million net increase in cash and cash equivalents (as compared to Legacy QuantumScape's consolidated balance sheet at September 30, 2020) and an estimated \$1.7 billion net increase in total stockholders' equity (as compared to Legacy QuantumScape's consolidated balance sheet at September 30, 2020) – both of which include, \$230 million cash in KCAC's trust account, \$500 million in gross proceeds from the issuance of PIPE, Shares and \$288 million in gross proceeds from the sale of Legacy QuantumScape Series F Preferred Stock on November 25, 2020 and the sale of the Class A Common Stock to VGA on December 1, 2020. Total transaction costs are estimated at approximately \$52 million. See the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" in this Current Report on Form 8-K. The foregoing description of the Business Combination does not take into account the equity investment by VGA of \$100 million that is subject to completion of a certain technical milestone by the end of the first quarter of 2021.

As a result of the Business Combination Legacy, QuantumScape will become the successor to an SEC-registered and NYSE-listed company, which will require Legacy QuantumScape to hire additional personnel and implement procedures and processes to address public company regulatory requirements and customary practices. Legacy QuantumScape expects to incur additional annual expenses as a public company for, among other things, directors' and officers' liability insurance, director fees, and additional internal and external accounting, legal, and administrative resources, including increased personnel costs, audit and other professional service fees.

Litigation Relating to the Business Combination

On October 2, 2020, a putative class action lawsuit was filed in the Supreme Court of the State of New York by a purported KCAC stockholder in connection with the Business Combination: *Sanchez v. Kensington Capital Acquisition Corp., et al.*, Index No. 654941/2020 (Sup. Ct. N.Y. Cnty.). The complaint names KCAC and certain current and former members of KCAC's board of directors as defendants. The complaint alleges, among other things, breach of fiduciary duty claims against KCAC's board of directors in connection with the Business Combination. Legacy QuantumScape as the surviving company will inherit the litigation after the Closing.

Key Trends, Opportunities and Uncertainties

We are pre-revenue company; we believe that our performance and future success depend on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the Proxy Statement in the section entitled "[Risk Factors](#)" beginning on page 41 of the Proxy Statement, which is incorporated herein by reference.

Product Development

Major remaining development activities include, but are not limited to:

- *Multi-layering.* To date, we have only produced single-layer solid-state battery cells at the commercially required size. In order to produce commercially-viable solid-state battery cells, we must produce battery cells consisting of over one hundred layers. We will need to overcome the developmental challenges to stack these layers and implement the appropriate cell design for our solid-state battery cell.
- *Continued improvement in the solid-state separator.* We are working to improve the reliability and performance of our solid-state separator, including decreasing the thickness.
- *Integration of advanced cathode materials.* We benefit from industry cathode chemistry improvements and/or cost reduction. Our solid-state separator platform is being designed to enable some of the most promising next-generation cathode technologies, including high voltage or high capacity cathode active materials.

Our team of over 250 scientists, engineers, technicians, and other staff is highly motivated and committed to solving these challenges ahead. However, any delays in the completion of these tasks will require additional cash use and delay market entry. For reference, we are forecasted to spend approximately \$20 million in the fourth quarter of 2020 on research and development and general and administrative expenses; accordingly, a six-month delay at this rate of spending would utilize approximately \$40 million. As we grow our team, size of engineering pilot line, and materials consumption, the rate of cash utilization as a function of time will also increase significantly.

Process Development

Our architecture depends on our proprietary solid-state ceramic separator which we will manufacture ourselves. Though our separator's design is unique, its manufacturing relies on well-established, high-volume production processes currently deployed globally in other industries at large scale.

The solid-state separator is being designed to enable our 'anode-free' architecture. As manufactured, the cell has no anode; the lithium-metal anode is formed during the first charge of the cell; 100% of the lithium that forms the anode comes from the cathode material we purchase. Eliminating the anode bill of materials and associated manufacturing costs found in conventional lithium-ion cells could result in a meaningful cost of goods sold advantage for us. In addition, our solid-state battery cell is being designed to reduce the time and capital-intensity of the formation process step as compared to conventional lithium-ion manufacturing.

We are focused on both the continued expansion of the throughput and capability of our San Jose engineering line as well as the planning and execution of our initial 1GWh pilot facility (the "Pilot Facility,") our first commercial manufacturing facility.

Continued expansion of the throughput and capability of our San Jose engineering line serves two purposes. First, the engineering line provides a sufficient quantity of solid-state separators and cells for internal development and for customer sampling. And second, our San Jose engineering line provides the basis for continued manufacturing process development and helps inform tool selection and specifications for equipment for our Pilot Facility. Delays in the successful buildout of our San Jose engineering line may impact both our development and the Pilot Facility timelines.

Capturing our forecasted cost advantage at scale as compared to conventional lithium-ion cells will require our team to continue process development to achieve rates of throughput, use of electricity and consumables, yield, and rate of automation demonstrated of mature battery, battery material, and ceramic manufacturing processes. Notably, heat treatment of ceramic parts is a process step in ceramic manufacturing critical to both quality and product cost. We believe achieving required process cost advances is possible; our processes are designed around tools which are already used at scale in the battery or ceramics industries. In addition, we are investigating alternative processing methods that may further increase the capital efficiency of the process. However, delay or failure on these fronts, and in particular with respect to ceramic heat treatment, would result in a higher cost of goods sold, which may limit our ability to profitably sell our batteries.

Commercialization

We will continue developing our battery technology with the goal of enabling commercial production in 2024. We have validated the performance capabilities of our solid-state separator and battery technology in single-layer cells. We are now working to develop multi-layer cells, to continue improving yield and performance and to optimize all components of the cell. We will continue to work to further develop the volume manufacturing processes to enable high volume manufacturing and minimize manufacturing costs. We will continue to work on increasing the yield of our separators to reduce scrapage and to increase utilization of manufacturing tools. The funds available upon the Closing will enable us to expand and accelerate research and development activities and undertake additional initiatives. Finally, we will continue to use our engineering line in San Jose, California to prepare for high volume manufacturing and plan our first commercial production Pilot Facility through our joint venture partnership with Volkswagen.

The joint venture partnership with Volkswagen is described in the Proxy Statement in the section entitled "Information about QuantumScape" and the sub-section titled "Joint Venture Relationship" beginning on page 166 of the Proxy Statement, which is incorporated herein by reference.

The Pilot Facility to be built and run by QSV Operations LLC ("QSV"), the joint venture between Legacy QuantumScape and Volkswagen and the 20GWh expansion of the Pilot Facility (the "20GWh Expansion Facility") would represent a small fraction of Volkswagen's demand for batteries and implies vehicle volumes under 2% of Volkswagen's total production in 2019, assuming a 100KWh pack size. Our goal is to significantly expand the production capacity of the joint venture, in partnership with Volkswagen, to meet more of their projected demand. While we expect Volkswagen will be the first to commercialize vehicles using our battery technology, we intend to work closely with other automotive original equipment manufacturers ("OEMs") to make our solid-state battery cells widely available over time. We are focused on automotive EV applications, which has the most stringent set of requirements for batteries. However, we recognize that our solid-state battery technology has applicability in other large and growing markets including stationary storage and consumer electronics such as smartphones and wearables.

Our technology enables a variety of business models. In addition to joint ventures, such as the one with Volkswagen, we may operate solely-owned manufacturing facilities or license technology to other manufacturers. Where appropriate, we may build and sell separators rather than complete battery cells. We intend to continue to invest in research and development to improve battery cell performance, improve manufacturing processes, and reduce cost.

Market Focus

We are focused on automotive EV applications, which has the most stringent set of requirements for batteries. However, we recognize that our solid-state battery technology has applicability in other large and growing markets including stationary storage and consumer electronics such as smartphones and wearables.

Access to Capital

Following the Business Combination and assuming we experience no significant delays in the research and development of our solid-state battery cells, we believe that our cash resources are sufficient to fund our start of production, including our share of contributions to our Pilot Facility with Volkswagen.

Regulatory Landscape

We operate in an industry that is subject to many established environmental regulations, which have generally become more stringent over time, particularly in hazardous waste generation and disposal and pollution control. Regulations in our target markets include economic incentives to purchasers of EVs, tax credits for EV manufacturers, and economic penalties that may apply to a car manufacturer based on its fleet-wide emissions which may indirectly benefit us in that the regulations will expand the market size of EVs. While we expect environmental regulations to provide a tailwind to our growth, it is possible for certain regulations to result in margin pressures. Trade restrictions and tariffs, while historically minimal between the European Union and the United States where most of our production and sales are expected, are subject to unknown and unpredictable change that could impact our ability to meet projected sales or margins.

Basis of Presentation

We currently conduct our business through one operating segment. As a pre-revenue company with no commercial operations, our activities to date have been limited and were conducted primarily in the United States. Our historical results are reported under GAAP and in U.S. dollars. Upon commencement of commercial operations, we expect to expand our global operations substantially, including in the United States and the European Union, and as a result we expect our future results to be sensitive to foreign currency transaction and translation risks and other financial risks that are not reflected in our historical financial statements. As a result, we expect that the financial results we report for periods after we begin commercial operations will not be comparable to the financial results included in the Proxy Statement or filed as an exhibit to this Current Report on Form 8-K.

Components of Results of Operations

We are a research and development stage company and our historical results may not be indicative of our future results for reasons that may be difficult to anticipate. Accordingly, the drivers of our future financial results, as well as the components of such results, may not be comparable to our historical or projected results of operations.

Research and Development Expense

To date, our research and development expenses have consisted primarily of personnel-related expenses for scientists, experienced engineers and technicians as well as costs associated with the expansion and ramp up of our engineering facility in San Jose, California, including the material and supplies to support the product development and process engineering efforts. As we ramp up our engineering operations to complete the development of our solid-state, lithium-metal batteries and required process engineering to meet automotive cost targets, we anticipate that research and development expenses will increase significantly for the foreseeable future as we expand our hiring of scientists, engineers, and technicians and continue to invest in additional plant and equipment for product development (e.g. multi-layer cell stacking, packaging engineering), building prototypes, and testing of battery cells as our team works to meet the full set of automotive product requirements.

General and Administrative Expense

General and administrative expenses consist mainly of personnel-related expenses for our executive, sales and marketing and other administrative functions and expenses for outside professional services, including legal, accounting and other advisory services. We are rapidly expanding our personnel headcount, in anticipation of planning for and supporting the ramping up of commercial manufacturing operations and becoming a public company upon the Closing. Accordingly, in addition to the non-recurring transaction costs discussed above, we expect our general and administrative expenses to increase significantly in the near term and for the foreseeable future. Upon commencement of commercial operations, we also expect general and administrative expenses to include facilities, marketing and advertising costs.

Other Income (Expense)

Our other income (expense) consists of interest income from marketable securities, sublease income, interest expense related to fair value adjustments for outstanding convertible preferred stock warrants, and other expense related to fair value adjustment for the convertible preferred stock tranche liabilities. We expect to incur an incremental expense for the fair value adjustments for the outstanding convertible preferred stock warrants at the end of each reporting period or through the exercise of the warrants. We also expect to incur an incremental expense for the fair value adjustments for the outstanding convertible preferred stock tranche liabilities at the end of each reporting period until the exercise of the commitments.

Income Tax Expense / Benefit

Our income tax provision consists of an estimate for U.S. federal and state income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities, and changes in the tax law. We a valuation allowance against the full value of our U.S. and state net deferred tax assets because maintain we believe the recoverability of the tax assets is not more likely than not.

Results of Operations

Comparison of the Nine Months Ended September 30, 2020 to the Nine Months Ended September 30, 2019

The following table sets forth our historical operating results for the periods indicated:

	Nine Months Ended September 30,		\$ Change	% Change
	2020 Unaudited	2019		
Operating expenses:				
Research and development	\$ 42,373	\$ 33,084	\$ 9,289	28%
General and administrative	8,460	7,637	823	11%
Total operating expenses	50,833	40,721	10,112	25%
Loss from operations	(50,833)	(40,721)	(10,112)	25%
Other (expense) income:				
Interest expense	(8,947)	(1)	(8,946)	na
Interest income	962	2,925	(1,963)	-67%
Other income	760	817	(57)	-7%
Other expense	(347,120)	—	(347,120)	na
Total other (expense) income:	(354,345)	3,741	(358,086)	-9572%
Net loss	(405,178)	(36,980)	(368,198)	996%
Less: Net (loss) income attributable to non-controlling interest, net of tax of \$0 for the nine-months ended September 30, 2020 and 2019	(6)	15	(21)	-140%
Net loss attributable to common stockholders	\$ (405,172)	\$ (36,995)	\$ (368,177)	995%
Net loss	\$ (405,178)	\$ (36,980)	\$ (368,198)	996%
Other comprehensive (loss) income:				
Unrealized (loss) gain on marketable securities	(50)	125	(175)	-140%
Total comprehensive loss	(405,228)	(36,855)	(368,373)	1000%
Less: Comprehensive (loss) income attributable to non-controlling interest	(6)	15	(21)	-140%
Comprehensive loss attributable to common stockholders	\$ (405,222)	\$ (36,870)	\$ (368,352)	999%
Basic and Diluted net loss per share	\$ (36.03)	\$ (3.31)	\$ (32.73)	990%
Basic and Diluted weighted-average common shares outstanding	11,244,365	11,186,064	58,302	1%

Research and Development

Research and development expenses increased by \$9.3 million, or 28%, from \$33.1 million in the nine months of 2019 to \$42.4 million in the nine months of 2020. The increase primarily resulted from the \$3.5 million increase in personnel cost due to the growth in research and development headcount to support the increase of technology development and an increase of \$1.1 million in material supplies to support the increase of research and development cell builds in commercial form factor. Additionally, non-cash stock-based compensation expense increased \$2.7 million from \$2.8 million for the nine months of 2019 to \$5.5 million for the nine months of 2020 due to the effect of refresh option grants in June 2019 and retention restricted stock unit (“RSU”) grants to employees in August 2020.

General and Administrative

General and administrative expenses increased by \$0.8 million, or 11%, from \$7.6 million in the nine months of 2019 to \$8.5 million in the nine months of 2020, primarily due to the increase of \$1.7 million for stock-based compensation in the nine months of 2020 due to the effect of employee refresh option grants in June 2019, option grants to Legacy QuantumScape directors in December 2019 and retention RSU grants to employees in August 2020, offset by reduced professional services fees of \$0.7 million.

Interest expense

Interest expense of \$8.9 million represents the non-cash mark to market fair value adjustment of the Legacy QuantumScape Preferred Series A and Preferred Series C warrants. The increase in the fair value of the warrants is due to the accretion in the valuation of the underlying convertible preferred stock in contemplation of the Business Combination as of September 30, 2020.

Interest Income

Interest income decreased \$2.0 million in the nine months of 2020 compared to the nine months of 2019. The decrease was due to reduction of market interest rate and due to the decrease of our marketable securities balance.

Other Income

Other income for the nine months of 2020 consisted of the receipt for a legal settlement compared to other income for the nine months of 2019 was related to sublease income.

Other Expense

Other expense of \$347.1 million represents the non-cash fair value adjustment of the preferred stock tranche liabilities. In May 2020 and August 2020, we entered into the commitment to sell, and investors commitment to buy, the Preferred Series F redeemable convertible stocks totaling up to \$388 million in gross proceeds. Approximately \$288.0 million is expected to close by December 1, 2020 and \$100.0 million by March 31, 2021, contingent on Legacy QuantumScape's meeting a technical milestone. The commitments are considered free standing financial instruments and are subject to fair value measurement at issuance and at each reporting period. KCAC's stock price is a key input into the valuation model of the fair value of the convertible preferred stock tranche liabilities. KCAC's stock price increased significantly during the quarter ended September 30, 2020 resulting in the increase in the fair value of the liabilities of \$347.1 million as of September 30, 2020.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily from the sales of redeemable convertible preferred stock. As of September 30, 2020, our principal sources of liquidity were our cash and cash equivalents and marketable securities in the amount of \$80.0 million. Our cash equivalents are invested primarily in U.S. Treasury money market funds and our marketable securities are primarily invested in U.S. Treasury notes and bonds.

As of the date of this Current Report on Form 8-K, Legacy QuantumScape has yet to generate any revenue from its business operations. To date, Legacy QuantumScape has funded its capital expenditure and working capital requirements through equity as further discussed below. Legacy QuantumScape's ability to successfully develop its products, commence commercial operations and expand its business will depend on many factors, including its working capital needs, the availability of equity or debt financing and, over time, its ability to generate cash flows from operations.

As of September 30, 2020, Legacy QuantumScape's cash and cash equivalents and marketable securities amounted to \$80.0 million. On a pro forma basis, assuming the stockholder approval, the Closing and the closings of Legacy QuantumScape Series F preferred Stock financing, Legacy QuantumScape's cash and cash equivalents and marketable securities would have amounted to approximately \$1,037 million on September 30, 2020, net of \$52 million transaction expenses and \$0.2 million redemptions by KCAC's stockholders. From May 2020 to August 2020, Legacy QuantumScape entered into agreements with existing and new investors to issue 14.7 million shares of Legacy QuantumScape Series F Preferred Stock for an aggregate amount of \$388 million in cash. Of this amount \$100 million is due to be funded on December 1, 2020, \$188 million is due to be funded on the date the Business Combination closes, and the remaining \$100 million is subject to completion of a certain technical milestone by the end of the first quarter of 2021. Since the second tranche is expected to be funded after the Closing, QuantumScape will reserve shares of Class A Common Stock to be issued in lieu of Legacy QuantumScape Series F Preferred Stock.

Legacy QuantumScape expects its capital expenditures and working capital requirements to increase materially in the near future, as it seeks to accelerate its research and development efforts and scale up the phase 1 pilot production operations with its joint venture partner. QuantumScape believes that its cash on hand following the Closing, including the net proceeds from KCAC's cash in trust, the PIPE and Legacy QuantumScape Series F Preferred Stock financing will be sufficient to meet its working capital and capital expenditure requirements for a period of at least twelve months from the date of this Current Report on Form 8-K and sufficient to fund its operations until it commences production of the Legacy QuantumScape solid-state battery through the first commercial sales, assuming Legacy QuantumScape is able to do so as currently contemplated. Legacy QuantumScape may, however, need additional cash resources due to changed business conditions or other developments, including unanticipated delays in negotiations with OEMs and tier-one automotive suppliers or other suppliers, supply chain challenges, disruptions due to the COVID-19 pandemic, competitive pressures, and regulatory developments, among other developments. To the extent that Legacy QuantumScape's current resources

are insufficient to satisfy its cash requirements, Legacy QuantumScape may need to seek additional equity or debt financing. If the financing is not available, or if the terms of financing are less desirable than Legacy QuantumScape expects, Legacy QuantumScape may be forced to decrease its level of investment in product development or scale back its operations, which could have an adverse impact on its business and financial prospects.

Cash Flows

The following table provides a summary of Legacy QuantumScape's cash flow data for the periods indicated:

<i>Amount in thousands</i>	Nine Months Ended September 30	
	2020	2019
Net cash (used in) operating activities	\$(34,114)	\$(30,587)
Net cash provided by investing activities	23,455	26,123
Net cash (used in) provided by financing activities	(2,171)	266

Cash Flows from Operating Activities

Legacy QuantumScape's cash flows used in operating activities to date have been primarily comprised of payroll, material and supplies, facilities expense, and professional service related to research and development and general and administrative activities. As Legacy QuantumScape continues to ramp up hiring for technical headcounts to accelerate its engineering efforts ahead of starting the pilot line operations, Legacy QuantumScape expects its cash used in operating activities to increase significantly before it starts to generate any material cash flows from its business.

Net cash used in operating activities was \$34.1 million in the nine months of 2020. The most significant component of Legacy QuantumScape's cash used during the nine month period ended September 30, 2020 was a net loss of \$405.2 million, which included non-cash expenses of \$5.2 million related to depreciation and amortization, \$9.3 million related to stock based compensation, \$8.9 million for the change in the fair value of outstanding convertible preferred stock warrants, and \$347.1 million for the issuance and change in the fair value of the convertible preferred stock tranche liabilities.

Net cash used in operating activities was \$30.6 million in the nine months of 2019. The most significant component of Legacy QuantumScape's cash used during the nine months period ended September 30, 2019 was a net loss of \$37.0 million, which included non-cash expenses of \$3.8 million related to depreciation and amortization and \$4.8 million related to stock based compensation.

Cash Flows from Investing Activities

Legacy QuantumScape's cash flows from investing activities, to date, have been comprised of purchases of property and equipment and purchases and maturities of our marketable securities. Legacy QuantumScape expects the costs to acquire property and equipment to increase substantially in the near future as it needs to fully build out its engineering lines as well as acquire the property and equipment for the pilot line of the separator and cell manufacturing operations.

Legacy QuantumScape net cash provided by investing activities was \$23.5 million in the nine months of 2020 compared to \$26.1 million for the nine months of 2019. Cash used for property and equipment purchases in the nine months of 2020 was \$13.9 million, a significant increase over the \$5.7 million of cash used for equipment purchases in the nine months of 2019.

Cash Flows from Financing Activities

Through September 30, 2020, Legacy QuantumScape has financed its operations primarily through the sale of equity securities. In addition, Legacy QuantumScape has entered into agreements for the sale of Legacy QuantumScape Series F Preferred Stock for \$388 million (before fees and expenses) in gross proceeds, of which the purchase commitment for \$100 million is subject to completion of a certain technical milestone by the end of the first quarter of 2021.

Net cash used in financing activities was \$2.2 million in the nine months of 2020 compared to \$0.3 million provided in the nine months 2019. The net cash used during the nine months of 2020 was due the payment of fees associated with the Business Combination and Legacy QuantumScape's preferred Series F financing of \$2.5 million.

Contractual Obligations and Commitments

Legacy QuantumScape currently leases its headquarters space in the San Jose, California area under a single lease classified as an operating lease expiring on January 23, 2023. The lease contains provision for an extension of 60 months. Legacy QuantumScape has not commenced the lease extension negotiation yet and expects to do so prior to the expiration of its existing lease. However, as the exercise of the option was reasonably certain, the option period has been included in the calculation of right of use and lease liability at the adoption date of January 1, 2019 as well as the obligations table below.

The following table summarizes Legacy QuantumScape's contractual obligations and other commitments for cash expenditures as of September 30, 2020 and the years in which these obligations are due:

	Payments Due by Period				More than 5 years
	Total	Less than 1 Year	1-3 Years	3-5 Years	
Contractual Obligations					
Operating lease	\$17,927	\$ 1,994	\$ 4,168	\$ 4,619	\$7,146
Total	<u>\$17,927</u>	<u>\$ 1,994</u>	<u>\$ 4,168</u>	<u>\$ 4,619</u>	<u>\$7,146</u>

There have been no material changes since December 31, 2019.

Off-Balance Sheet Arrangements

QuantumScape is not a party to any off-balance sheet arrangements, as defined under SEC rules.

Critical Accounting Policies and Estimates

Legacy QuantumScape's financial statements have been prepared in accordance with GAAP. In the preparation of these financial statements, Legacy QuantumScape is required to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported expenses incurred during the reporting periods.

Legacy QuantumScape considers an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on the consolidated financial statements. Legacy QuantumScape's significant accounting policies are described in Note 2 to its audited consolidated financial statements included elsewhere in this proxy statement/prospectus/information statement. Legacy QuantumScape has the critical accounting policies and estimates which are described below.

Stock-Based Compensation and Common Stock Valuation

Legacy QuantumScape recognizes the cost of share-based awards granted to employees and directors based on the estimated grant-date fair value of the awards. Cost is recognized on a straight-line basis over the service period, which is generally the vesting period of the award. Legacy QuantumScape reverses previously recognized costs for unvested options in the period that forfeitures occur. Legacy QuantumScape determines the fair value of stock options using the Black-Scholes option pricing model, which is impacted by the following assumptions:

- *Expected Term*— Legacy QuantumScape uses the simplified method when calculating the expected term due to insufficient historical exercise data.
- *Expected Volatility*—As Legacy QuantumScape's shares are not actively traded, the volatility is based on a benchmark of comparable companies within the automotive and energy storage industries.
- *Expected Dividend Yield*—The dividend rate used is zero as Legacy QuantumScape has never paid any cash dividends on common stock and does not anticipate doing so in the foreseeable future.
- *Risk-Free Interest Rate*—The interest rates used are based on the implied yield available on U.S. Treasury zero-coupon issues with an equivalent remaining term equal to the expected life of the award.

Common Stock Valuations

The grant date fair value of Legacy QuantumScape common stock will typically be determined by Legacy QuantumScape's board of directors with the assistance of management and a third-party valuation specialist. While Legacy QuantumScape has not yet determined our valuation approach for future grants, given its pre-revenue stage of development, management believes that an Option Pricing Model ("OPM") may be the most appropriate method for allocating enterprise value to determine the estimated fair value of QuantumScape common stock. Application of the OPM involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding Legacy QuantumScape's expected future revenue, expenses, and cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of future events. The deemed fair value for common stock for options and restricted stock units granted in August 2020 and September 2020 (prior to the announcement of the Business Combination) were based on the accreted estimated Business Combination price per the business combination agreement. There were no grants of options to purchase common stock or restricted stock units subsequent to September 2, 2020 for Legacy QuantumScape. Once the post-Business Combination common stock is publicly traded, the post-Business Combination board of directors intends to determine the fair value of the common stock based on the closing market price on or around the date of grant.

Redeemable Convertible Preferred Stock Warrant Liabilities

Warrants to purchase shares of redeemable convertible preferred stock are classified as liabilities on the consolidated balance sheets at fair value upon issuance because the underlying shares of redeemable convertible preferred stock are redeemable outside of the control of Legacy QuantumScape. The initial liability recorded is adjusted for changes in the fair value at each reporting date and recorded as interest expense in the accompanying statements of operations and comprehensive loss. Legacy QuantumScape will continue to adjust the convertible preferred stock warrant liability for changes in fair value until the earlier of the exercise of the warrants, at which time the liability will be reclassified to redeemable convertible preferred stock, or the expiration of the warrants, at which time the entire amount would be reversed and reflected in the accompanying statements of operations and comprehensive loss. The redeemable convertible preferred stock warrant liabilities will increase or decrease each period based on the fluctuations of the fair value of the underlying security. We expect the fair value of the warrants to increase leading up to the Business Combination.

Redeemable Convertible Preferred Stock Tranche Liabilities

Firm commitments to purchase shares of redeemable convertible preferred stock are classified as liabilities on the consolidated balance sheets at fair value upon issuance because the underlying shares of redeemable convertible preferred stock are redeemable outside of the control of Legacy QuantumScape. The initial liability recorded is adjusted for changes in the fair value at each reporting date and recorded as other expense in the accompanying statements of operations and comprehensive loss. Legacy QuantumScape will continue to adjust the convertible preferred stock tranche liability for changes in fair value until the exercise of the commitments, at which time the liability will be reclassified to redeemable convertible preferred stock. The redeemable convertible preferred stock tranche liabilities will increase or decrease each period based on the fluctuations of the fair value of the underlying security. The fair value of the liability as of September 30, 2020 is based on the probability weighting of the closing of the Business Combination and the related fair value of the convertible preferred stock in each scenario. The probability weighting is considered a significant unobservable input (Level 3). The Company assumed a 75% probability of the transaction closing at September 30, 2020 and a 25% probability of the business combination not occurring.

Emerging Growth Company Status

Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can choose not to take advantage of the extended transition period and comply with the requirements that apply to non-emerging growth companies, and any such election to not take advantage of the extended transition period is irrevocable.

KCAC is an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act") and has elected to take advantage of the benefits of the extended transition period for new or revised financial accounting standards. Following the Closing, the Company expects to remain an emerging growth company at least through the end of the 2020 fiscal year and the Company expects to continue to take advantage of the benefits of the extended transition period, although it may decide to early adopt such new or revised accounting standards to the extent

permitted by such standards. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Recent Accounting Pronouncements

See [Note 3](#) to the audited consolidated financial statements beginning on page F-12 of the Proxy Statement, which is incorporated herein by reference for more information about recent accounting pronouncements, the timing of their adoption, and Legacy QuantumScape's assessment, to the extent it has made one, of their potential impact on Legacy QuantumScape's financial condition and its results of operations and cash flows.

Quantitative and Qualitative Disclosures About Market Risk

Legacy QuantumScape is exposed to a variety of markets and other risks including the effects of change in interest rates, inflation and foreign currency translation and transaction risks as well as risks to the availability of funding sources, hazard events and specific asset risks.

Interest Rate Risk

The market interest risk in our financial instruments and our financial positions represents the potential loss arising from adverse changes in interest rates. As of September 30, 2020, we had cash and cash equivalents and marketable securities of \$80.0 million, consisting of interest-bearing money market accounts and marketable securities for which the fair market value would be affected by change in the general level of U.S. interest rates. However, due to the short-term maturities and the low-risk profile of our investments, an immediate 10% change in the interest rate would not have a material effect on the fair market value of our cash and cash equivalents and marketable securities.

Foreign Currency Risk

Legacy QuantumScape's functional currency is the U.S. dollar, while certain of Legacy QuantumScape's current and future subsidiaries will be expected to have other functional currencies, reflecting their principal operating markets. Once Legacy QuantumScape commences phase 1 pilot operations, it expects to be exposed to both currency transaction and translation risk. To date, Legacy QuantumScape has not had material exposure to foreign currency fluctuations and has not hedged such exposure, although it may do so in the future.

Directors and Executive Officers

Information with respect to the Company's directors and executive officers after the Closing is set forth in the Proxy Statement in the sections entitled "[Management After the Business Combination](#)" beginning on page 220 and "[QuantumScape's Executive Compensation](#)" beginning on page 171 of the Proxy Statement, which are incorporated herein by reference.

Directors

As previously disclosed, at the Special Meeting, on November 25, 2020, Jagdeep Singh, Frank Blome, Brad Buss, John Doerr, Prof. Dr. Jürgen Leohold, Justin Mirro, Prof. Fritz Prinz, J.B. Straubel and Dipender Saluja were elected to serve as directors of the Company for a term expiring at the Company's next annual meeting of stockholders. Biographical information for these individuals is set forth in the Proxy Statement in the section entitled "[Management After the Business Combination](#)" beginning on page 220 of the Proxy Statement, which is incorporated herein by reference. Each of Robert Remenar, Thomas LaSorda, Anders Pettersson, Mitchell Quain, Donald Runkle and Matthew Simoncini resigned as directors of the Company effective as of the Effective Time.

Independence of Directors

The Board has determined that each of the directors of the Company other than Messrs. Singh and Prinz qualify as independent directors, as defined under the listing rules of The New York Stock Exchange (the "[NYSE listing rules](#)"), and that the Board consists of a majority of "independent directors," as defined under the rules of the SEC and NYSE listing rules relating to director independence requirements.

Committees of the Board of Directors

The standing committees of the Board consist of an audit committee (the "[Audit Committee](#)"), a compensation committee (the "[Compensation Committee](#)") and a nominating and corporate governance committee (the "[Nominating Committee](#)"). Each of the committees reports to the Board.

Effective as of the Effective Time, the Board appointed Messrs. Buss, Saluja and Mirro to serve on the Audit Committee, with Mr. Buss serving as chair of the Audit Committee. The Board appointed Messrs. Straubel, Leohold and Buss to serve on the Compensation Committee, with Mr. Straubel serving as chair of the Compensation Committee. The Board appointed Messrs. Mirro, Doerr and Blome to serve on the Nominating Committee, with Mr. Mirro Serving as chair of the Nominating Committee.

Executive Officers

Effective as of the Effective Time, in connection with the Business Combination, the Board appointed Jagdeep Singh to serve as Chairman and Chief Executive Officer, Kevin Hettrich to serve as Chief Financial Officer, Dr. Timothy Holme to serve as Chief Technology Officer, Dr. Mohit Singh to serve as Chief Development Officer, Howard Lukens to serve as Chief Sales Officer and Michael McCarthy serve as Chief Legal Officer and Head of Corporate Development of the Company. Each of Justin Mirro, Robert Remenar, Daniel Huber and Simon Boag resigned as the Chief Executive Officer and Chairman, President and Vice Chairman, Chief Financial Officer and Chief Technology Officer, respectively, effective as of the Effective Time. Biographical information for the new executive officers are set forth in the Proxy Statement in the section entitled "[Management After the Business Combination](#)" beginning on page 220 of the Proxy Statement, which is incorporated herein by reference.

Executive Compensation

The executive compensation for the Company's directors and named executive officers is described in the Proxy Statement in the section entitled "[QuantumScape's Executive Compensation](#)" beginning on page 171 of the Proxy Statement, which is incorporated herein by reference.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information known to the Company regarding the beneficial ownership of the Common Stock as of November 25, 2020, after giving effect to the Closing, by:

- each person who is known by the Company to be the beneficial owner of more than five percent (5%) of the outstanding shares of the Common Stock upon the Closing ;
- each named executive officer and director of the Company; and
- all current executive officers and directors of the Company, as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days.

The beneficial ownership percentages set forth in the table below are based on approximately 189,469,223 shares of Class A Common Stock and 158,271,287 shares of Class B Common Stock issued and outstanding as of November 25, 2020 and do not take into account (i) the issuance of any shares of Class A Common Stock upon the exercise of warrants to purchase up to approximately 18,149,989 shares of Class A Common Stock that remain outstanding, (ii) the issuance of any shares of Class A Common Stock upon the exercise of warrants to purchase up to approximately 521,693 shares of Class A Common Stock at a price of \$2.5877 per share, (iii) the issuance of any shares of Class B Common Stock upon the exercise of warrants to purchase up to approximately 501,047 shares of Class B Common Stock at a price of \$0.5473 per share, (iv) the issuance of 15,221,334 shares of Class A Common Stock to VGA for an aggregate purchase price of \$100 million on December 1, 2020 or (v) the issuance of 15,221,334 shares of Class A Common Stock that are issuable to VGA for \$100 million by the end of the first quarter of 2021, subject to completion of a certain technical milestone.

Unless otherwise noted in the footnotes to the following table, and subject to applicable community property laws, the persons and entities named in the table have sole voting and investment power with respect to their beneficially owned common stock and preferred stock.

<u>Name of Beneficial Owner</u>	<u>Number of shares of Common Stock</u>	<u>%</u>	<u>% of Total Voting Power</u>
Five Percent Holders			
Volkswagen Group of America Investments, LLC(1)	55,773,871	16.04	12.28
Khosla Ventures III, LP(2)	35,440,404	10.19	17.55
Capricorn-Libra Investment Group, LLC(3)	23,419,739	6.73	8.44
KPCB Holdings, Inc., as nominee(4)	20,282,130	5.83	10.46
Directors and Named Executive Officers			
Jagdeep Singh(5)	28,180,127	7.86	10.03
Howard Lukens(6)	3,885,003	1.11	1.57
Michael McCarthy(7)	2,847,390	*	*
Prof. Fritz Prinz(8)	13,484,541	3.88	7.61
Frank Blome(9)	55,773,871	16.04	12.28
Brad Buss(10)	304,426	*	*
John Doerr(11)	—	—	—
Prof. Dr. Jürgen Lehold(12)	328,443	*	*
Justin Mirro(13)	5,750,000	1.65	*
J.B. Straubel(14)	620,020	*	*
Dipender Saluja(15)	—	—	—
All Directors and Executive Officers as a Group (14 Individuals)(16)	131,319,650	35.49	39.77

* Represents beneficial ownership of less than 1%.

- (1) Consists of 37,793,435 shares of Class A Common Stock and 17,980,436 shares of Class B Common Stock. The business address of Volkswagen Group of America Investments, LLC is 220 Ferdinand Porsche Dr. Herndon, VA 20171.
- (2) Consists of 4,830,503 shares of Class A Common Stock and 30,609,901 shares of Class B Common Stock. The business address of Khosla Ventures III, LP is 2128 Sand Hill Road Menlo Park, CA 94025.
- (3) Consists of 1,065,494 shares of Class A Common Stock held by Technology Impact Growth Fund, LP, 5,403,570 shares of Class A Common Stock held by TIGF Direct Strategies Fund LLC and 2,927,838 shares of Class A Common Stock and 14,022,837 shares of Class B Common Stock held by Capricorn-Libra Investment Group, LLC. TIGF Partners, LLC is the general partner of Technology Impact Growth Fund, LP and the manager of TIGF Direct Strategies Fund LLC. TIGF Partners, LLC is wholly owned by Capricorn-Libra Investment Group, LLC. The business address of Technology Impact Growth Fund, LP is 250 University Avenue Palo Alto, CA 94301. The business address of TIGF Direct Strategies Fund LLC is 250 University Avenue Palo Alto, CA 94301. The business address of Capricorn-Libra Investment Group, LLC is 250 University Avenue Palo Alto, CA 94301.
- (4) Consists of 1,932,201 shares of Class A Common Stock and 18,349,929 shares of Class B Common Stock. The business address of KPCB Holdings, Inc., as nominee is 2750 Sand Hill Road, Menlo Park, CA 94025.
- (5) Consists of (a) options to purchase 8,592,100 shares of Class A Common Stock that are exercisable within 60 days of November 25, 2020, (b) 2,010,874 shares of Class B Common Stock that are exercisable within 60 days of November 25, 2020, (c) 1,340,582 shares of Class B Common Stock held by Mr. Singh, (d) 4,021,750 shares of Class B Common Stock held in trust by Jagdeep Singh, Trustee of the Roshni Singh 2020 Annuity Trust A dated September 1, 2020, (e) 4,021,750 shares of Class B Common Stock held in trust by Jagdeep Singh, Trustee of the Jagdeep Singh 2020 Annuity Trust A dated September 1, 2020, (f) 966,100 shares of Class A Common Stock and 5,541,385 shares of Class B Common Stock held in trust by Jagdeep Singh & Roshni Singh, Trustees of the Singh Family Trust UDT dated October 3, 1996, (g) 561,862 shares of Class A Common Stock held in trust by Tejbir Singh Phool, Trustee of the Kismet Diya Singh 2013 Trust dated July 31, 2013, (h) 561,862 shares of Class A Common Stock held in trust by Tejbir Singh Phool, Trustee of the Nageena Singh 2013 Trust dated July 31, 2013 and (i) 561,862 shares of Class A Common Stock held in trust by Tejbir Singh Phool, Trustee of the Noor Deepika Singh 2013 Trust dated July 31, 2013.

- (6) Consists of (a) options to purchase 1,198,478 shares of Class A Common Stock that are exercisable within 60 days of November 25, 2020, (b) 1,922,394 shares of Class B Common Stock that are exercisable within 60 days of November 25, 2020 and (c) 764,131 shares of Class B Common Stock held by Mr. Lukens.
- (7) Consists of (a) options to purchase 1,902,282 shares of Class A Common Stock that are exercisable within 60 days of November 25, 2020, (b) 124,673 shares of Class B Common Stock that are exercisable within 60 days of November 25, 2020 and (c) 820,435 shares of Class B Common Stock held by Mr. McCarthy.
- (8) Consists of (a) 8,390,327 shares of Class B Common Stock held by Prof. Prinz, (b) 1,340,582 shares of Class B Common Stock held in trust by Friedrich Prinz and Jagdeep Singh, Trustees of the Marie Helen Prinz 2019 Trust dated June 17, 2019, (c) 1,340,582 shares of Class B Common Stock held in trust by Friedrich Prinz and Jagdeep Singh, Trustees of the Benedikt Prinz 2019 Trust dated June 17, 2019, (d) 1,206,525 shares of Class B Common Stock held in trust by Friedrich Prinz, Trustee of the Gertrude Prinz Annuity Trust dated August 31, 2020, and (e) 1,206,525 shares of Class B Common Stock held in trust by Friedrich Prinz, Trustee of the Friedrich Prinz Annuity Trust dated August 31, 2020.
- (9) Consists of 37,793,435 shares of Class A Common Stock and 17,980,436 shares of Class B Common Stock held by Volkswagen. Mr. Blome, a member of our board of directors, is Head of Volkswagen's Battery Center of Excellence.
- (10) Consists of 304,426 shares of Class A Common Stock held by Mr. Buss.
- (11) Mr. Doerr, a member of our board of directors, is the Chairman at Kleiner Perkins. Mr. Doerr disclaims beneficial ownership of all shares held by KPCB Holdings, Inc., as nominee referred to in footnote (4) above.
- (12) Consists of options to purchase 328,443 Class A Common Stock that are exercisable within 60 days of November 25, 2020.
- (13) Consists of (a) 4,005,102 shares of Class A Common Stock held by members of Kensington Capital Sponsor LLC, (b) 1,144,898 shares of Class A Common Stock held by Kensington Capital Partners, LLC, (c) 300,000 shares of Class A Common Stock held by the Justin E. Mirro 2020 Qualified Annuity Trust under agreement dated June 27, 2020 and (d) 300,000 shares of Class A Common Stock held by the Kensington Capital Trust under agreement dated June 27, 2020. Justin Mirro, a member of our board of directors, is a managing member of the managing member of Kensington Capital Sponsor LLC. Consequently, Mr. Mirro may be deemed to share beneficial ownership of the shares held by the Kensington Capital Sponsor LLC. Mr. Mirro disclaims any beneficial ownership of the shares held by members of Kensington Capital Sponsor LLC other than to the extent he may have a pecuniary interest therein, directly or indirectly. Mr. Mirro is the managing member and sole owner of Kensington Capital Partners, LLC. Mr. Mirro is trustee of the Justin E. Mirro 2020 Qualified Annuity Trust under agreement dated June 27, 2020. Mr. Mirro disclaims any beneficial ownership of the shares held by the Justin E. Mirro 2020 Qualified Annuity Trust under agreement dated June 27, 2020 other than to the extent he may have a pecuniary interest therein, directly or indirectly. Mr. Mirro's spouse serves as the trustee of the Kensington Capital Trust under agreement dated June 27, 2020. Mr. Mirro disclaims any beneficial ownership of the shares held by the Kensington Capital Trust under agreement dated June 27, 2020 other than to the extent of any pecuniary interest he may have a pecuniary interest therein, directly or indirectly.
- (14) Consists of (a) options to purchase 217,846 shares of Class A Common Stock that are exercisable within 60 days of November 25, 2020, (b) 219,474 shares of Class A Common Stock and (c) 182,700 shares of Class B Common Stock held by Mr. Straubel.
- (15) Mr. Saluja, a member of our board of directors, is Managing Director of Capricorn-Libra Investment Group, LLC. Mr. Saluja disclaims beneficial ownership of all shares held by Capricorn-Libra Investment Group, LLC referred to in footnote (3) above.
- (16) Consists of (a) options to purchase 17,911,914 shares of Class A Common Stock that are exercisable within 60 days of November 25, 2020, (b) 4,391,745 shares of Class B Common Stock that are exercisable within 60 days of November 25, 2020, (c) 46,951,006 shares of Class A Common Stock and (d) 62,064,985 shares of Class B Common Stock.

Certain Relationships and Related Transactions

The certain relationships and related party transactions of the Company are described in the Proxy Statement in the section entitled "[Certain QuantumScape Relationships and Related Person Transactions](#)" beginning on page 192 of the Proxy Statement, which is incorporated herein by reference.

Legal Proceedings

Information about legal proceedings is set forth in the Proxy Statement in the section entitled "[Information About QuantumScape—Legal Proceedings](#)" on page 170 of the Proxy Statement, which is incorporated herein by reference.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Market Information and Holders

The information set forth in the section entitled "[Price Range of Securities and Dividends](#)" on page 256 of the Proxy Statement is incorporated herein by reference. Additional information regarding holders of the Company's securities is set forth in the section entitled "Description of Registrant's Securities to be Registered" below.

The Common Stock, KCAC warrants and KCAC units (consisting of one share of Common Stock and one warrant, the "[Units](#)") were historically quoted on the NYSE under the symbols "KCAC", "KCAC WS" and "KCAC.U", respectively. At the Effective Time, the Units automatically separated into the component securities and, as a result, no longer trade as a separate security. On November 25, 2020, the Common Stock and KCAC warrants began trading on the NYSE under the new trading symbols "QS" and "QS.W", respectively.

As of the Closing Date, the Company had approximately 189,469,223 shares of the Class A Common Stock issued and outstanding held of record by 135 holders and approximately 158,271,287 shares of Class B Common Stock held of record by 50 holders, approximately 18,149,989 warrants, each exercisable for one share of Class A Common Stock at a price of \$11.50 per share, held of record by 19 holders, approximately 521,693 warrants, each exercisable for one share of Class A Common Stock at a price of \$2.5877 per share, held of record by 1 holder and approximately 501,047 warrants, each exercisable for one share of Class B Common Stock at a price of \$0.5473 per share, held of record by 1 holder.

Dividends

The Company has not paid any cash dividends on the Common Stock to date. The Company may retain future earnings, if any, for future operations, expansion and debt repayment and has no current plans to pay cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, the Company's results of operations, financial condition, cash requirements, contractual restrictions and other factors that the Board may deem relevant. In addition, the Company's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness the Company or its subsidiaries incur. The Company does not anticipate declaring any cash dividends to holders of the Common Stock in the foreseeable future.

Description of Registrant's Securities to be Registered

Common Stock

A description of the Common Stock is included in the Proxy Statement in the section entitled "[Description of Kensington's Securities—General](#)" and "[Description of Kensington's Securities—Common Stock](#)" beginning on page 230 of the Proxy Statement, which is incorporated herein by reference.

Warrants

Each warrant that entitles the registered holder to purchase one share of Class A Common Stock at a price of \$11.50 per share, subject to adjustment as discussed below, is exercisable at the later of any time commencing 30 days after the consummation of the Business Combination or one year after the closing of the Company's initial public offering. These warrants will expire at 5:00 p.m., New York City time, on the fifth anniversary of the consummation of the Business Combination, or earlier upon redemption or liquidation.

Subject to the foregoing paragraph, a description of the aforementioned warrants is included in the Proxy Statement in the section entitled "[Description of Kensington's Securities—Kensington Warrants](#)" beginning on page 237 of the Proxy Statement, which is incorporated herein by reference.

Indemnification of Directors and Officers

Information about indemnification of the Company's directors and officers is set forth in the Proxy Statement in the section entitled "[Management After the Business Combination—Limitation on Liability and Indemnification of Directors and Officers](#)" beginning on page 228 of the Proxy Statement, which is incorporated herein by reference. The disclosure set forth in Item 1.01 of this Current Report on Form 8-K under the section entitled "Indemnification Agreements" is incorporated by reference into this Item 2.01.

Financial Statements and Supplementary Data

The information set forth in Item 9.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.01 Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing.

On the Closing Date, all of KCAC's outstanding units separated into their component parts of one share of Class A Common Stock and one half of one warrant to purchase one share of Class A Common Stock at a price of \$11.50 per share and KCAC's units ceased trading on NYSE.

Item 3.02 Unregistered Sales of Equity Securities.

The disclosure set forth in the "Introductory Note" above is incorporated by reference into this Item 3.02.

Working Capital Warrants

On November 25, 2020, the Company issued 75,000 "working capital" warrants (the "[Working Capital Warrants](#)") to an affiliate of Kensington Capital Sponsor LLC in consideration of the conversion of a working capital loan in the aggregate amount of \$75,000. The Working Capital Warrants are substantially the same as those issued in a private placement at the time of the Company's initial public offering.

Issuance and Sale of Class A Common Stock to VGA

In connection with the Transactions and pursuant to that certain Series F Preferred Stock Purchase Agreement (the "[Purchase Agreement](#)") dated May 14, 2020, by and between the Company and VGA, as amended by that certain Amendment No. 1 to Purchase Agreement, dated September 3, 2020, by and among KCAC, Legacy QuantumScape and VGA (the "[Amendment](#)"), on December 1, 2020 the Company issued 15,221,334 shares of Class A Common Stock to VGA (the "[VGA Shares](#)") for proceeds of \$100 million.

The foregoing description of the Purchase Agreement and Amendment does not purport to be complete and is qualified in its entirety by the terms of the Purchase Agreement and Amendment, copies of which are attached hereto as Exhibits 10.27 and 10.28, respectively, and incorporated herein by reference.

The PIPE Shares, the Working Capital Warrants and the VGA shares have not been registered under the Securities Act of 1933 in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder.

Item 3.03 Material Modification to Rights of Security Holders.

On the Closing Date, in connection with the consummation of the Business Combination, the Company's certificate of incorporation and bylaws were amended and restated (as amended, the "[Amended and Restated Certificate of Incorporation](#)" and the "[Amended and Restated Bylaws](#)," respectively). Pursuant to the Company's Amended and Restated Certificate of Incorporation, there are 1,000,000,000 shares of Class A Common Stock, 250,000,000 shares of Class B Common Stock and 100,000,000 shares of Preferred Stock authorized. The disclosure set forth in the sections titled "[Description of Kensington's Securities](#)" beginning on page 230 of the Proxy Statement is incorporated herein by reference.

The foregoing description of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by the terms of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, which are attached hereto as Exhibits 3.1 and 3.2, respectively, and are incorporated herein by reference.

Item 5.01 Changes in Control of the Registrant.

The information set forth in the section entitled "Introductory Note" and in the section entitled "Security Ownership of Certain Beneficial Owners and Management" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference. The information set forth under in the sections titled "[Proposal No. 1—The Business Combination Proposal](#)" beginning on page 93 of the Proxy Statement and "[The Business Combination Agreement](#)" beginning on page 107 of the Proxy Statement and "Introductory Note" and Item 2.01 in this Current Report on Form 8-K is incorporated herein by reference.

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

The information set forth in the sections entitled "Directors and Executive Officers" and "Certain Relationships and Related Transactions" in Item 2.01 of this Current Report on Form 8-K is incorporated herein by reference.

QuantumScape Corporation 2020 Equity Incentive Plan

As previously disclosed at the Special Meeting, the stockholders of the Company considered and approved the 2020 Equity Incentive Plan (the "[2020 Plan](#)"). The 2020 Plan was approved, subject to stockholder approval, by the Board on November 25, 2020. The 2020 Plan became effective immediately upon the Closing.

A description of the 2020 Plan is included in the Proxy Statement in the section entitled "[Proposal No. 7—The Equity Incentive Plan Proposal](#)" beginning on page 139 of the Proxy Statement, which is incorporated herein by reference. The foregoing description of the 2020 Plan is qualified in its entirety by the full text of the 2020 Plan, which is attached hereto as Exhibit 10.8 and incorporated herein by reference.

QuantumScape Corporation 2020 Employee Stock Purchase Plan

As previously disclosed at the Special Meeting, the stockholders of the Company considered and approved the QuantumScape Corporation 2020 Employee Stock Purchase Plan (the "[2020 ESPP](#)"). The 2020 ESPP was approved, subject to stockholder approval, by the Board on November 25, 2020. The 2020 ESPP became effective immediately upon the Closing.

A description of the 2020 ESPP is included in the Proxy Statement in the section entitled "[Proposal No. 9—The Employee Stock Purchase Plan Proposal](#)" beginning on page 149 of the Proxy Statement, which is incorporated herein by reference. The foregoing description of the 2020 ESPP is qualified in its entirety by the full text of the 2020 ESPP, which is attached hereto as Exhibit 10.12 and incorporated herein by reference.

Item 5.06 Change in Shell Company Status.

As a result of the Merger, which fulfilled the definition of a business combination as required by the Amended and Restated Certificate of Incorporation of the Company, as in effect immediately prior to the Closing, the Company ceased to be a shell company (as defined in Rule 12b-2 of the Exchange Act) as of the Closing. A description of the Business Combination and the terms of the Business Combination Agreement are included in the Proxy Statement in the sections entitled "[The Business Combination](#)" beginning on page 93, "[The Business Combination Agreement](#)" beginning on page 107 of the Proxy Statement and in the information set forth under "Introductory Note" and in the information set forth under Item 2.01 in this Current Report on Form 8-K, which are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements

The unaudited financial statements of the Company as of and for the three months ended September 30, 2020 and the related notes are included in the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2020 (the "Form 10-Q") beginning on page 2 of the Form 10-Q and are incorporated herein by reference.

(b) Financial Statements of Businesses Acquired.

The audited consolidated financial statements of Legacy QuantumScape as of and for the years ended December 31, 2019 and 2018 and the related notes are included in the Proxy Statement beginning on page F-2 of the Proxy Statement and are incorporated herein by reference.

The unaudited consolidated financial statements of Legacy QuantumScape as of and for the nine months ended September 30, 2020 and 2019 are set forth in Exhibit 99.1 hereto and are incorporated herein by reference.

(c) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information of the Company as of and for the six months ended June 30, 2020 and for the year ended December 31, 2019 are included in the Proxy Statement in the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" beginning on page 73 of the Proxy Statement is incorporated herein by reference.

The unaudited pro forma condensed combined financial information of the Company as of and for the nine months ended September 30, 2020 is set forth in Exhibit 99.2 hereto and is incorporated herein by reference.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1+	<u>Business Combination Agreement, dated as of September 2, 2020, by and among Kensington Capital Acquisition Corp., Kensington Capital Merger Sub Corp. and QuantumScape Corporation (incorporated by reference from Annex A to the Company's proxy statement/prospectus/information statement filed with the SEC on November 12, 2020).</u>
2.2+	<u>Amendment No. 1 to Business Combination Agreement, dated as of September 21, 2020, by and among Kensington Capital Acquisition Corp., Kensington Capital Merger Sub Corp. and QuantumScape Corporation (incorporated by reference from Annex A to the Company's proxy statement/prospectus/information statement filed with the SEC on November 12, 2020).</u>
3.1	<u>Amended and Restated Certificate of Incorporation of the Company.</u>
3.2	<u>Amended and Restated Bylaws of the Company.</u>
4.1	<u>Specimen Common Stock Certificate.</u>
4.3+	<u>Warrant Agreement, dated June 25, 2020, by and between the Registrant and Continental Stock Transfer & Trust Company. (1)</u>
10.1+	<u>Registration Rights and Lock-up Agreement, dated as of September 2, 2020, by and among Kensington Capital Acquisition Corp. and the persons named therein. (2)</u>
10.2+	<u>Form of Senior Employee Lock-Up Agreement. (2)</u>
10.3	<u>Form of Lock-Up Agreement.</u>
10.4+	<u>Form of Subscription Agreement. (2)</u>
10.5+	<u>Stockholder Support Agreement, dated as of September 2, 2020, by and between Kensington Capital Acquisition Corp. and Volkswagen Group of America Investments, LLC. (2)</u>
10.6+	<u>Stockholder Support Agreement, dated as of September 2, 2020, by and among Kensington Capital Acquisition Corp. and the persons named therein. (2)</u>
10.7#	<u>Form of Indemnification Agreement by and between the Company and its directors and officers.</u>

10.8#	QuantumScape Corporation 2020 Equity Incentive Plan.
10.9#	QuantumScape Corporation 2020 Equity Incentive Plan — Form of Stock Option Agreement.
10.10#	QuantumScape Corporation 2020 Equity Incentive Plan — Form of Restricted Stock Unit Agreement.
10.11#	QuantumScape Corporation 2020 Equity Incentive Plan — Form of Restricted Stock Agreement.
10.12#	QuantumScape Corporation 2020 Employee Stock Purchase Plan.
10.13+	First Letter Agreement, dated as of September 2, 2020, by and among Kensington Capital Acquisition Corp., QuantumScape Corporation, and Volkswagen Group of America Investments, LLC. (2)
10.14+	Second Letter Agreement, dated as of September 2, 2020, by and among Kensington Capital Acquisition Corp., QuantumScape Corporation, and Volkswagen Group of America Investments, LLC. (2)
10.15+	Third Letter Agreement, dated as of September 2, 2020, by and among Kensington Capital Acquisition Corp., QuantumScape Corporation, and Volkswagen Group of America Investments, LLC. (2)
10.16+	Services Agreement, dated as of September 1, 2020, by and between Kensington Capital Acquisition Corp. and DEHC LLC. (2)
10.17+	Services Agreement, dated as of September 1, 2020, by and between Kensington Capital Acquisition Corp. and Simon Boag. (2)
10.18+#	Offer Letter from QuantumScape Corporation to Kevin Hettrich, dated October 11, 2011. (3)
10.19+#	Offer Letter from QuantumScape Corporation to Howard Lukens, dated February 13, 2012. (3)
10.20+#	Offer Letter from QuantumScape Corporation to Michael McCarthy, dated December 21, 2012. (3)
10.21+#	Offer Letter from QuantumScape Corporation to Mohit Singh, dated April 3, 2013. (3)
10.22+	Lease, dated May 31, 2013, by and between SI 55, LLC and QuantumScape Corporation. (3)
10.23+	Amendment to Lease, dated May 19, 2014, by and between SI 55, LLC and QuantumScape Corporation. (3)
10.24+*	Amended and Restated Limited Liability Company Agreement of QSV Operations LLC, dated May 14, 2020, by and between QuantumScape Corporation and Volkswagen Group of America Investments, LLC. (3)
10.25+*	Amended and Restated Joint Venture Agreement, dated May 14, 2020, by and among QuantumScape Corporation and the persons named therein. (3)
10.26+	First Amendment to Amended and Restated Joint Venture Agreement, dated September 21, 2020, by and among QuantumScape Corporation and the persons named therein. (3)
10.27+*	Series F Preferred Stock Purchase Agreement, dated May 14, 2020, by and between QuantumScape Corporation and Volkswagen Group of America Investments, LLC. (3)
10.28+	Amendment No. 1 to Series F Preferred Stock Purchase Agreement, dated September 3, 2020, by and among Kensington Capital Acquisition Corp., QuantumScape Corporation and Volkswagen Group of America Investments, LLC. (3)
99.1	Unaudited consolidated financial statements of Legacy QuantumScape as of and for the nine months ended September 30, 2020 and 2019.
99.2	Unaudited pro forma condensed consolidated combined financial information of the Company as of and for the nine months ended September 30, 2020.

Indicates management contract or compensatory plan or arrangement.

+ Previously filed.

* Portions of this exhibit have been omitted in accordance with Item 601 of Regulation S-K.

(1) Incorporated by reference to an exhibit to the Company's Current Report on Form 8-K filed with the SEC on June 30, 2020.

(2) Incorporated by reference to an exhibit to the Company's Current Report on Form 8-K filed with the SEC on September 3, 2020.

(3) Incorporated by reference to an exhibit to the Company's proxy statement/prospectus/information statement filed with the SEC on November 12, 2020.

SIGNATURE

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

Dated: December 2, 2020

QUANTUMSCAPE CORPORATION

By: /s/ Michael McCarthy

Name: Michael McCarthy

Title: Chief Legal Officer

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

KENSINGTON CAPITAL ACQUISITION CORP.

Kensington Capital Acquisition Corp., a Delaware corporation, hereby certifies that:

1. The Corporation was incorporated under the name Kensington Capital Acquisition Corp. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on April 17, 2020.
2. The Amended and Restated Certificate of Incorporation of the Corporation attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this Corporation as heretofore amended and restated, has been duly adopted by the Corporation's Board of Directors and by the stockholders in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware.
3. This Amended and Restated Certificate of Incorporation of the Corporation shall be effective as of 1:02 pm Eastern Time on November 25, 2020.

IN WITNESS WHEREOF, the Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by its duly authorized officer on November 25, 2020 and the foregoing facts stated herein are true and correct.

KENSINGTON CAPITAL ACQUISITION CORP.

By: /s/ Daniel Huber
Daniel Huber, Chief
Financial Officer

EXHIBIT A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

QUANTUMSCAPE CORPORATION

ARTICLE I

The name of the corporation is QuantumScape Corporation (the "*Corporation*").

ARTICLE II

The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, DE 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "*Delaware General Corporation Law*").

ARTICLE IV

The Corporation is authorized to issue 1,250,000,000 shares of common stock, of which there are (i) 1,000,000,000 shares of Class A Common Stock, par value \$0.0001 per share (the "*Class A Common Stock*") and (ii) 250,000,000 shares of Class B Common Stock, par value \$0.0001 per share (the "*Class B Common Stock*") and together with the Class A Common Stock, the "*Common Stock*"; and 100,000,000 shares of Preferred Stock, par value \$0.0001 per share (the "*Preferred Stock*").

ARTICLE V

The rights, powers, preferences, privileges, restrictions and other matters relating to the Common Stock are as follows:

1. Definitions. For purposes of this Amended and Restated Certificate, the following definitions apply:

1.1 "*Acquisition*" means (i) any consolidation or merger of the Corporation with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the shares of capital stock of the Corporation immediately prior to such consolidation, merger or reorganization continue to represent a majority of the voting power of the surviving entity (or, if the surviving entity is a wholly owned subsidiary, its Parent) immediately after such consolidation, merger or reorganization; or (ii) any transaction or series of related transactions to which the Corporation is a party in which issued and outstanding shares of the Corporation are transferred or shares of the Corporation are issued, such that in excess of fifty percent (50%) of the Corporation's voting power is transferred; *provided* that an Acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Corporation or any successor or indebtedness of the Corporation is cancelled or converted or a combination thereof.

1.2 "*Amended and Restated Certificate*" means this Amended and Restated Certificate of Incorporation of the Corporation (including any Preferred Stock Designation, as defined below), as may be further amended and restated from time to time.

1.3 “**Asset Transfer**” means a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Corporation.

1.4 “**Board**” means the Board of Directors of the Corporation.

1.5 “**Class B Stockholder**” shall mean those persons who have the right to receive shares of Class B Common Stock pursuant to that certain Business Combination Agreement dated as of September 2, 2020 among Kensington Capital Acquisition Corp., a Delaware corporation, Kensington Capital Merger Sub Corp., a Delaware corporation and QuantumScape Corporation, a Delaware corporation (the “**BCA**”).

1.6 “**Disability**” or “**Disabled**” means the permanent and total disability such that an Excluded Party is unable to engage in any substantial gainful activity by reason of any medically determinable mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months as determined by a licensed medical practitioner. In the event of a dispute whether an Excluded Party has suffered a Disability, no Disability of the Excluded Party shall be deemed to have occurred unless and until an affirmative ruling regarding such Disability has been made by a court of competent jurisdiction, and such ruling has become final and non-appealable.

1.7 “**Excluded Party**” means any of Timothy Holme, Fritz Prinz and Jagdeep Singh.

1.8 “**Excluded Party Trustee**” means a person, designated by an Excluded Party and approved by the Board, in his or her capacity as a voting trustee pursuant to a written voting trust agreement entered into by such Excluded Party prior to his death or Disability, contingent and effective upon the death or Disability of such Excluded Party.

1.9 “**Family Member**” means, with respect to a natural person, whether related by blood or marriage, (i) such natural person’s spouse, ex-spouse or domestic partner; (ii) such natural person’s parents and grandparents; (iii) such natural person’s siblings; (iv) such natural person’s children and other lineal descendants; and (v) the lineal descendants of such natural person’s siblings. Lineal descendants shall include adopted persons, but only so long as they are adopted during minority, and step-children.

1.10 “**Final Conversion Date**” means the earliest to occur of:

(a) the date fixed by the Board that is no less than 61 days and no more than 180 days following the first date to occur following the issuance of the Per Share Merger Consideration (as defined in the BCA) on which the total number of outstanding shares of Class B Common Stock held by the Excluded Parties and their Permitted Transferees represents less than 20% of the total number of outstanding shares of Class B Common Stock (each as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(b) if (i) the applicable Excluded Party has designated an Excluded Party Trustee, the date that is the earlier of (A) nine (9) months after the death or Disability of the last to die or become Disabled of the Excluded Parties and (B) the date upon which such Excluded Party Trustee ceases to hold exclusive Voting Control over such shares of Class B Common Stock; and (ii) the applicable Excluded Party has not designated an Excluded Party Trustee, the death or Disability of the last to die or become Disabled of the Excluded Parties; and

(c) the date specified by (i) the holders of a majority of the then outstanding shares of Class B Common Stock, voting as a separate class, or in an affirmative written election executed by the holders of a majority of the then outstanding shares of Class B Common Stock and (ii) all of the Excluded Parties (but excluding any Excluded Party who is then deceased or Disabled or who, individually or through his Permitted Transferees, holds less than 20% of the aggregate number of shares of Class B Common Stock that were held by such Excluded Party, individually or through his Permitted Transferees, as of the Effective Time (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event)).

1.11 “**Liquidation Event**” means any liquidation, dissolution, or winding up of the Corporation, whether voluntary or involuntary, or any Acquisition or Asset Transfer.

1.12 “**Parent**” of an entity means any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

1.13 “**Permitted Entity**” means (i) with respect to any Class B Stockholder, any trust, account, plan, corporation, partnership, or limited liability company specified in Article V, Section 1.14(b) established by or for such Class B Stockholder, so long as such entity meets the requirements set forth in Article V, Section 1.14, (ii) a trust which may be revoked by an Excluded Party, so long as the Excluded Party, respectively, remains a trustee or co-trustee thereof and has sole voting power with respect to shares of the Corporation held by such trust, (iii) with respect to any stockholder who is an affiliate of Bill Gates, the Bill & Melinda Gates Foundation Asset Trust, so long as Bill Gates remains a trustee or co-trustee thereof, and (iv) any trust or entity settled or formed by an Excluded Party, for the primary benefit of his respective Family Members, so long as either (a) the Excluded Party remains a trustee or co-trustee and holds sole voting power with respect to shares of the Corporation held by any such trust or (b) the Excluded Party has both the power to remove the trustee or co-trustees and any individual(s) holding voting power of any such trust, and the power to replace any such removed trustee, co-trustees, or individual(s) with any individual or entity of his choosing, other than an individual who is a related or subordinate party to the Excluded Party within the meaning of Internal Revenue Code Section 672(c).

1.13.1 “**Permitted Foundation**” shall mean with respect to a Class B Stockholder a domestic U.S. charitable organization, foundation or similar entity, that was established by a Class B Stockholder and is intended to be tax-exempt under the Code.

1.14 “**Permitted Transfer**” means

(a) a Transfer of Class B Common Stock by a Class B Stockholder or such Class B Stockholder’s Permitted Entities to another Class B Stockholder or such other Class B Stockholder’s Permitted Entities;

(b) a Transfer by a Class B Stockholder to any Permitted Entity, including but not limited to any of the following Permitted Entities, and from any of the Permitted Entities back to such Class B Stockholder and/or any other Permitted Entity by or for such Class B Stockholder:

(i) a trust for the benefit of such Class B Stockholder and for the benefit of no other person, provided such Transfer does not involve any payment of cash, securities, property or other consideration (other than an interest in such trust) to the Class B Stockholder; and, provided, further, that in the event such Class B Stockholder is no longer the exclusive beneficiary of such trust, each share of Class B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(ii) a trust for the benefit of persons other than the Class B Stockholder so long as the Class B Stockholder has exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust, provided such Transfer does not involve any payment of cash, securities, property or other consideration (other than an interest in such trust) to the Class B Stockholder; and, provided, further, that in the event the Class B Stockholder no longer has exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust, each share of Class B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(iii) a trust under the terms of which such Class B Stockholder has retained a “qualified interest” within the meaning of §2702(b)(1) of the Internal Revenue Code (the “**Code**”) and/or a reversionary interest so long as the Class B Stockholder has exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust; provided, however, that in the event the Class B Stockholder no longer has exclusive Voting Control with respect to the shares of Class B Common Stock held by such trust, each share of Class B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(iv) an Individual Retirement Account, as defined in Section 408(a) of the Code, or a pension, profit sharing, stock bonus or other type of plan or trust of which such Class B Stockholder is a participant or beneficiary and which satisfies the requirements for qualification under Section 401 of the Code; *provided* that in each case such Class B Stockholder has exclusive Voting Control with respect to the shares of Class B Common Stock held in such account, plan or trust, and *provided, further*, that in the event the Class B Stockholder no longer has exclusive Voting Control with respect to the shares of Class B Common Stock held by such account, plan or trust, each share of Class B Common Stock then held by such trust shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(v) a corporation in which such Class B Stockholder directly, or indirectly through one or more Permitted Entities, owns shares with sufficient Voting Control in the corporation, or otherwise has legally enforceable rights, such that the Class B Stockholder retains exclusive Voting Control with respect to the shares of Class B Common Stock held by such corporation; *provided* that in the event the Class B Stockholder no longer owns sufficient shares or has sufficient legally enforceable rights to enable the Class B Stockholder to retain exclusive Voting Control with respect to the shares of Class B Common Stock held by such corporation, each share of Class B Common Stock then held by such corporation shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(vi) a partnership in which such Class B Stockholder directly, or indirectly through one or more Permitted Entities, owns partnership interests with sufficient Voting Control in the partnership, or otherwise has legally enforceable rights, such that the Class B Stockholder retains exclusive Voting Control with respect to the shares of Class B Common Stock held by such partnership; *provided* that in the event the Class B Stockholder no longer owns sufficient partnership interests or has sufficient legally enforceable rights to enable the Class B Stockholder to retain exclusive Voting Control with respect to the shares of Class B Common Stock held by such partnership, each share of Class B Common Stock then held by such partnership shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event);

(vii) a limited liability company in which such Class B Stockholder directly, or indirectly through one or more Permitted Entities, owns membership or limited liability company interests with sufficient Voting Control in the limited liability company, or otherwise has legally enforceable rights, such that the Class B Stockholder retains exclusive Voting Control with respect to the shares of Class B Common Stock held by such limited liability company; *provided* that in the event the Class B Stockholder no longer owns sufficient membership or limited liability company interests or has sufficient legally enforceable rights to enable the Class B Stockholder to retain exclusive Voting Control with respect to the shares of Class B Common Stock held by such limited liability company, each share of Class B Common Stock then held by such limited liability company shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event); or

(viii) a Permitted Foundation so long as the Class B Stockholder has exclusive Voting Control with respect to the shares of Class B Common Stock held by such Permitted Foundation, provided such Transfer does not involve any payment of cash, securities, property or other consideration (other than an interest in such Permitted Foundation) to the Class B Stockholder; and, *provided, further*, that in the event the Class B Stockholder no longer has exclusive Voting Control with respect to the shares of Class B Common Stock held by such Permitted Foundation, each share of Class B Common Stock then held by such Permitted Foundation shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event).

For the avoidance of doubt, to the extent any shares are deemed to be held by a trustee of a trust described in (i), (ii) or (iii) above, the Transfer shall be a Permitted Transfer and the trustee shall be deemed a Permitted Entity so long as the other requirements of (i), (ii) or (iii) above, as the case may be, are otherwise satisfied.

1.15 “**Permitted Transferee**” means a transferee of shares of Class B Common Stock, or rights or interests therein, received in a Transfer that constitutes a Permitted Transfer.

1.16 “**Qualified Stockholder**” means (a) any registered holder of a share of Class B Common Stock as of the Effective Time (as defined under the BCA); (b) any Permitted Transferee; and (c) the initial registered holder of any shares of Class B Common Stock that are originally issued by the Corporation after the Effective Time in compliance with this Amended and Restated Certificate.

1.17 “**Transfer**” of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, whether directly or indirectly, including by merger, consolidation or otherwise. A “**Transfer**” shall also include, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether or not there is a corresponding change in beneficial ownership), or the transfer of, or entering into a binding agreement with respect to, Voting Control over a share of Class B Common Stock by proxy or otherwise; *provided, however*, that the following shall not be considered a “**Transfer**” within the meaning of this Article V, Section 1.17:

(a) the granting of a proxy to officers or directors of the Corporation, or to other persons approved by the Board at the request of the Board in connection with actions to be taken at an annual or special meeting of stockholders;

(b) entering into a voting trust, agreement or arrangement (with or without granting a proxy), or consummating the actions or transactions contemplated therein, solely with other stockholders who are Class B Stockholders, that (i) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (ii) either has a term not exceeding one (1) year or is terminable by the Class B Stockholder at any time and (iii) does not involve any payment of cash, securities, property or other consideration to the Class B Stockholder other than the mutual promise to vote shares in a designated manner;

(c) the pledge of shares of Class B Common Stock by a Class B Stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction so long as the Class B Stockholder continues to exercise Voting Control over such pledged shares; *provided, however*, that a foreclosure on such shares of Class B Common Stock or other similar action by the pledgee shall constitute a “**Transfer**.”

(d) entering into any agreement with respect to supporting or voting in favor of or tendering shares with respect to any transaction proposed to be consummated by the Corporation, or consummating the actions or transactions contemplated therein (including, without limitation, tendering shares of Class B Common Stock or voting such shares in favor of such transaction or in opposition to other proposals that may be expected to delay or impair the ability to consummate such transaction), if the entry into such support or voting agreement is approved by the Board;

(e) granting of a proxy by an Excluded Party or such Excluded Party’s Permitted Transferees to another Excluded Party to exercise Voting Control of shares of Class B Common Stock owned directly or indirectly, beneficially and of record, by such granting Excluded Party or such granting Excluded Party’s Permitted Transferees, and the exercise of such proxy by such other Excluded Party;

(g) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, with a broker or other nominee; *provided, however*, that any sale of such shares of Class B Common Stock pursuant to such plan shall constitute a “**Transfer**” at the time of such sale; and

(h) the fact that the spouse of any Qualified Stockholder possesses or obtains an interest in such holder’s shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a “**Transfer**” that is not a Permitted Transfer.

1.18 “**Voting Control**” means the power to vote or direct the voting of the applicable voting security by proxy, voting agreement or otherwise; *provided* that, in the case of an Excluded Party and solely for purposes of Article V, Section 1.14(b)(i) – (iv), an Excluded Party shall be deemed to have exclusive Voting Control with respect to the shares of Class B Common Stock if such Excluded Party has the power to terminate, remove or replace any person or entity having Voting Control over the applicable shares of Class B Common Stock.

1.19 “**Whole Board**” means the total number of authorized directors whether or not there exist any vacancies or unfilled seats in previously authorized directorships.

2. **Identical Rights.** Except as otherwise provided in this Amended and Restated Certificate or required by applicable law, shares of Common Stock shall have the same rights and powers, rank equally (including, without limitation, as to any dividends and distributions, any liquidation, dissolution or winding up of the Corporation and any voting of such shares), share ratably and be identical in all respects as to all matters.

3. **Dividends and Distributions.**

3.1 Subject to the prior rights of holders of all classes and series of stock at the time outstanding having prior rights as to dividends and subject to Section 3.2, the holders of the Common Stock shall be entitled to receive, when, as and if declared by the Board, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board. Any dividends paid to the holders of shares of Common Stock shall be paid pro rata, on an equal priority, pari passu basis, unless different treatment of the shares of any such class or series is approved by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of such applicable class or series of Common Stock treated adversely, voting separately as a class.

3.2 The Corporation shall not declare or pay any dividend or make any other distribution to any holders of Common Stock payable in securities of the Corporation unless the same dividend or distribution with the same record date and payment date shall be declared and paid on all shares of Common Stock, unless different treatment of the shares of Class A Common Stock or Class B Common Stock is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class; *provided, however*, that (i) dividends or other distributions payable in shares of Class A Common Stock or rights to acquire shares of Class A Common Stock may be declared and paid to the holders of Class A Common Stock without the same dividend or distribution being declared and paid to the holders of the Class B Common Stock if, and only if, a dividend payable in shares of Class B Common Stock, or rights to acquire shares of Class B Common Stock, is declared and paid to the holders of Class B Common Stock at the same rate and with the same record date and payment date; and (ii) dividends or other distributions payable in shares of Class B Common Stock or rights to acquire shares of Class B Common Stock may be declared and paid to the holders of Class B Common Stock without the same dividend or distribution being declared and paid to the holders of the Class A Common Stock if, and only if, a dividend payable in shares of Class A Common Stock, or rights to acquire shares of Class A Common Stock, is declared and paid to the holders of Class A Common Stock at the same rate and with the same record date and payment date; and *provided, further*, that nothing in the foregoing shall prevent the Corporation from declaring and paying dividends or other distributions payable in shares of one class of Common Stock or rights to acquire one class of Common Stock to holders of all classes of Common Stock.

3.3 If the Corporation in any manner subdivides or combines the outstanding shares of Class A Common Stock or Class B Common Stock, then the outstanding shares of all Common Stock will be subdivided or combined in the same proportion and manner, unless different treatment of the shares of Class A Common Stock or Class B Common Stock is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

4. **Voting Rights.**

4.1 **Common Stock.**

(a) **Class A Common Stock.** Each holder of shares of Class A Common Stock will be entitled to one vote for each share thereof held at the record date for the determination of the stockholders entitled to vote on such matters.

(b) **Class B Common Stock.** Each holder of shares of Class B Common Stock will be entitled to ten votes for each share thereof held at the record date for the determination of the stockholders entitled to vote on such matters.

4.2 General. Except as otherwise expressly provided herein or as required by law, the holders of Class A Common Stock and Class B Common Stock will vote together as a single class and not as separate series or classes.

4.3 Authorized Shares. The number of authorized shares of Common Stock or any class or series thereof may be increased or decreased (but not below (i) the number of shares of Common Stock or, in the case of a class or series of Common Stock, such class or series, then outstanding plus (ii) with respect to Class A Common Stock, the number of shares reserved for issuance pursuant to Article V, Section 9) by the affirmative vote of the holders of a majority of the voting power of the Class A Common Stock and Class B Common Stock, voting together as a single class, irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law; *provided* that the number of authorized shares of Class B Common Stock shall not be increased or decreased without the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock, voting as a separate class.

4.4 Election of Directors. Subject to any rights of the holders of any series of Preferred Stock to elect directors under circumstances specified in this Amended and Restated Certificate (as modified by any Preferred Stock Designation), (i) prior to the Final Conversion Date, the holders of Class A Common Stock and Class B Common Stock, voting together as a single class, shall be entitled to elect and remove all directors of the Corporation, and (ii) from and after the Final Conversion Date, if any, the holders of Common Stock, voting together as a single class, shall be entitled to elect and remove all directors of the Corporation.

5. Liquidation Rights. In the event of a Liquidation Event in connection with which the Board has determined to effect a distribution of assets of the Corporation to any holder or holders of Common Stock, then, subject to the rights of any Preferred Stock that may then be outstanding, the assets of the Corporation legally available for distribution to stockholders shall be distributed on an equal priority, pro rata basis (based on the number of shares of Common Stock held by each) to the holders of Common Stock, unless different treatment of the shares of each such class or series of Common Stock is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class; *provided, however*, that for the avoidance of doubt, payments to be made or received by a holder of Common Stock in connection with any such Liquidation Event pursuant to any employment, consulting, severance or similar services arrangement shall not be deemed to be a distribution for the purpose of this Article V, Section 5; *provided, further, however*, that shares of such classes may receive, or have the right to elect to receive, different or disproportionate consideration in connection with such Liquidation Event if the only difference in the per share consideration to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of a share of Class B Common Stock have ten (10) times the voting power of any securities distributed to the holder of a share of Class A Common Stock.

6. Conversion of the Class B Common Stock. The Class B Common Stock will be convertible into Class A Common Stock as follows:

6.1 Each outstanding share of Class B Common Stock will automatically convert into one fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event) on the Final Conversion Date.

6.2 With respect to any holder of Class B Common Stock, each outstanding share of Class B Common Stock held by such holder will automatically be converted into one fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event), as follows:

(a) at the option of the holder thereof at any time upon written notice to the transfer agent of the Corporation or, if such written notice specifies a later time or the occurrence of a future event for such conversion, upon such time or the occurrence of such event;

(b) on the occurrence of any Transfer of such share of Class B Common Stock that is not a Permitted Transfer; and

(c) upon the death of such Class B Stockholder, or solely with respect to each share of Class B Common Stock held of record by an Excluded Party, or by an Excluded Party's Permitted Entities, upon the death or Disability of such Excluded Party; *provided, however*, that, with respect to the shares of Class B Common Stock held of record by such Excluded Party or such Excluded Party's Permitted Entities, each share of Class B Common Stock held of record by an Excluded Party or an Excluded Party's Permitted Entities shall automatically convert into one (1) fully paid and nonassessable share of Class A Common Stock (as equitably adjusted for any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event), if (i) the applicable Excluded Party has designated an Excluded Party Trustee, upon that date which is the earlier of: (A) nine (9) months after the date of death or Disability of such Excluded Party, and (B) the date upon which such Excluded Party Trustee ceases to hold exclusive Voting Control over such shares of Class B Common Stock; and (ii) the applicable Excluded Party has not designated an Excluded Party Trustee, the death or Disability of such Excluded Party.

7. Procedures. The Corporation may, from time to time, establish such policies and procedures relating to the conversion of the Class B Common Stock into Class A Common Stock and the general administration of this dual-class stock structure, including the issuance of stock certificates with respect thereto, as it may deem necessary or advisable, and may from time to time request that holders of shares of Class B Common Stock furnish certifications, affidavits or other proof to the Corporation as it deems necessary to verify the ownership of Class B Common Stock and to confirm that a conversion to Class A Common Stock has not occurred. A determination by the Corporation as to whether or not a Transfer has occurred and results in a conversion to Class A Common Stock, or as to whether or not another conversion contemplated in the foregoing Section 6 of this Article V has occurred, shall be conclusive and binding.

8. Effect of Conversion. In the event of a conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to Article V, Section 6, such conversion shall be deemed to have been made at (a) the open of business on the Final Conversion Date, in the case of Article V, Section 6.1; (b) the time that the Corporation's transfer agent receives the written notice required pursuant to Article V, Section 6.2(a) (or a later date specified by such notice), (c) the time of the Transfer in the case of Article V, Section 6.2(b), or (d) the time that the death or Disability of the Class B Stockholder occurred or as otherwise provided in Article V, Section 6.2(c), as applicable. Upon any conversion of Class B Common Stock to Class A Common Stock, all rights of the holder of such shares of Class B Common Stock shall cease and the person or persons in whose name or names the certificate or certificates representing the shares of Class B Common Stock are to be issued, if any, shall be treated for all purposes as having become the record holder or holders of such number of shares of Class A Common Stock into which such Class B Common Stock were convertible. Shares of Class B Common Stock that are converted into shares of Class A Common Stock as provided in Article V, Section 6 shall be retired and shall not be reissued.

9. Reservation of Stock Issuable Upon Conversion. The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock such number of its shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock; and if at any time the number of authorized but unissued shares of Class A Common Stock will not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Class A Common Stock into such number of shares as will be sufficient for such purpose.

10. Preemptive Rights. No stockholder of the Corporation shall have a right to purchase shares of capital stock of the Corporation sold or issued by the Corporation except to the extent that such a right may from time to time be set forth in a written agreement between the Corporation and a stockholder.

ARTICLE VI

1. Rights of Preferred Stock. The Board is authorized, subject to any limitations prescribed by law or in any Preferred Stock Designation, to provide for the issuance of shares of Preferred Stock in series, and by filing a

certificate pursuant to the applicable law of the State of Delaware (such certificate being hereinafter referred to as a "**Preferred Stock Designation**"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and any qualifications, limitations or restrictions thereof.

2. **Vote to Increase or Decrease Authorized Shares.** The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Corporation entitled to vote thereon, without a vote of the holders of the Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any Preferred Stock Designation, irrespective of the provisions of Section 242(b)(2) of the Delaware General Corporation Law.

ARTICLE VII

1. **Number of Directors; Election; Term.**

(a) Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, the number of directors that constitutes the entire Board of the Corporation shall be fixed solely by resolution of the Board.

(b) Each director shall be elected to hold office for a one-year term expiring at the next annual meeting of stockholders.

(c) Notwithstanding the foregoing provisions of this Article VII, Section 1, and subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation, or removal.

(d) If the number of directors is increased at or following the 2021 annual meeting of stockholders, any additional director elected to fill a newly created directorship shall hold office for a term expiring at the next annual meeting of stockholders. In no case shall a decrease in the number of directors remove or shorten the term of any incumbent director.

(e) Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

2. **Vacancies and Newly Created Directorships.** Subject to the rights of holders of any series of Preferred Stock with respect to the election of directors, and except as may be permitted in the specific case by resolution of a majority of the Whole Board, vacancies occurring on the Board for any reason and newly created directorships resulting from an increase in the authorized number of directors may be filled only by vote of a majority of the remaining members of the Board, although less than a quorum, or by a sole remaining director, and not by stockholders. A person so elected by the Board to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been assigned by the Board and until his or her successor shall be duly elected and qualified.

ARTICLE VIII

The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

1. **Board Power.** The business and affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority expressly conferred by statute or by this Amended and Restated Certificate or the Bylaws of the Corporation, the Board is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

2. **Amendment of Bylaws.** In furtherance and not in limitation of the powers conferred by the Delaware General Corporation Law, the Board is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation. The Bylaws of the Corporation may also be adopted, amended or repealed by the stockholders entitled to vote;

provided, however, that from and after the Final Conversion Date, the affirmative vote of holders of at least two-thirds of the total voting power of the outstanding voting securities of the Corporation, voting together as a single class, shall be required for the stockholders to alter, amend or repeal the Bylaws of the Corporation.

3. Special Meetings. Special meetings of the stockholders may be called only by (i) the Board pursuant to a resolution adopted by a majority of the Whole Board; (ii) the chair of the Board; or (iii) the chief executive officer of the Corporation. A special meeting of stockholders may not be called by any other person or persons, and any power of stockholders to call a special meeting of stockholders is specifically denied. The Board pursuant to a resolution adopted by a majority of the Whole Board, or the chair of a meeting of stockholders, may cancel, postpone or reschedule any previously scheduled meeting of stockholders at any time, before or after the notice for such meeting has been sent to stockholders.

4. Stockholder Action by Written Consent. Except for the rights of the holders of any series of Preferred Stock, from and after the Final Conversion Date, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Subject to the rights of the holders of any series of Preferred Stock, before the Final Conversion Date, any action required or permitted to be taken by the stockholders of the Corporation may be taken without a meeting only if the action is first recommended or approved by a majority of the Whole Board.

5. No Cumulative Voting. No stockholder will be permitted to cumulate votes at any election of directors.

6. Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

ARTICLE IX

To the fullest extent permitted by law, no director of the Corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Neither any amendment, repeal nor elimination of this Article IX, nor the adoption of any provision of this Amended and Restated Certificate inconsistent with this Article IX, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal, elimination or adoption of such an inconsistent provision.

ARTICLE X

If any provision of this Amended and Restated Certificate becomes or is declared on any ground by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Amended and Restated Certificate, and the court will replace such illegal, void or unenforceable provision of this Amended and Restated Certificate with a valid and enforceable provision that most accurately reflects the Corporation's intent, in order to achieve, to the maximum extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Amended and Restated Certificate shall be enforceable in accordance with its terms.

Except as provided in Article IX above, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation; *provided, however*, that, notwithstanding any other provision of this Amended and Restated Certificate or any provision of law that might otherwise permit a lesser vote, but in addition to any vote of the holders of any class or series of the stock of this Corporation required by law or by this Amended and Restated Certificate, from and after the Final Conversion Date, the affirmative vote of the holders of at least two-thirds of the voting power of the outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision of this Amended and Restated Certificate inconsistent with, Article III, Article V, Article VI, Article VII, Article VIII or this Article X.

AMENDED AND RESTATED BYLAWS OF

QUANTUMSCAPE CORPORATION

(Effective November 25, 2020)

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BYLAWS OF QUANTUMSCAPE CORPORATION

ARTICLE I—CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of QuantumScape Corporation (the “**Corporation**”) shall be fixed in the Corporation’s certificate of incorporation, as the same may be amended from time to time.

1.2 OTHER OFFICES

The Corporation may at any time establish other offices at any place or places.

ARTICLE II—MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at a place, if any, within or outside the State of Delaware, designated by the board of directors of the Corporation (the “**Board**”). The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the “**DGCL**”) or any successor legislation. In the absence of any such designation or determination, stockholders’ meetings shall be held at the Corporation’s principal executive office.

2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held on such date, at such time, and at such place (if any) within or without the State of Delaware, as the Board shall designate from time to time and as stated in the Corporation’s notice of the meeting. At the annual meeting, directors shall be elected and any other proper business, brought in accordance with Section 2.4 of these bylaws, may be transacted. The Board, acting pursuant to a resolution adopted by a majority of the Whole Board, or the chair of the meeting, may cancel, postpone or reschedule any previously scheduled annual meeting at any time, before or after the notice for such meeting has been sent to the stockholders. For purposes of these bylaws, the term “**Whole Board**” shall mean the total number of authorized directors whether or not there exist any vacancies or other unfilled seats in previously authorized directorships (provided for the avoidance of doubt that voting power shall be attributed to any such vacancies or unfilled seats).

2.3 SPECIAL MEETING

(a) A special meeting of the stockholders, other than as required by the DGCL, may be called at any time by the Board, acting pursuant to a resolution adopted by a majority of the Whole Board; the chair of the Board; or the chief executive officer; *provided* that a special meeting may not be called by any other person or persons and any power of stockholders to call a special meeting is specifically denied, except as provided in the certificate of incorporation. The Board or the chair of the meeting may cancel, postpone or reschedule any previously scheduled special meeting at any time, before or after the notice for such meeting has been sent to the stockholders.

(b) The notice of a special meeting shall include the purpose for which the meeting is called. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board, chair of the Board or chief executive officer. Nothing contained in this Section 2.3(b) shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the Board may be held.

2.4 ADVANCE NOTICE PROCEDURES

(a) *Annual Meetings of Stockholders.*

(i) Nominations of persons for election to the Board or the proposal of other business to be transacted by the stockholders at an annual meeting of stockholders may be made only (1) pursuant to the

Corporation's notice of meeting (or any supplement thereto); (2) by or at the direction of the Board; (3) as may be provided in the certificate of designations for any class or series of preferred stock; or (4) by any stockholder of the Corporation who (A) is a stockholder of record at the time of giving of the notice contemplated by Section 2.4(a)(i); (B) is a stockholder of record on the record date for the determination of stockholders entitled to notice of the annual meeting; (C) is a stockholder of record on the record date for the determination of stockholders entitled to vote at the annual meeting; (D) is a stockholder of record at the time of the annual meeting; and (E) complies with the procedures set forth in this Section 2.4(a).

(ii) For nominations or other business to be properly brought before an annual meeting of stockholders by a stockholder pursuant to clause (4) of Section 2.4(a)(i), the stockholder must have given timely notice in writing to the secretary and any such nomination or proposed business must constitute a proper matter for stockholder action. To be timely, a stockholder's notice must be received by the secretary at the principal executive offices of the Corporation no earlier than 8:00 a.m., local time, on the 120th day and no later than 5:00 p.m., local time, on the 90th day prior to the day of the first anniversary of the preceding year's annual meeting of stockholders. However, if no annual meeting of stockholders was held in the preceding year, or if the date of the applicable annual meeting has been changed by more than 25 days from the first anniversary of the preceding year's annual meeting, then to be timely such notice must be received by the secretary at the principal executive offices of the Corporation no earlier than 8:00 a.m., local time, on the 120th day prior to the day of the annual meeting and no later than 5:00 p.m., local time, on the 10th day following the day on which public announcement of the date of the annual meeting was first made by the Corporation. In no event will the adjournment, rescheduling or postponement of any annual meeting, or any announcement thereof, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. If the number of directors to be elected to the Board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board at least 10 days before the last day that a stockholder may deliver a notice of nomination pursuant to the foregoing provisions, then a stockholder's notice required by this Section 2.4(a)(ii) will also be considered timely, but only with respect to nominees for any new positions created by such increase, if it is received by the secretary at the principal executive offices of the Corporation no later than 5:00 p.m., local time, on the 10th day following the day on which such public announcement is first made. "**Public announcement**" means disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 (as amended and inclusive of rules and regulations thereunder, the "**1934 Act**").

(iii) A stockholder's notice to the secretary must set forth:

(1) as to each person whom the stockholder proposes to nominate for election as a director:

(A) such person's name, age, business address, residence address and principal occupation or employment; the class and number of shares of the Corporation that are held of record or are beneficially owned by such person and a description of any Derivative Instruments (defined below) held or beneficially owned thereby or of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of such person; and all information relating to such person that is required to be disclosed in solicitations of proxies for the contested election of directors, or is otherwise required, in each case pursuant to Section 14 of the 1934 Act;

(B) such person's written consent to being named in such stockholder's proxy statement as a nominee of such stockholder and to serving as a director of the Corporation if elected;

(C) a reasonably detailed description of any direct or indirect compensatory, payment, indemnification or other financial agreement, arrangement or understanding that such person has, or has had within the past three years, with any person or entity other than the Corporation (including the amount of any payment or payments received or receivable thereunder), in each case in connection with his or her candidacy or service as a director of the Corporation (a "**Third-Party Compensation Arrangement**"); and

(D) a description of any other material relationships between such person and such person's respective affiliates and associates, or others acting in concert with them, on the one hand, and such stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, and their respective affiliates and associates, or others acting in concert with them, on the other hand;

(2) as to any other business that the stockholder proposes to bring before the annual meeting:

(A) a brief description of the business desired to be brought before the annual meeting;

(B) the text of the proposal or business (including the text of any resolutions proposed for consideration and, if applicable, the text of any proposed amendment to these bylaws or the Corporation's certificate of incorporation);

(C) the reasons for conducting such business at the annual meeting;

(D) any material interest in such business of such stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, and their respective affiliates and associates, or others acting in concert with them; and

(E) a description of all agreements, arrangements and understandings between such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and their respective affiliates or associates or others acting in concert with them, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder; and

(3) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

(A) the name and address of such stockholder (as they appear on the Corporation's books), of such beneficial owner and of their respective affiliates or associates or others acting in concert with them;

(B) for each class or series, the number of shares of stock of the Corporation that are, directly or indirectly, held of record or are beneficially owned by such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them;

(C) a description of any agreement, arrangement or understanding between such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, and any other person or persons (including, in each case, their names) in connection with the proposal of such nomination or other business;

(D) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, with respect to the Corporation's securities (any of the foregoing, a "**Derivative Instrument**"), or any other agreement, arrangement or understanding that has been made the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for or increase or decrease the voting power of such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, with respect to the Corporation's securities;

(E) any rights to dividends on the Corporation's securities owned beneficially by such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, that are separated or separable from the underlying security;

(F) any proportionate interest in the Corporation's securities or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(G) any performance-related fees (other than an asset-based fee) that such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with, them is entitled to based on any increase or decrease in the value of the Corporation's securities or Derivative Instruments, including, without limitation, any such interests held by members of the immediate family of such persons sharing the same household;

(H) any significant equity interests or any Derivative Instruments in any principal competitor of the Corporation that are held by such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them;

(I) any direct or indirect interest of such stockholder, such beneficial owner or their respective affiliates or associates or others acting in concert with them, in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (in each case, including any employment agreement, collective bargaining agreement or consulting agreement);

(J) a representation and undertaking that the stockholder is a holder of record of stock of the Corporation as of the date of submission of the stockholder's notice and intends to appear in person or by proxy at the meeting to bring such nomination or other business before the meeting;

(K) a representation and undertaking that such stockholder or any such beneficial owner intends, or is part of a group that intends, to (x) deliver a proxy statement or form of proxy to holders of at least the percentage of the voting power of the Corporation's then-outstanding stock required to approve or adopt the proposal or to elect each such nominee; or (y) otherwise solicit proxies from stockholders in support of such proposal or nomination;

(L) any other information relating to such stockholder, such beneficial owner, or their respective affiliates or associates or others acting in concert with them, or director nominee or proposed business that, in each case, would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies in support of such nominee (in a contested election of directors) or proposal pursuant to Section 14 of the 1934 Act; and

(M) such other information relating to any proposed item of business as the Corporation may reasonably require to determine whether such proposed item of business is a proper matter for stockholder action.

(iv) In addition to the requirements of this Section 2.4, to be timely, a stockholder's notice (and any additional information submitted to the Corporation in connection therewith) must further be updated and supplemented (1) if necessary, so that the information provided or required to be provided in such notice is true and correct as of the record date(s) for determining the stockholders entitled to notice of, and to vote at, the meeting and as of the date that is 10 business days prior to the meeting or any adjournment, rescheduling or postponement thereof and (2) to provide any additional information that the Corporation may reasonably request. Such update and supplement or additional information, if applicable, must be received by the secretary at the principal executive offices of the Corporation, in the case of a request for additional information, promptly following a request therefor, which response must be delivered not later than such reasonable time as is specified in any such request from the Corporation or, in the case of any other update or supplement of any information, not later than five business days after the record date(s) for the meeting (in the case of any update and supplement required to be made as of the record date(s)), and not later than eight business days prior to the date for the meeting or any adjournment, rescheduling or postponement thereof (in the case of the update and supplement required to be made as of 10 business days prior to the meeting or any adjournment, rescheduling or postponement thereof). The failure to timely provide such update, supplement or additional information shall result in the nomination or proposal no longer being eligible for consideration at the meeting.

(b) *Special Meetings of Stockholders.* Except to the extent required by the DGCL, special meetings of stockholders may be called only in accordance with the Corporation's certificate of incorporation and these bylaws. Only such business will be conducted at a special meeting of stockholders as has been brought before the special meeting pursuant to the Corporation's notice of meeting. If the election of directors is included as

business to be brought before a special meeting in the Corporation's notice of meeting, then nominations of persons for election to the Board at such special meeting may be made by any stockholder who (i) is a stockholder of record at the time of giving of the notice contemplated by this Section 2.4(b); (ii) is a stockholder of record on the record date for the determination of stockholders entitled to notice of the special meeting; (iii) is a stockholder of record on the record date for the determination of stockholders entitled to vote at the special meeting; (iv) is a stockholder of record at the time of the special meeting; and (v) complies with the procedures set forth in this Section 2.4(b). For nominations to be properly brought by a stockholder before a special meeting pursuant to this Section 2.4(b), the stockholder's notice must be received by the secretary at the principal executive offices of the Corporation no earlier than 8:00 a.m., local time, on the 120th day prior to the day of the special meeting and no later than 5:00 p.m., local time, on the 10th day following the day on which public announcement of the date of the special meeting was first made. In no event will any adjournment, rescheduling or postponement of a special meeting or the announcement thereof commence a new time period (or extend any time period) for the giving of a stockholder's notice. A stockholder's notice to the Secretary must comply with the applicable notice requirements of Sections 2.4(a)(iii) and 2.4(a)(iv).

(c) Other Requirements.

(i) To be eligible to be a nominee by any stockholder for election as a director of the Corporation, the proposed nominee must provide to the secretary, in accordance with the applicable time periods prescribed for delivery of notice under Section 2.4(a)(ii) or Section 2.4(b):

(1) a signed and completed written questionnaire (in the form provided by the secretary at the written request of the nominating stockholder, which form will be provided by the secretary within 10 days of receiving such request) containing information regarding such nominee's background and qualifications and such other information as may reasonably be required by the Corporation to determine the eligibility of such nominee to serve as a director of the Corporation or to serve as an independent director of the Corporation;

(2) a written representation and undertaking that, unless previously disclosed to the Corporation, such nominee is not, and will not become, a party to any voting agreement, arrangement, commitment, assurance or understanding with any person or entity as to how such nominee, if elected as a director, will vote on any issue;

(3) a written representation and undertaking that, unless previously disclosed to the Corporation, such nominee is not, and will not become, a party to any Third-Party Compensation Arrangement;

(4) a written representation and undertaking that, if elected as a director, such nominee would be in compliance, and will continue to comply, with the Corporation's corporate governance guidelines as disclosed on the Corporation's website, as amended from time to time; and

(5) a written representation and undertaking that such nominee, if elected, intends to serve a full term on the Board.

(ii) At the request of the Board, any person nominated by the Board for election as a director must furnish to the secretary the information that is required to be set forth in a stockholder's notice of nomination that pertains to such nominee.

(iii) No person will be eligible to be nominated by a stockholder for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.4. No business proposed by a stockholder will be conducted at a stockholder meeting except in accordance with this Section 2.4.

(iv) The chairperson of the applicable meeting of stockholders will, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws or that business was not properly brought before the meeting. If the chairperson of the meeting should so determine, then the chairperson of the meeting will so declare to the meeting and the defective nomination will be disregarded or such business will not be transacted, as the case may be.

(v) Notwithstanding anything to the contrary in this Section 2.4, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear in person at the meeting to

present a nomination or other proposed business, such nomination will be disregarded or such proposed business will not be transacted, as the case may be, notwithstanding that proxies in respect of such nomination or business may have been received by the Corporation and counted for purposes of determining a quorum. For purposes of this Section 2.4, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting, and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting.

(vi) Without limiting this Section 2.4, a stockholder must also comply with all applicable requirements of the 1934 Act with respect to the matters set forth in this Section 2.4, it being understood that (1) any references in these bylaws to the 1934 Act are not intended to, and will not, limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.4; and (2) compliance with clause (4) of Section 2.4(a)(i) and with Section 2.4(b) are the exclusive means for a stockholder to make nominations or submit other business (other than as provided in Section 2.4(c)(vii)).

(vii) Notwithstanding anything to the contrary in this Section 2.4, the notice requirements set forth in these bylaws with respect to the proposal of any business pursuant to this Section 2.4 will be deemed to be satisfied by a stockholder if (1) such stockholder has submitted a proposal to the Corporation in compliance with Rule 14a 8 under the 1934 Act; and (2) such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for the meeting of stockholders. Subject to Rule 14a 8 and other applicable rules and regulations under the 1934 Act, nothing in these bylaws will be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any nomination of a director or any other business proposal.

2.5 NOTICE OF STOCKHOLDERS' MEETINGS

Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting, if such date is different from the record date for determining stockholders entitled to notice of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

2.6 QUORUM

The holders of a majority of the voting power of the capital stock of the Corporation issued and outstanding and entitled to vote, present in person or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders. Where a separate vote by a class or series or classes or series is required, a majority of the voting power of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chair of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the original meeting.

2.7 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote

communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix a new record date for notice of such adjourned meeting in accordance with Section 213(a) of the DGCL and Section 2.11 of these bylaws, and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

2.8 CONDUCT OF BUSINESS

The chair of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business and discussion as seem to the chair in order. The chair of any meeting of stockholders shall have the power to adjourn the meeting to another place, if any, date or time, whether or not a quorum is present. The chair of any meeting of stockholders shall be designated by the Board; in the absence of such designation, the chair of the Board, if any, or the chief executive officer (in the absence of the chair of the Board), or in their absence any other executive officer of the Corporation, shall serve as chair of the stockholder meeting.

2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as otherwise provided by law, the certificate of incorporation, these bylaws or the rules of any applicable stock exchange, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders.

Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of the voting power of the shares of such class or series or classes or series present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation, these bylaws or the rules of any applicable stock exchange.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Subject to the rights of the holders of the shares of any series of Preferred Stock and except as provided in the certificate of incorporation, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

2.11 RECORD DATES

In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination.

If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the day immediately preceding the day on which notice is given, or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance with the provisions of Section 213 of the DGCL and this Section 2.11 at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

2.12 PROXIES

Each stockholder entitled to vote at a meeting of stockholders, or such stockholder's authorized officer, director, employee or agent, may authorize another person or persons to act for such stockholder by proxy authorized by a document or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

A written proxy may be in the form of an electronic transmission (as defined in Section 232 of the DGCL) which sets forth or is submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The Corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; *provided, however*, if the record date for determining the stockholders entitled to vote is less than 10 days before the meeting date, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation's principal place of business. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then such list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.14 INSPECTORS OF ELECTION

Before any meeting of stockholders, the Corporation shall appoint an inspector or inspectors of election to act at the meeting or its adjournment. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. Such inspectors shall take all actions as contemplated under Section 231 of the DGCL or any successor provision thereto.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are multiple inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is *prima facie* evidence of the facts stated therein.

ARTICLE III—DIRECTORS

3.1 POWERS

The business and affairs of the Corporation shall be managed by or under the direction of the Board, except as may be otherwise provided in the DGCL or the certificate of incorporation.

3.2 NUMBER OF DIRECTORS

The Board shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution adopted by a majority of the Whole Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION, QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon notice given in writing or by electronic transmission to the chair of the Board, chief executive officer or secretary of the Corporation. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws or permitted in the specific case by resolution of the Board, and subject to the rights of holders of Preferred Stock, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by stockholders. If the directors are divided into classes, a person so chosen to fill a vacancy or newly created directorship shall hold office until the next election of the class for which such director shall have been chosen and until such person's successor shall have been duly elected and qualified.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board may participate in a meeting of the Board by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the Board for any purpose or purposes may be called at any time by the chair of the Board, the chief executive officer, the secretary or a majority of the Whole Board, provided, that the person(s) authorized to call special meetings of the Board may authorize another person or persons to send notice of such meeting.

Notice of the time and place of special meetings shall be:

- (a) delivered personally by hand, by courier or by telephone;
- (b) sent by United States first-class mail, postage prepaid;
- (c) sent by facsimile;
- (d) sent by electronic mail; or
- (e) otherwise given by electronic transmission (as defined in Section 232 of the DGCL),

directed to each director at that director's address, telephone number, facsimile number, electronic mail address or other contact for notice by electronic transmission, as the case may be, as shown on the Corporation's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile, (iii) sent by electronic mail or (iv) otherwise given by electronic transmission, it shall be delivered, sent or otherwise directed to each director, as applicable, at least 36 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation's principal executive office) nor the purpose of the meeting, unless required by statute.

3.8 QUORUM; VOTING

At all meetings of the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

The affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

3.9 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, or by electronic transmission. Any person (whether or not then a director) may provide, whether through instruction to an agent

or otherwise, that a consent to action will be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given for purposes of this Section 3.9 at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to it becoming effective. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of proceedings of the Board or committee, as applicable.

3.10 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

3.11 REMOVAL OF DIRECTORS

Any director may be removed from office by the stockholders of the Corporation as provided in Section 141(k) of the DGCL.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV—COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The Board may, by resolution passed by a majority of the Whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

4.2 COMMITTEE MINUTES

Each committee and subcommittee shall keep regular minutes of its meetings.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees and subcommittees shall be governed by, and held and taken in accordance with, the provisions of:

- (a) Section 3.5 (place of meetings and meetings by telephone);
- (b) Section 3.6 (regular meetings);
- (c) Section 3.7 (special meetings and notice);
- (d) Section 3.8 (quorum; voting);
- (e) Section 3.9 (action without a meeting); and
- (f) Section 7.4 (waiver of notice)

with such changes in the context of those bylaws as are necessary to substitute the committee or subcommittees and its members for the Board and its members. *However:* (i) the time and place of regular meetings of committees or subcommittees or subcommittees may be determined either by the Board or by the committee; (ii) special meetings of committees or subcommittees may also be called by the Board; and (iii) notice of special meetings of committees or subcommittees shall also be given to all alternate members, as applicable, who shall have the right to attend all meetings of the committee or subcommittee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

4.4 SUBCOMMITTEES

Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE V—OFFICERS

5.1 OFFICERS

The officers of the Corporation shall be a chief executive officer and a secretary. The Corporation may also have, at the discretion of the Board, a chair of the Board, a vice chair of the Board, a chief financial officer or treasurer, one or more vice presidents, one or more assistant vice presidents, one or more assistant treasurers, one or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS

The Board may appoint, or empower the chief executive officer, to appoint, such other officers as the business of the Corporation may require. Each of such officers shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board or, for the avoidance of doubt, any duly authorized committee or subcommittee thereof or by any officer who has been conferred such power of removal.

Any officer may resign at any time by giving notice, in writing or by electronic transmission, to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.3.

5.6 REPRESENTATION OF SECURITIES OF OTHER ENTITIES

The chair of the Board, the chief executive officer, any vice president, the treasurer, the secretary or assistant secretary of this Corporation, or any other person authorized by the Board or the chief executive officer or a vice president, is authorized to vote, represent, and exercise on behalf of this Corporation all rights incident to any and all shares or other securities of any other entity or entities, and all rights incident to any management authority conferred on the Corporation in accordance with the governing documents of any entity or entities, standing in the name of this Corporation, including the right to act by written consent. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

5.7 AUTHORITY AND DUTIES OF OFFICERS

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE VI—STOCK

6.1 SHARES OF STOCK

Except as otherwise provided in a resolution approved by the Board of Directors, all shares of capital stock of the Corporation shall be uncertificated shares. The Corporation may adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, provided the use of such system by the Corporation is permitted in accordance with applicable law.

6.2 DIVIDENDS

The Board, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Corporation's capital stock. Dividends may be paid in cash, in property, or in shares of the Corporation's capital stock, subject to the provisions of the certificate of incorporation. The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

6.3 STOCK TRANSFER AGREEMENTS

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.4 REGISTERED STOCKHOLDERS

The Corporation:

- (a) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to receive notifications and otherwise exercise rights and powers of an owner of such shares and to vote as such owner; and
- (b) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII—MANNER OF GIVING NOTICE AND WAIVER

7.1 NOTICE OF STOCKHOLDERS' MEETINGS

Notice of any meeting of stockholders shall be given in the manner set forth in the DGCL. An affidavit of the secretary or an assistant secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 NOTICE TO STOCKHOLDERS SHARING AN ADDRESS

Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 days of having been given written notice by the Corporation of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice. This Section 7.2 shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 NOTICE TO PERSON WITH WHOM COMMUNICATION IS UNLAWFUL

Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Corporation is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.4 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except if (and to the extent only) the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII—INDEMNIFICATION

8.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN THIRD PARTY PROCEEDINGS

Subject to the other provisions of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

8.2 INDEMNIFICATION OF DIRECTORS AND OFFICERS IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION

Subject to the other provisions of this Article VIII, the Corporation shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed Proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

8.3 SUCCESSFUL DEFENSE

To the extent that a present or former director or officer (for purposes of this Section 8.3 only, as such term is defined in Section 145(c)(1) of the DGCL) of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith. The Corporation may indemnify any other person who is not a present or former officer of the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by such person to the extent he or she has been successful on the merits or otherwise in defense of any suit or proceeding described in Section 8.1 or Section 8.2, or in defense of any claim, issue or matter therein.

8.4 INDEMNIFICATION OF OTHERS

Subject to the other provisions of this Article VIII, the Corporation shall have power to indemnify its employees and agents, or any other persons, to the extent not prohibited by the DGCL or other applicable law. The Board shall have the power to delegate to any person or persons identified in subsections (1) through (4) of Section 145(d) of the DGCL the determination of whether employees or agents shall be indemnified.

8.5 ADVANCE PAYMENT OF EXPENSES

Expenses (including attorneys' fees) actually and reasonably incurred by an officer or director of the Corporation in defending any Proceeding shall be paid by the Corporation in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this Article VIII or the DGCL. Such expenses (including attorneys' fees) actually and reasonably incurred by former directors and officers or other current or former employees and agents of the Corporation or by persons currently or formerly serving at the request of the Corporation as directors, officers, employees or agents of another corporation, partnership, joint venture, trust or other enterprise may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate. The right to advancement of expenses shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is excluded pursuant to these bylaws, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 8.6(b) or 8.6(c) prior to a determination that the person is not entitled to be indemnified by the Corporation.

8.6 LIMITATION ON INDEMNIFICATION

Subject to the requirements in Section 8.3 and the DGCL, the Corporation shall not be obligated to indemnify any person pursuant to this Article VIII in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the 1934 Act, or any successor thereto, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Corporation by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Corporation, as required in each case under the 1934 Act, or any successor thereto (including any such reimbursements that arise from an accounting restatement of the Corporation pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Corporation of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Corporation or its directors, officers, employees, agents or other indemnitees, unless (a) the Board authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Corporation provides the indemnification, in its sole discretion, pursuant to the powers vested in the Corporation under applicable law, (c) otherwise required to be made under Section 8.7 or (d) otherwise required by applicable law; or

(e) if prohibited by applicable law.

8.7 DETERMINATION; CLAIM

If a claim for indemnification or advancement of expenses under this Article VIII is not paid in full within 90 days after receipt by the Corporation of the written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of such claimant's entitlement to such indemnification or advancement of expenses. The Corporation shall indemnify such person against any and all expenses that are actually and reasonably incurred by such person in connection with any action for indemnification or advancement of expenses from the Corporation under this Article VIII, to the extent such person is successful in such action, and to the extent not prohibited by law. In any such suit, the Corporation shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

8.8 NON-EXCLUSIVITY OF RIGHTS

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

8.9 INSURANCE

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any

liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

8.10 SURVIVAL

The rights to indemnification and advancement of expenses conferred by this Article VIII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

8.11 EFFECT OF REPEAL OR MODIFICATION

A right to indemnification or to advancement of expenses arising under a provision of the certificate of incorporation or a bylaw shall not be eliminated or impaired by an amendment to or repeal or elimination of the certificate of incorporation or these bylaws after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

8.12 CERTAIN DEFINITIONS

For purposes of this Article VIII, references to the "**Corporation**" shall include, in addition to the resulting Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving Corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to "**other enterprises**" shall include employee benefit plans; references to "**finances**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**servicing at the request of the Corporation**" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Corporation**" as referred to in this Article VIII.

ARTICLE IX—GENERAL MATTERS

9.1 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

Except as otherwise provided by law, the certificate of incorporation or these bylaws, the Board may authorize any officer or officers, or agent or agents, to enter into any contract or execute any document or instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

9.2 FISCAL YEAR

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

9.3 SEAL

The Corporation may adopt a corporate seal, which shall be adopted and which may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

9.4 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term “**person**” includes a corporation, partnership, limited liability company, joint venture, trust or other enterprise, and a natural person. Any reference in these bylaws to a section of the DGCL shall be deemed to refer to such section as amended from time to time and any successor provisions thereto.

ARTICLE X—AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote; *provided, however*, that from and after the Final Conversion Date, the affirmative vote of the holders of at least two-thirds of the total voting power of outstanding voting securities of the corporation, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal, or adopt any provision of these bylaws. The Board shall also have the power to adopt, amend or repeal these bylaws.

A bylaw amendment adopted by stockholders shall not be further amended or repealed by the Board.

ARTICLE XI—EXCLUSIVE FORUM

To the fullest extent permitted by applicable law:

(a) Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another State court in Delaware or the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by, or otherwise wrongdoing by, any director, stockholder, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these bylaws (as either may be amended from time to time), (iv) any action to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or these bylaws (as either may be amended from time to time), or (v) any action asserting a claim governed by the internal affairs doctrine, except for, as to each of (i) through (v) above, any claim as to which such court determines that there is an indispensable party not subject to the jurisdiction of such court (and the indispensable party does not consent to the personal jurisdiction of such court within ten (10) days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than such court, or for which such court does not have subject matter jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI, Part (a). For the avoidance of doubt, this Article XI, Part (a) shall not apply to any action brought to enforce a duty or liability created by the Securities Act of 1933, or any successor thereto (the “**Securities Act**”) or the 1934 Act.

(b) Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XI, Part (b).

SEE REVERSE FOR IMPORTANT NOTICE REGARDING OWNERSHIP AND
TRANSFER RESTRICTIONS AND CERTAIN OTHER INFORMATION

QuantumScape

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE
CLASS A COMMON STOCK

CUSIP 74767V 10 9
SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF THE CLASS A COMMON STOCK, \$0.0001 PAR VALUE, OF
QUANTUMSCAPE CORPORATION

transferable on the books of the Company in Person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the Bylaws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

0000001

[Signature]
Secretary



[Signature]
Chief Executive Officer

AUTHORIZED SIGNATURE

COUNTERSIGNED AND REGISTERED
BY
CONTINENTAL STOCK TRANSFER & TRUST COMPANY
TRANSFER AGENT AND REGISTRAR

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	-- as tenants in common	UNIF GIFT MIN ACT--	_____ Custodian _____
TEN ENT	-- as tenants by the entirety		(Date) (Month)
JT TEN	-- as joint tenants with right of survivorship and not as tenants in common		under Uniform Gifts to Minors Act _____
TTEE	-- trustee under Agreement dated _____		(Date)

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE.

_____ Shares of the common stock represented by this certificate and do hereby irrevocably constitutes and appoint _____

Attorney, to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

DATED _____

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular without alteration or enlargement or any change whatsoever.

SIGNATURE GUARANTEED:

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDIATION PROGRAM), PURSUANT TO SEC. RULE 17d-11.

LOCK-UP AGREEMENT

____, 2020

Kensington Capital Acquisition Corp.
1400 Old Country Road, Suite 301
Westbury, NY 11590
Attention: Justin Mirro

Ladies and Gentlemen:

The undersigned signatory of this lock-up agreement (this "**Letter Agreement**") understands that Kensington Capital Acquisition Corp., a Delaware corporation ("**KCAC**"), has entered into the Business Combination Agreement (as the same may be amended from time to time, the "**BCA**"), dated as of September 2, 2020, with Kensington Merger Sub Corporation, a Delaware corporation and a wholly-owned subsidiary of KCAC ("**Merger Sub**"), and QuantumScape Corporation, a Delaware corporation (the "**Company**"), pursuant to which, among other things, Merger Sub will merge with and into the Company, with the Company continuing as the surviving entity (the "**Merger**") and as a wholly-owned subsidiary of KCAC, upon the terms and subject to the conditions set forth in the BCA and in accordance with applicable law (the "**Effective Time**").

As a material inducement to the parties to consummate the Merger and the other transactions contemplated by the BCA, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that as follows:

1. Definitions

- (a) "**Change in Control**" means the transfer (whether by tender offer, merger, stock purchase, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons of KCAC's voting securities if, after such transfer, such person or group of affiliated persons would hold more than 50% of outstanding voting securities of KCAC (or surviving entity) or would otherwise have the power to control the board of directors of KCAC or to direct the operations of KCAC.
- (b) "**KCAC Common Stock**" shall mean any shares of Class A common stock or Class B common stock of KCAC as in effect upon the consummation of the Merger.
- (c) "**Lock-up Period**" shall mean the period commencing upon the Effective Time and ending on the earliest of (i) the date that is 180 days from the Effective Time, (ii) the last consecutive trading day where the sale price of the KCAC Common Stock equals or exceeds \$12.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within any 30-trading day period commencing at least 150 days after the Effective Time, or (iii) such date on which KCAC completes a liquidation, merger, stock exchange or other similar transaction that results in all of KCAC's stockholders having the right to exchange their shares of KCAC Common Stock for cash, securities or other property.

- (d) “**Shares**” shall mean the shares of (1) KCAC Common Stock owned of record or beneficially by the undersigned as of the Effective Time, including KCAC Common Stock issued to the undersigned pursuant to the BCA, plus (2) KCAC Common Stock which may be issued upon exercise of a stock option or warrant or upon settlement of any restricted stock units or other convertible or exercisable security owned of record or beneficially by the undersigned as of the Effective Time, plus (3) KCAC Common Stock granted or issued by KCAC to the undersigned following the Effective Time, plus (4) KCAC Common Stock which may be issued upon exercise of a stock option or warrant or upon settlement of any restricted stock units or other convertible or exercisable security granted or issued by KCAC to the undersigned following the Effective Time. For the avoidance of doubt, “**Shares**” shall not include KCAC Common Stock acquired on the open market or under the KCAC Employee Stock Purchase Plan following the Effective Time.
- (e) “**Transfer**” shall mean the (a) sale, transfer, hypothecation, pledge, grant of any option to purchase or other disposition of, offer to sell, contract or agreement to sell, transfer, hypothecate, pledge, grant of any option to purchase or otherwise dispose of, directly or indirectly, or establishment or increase of a put equivalent position or liquidation with respect to or decrease of a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder with respect to, any of the Shares, (b) entry into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Shares, whether any such transaction is to be settled by delivery of such securities, in cash or otherwise, or (c) public announcement of any intention to effect any transaction specified in clause (a) or (b).
2. Lock-up Restrictions. Subject to the exceptions set forth in this Letter Agreement, without the unanimous approval of the board of directors of KCAC (the “**Board**”), the undersigned will not Transfer any of the Shares during the Lock-up Period.
3. Exceptions. The provisions of Section 2 shall not apply to:
- (a) transactions relating to shares of KCAC Common Stock acquired in open market transactions or from KCAC pursuant to KCAC’s Employee Stock Purchase Plan;
 - (b) Transfers of shares of KCAC Common Stock or any security convertible into or exercisable or exchangeable for KCAC Common Stock as a bona fide gift;
 - (c) Transfers of shares of KCAC Common Stock to a trust, or other entity formed for estate planning purposes for the primary benefit of the spouse, domestic partner, parent, sibling, child or grandchild of the undersigned or any other person with whom the undersigned has a relationship by blood, marriage or adoption not more remote than first cousin;
 - (d) Transfers by will or intestate succession upon the death of the undersigned;
 - (e) the Transfer of shares of KCAC Common Stock pursuant to a qualified domestic order or in connection with a divorce settlement;
 - (f) if the undersigned is a corporation, partnership (whether general, limited or otherwise), limited liability company, trust or other business entity, (i) Transfers to another corporation, partnership, limited liability company, trust or other business entity that controls, is controlled by or is under common control or management with the undersigned, (ii) distributions of shares of KCAC Common Stock to partners, limited liability company members or stockholders of the undersigned;
 - (g) Transfers to KCAC’s officers, directors or their affiliates;

- (h) pledges of shares of KCAC Common Stock as security or collateral in connection with any borrowing or the incurrence of any indebtedness by the undersigned; provided, however, that such borrowing or incurrence of indebtedness is secured by a portfolio of assets or equity interests issued by multiple issuers;
- (i) Transfers pursuant to a bona fide third-party tender offer, merger, stock sale, recapitalization, consolidation or other transaction involving a Change in Control of KCAC that occurs after the Effective Time; provided, however, that in the event that such tender offer, merger, recapitalization, consolidation or other such transaction is not completed, the KCAC Common Stock subject to this Letter Agreement shall remain subject to this Letter Agreement;
- (j) the establishment of a trading plan pursuant to Rule 10b5-1 promulgated under the Exchange Act; provided, however, that such plan does not provide for the transfer of KCAC Common Stock or any securities convertible into or exercisable or exchangeable for KCAC Common Stock during the Lock-Up Period;
- (k) Transfers to satisfy tax withholding obligations in connection with the exercise of options to purchase shares of KCAC Common Stock or the vesting of stock-based awards (provided such newly acquired shares are substituted for such Shares); and
- (l) Transfers in payment on a “net exercise” or “cashless” basis of the exercise or purchase price with respect to the exercise of options to purchase shares of KCAC Common Stock (provided such newly acquired shares are substituted for such Shares);

provided, however, that in the case of any Transfer pursuant to Sections 3(b) through 3(g), each donee, distributee or other transferee shall agree in writing, in form and substance reasonably satisfactory to KCAC, to be bound by the provisions of this Letter Agreement.

4. General.

- (a) The undersigned hereby represents and warrants that the undersigned has full right and power, without violating any agreement to which it is bound, to enter into this Letter Agreement.
- (b) This Letter Agreement constitutes the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and supersedes all prior understandings, agreements, or representations by or among the parties hereto, written or oral, to the extent they relate in any way to the subject matter hereof or the transactions contemplated hereby. This Letter Agreement may not be changed, amended, modified or waived (other than to correct a typographical error) as to any particular provision, except by a written instrument executed by all parties hereto. Notwithstanding the foregoing, the Board may waive the restrictions contained in this Letter Agreement in its sole discretion.
- (c) This Letter Agreement shall be binding on the undersigned and its successors, heirs and assigns and permitted transferees. Nothing in this Letter Agreement shall be construed to confer upon, or give to, any person or corporation other than the parties hereto any right, remedy or claim under or by reason of this Letter Agreement. All agreements contained in this Letter Agreement shall be for the sole benefit of the parties hereto and their successors and assigns.
- (d) This Letter Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Letter Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Letter Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

- (e) This Letter Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to conflicts of law principles that would result in the application of the substantive laws of another jurisdiction. The parties hereto (i) all agree that any action, proceeding, claim or dispute arising out of, or relating in any way to, this Letter Agreement shall be brought and enforced in Santa Clara County, California, and irrevocably submit to such jurisdiction and venue, which jurisdiction and venue shall be exclusive and (ii) waive any objection to such exclusive jurisdiction and venue or that such courts represent an inconvenient forum.
- (f) Any notice, consent or request to be given in connection with any of the terms or provisions of this Letter Agreement shall be in writing and shall be sent by express mail or similar private courier service, by certified mail (return receipt requested), by hand delivery or facsimile transmission.
- (g) In addition, this Letter Agreement shall automatically terminate and be of no further force and effect on the date, if any, the BCA is terminated for any reason prior to the closing of the Merger.

[Signature Page Follows]

Sincerely,
STOCKHOLDER

By: _____
Name:
Title:

[Signature Page to Lock-Up Agreement]

Acknowledged and Agreed:

KENSINGTON CAPITAL ACQUISITION CORP.

By: _____

Name:

Title:

QUANTUMSCAPE CORPORATION

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**") is dated as of [insert date], and is between QuantumScape Corporation, a Delaware corporation (the "**Company**"), and [insert name of indemnitee] ("**Indemnitee**").

RECITALS

- A. Indemnitee's service to the Company substantially benefits the Company.
- B. Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.
- C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.
- D. In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.
- E. This Agreement is a supplement to and in furtherance of the indemnification provided in the Company's certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

The parties therefore agree as follows:

1. **Definitions.**

(a) A "**Change in Control**" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Company's board of directors, and any new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(a)(i), 1(a)(iii) or 1(a)(iv)) whose election by the board of directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Company's board of directors;

(iii) *Corporate Transactions*. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) *Liquidation*. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) *Other Events*. Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement.

For purposes of this Section 1(a), the following terms shall have the following meanings:

(1) "**Person**" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; *provided, however*, that "**Person**" shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(2) "**Beneficial Owner**" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; *provided, however*, that "**Beneficial Owner**" shall exclude any Person otherwise becoming a Beneficial Owner by reason of (i) the stockholders of the Company approving a merger of the Company with another entity or (ii) the Company's board of directors approving a sale of securities by the Company to such Person.

(b) "**Corporate Status**" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(c) "**DGCL**" means the General Corporation Law of the State of Delaware.

(d) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "**Enterprise**" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(f) "**Expenses**" include all reasonable and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any

Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or their equivalent, and (ii) for purposes of Section 12(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "**Independent Counsel**" means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "**Independent Counsel**" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) "**Proceeding**" means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken by Indemnitee or any action or inaction on Indemnitee's part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

(i) Reference to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to "**servicing at the request of the Company**" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Company**" as referred to in this Agreement.

2. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

3. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. To the extent that Indemnitee is a party to or a participant in and is successful (on the merits or otherwise) in defense of any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. For purposes of this section, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. Indemnification for Expenses of a Witness. To the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified to the extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

6. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 2, 3 or 4, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with the Proceeding or any claim, issue or matter therein.

(b) For purposes of Section 6(a), the meaning of the phrase "**to the fullest extent permitted by applicable law**" shall include, but not be limited to:

(i) the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL; and

(ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

7. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Section 12(d) or (iv) otherwise required by applicable law; or

(e) if prohibited by applicable law.

8. Advances of Expenses. The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding prior to its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 90 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 8 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is not permitted under this Agreement, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 7(b) or 7(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

9. Procedures for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure by Indemnitee to notify the Company will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Company.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect that may be applicable to the Proceeding, the Company shall give prompt notice of the commencement of the Proceeding to the insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all commercially-reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event the Company may be obligated to make any indemnity in connection with a Proceeding, the Company shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, conditioned or delayed, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. Notwithstanding the Company's assumption of the defense of any such Proceeding, the Company shall be obligated to pay the fees and expenses of Indemnitee's separate counsel to the extent (i) the employment of separate counsel by Indemnitee is authorized by the Company, (ii) counsel for the Company or Indemnitee shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense such that Indemnitee needs to be separately represented, (iii) the Company is not financially or legally able to perform its indemnification obligations or (iv) the Company shall not have retained, or shall not continue to retain, counsel to defend such Proceeding. The Company shall have the right to conduct such defense as it sees fit in its sole discretion. Regardless of any provision in this Agreement, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's personal expense. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(d) Indemnitee shall give the Company such information and cooperation in connection with the Proceeding as may be reasonably appropriate.

(e) The Company shall not be liable to indemnify Indemnitee for any settlement of any Proceeding (or any part thereof) without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

(f) The Company shall not settle any Proceeding (or any part thereof) in a manner that imposes any penalty or liability on Indemnitee without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

10. Procedures upon Application for Indemnification.

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of the Proceeding. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such failure is prejudicial.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a), a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (B) by a committee of Disinterested Directors designated by a majority vote

of the Disinterested Directors, even though less than a quorum of the Company's board of directors, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee or (D) if so directed by the Company's board of directors, by the stockholders of the Company. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(b), the Independent Counsel shall be selected as provided in this Section 10(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 10(a) hereof and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(b) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) The Company agrees to pay the reasonable fees and expenses of any Independent Counsel.

11. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

12. Remedies of Indemnitee.

(a) Subject to Section 12(e), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 or 12(d) of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10 of this Agreement within 90 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within ten days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4, 5 and 12(d) of this Agreement, within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration with respect to his or her entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); *provided, however*, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 4 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

(b) Neither (i) the failure of the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders that Indemnitee has not met the applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. In the event that a determination shall have been made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 10 of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses that are incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company to the extent Indemnitee is successful in such action, and, if requested by Indemnitee, shall (as soon as reasonably practicable, but in any event no later than 90 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 8.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

13. **Contribution.** To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

14. **Non-exclusivity.** The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change, subject to the restrictions expressly set forth herein or therein. Except as expressly set forth herein, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

15. **Primary Responsibility.** The Company acknowledges that Indemnitee has certain rights to indemnification and advancement of expenses provided by [insert name of fund] [and certain affiliates thereof] ([collectively,] the "**Secondary Indemnitor[s]**"). The Company agrees that, as between the Company and the Secondary Indemnitor[s], the Company is primarily responsible for amounts required to

be indemnified or advanced under the Company's certificate of incorporation or bylaws or this Agreement and any obligation of the Secondary Indemnitor[s] to provide indemnification or advancement for the same amounts is secondary to those Company obligations. [[To the extent not in contravention of any insurance policy or policies providing liability [or other] insurance for [the Company or] any director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, the][The] Company waives any right of contribution or subrogation against the Secondary Indemnitor[s] with respect to the liabilities for which the Company is primarily responsible under this Section 15.] In the event of any payment by the Secondary Indemnitor[s] of amounts otherwise required to be indemnified or advanced by the Company under the Company's certificate of incorporation or bylaws or this Agreement, the Secondary Indemnitor[s] shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee for indemnification or advancement of expenses under the Company's certificate of incorporation or bylaws or this Agreement [or, to the extent such subrogation is unavailable and contribution is found to be the applicable remedy, shall have a right of contribution with respect to the amounts paid]; *provided, however*, that the foregoing sentence will be deemed void if and to the extent that it would violate any applicable insurance policy. The Secondary Indemnitor[s] [are][is an] express third-party [beneficiaries][beneficiary] of the terms of this Section 15.

16. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

17. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustees, general partners, managing members, officers, employees, agents or fiduciaries of the Company or any other Enterprise, Indemnitee shall be covered by such policy or policies to the same extent as the most favorably-insured persons under such policy or policies in a comparable position.

18. Subrogation. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

19. Services to the Company. Indemnitee agrees to serve as a director or officer of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

20. **Duration.** This Agreement shall continue until and terminate upon the later of (a) ten years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto.

21. **Successors.** This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

22. **Severability.** Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

23. **Enforcement.** The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

24. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided, however*, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws and applicable law.

25. **Modification and Waiver.** No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

26. **Notices.** All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnitee, to Indemnitee's address, facsimile number or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to the attention of the Chief Executive Officer or Chief Financial Officer of the Company at 3087 N. First St, San Jose, CA, 95134, or at such other current address as the Company shall have furnished to Indemnitee, with a copy (which shall not constitute notice) to Michael Danaher, Wilson Sonsini Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, CA 94304.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), (ii) if sent *via* mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent *via* facsimile, upon confirmation of facsimile transfer or, if sent *via* electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

27. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware 19801, as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

28. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

29. Captions. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

(signature page follows)

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

QUANTUMSCAPE CORPORATION

(Signature)

(Print name)

(Title)

[INSERT INDEMNITEE NAME]

(Signature)

(Print name)

(Street address)

(City, State and ZIP)

QUANTUMSCAPE CORPORATION

2020 EQUITY INCENTIVE PLAN

1. Purposes of the Plan. The purposes of this Plan are:

- to attract and retain the best available personnel for positions of substantial responsibility,
- to provide additional incentive to Employees, Directors and Consultants, and
- to promote the success of the Company's business.

The Plan permits the grant of Incentive Stock Options, Nonstatutory Stock Options, Restricted Stock, Restricted Stock Units, Stock Appreciation Rights, Performance Units and Performance Shares.

2. Definitions. As used herein, the following definitions will apply:

(a) "Administrator" means the Board or any of its Committees as will be administering the Plan, in accordance with Section 4 of the Plan.

(b) "Applicable Laws" means the legal and regulatory requirements relating to the administration of equity-based awards, including but not limited to the related issuance of shares of Common Stock, including but not limited to, under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any non-U.S. country or jurisdiction where Awards are, or will be, granted under the Plan.

(c) "Award" means, individually or collectively, a grant under the Plan of Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares.

(d) "Award Agreement" means the written or electronic agreement setting forth the terms and provisions applicable to each Award granted under the Plan. The Award Agreement is subject to the terms and conditions of the Plan.

(e) "Board" means the Board of Directors of the Company.

(f) "Change in Control" means the occurrence of any of the following events:

(i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, (A) the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control, and (B) if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, the direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event will not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership will include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities; or

(ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(g) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(h) "Committee" means a committee of Directors or of other individuals satisfying Applicable Laws appointed by the Board, or a duly authorized committee of the Board, in accordance with Section 4 hereof.

(i) "Common Stock" means the Class A common stock of the Company.

(j) "Company," means Kensington Capital Acquisition Corp., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any natural person, including an advisor, engaged by the Company or a Parent or Subsidiary to render bona fide services to such entity, provided the services (i) are not in connection

with the offer or sale of securities in a capital-raising transaction, and (ii) do not directly promote or maintain a market for the Company's securities, in each case, within the meaning of Form S-8 promulgated under the Securities Act, and provided, further, that a Consultant will include only those persons to whom the issuance of Shares may be registered under Form S-8 promulgated under the Securities Act.

(l) "Director" means a member of the Board.

(m) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code, provided that in the case of Awards other than Incentive Stock Options, the Administrator in its discretion may determine whether a permanent and total disability exists in accordance with uniform and non-discriminatory standards adopted by the Administrator from time to time.

(n) "Effective Date" means the date of the consummation of the merger by and between the Company, QuantumScape Corporation, and certain other parties, pursuant to that certain Business Combination Agreement dated September 2, 2020 (such merger, the "Merger").

(o) "Employee" means any person, including Officers and Directors, providing services as an employee to the Company or any Parent or Subsidiary of the Company. Neither service as a Director nor payment of a director's fee by the Company will be sufficient to constitute "employment" by the Company.

(p) "Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

(q) "Exchange Program" means a program under which (i) outstanding Awards are surrendered or cancelled in exchange for awards of the same type (which may have higher or lower exercise prices and different terms), awards of a different type, and/or cash, (ii) Participants would have the opportunity to transfer any outstanding Awards to a financial institution or other person or entity selected by the Administrator, and/or (iii) the exercise price of an outstanding Award is increased or reduced. The Administrator will determine the terms and conditions of any Exchange Program in its sole discretion.

(r) "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation the New York Stock Exchange, the NASDAQ Global Select Market, the NASDAQ Global Market or the NASDAQ Capital Market of The NASDAQ Stock Market, its Fair Market Value will be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value of a Share will be the mean between the high bid and low asked prices for the Common Stock on the day of determination (or, if no bids and asks were reported on that date, as applicable, on the last trading date such bids and asks were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator's discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(s) "Fiscal Year" means the fiscal year of the Company.

(t) "Incentive Stock Option" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(u) "Nonstatutory Stock Option" means an Option that by its terms does not qualify or is not intended to qualify as an Incentive Stock Option.

(v) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(w) "Option" means a stock option granted pursuant to the Plan.

(x) "Outside Director" means a Director who is not an Employee.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means the holder of an outstanding Award.

(aa) "Performance Share" means an Award denominated in Shares which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine pursuant to Section 10.

(bb) "Performance Unit" means an Award which may be earned in whole or in part upon attainment of performance goals or other vesting criteria as the Administrator may determine and which may be settled for cash, Shares or other securities or a combination of the foregoing pursuant to Section 10.

(cc) "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock are subject to restrictions and therefore, the Shares are subject to a substantial risk of forfeiture. Such restrictions may be based on the passage of time, the achievement of target levels of performance, or the occurrence of other events as determined by the Administrator.

(dd) "Plan" means this QuantumScape Corporation 2020 Equity Incentive Plan.

(ee) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 7 of the Plan, or issued pursuant to the early exercise of an Option.

(ff) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 8. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(gg) "Rule 16b-3" means Rule 16b-3 of the Exchange Act or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(hh) "Section 16(b)" means Section 16(b) of the Exchange Act.

(ii) "Section 409A" means Code Section 409A, as it has been and may be amended from time to time, and any proposed or final Treasury Regulations and U.S. Internal Revenue Service guidance that has been promulgated or may be promulgated thereunder from time to time.

(jj) "Securities Act" means the U.S. Securities Act of 1933, as amended.

(kk) "Service Provider" means an Employee, Director or Consultant.

(ll) "Share" means a share of the Common Stock, as adjusted in accordance with Section 14 of the Plan.

(mm) “Stock Appreciation Right” means an Award, granted alone or in connection with an Option, that pursuant to Section 9 is designated as a Stock Appreciation Right.

(nn) “Subsidiary,” means a “subsidiary corporation,” whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 14 of the Plan and the automatic increase set forth in Section 3(b) of the Plan, the maximum aggregate number of Shares that may be issued under the Plan is (i) 41,500,000 Shares, plus (ii) any Shares subject to stock options, restricted stock units or other awards that are assumed in the Merger (“Assumed Awards”) and that, on or after the Effective Date, expire or otherwise terminate without having been exercised or issued in full and any Assumed Awards, on or after the Effective Date, are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan pursuant to clause (ii) equal to 69,846,580 Shares. The Shares may be authorized, but unissued, or reacquired Common Stock.

(b) Automatic Share Reserve Increase. Subject to the provisions of Section 14 of the Plan, the number of Shares available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2022 Fiscal Year and ending with the 2030 Fiscal Year, in an amount equal to the least of (i) 41,500,000 Shares, (ii) five percent (5%) of the outstanding shares of all classes of the Company’s common stock on the last day of the immediately preceding Fiscal Year, or (iii) such number of Shares determined by the Administrator no later than the last day of the immediately preceding Fiscal Year.

(c) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock, Restricted Stock Units, Performance Units or Performance Shares, is forfeited to or repurchased by the Company due to failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares), which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued (i.e., the net Shares issued) pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock, Restricted Stock Units, Performance Shares or Performance Units are repurchased by the Company or are forfeited to the Company, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 14, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Sections 3(b) and 3(c).

(d) Share Reserve. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as will be sufficient to satisfy the requirements of the Plan.

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. Different Committees with respect to different groups of Service Providers may administer the Plan.

(ii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3, the transactions contemplated hereunder will be structured to satisfy the requirements for exemption under Rule 16b-3.

(iii) Other Administration. Other than as provided above, the Plan will be administered by (A) the Board or (B) a Committee, which committee will be constituted to satisfy Applicable Laws.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and in the case of a Committee, subject to the specific duties delegated by the Board to such Committee, the Administrator will have the authority, in its discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may be granted hereunder;

(iii) to determine the number of Shares to be covered by each Award granted hereunder;

(iv) to approve forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Award granted hereunder (such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator will determine);

(vi) to institute and determine the terms and conditions of an Exchange Program;

(vii) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan;

(viii) to prescribe, amend and rescind rules and regulations and adopt sub-plans relating to the Plan, including rules, regulations and sub-plans for the purposes of facilitating compliance with foreign laws, easing the administration of the Plan and/or taking advantage of tax-favorable treatment for Awards granted to Service Providers outside the U.S., in each case as the Administrator may deem necessary or advisable;

(ix) to modify or amend each Award (subject to Section 19 of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(b) of the Plan regarding Incentive Stock Options);

(x) to allow Participants to satisfy tax withholding obligations in such manner as prescribed in Section 15 of the Plan;

(xi) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xii) to allow a Participant to defer the receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant under an Award; and

(xiii) to make all other determinations deemed necessary or advisable for administering the Plan.

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards and will be given the maximum deference permitted by Applicable Laws.

5. Eligibility. Nonstatutory Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units may be granted to Service Providers. Incentive Stock Options may be granted only to Employees.

6. Stock Options.

(a) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. However, notwithstanding such designation, to the extent that the aggregate fair market value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars (\$100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(a), Incentive Stock Options will be taken into account in the order in which they were granted. The fair market value of the Shares will be determined as of the time the Option with respect to such Shares is granted.

(b) Term of Option. The term of each Option will be stated in the Award Agreement. In the case of an Incentive Stock Option, the term will be ten (10) years from the date of grant or such shorter term as may be provided in the Award Agreement. Moreover, in the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(c) Option Exercise Price and Consideration.

(i) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option will be determined by the Administrator, subject to the following:

(1) In the case of an Incentive Stock Option

(A) granted to an Employee who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(B) granted to any Employee other than an Employee described in paragraph (A) immediately above, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(2) In the case of a Nonstatutory Stock Option, the per Share exercise price will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant.

(3) Notwithstanding the foregoing, Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code.

(ii) Waiting Period and Exercise Dates. At the time an Option is granted, the Administrator will fix the period within which the Option may be exercised and will determine any conditions that must be satisfied before the Option may be exercised.

(iii) Form of Consideration. The Administrator will determine the acceptable form of consideration for exercising an Option, including the method of payment. In the case of an Incentive Stock

Option, the Administrator will determine the acceptable form of consideration at the time of grant. Such consideration may consist entirely of: (1) cash; (2) check; (3) promissory note, to the extent permitted by Applicable Laws; (4) other Shares, provided that such Shares have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option will be exercised and provided that accepting such Shares will not result in any adverse accounting consequences to the Company, as the Administrator determines in its sole discretion; (5) consideration received by the Company under a broker-assisted (or other) cashless exercise program (whether through a broker or otherwise) implemented by the Company in connection with the Plan; (6) by net exercise; (7) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or (8) any combination of the foregoing methods of payment.

(d) Exercise of Option.

(i) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder will be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share.

An Option will be deemed exercised when the Company receives: (i) a notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable tax withholdings). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14 of the Plan.

Exercising an Option in any manner will decrease the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for three (3) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period of time as is specified in the Award Agreement to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following the Participant's termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the

Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period of time as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the Option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided the Administrator has permitted the designation of a beneficiary and provided such beneficiary has been designated prior to Participant's death in a form acceptable to the Administrator. If the Administrator has not permitted the designation of a beneficiary or if no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve (12) months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(v) Tolling Expiration. A Participant's Award Agreement may also provide that:

(1) if the exercise of the Option following the termination of Participant's status as a Service Provider (other than upon the Participant's death or Disability) would result in liability under Section 16(b), then the Option will terminate on the earlier of (A) the expiration of the term of the Option set forth in the Award Agreement, or (B) the tenth (10th) day after the last date on which such exercise would result in liability under Section 16(b); or

(2) if the exercise of the Option following the termination of the Participant's status as a Service Provider (other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option will terminate on the earlier of (A) the expiration of the term of the Option or (B) the expiration of a period of thirty (30)-day period after the termination of the Participant's status as a Service Provider during which the exercise of the Option would not be in violation of such registration requirements.

7. Restricted Stock.

(a) Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Administrator, at any time and from time to time, may grant Shares of Restricted Stock to Service Providers in such amounts as the Administrator, in its sole discretion, will determine.

(b) Restricted Stock Agreement. Each Award of Restricted Stock will be evidenced by an Award Agreement that will specify the Period of Restriction, the number of Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, will determine. Unless the Administrator determines otherwise, the Company as escrow agent will hold Shares of Restricted Stock until the restrictions on such Shares have lapsed.

(c) Transferability. Except as provided in this Section 7 or the Award Agreement, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

(d) Other Restrictions. The Administrator, in its sole discretion, may impose such other restrictions on Shares of Restricted Stock as it may deem advisable or appropriate.

(e) Removal of Restrictions. Except as otherwise provided in this Section 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

(f) Voting Rights. During the Period of Restriction, Service Providers holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless the Administrator determines otherwise.

(g) Dividends and Other Distributions. During the Period of Restriction, Service Providers holding Shares of Restricted Stock will be entitled to receive all dividends and other distributions paid with respect to such Shares, unless the Administrator provides otherwise. If any such dividends or distributions are paid in Shares, the Shares will be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

(h) Return of Restricted Stock to Company. On the date set forth in the Award Agreement, the Restricted Stock for which restrictions have not lapsed will revert to the Company and again will become available for grant under the Plan.

8. Restricted Stock Units.

(a) Grant. Restricted Stock Units may be granted at any time and from time to time as determined by the Administrator. After the Administrator determines that it will grant Restricted Stock Units under the Plan, it will advise the Participant in an Award Agreement of the terms, conditions, and restrictions related to the grant, including the number of Restricted Stock Units.

(b) Vesting Criteria and Other Terms. The Administrator will set vesting criteria in its discretion, which, depending on the extent to which the criteria are met, will determine the number of Restricted Stock Units that will be paid out to the Participant. The Administrator may set vesting criteria based upon the achievement of Company-wide, divisional, business unit, or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws or any other basis determined by the Administrator in its discretion.

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator. Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

(d) Form and Timing of Payment. Payment of earned Restricted Stock Units will be made as soon as practicable after the date(s) determined by the Administrator and set forth in the Award Agreement. The Administrator, in its sole discretion, may only settle earned Restricted Stock Units in cash, Shares, or a combination of both.

(e) Cancellation. On the date set forth in the Award Agreement, all unearned Restricted Stock Units will be forfeited to the Company.

9. Stock Appreciation Rights.

(a) Grant of Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a Stock Appreciation Right may be granted to Service Providers at any time and from time to time as will be determined by the Administrator, in its sole discretion.

(b) Number of Shares. The Administrator will have complete discretion to determine the number of Stock Appreciation Rights granted to any Service Provider.

(c) Exercise Price and Other Terms. The per share exercise price for the Shares to be issued pursuant to exercise of a Stock Appreciation Right will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

(d) Stock Appreciation Right Agreement. Each Stock Appreciation Right grant will be evidenced by an Award Agreement that will specify the exercise price, the term of the Stock Appreciation Right, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(e) Expiration of Stock Appreciation Rights. A Stock Appreciation Right granted under the Plan will expire upon the date determined by the Administrator, in its sole discretion, and set forth in the Award Agreement. Notwithstanding the foregoing, the rules of Section 6(b) relating to the maximum term and Section 6(d) relating to exercise also will apply to Stock Appreciation Rights.

(f) Payment of Stock Appreciation Right Amount. Upon exercise of a Stock Appreciation Right, a Participant will be entitled to receive payment from the Company in an amount determined by multiplying:

- (i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times
- (ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

At the discretion of the Administrator, the payment upon Stock Appreciation Right exercise may be in cash, in Shares of equivalent value, or in some combination thereof.

10. Performance Units and Performance Shares.

(a) Grant of Performance Units/Shares. Performance Units and Performance Shares may be granted to Service Providers at any time and from time to time, as will be determined by the Administrator, in its sole discretion. The Administrator will have complete discretion in determining the number of Performance Units and Performance Shares granted to each Participant.

(b) Value of Performance Units/Shares. Each Performance Unit will have an initial value that is established by the Administrator on or before the date of grant. Each Performance Share will have an initial value equal to the Fair Market Value of a Share on the date of grant.

(c) Performance Objectives and Other Terms. The Administrator will set performance objectives or other vesting provisions (including, without limitation, continued status as a Service Provider) in its discretion which, depending on the extent to which they are met, will determine the number or value of Performance Units/Shares that will be paid out to the Service Providers. The time period during which the performance objectives or other vesting provisions must be met will be called the "Performance Period." Each Award of Performance Units/Shares will be evidenced by an Award Agreement that will specify the Performance Period, and such other terms and conditions as the Administrator, in its sole discretion, will determine. The Administrator may set performance objectives based upon the achievement of Company-wide, divisional, business unit or individual goals (including, but not limited to, continued employment or service), applicable federal or state securities laws, or any other basis determined by the Administrator in its discretion.

(d) Earning of Performance Units/Shares. After the applicable Performance Period has ended, the holder of Performance Units/Shares will be entitled to receive a payout of the number of Performance Units/

Shares earned by the Participant over the Performance Period, to be determined as a function of the extent to which the corresponding performance objectives or other vesting provisions have been achieved. After the grant of a Performance Unit/Share, the Administrator, in its sole discretion, may reduce or waive any performance objectives or other vesting provisions for such Performance Unit/Share.

(e) Form and Timing of Payment of Performance Units/Shares. Payment of earned Performance Units/Shares will be made as soon as practicable after the expiration of the applicable Performance Period. The Administrator, in its sole discretion, may pay earned Performance Units/Shares in the form of cash, in Shares (which have an aggregate Fair Market Value equal to the value of the earned Performance Units/Shares at the close of the applicable Performance Period) or in a combination thereof.

(f) Cancellation of Performance Units/Shares. On the date set forth in the Award Agreement, all unearned or unvested Performance Units/Shares will be forfeited to the Company, and again will be available for grant under the Plan.

11. Outside Director Limitations. No Outside Director may be paid, issued, or granted, in any Fiscal Year, equity awards (including any Awards issued under this Plan) with an aggregate value (the value of which will be based on their grant date fair value determined in accordance with U.S. generally accepted accounting principles) that, in the aggregate, exceed \$750,000, increased to \$1,000,000 in connection with his or her initial service. Any Awards or other compensation paid or provided to an individual for his or her services as an Employee, or for his or her services as a Consultant (other than as an Outside Director), will not count for purposes of the limitation under this Section 11.

12. Leaves of Absence/Transfer Between Locations. Unless the Administrator provides otherwise and subject to Applicable Laws, vesting of Awards granted hereunder will be suspended during any unpaid leave of absence. A Participant will not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, or any Subsidiary. For purposes of Incentive Stock Options, no such leave may exceed three (3) months, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then six (6) months following the first (1st) day of such leave any Incentive Stock Option held by the Participant will cease to be treated as an Incentive Stock Option and will be treated for tax purposes as a Nonstatutory Stock Option.

13. Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award will contain such additional terms and conditions as the Administrator deems appropriate.

14. Adjustments; Dissolution or Liquidation; Merger or Change in Control.

(a) Adjustments. In the event that any extraordinary dividend or other extraordinary distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan and/or the number, class, and price of shares of stock covered by each outstanding Award, and the numerical Share limits in Sections 3 and 11 of the Plan.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such

proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subsection 14(c), the Administrator will not be required to treat all Awards or Participants, all Awards held by a Participant, or all Awards of the same type, similarly in the transaction.

In the event that the successor corporation does not assume or substitute for the Award (or portion thereof), the Participant will fully vest in and have the right to exercise such outstanding Option and Stock Appreciation Right not so assumed or substituted for, including Shares as to which such Award would not otherwise be vested or exercisable, all restrictions on such Restricted Stock and Restricted Stock Units not so assumed or substituted for will lapse, and, with respect to such Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, in all cases, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable. In addition, if an Option or Stock Appreciation Right is not assumed or substituted in the event of a merger or Change in Control, the Administrator will notify the Participant in writing or electronically that such Option or Stock Appreciation Right not so assumed or substituted for will be exercisable for a period of time determined by the Administrator in its sole discretion, and the Option or Stock Appreciation Right will terminate upon the expiration of such period.

For the purposes of this subsection (c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, Performance Unit or Performance Share, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control.

Notwithstanding anything in this Section 14(c) to the contrary, and unless otherwise provided in an Award Agreement, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance

goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this Section 14(c) to the contrary, if a payment under an Award Agreement is subject to Code Section 409A and if the change in control definition contained in the Award Agreement does not comply with the definition of "change of control" for purposes of a distribution under Code Section 409A, then any payment of an amount that is otherwise accelerated under this Section will be delayed until the earliest time that such payment would be permissible under Code Section 409A without triggering any penalties applicable under Code Section 409A.

(d) Outside Director Awards. In the event of a Change in Control, with respect to Awards granted to an Outside Director, the Outside Director will fully vest in and have the right to exercise Options and/or Stock Appreciation Rights as to all of the Shares underlying such Award, including those Shares which would not otherwise be vested or exercisable, all restrictions on Restricted Stock and Restricted Stock Units will lapse, and, with respect to Awards with performance-based vesting, all performance goals or other vesting criteria will be deemed achieved at one hundred percent (100%) of target levels and all other terms and conditions met, unless specifically provided otherwise under the applicable Award Agreement or other written agreement between the Participant and the Company or any of its Subsidiaries or Parents, as applicable.

15. Tax.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof) or such earlier time as any tax withholding obligations are due, the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy U.S. federal, state, or local taxes, non-U.S. taxes, or other taxes (including the Participant's FICA or other social insurance contribution obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, check or other cash equivalents, (ii) electing to have the Company withhold otherwise deliverable cash or Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine if such amount would not have adverse accounting consequences, as the Administrator determines in its sole discretion, (c) delivering to the Company already-owned Shares having a fair market value equal to the minimum statutory amount required to be withheld or such greater amount as the Administrator may determine, in each case, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion, (d) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld, or (e) any combination of the foregoing methods of payment. The fair market value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

(c) Compliance With Section 409A. Awards will be designed and operated in such a manner that they are either exempt from the application of, or comply with, the requirements of Section 409A such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A, except as otherwise determined in the sole discretion of the Administrator. The Plan and each Award Agreement under the Plan is intended to meet the requirements of Section 409A and will be construed and interpreted in accordance with such intent, except as otherwise determined in the sole discretion of the Administrator. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A the Award will

be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A. In no event will the Company or any of its Parent or Subsidiaries have any obligation under the terms of this Plan to reimburse, indemnify, or hold harmless a Participant for any taxes, interest or penalties imposed, or other costs incurred, as a result of Section 409A.

16. No Effect on Employment or Service. Neither the Plan nor any Award will confer upon a Participant any right with respect to continuing the Participant's relationship as a Service Provider, nor will they interfere in any way with the Participant's right or the right of the Company (or any Parent or Subsidiary of the Company) to terminate such relationship at any time, with or without cause, to the extent permitted by Applicable Laws.

17. Date of Grant. The date of grant of an Award will be, for all purposes, the date on which the Administrator makes the determination granting such Award, or such other later date as is determined by the Administrator. Notice of the determination will be provided to each Participant within a reasonable time after the date of such grant.

18. Term of Plan. Subject to Section 23 of the Plan, the Plan will become effective upon the later to occur of (i) its adoption by the Board, (ii) approval by the Company's stockholders or (iii) the Effective Date. It will continue in effect until terminated earlier under Section 19 of the Plan, but no Incentive Stock Options may be granted after 10 years from the date the Plan is adopted by the Board and Section 3(b) will operate only until the 10th anniversary of the date the Plan is adopted by the Board.

19. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator may at any time amend, alter, suspend or terminate the Plan.

(b) Stockholder Approval. The Company will obtain stockholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan will materially impair the rights of any Participant, unless mutually agreed otherwise between the Participant and the Administrator, which agreement must be in writing and signed by the Participant and the Company. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

20. Conditions Upon Issuance of Shares.

(a) Legal Compliance. Shares will not be issued pursuant to an Award unless the exercise or vesting of such Award and the issuance and delivery of such Shares will comply with Applicable Laws and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. As a condition to the exercise or vesting of an Award, the Company may require the person exercising or vesting in such Award to represent and warrant at the time of any such exercise or vesting that the Shares are being acquired only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required.

21. Inability to Obtain Authority. If the Company determines it to be impossible or impractical to obtain authority from any regulatory body having jurisdiction or to complete or comply with the requirements of any registration or other qualification of the Shares under any U.S. federal or state law, any non-U.S. law, or the rules and regulations of the U.S. Securities and Exchange Commission, the stock exchange on which Shares of the same class are then listed, or any other governmental or regulatory body, which authority, registration,

qualification or rule compliance is deemed by the Company's counsel to be necessary or advisable for the issuance and sale of any Shares hereunder, the Company will be relieved of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority, registration, qualification or rule compliance will not have been obtained.

22. Forfeiture Events.

(a) All Awards under the Plan will be subject to recoupment under any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Laws. In addition, the Administrator may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Administrator determines necessary or appropriate, including but not limited to a reacquisition right regarding previously acquired Shares or other cash or property. Unless this Section 22 is specifically mentioned and waived in an Award Agreement or other document, no recovery of compensation under a clawback policy or otherwise will be an event that triggers or contributes to any right of a Participant to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or a Subsidiary or Parent of the Company.

(b) The Administrator may specify in an Award Agreement that the Participant's rights, payments, and benefits with respect to an Award will be subject to reduction, cancellation, forfeiture, or recoupment upon the occurrence of specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but will not be limited to, termination of such Participant's status as Service Provider for cause or any specified action or inaction by a Participant, whether before or after such termination of service, that would constitute cause for termination of such Participant's status as a Service Provider.

23. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

* * *

**QUANTUMSCAPE CORPORATION
2020 EQUITY INCENTIVE PLAN
STOCK OPTION AGREEMENT**

Unless otherwise defined herein, the terms defined in the QuantumScape Corporation 2020 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Stock Option Agreement which includes the Notice of Stock Option Grant, the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, and all appendices and exhibits attached thereto (all together, the "Option Agreement").

NOTICE OF STOCK OPTION GRANT

Participant:
Address:

The undersigned Participant has been granted an Option to purchase Common Stock of QuantumScape Corporation (the "Company"), subject to the terms and conditions of the Plan and this Option Agreement, as follows:

Grant Number:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares Granted:	_____
Exercise Price per Share:	\$ _____
Total Exercise Price:	\$ _____
Type of Option:	<input type="checkbox"/> Incentive Stock Option <input type="checkbox"/> Nonstatutory Stock Option
Term/Expiration Date:	_____

Vesting Schedule:

Subject to any accelerated vesting as set forth below or in the Plan, this Option will be scheduled to vest in accordance with the following schedule:

[Twenty-five percent (25%) of the Shares subject to the Option will be scheduled to vest on the one (1) year anniversary of the Vesting Commencement Date, and one forty-eighth (1/48th) of the Shares subject to the Option will be scheduled to vest each month thereafter on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Participant continuing to be a Service Provider through each such date.]

Notwithstanding the foregoing, the vesting of the Option shall be subject to any vesting acceleration provisions applicable to the Option contained in any employment or service agreement, offer letter, change in control severance agreement, change of control severance policy, or any other agreement that, prior to and effective as of the date of this Option Agreement, has been entered into between Participant and the Company or any parent or subsidiary corporation of the Company (such agreement, a "Separate Agreement") to the extent not otherwise duplicative of the vesting terms described above.

Termination Period:

In the event of cessation of Participant's status as a Service Provider, this Option will be exercisable, to the extent vested, for a period of three (3) months after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option will be exercisable, to the extent vested, for a period of twelve (12) months after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and may be subject to earlier termination as provided in Section 14 of the Plan.

By Participant's signature and the signature of the representative of the Company below, Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Option Agreement, including the Terms and Conditions of Stock Option Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges receipt of a copy of the Plan. Participant has reviewed the Plan and this Option Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option Agreement, and fully understands all provisions of the Plan and this Option Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the Option Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT

QUANTUMSCAPE CORPORATION

Signature

Signature

Print Name

Print Name

Address:

Title

EXHIBIT A

TERMS AND CONDITIONS OF STOCK OPTION GRANT

1. Grant of Option.

(a) The Company hereby grants to the individual ("Participant") named in the Notice of Stock Option Grant of this Option Agreement (the "Notice of Grant") an option (the "Option") to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"), subject to all of the terms and conditions in this Option Agreement and the Plan, which is incorporated herein by this reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Option Agreement, the terms and conditions of the Plan will prevail.

(b) For U.S. taxpayers, the Option will be designated as either an Incentive Stock Option ("ISO") or a Nonstatutory Stock Option ("NSO"). If designated in the Notice of Grant as an ISO, this Option is intended to qualify as an ISO under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). However, if this Option is intended to be an ISO, to the extent that it exceeds the \$100,000 rule of Code Section 422(d) it will be treated as an NSO. Further, if for any reason this Option (or portion thereof) will not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a NSO granted under the Plan. In no event will the Administrator, the Company or any Parent or Subsidiary or any of their respective employees or directors have any liability to Participant (or any other person) due to the failure of the Option to qualify for any reason as an ISO.

(c) For non-U.S. taxpayers, the Option will be designated as an NSO.

2. Vesting Schedule. Except as provided in Section 3, the Option awarded by this Option Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Option Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

3. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Option at any time, subject to the terms of the Plan. If so accelerated, such Option will be considered as having vested as of the date specified by the Administrator.

4. Exercise of Option.

(a) **Right to Exercise.** This Option may be exercised only within the term set out in the Notice of Grant, and may be exercised during such term only in accordance with the Vesting Schedule set out in the Notice of Option Grant and with the applicable provisions of the Plan and the terms of this Option Agreement.

(b) Method of Exercise. This Option is exercisable by delivery of an exercise notice (the "Exercise Notice") in the form attached as Exhibit B to the Notice of Grant or in a manner and pursuant to such procedures as the Administrator may determine, which will state the election to exercise the Option, the number of Shares in respect of which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice will be completed by Participant and delivered to the Company. The Exercise Notice will be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares and of any Tax Obligations (as defined in Section 6(a)). This Option will be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price, together with any applicable Tax Obligations.

5. Method of Payment. Payment of the aggregate Exercise Price will be by any of the following, or a combination thereof, at the election of Participant:

- (a) cash;
- (b) check;
- (c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or
- (d) if Participant is a U.S. employee, surrender of other Shares which have a Fair Market Value on the date of surrender equal to the aggregate Exercise Price of the Exercised Shares and that are owned free and clear of any liens, claims, encumbrances, or security interests, provided that accepting such Shares, in the sole discretion of the Administrator, will not result in any adverse accounting consequences to the Company.

6. Tax Obligations.

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") or any Parent or Subsidiary to which Participant is providing services (together, the Company, Employer and/or Parent or Subsidiary to which Participant is providing services, the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Option, including, without limitation, (i) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) the Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting, or exercise of the Option or sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which the Participant has, or has agreed to bear, with respect to the Option (or exercise thereof or issuance of Shares thereunder) (collectively, the "Tax Obligations"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Option, including, but not limited to, the grant, vesting or exercise of the Option, the subsequent sale of Shares acquired pursuant to such exercise and the receipt of any dividends or other distributions,

and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Service Recipient (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares.

(b) Tax Withholding. When the Option is exercised, Participant generally will recognize immediate U.S. taxable income if Participant is a U.S. taxpayer. If Participant is a non-U.S. taxpayer, Participant will be subject to applicable taxes in his or her jurisdiction. Pursuant to such procedures as the Administrator may specify from time to time, the Company and/or Service Recipient shall withhold the amount required to be withheld for the payment of Tax Obligations. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax Obligations, in whole or in part (without limitation), if permissible by applicable local law, by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), (iii) withholding the amount of such Tax Obligations from Participant's wages or other cash compensation paid to Participant by the Company and/or the Service Recipient, (iv) delivering to the Company already vested and owned Shares having a fair market value equal to such Tax Obligations, or (v) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences). To the extent determined appropriate by the Administrator in its discretion, it will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant. Further, if Participant is subject to tax in more than one jurisdiction between the Date of Grant and a date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges and agrees that the Company and/or the Service Recipient (and/or former employer, as applicable) may be required to withhold or account for tax in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the Option exercise, Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver the Shares if such amounts are not delivered at the time of exercise.

(c) Notice of Disqualifying Disposition of ISO Shares. If the Option granted to Participant herein is an ISO, and if Participant sells or otherwise disposes of any of the Shares acquired pursuant to the ISO on or before the later of (i) the date two (2) years after the Date of Grant, or (ii) the date one (1) year after the date of exercise, Participant immediately will notify the Company in writing of such disposition. Participant agrees that Participant may be subject to income tax withholding by the Company on the compensation income recognized by Participant.

(d) Section 409A. Under Section 409A, a stock right (such as the Option) that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the fair market value of an underlying share on the date of grant (a "discount option") may be considered "deferred compensation." A stock right that is a "discount option" may result in (i) income recognition by the recipient of the stock right prior to the exercise of the stock right, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The "discount option" also may result in additional state income, penalty and interest tax to the recipient of the stock right. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the fair market value of a Share on the date of grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the fair market value of a Share on the date of grant, Participant shall be solely responsible for Participant's costs related to such a determination. In no event will the Company or any of its Parent or Subsidiaries have any liability or obligation to reimburse, indemnify, or hold harmless Participant for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

7. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

8. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS OPTION AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

9. Nature of Grant. In accepting the Option, Participant acknowledges, understands and agrees that:

- (a) the grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future grants of equity awards, or benefits in lieu of equity awards, even if equity awards have been granted in the past;
- (b) all decisions with respect to future option or other grants, if any, will be at the sole discretion of the Administrator;
- (c) Participant is voluntarily participating in the Plan;
- (d) the Option and any Shares acquired under the Plan are not intended to replace any pension rights or compensation;
- (e) the Option and Shares acquired under the Plan and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (f) the future value of the Shares underlying the Option is unknown, indeterminable, and cannot be predicted;
- (g) if the underlying Shares do not increase in value, the Option will have no value;
- (h) if Participant exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Exercise Price;

(i) for purposes of the Option, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Option Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, (i) Participant's right to vest in the Option under the Plan, if any, will terminate as of such date and will not be extended by any notice period (*e.g.*, Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); and (ii) the period (if any) during which Participant may exercise the Option after such termination of Participant's status as a Service Provider will commence on the date Participant ceases to actively provide services and will not be extended by any notice period mandated under employment laws in the jurisdiction where Participant is employed or terms of Participant's engagement agreement, if any; the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of his or her Option grant (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

(j) unless otherwise provided in the Plan or by the Administrator in its discretion, the Option and the benefits evidenced by this Option Agreement do not create any entitlement to have the Option or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(k) the following provisions apply only if Participant is providing services outside the United States:

(i) the Option and the Shares subject to the Option are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that none of the Company, the Service Recipient, or any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Option or of any amounts due to Participant pursuant to the exercise of the Option or the subsequent sale of any Shares acquired upon exercise; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of the Option to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Parent, any Subsidiary or the Service Recipient, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary and the Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

10. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

11. Data Privacy. *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Option Agreement and any other Option grant materials by and among, as applicable, the Employer or other Service Recipient, the Company and any Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data may be transferred to a stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that, if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her status as a Service Provider and career with the Employer will not be adversely affected. The only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Options or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

12. Address for Notices. Any notice to be given to the Company under the terms of this Option Agreement will be addressed to the Company at QuantumScape Corporation, 1730 Technology Drive, San Jose, CA 95110, or at such other address as the Company may hereafter designate in writing.

13. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to the Option awarded under the Plan or future options that may be awarded under the Plan by electronic means or require Participant to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Option Agreement.

15. Option Agreement Severable. In the event that any provision in this Option Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Option Agreement.

16. No Waiver. Either party's failure to enforce any provision or provisions of this Option Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Option Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

17. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant.

18. Successors and Assigns. The Company may assign any of its rights under this Option Agreement to single or multiple assignees, and this Option Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Option Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Option Agreement may be assigned only with the prior written consent of the Company.

19. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the exercise of the Options or the purchase by, or issuance of Shares, to Participant (or his or her estate) hereunder, such exercise, purchase or issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Subject to the terms of the Option Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for (or make any entry on the books of the Company or of a duly authorized transfer agent of the Company of) the Shares hereunder prior to the lapse of such reasonable period of time following the date of exercise of the Option as the Administrator may establish from time to time for reasons of administrative convenience.

20. Language. If Participant has received this Option Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

21. Interpretation. The Administrator will have the power to interpret the Plan and this Option Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares subject to the Option have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Option Agreement.

22. Amendment, Suspension or Termination of the Plan. By accepting this Option, Participant expressly warrants that he or she has received an Option under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Administrator at any time.

23. Modifications to the Option Agreement. This Option Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Option Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Option Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Option Agreement, the Company reserves the right to revise this Option Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Code Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A of the Code in connection with the Option.

24. Governing Law and Venue. This Option Agreement and the Option will be governed by the laws of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Option or this Option Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the U.S. federal courts for the Northern District of California, and no other courts, where this Option is made and/or to be performed.

25. Entire Agreement. The Plan is incorporated herein by reference. The Plan and this Option Agreement (including the appendices and exhibits referenced herein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.

26. Country Addendum. Notwithstanding any provisions in this Option Agreement, this Option shall be subject to any special terms and conditions set forth in an appendix (if any) to this Option Agreement for any country whose laws are applicable to Participant and this Option (as determined by the Administrator in its sole discretion) (the "Country Addendum"). Moreover, if Participant relocates to one of the countries included in the Country Addendum (if any), the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum (if any) constitutes a part of this Option Agreement.

27. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Option Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Option Agreement.

* * *

EXHIBIT B

QUANTUMSCAPE CORPORATION

2020 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

QuantumScape Corporation
1730 Technology Drive
San Jose, CA 95110

1. **Exercise of Option.** Effective as of today, _____, _____, the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of QuantumScape Corporation (the "Company") under and pursuant to the 2020 Equity Incentive Plan (the "Plan") and the Stock Option Agreement, dated _____ and including the Notice of Grant, the Terms and Conditions of Stock Option Grant, and exhibits attached thereto (the "Option Agreement"). The purchase price for the Shares will be \$_____, as required by the Option Agreement. Unless otherwise defined herein, capitalized terms used in this Exercise Notice shall be ascribed the same defined meanings as set forth in the Option Agreement (or, as applicable, the Plan or other written agreement or arrangement as specified in the Option Agreement).

2. **Delivery of Payment.** Purchaser herewith delivers to the Company the full purchase price of the Shares and any Tax Obligations (as defined in Section 6(a) of the Option Agreement) to be paid in connection with the exercise of the Option.

3. **Representations of Purchaser.** Purchaser acknowledges that Purchaser has received, read and understood the Plan and the Option Agreement and agrees to abide by and be bound by their terms and conditions.

4. **Rights as Stockholder.** Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to the Option, notwithstanding the exercise of the Option. The Shares so acquired will be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance, except as provided in Section 14 of the Plan.

5. **Tax Consultation.** Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

6. Entire Agreement; Governing Law. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Purchaser with respect to the subject matter hereof, and may not be modified adversely to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This Option Agreement is governed by the internal substantive laws, but not the choice of law rules, of California.

Submitted by:

PURCHASER

Signature

Print Name

Address:

Accepted by:

QUANTUMSCAPE CORPORATION

Signature

Print Name

Title

Date Received

**QUANTUMSCAPE CORPORATION
2020 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AGREEMENT**

Unless otherwise defined herein, the terms defined in the QuantumScape Corporation 2020 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Unit Agreement which includes the Notice of Restricted Stock Unit Grant, the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, and all exhibits attached thereto (all together, the "RSU Agreement").

NOTICE OF RESTRICTED STOCK UNIT GRANT

Participant:
Address:

The undersigned Participant has been granted the right to receive an Award of Restricted Stock Units, subject to the terms and conditions of the Plan and this RSU Agreement, as follows:

Grant Number: _____

Date of Grant: _____

Vesting Commencement Date: _____

Number of Restricted Stock Units: _____

Vesting Schedule:

Subject to any accelerated vesting as set forth below or in the Plan, the Restricted Stock Units will be scheduled to vest in accordance with the following schedule:

[Twenty-five percent (25%) of the Restricted Stock Units will be scheduled to vest on the first Quarterly Vesting Date following the one (1) year anniversary of the Vesting Commencement Date, and six and one-quarter percent (6.25%) of the Restricted Stock Units will be scheduled to vest each quarter on each Quarterly Vesting Date thereafter, subject to Participant continuing to be a Service Provider through each such date. A "Quarterly Vesting Date" is the first trading day on or after each of February 15, May 15, August 15 and November 15.]

In the event Participant ceases to be a Service Provider for any or no reason before Participant vests in the Restricted Stock Units, the Restricted Stock Units and Participant's right to acquire any Shares hereunder will immediately terminate.

By Participant's signature and the signature of the representative of QuantumScape Corporation (the "Company") below, Participant and the Company agree that this Award of Restricted Stock Units is granted under and governed by the terms and conditions of the Plan and this RSU Agreement, including the Terms and Conditions of Restricted Stock Unit Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges

receipt of a copy of the Plan. Participant has reviewed the Plan and this RSU Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this RSU Agreement, and fully understands all provisions of the Plan and this RSU Agreement. Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the RSU Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT

QUANTUMSCAPE CORPORATION

Signature

Signature

Print Name

Print Name

Address:

Title

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK UNIT GRANT

1. Grant of Restricted Stock Units. The Company hereby grants to the individual ("Participant") named in the Notice of Grant of Restricted Stock Units of this RSU Agreement (the "Notice of Grant") under the Plan an Award of Restricted Stock Units, subject to all of the terms and conditions in this RSU Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this RSU Agreement, the terms and conditions of the Plan will prevail.

2. Company's Obligation to Pay. Each Restricted Stock Unit represents the right to receive a Share on the date it vests. Unless and until the Restricted Stock Units will have vested in the manner set forth in Section 3 or 4, Participant will have no right to payment of any such Restricted Stock Units. Prior to actual payment of any vested Restricted Stock Units, such Restricted Stock Unit will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Restricted Stock Units awarded by this RSU Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Restricted Stock Units scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this RSU Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Payment after Vesting.

(a) General Rule. Subject to Section 7, any Restricted Stock Units that vest will be paid to Participant (or in the event of Participant's death, to his or her properly designated beneficiary or estate) in whole Shares. Subject to the provisions of Section 4(b), such vested Restricted Stock Units will be paid in whole Shares as soon as practicable after vesting, but in each such case within sixty (60) days following the vesting date. In no event will Participant be permitted, directly or indirectly, to specify the taxable year of payment of any Restricted Stock Units payable under this RSU Agreement.

(b) Acceleration.

(i) Discretionary Acceleration. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock Units at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock Units will be considered as having vested as of the date specified by the Administrator. If Participant is a U.S. taxpayer, the payment of Shares vesting pursuant to this Section 4(b) shall in all cases be paid at a time or in a manner that is exempt from, or complies with, Section 409A. The prior sentence may be superseded in a future agreement or amendment to this RSU Agreement only by direct and specific reference to such sentence.

(ii) Notwithstanding anything in the Plan or this RSU Agreement or any other agreement (whether entered into before, on or after the Date of Grant), if the vesting of the balance, or some lesser portion of the balance, of the Restricted Stock Units is accelerated in connection with the cessation of Participant's status as a Service Provider (provided that such termination is a "separation from service" within the meaning of Section 409A, as determined by the Administrator), other than due to Participant's death, and if (x) Participant is a U.S. taxpayer and a "specified employee" within the meaning of Section 409A at the time of such termination as a Service Provider and (y) the payment of such accelerated Restricted Stock Units will result in the imposition of additional tax under Section 409A if paid to Participant on or within the six (6) month period following the cessation of Participant's status as a Service Provider, then the payment of such accelerated Restricted Stock Units will not be made until the date six (6) months and one (1) day following the date of cessation of Participant's status as a Service Provider, unless Participant dies following his or her termination as a Service Provider, in which case, the Restricted Stock Units will be paid in Shares to Participant's estate as soon as practicable following his or her death.

(c) Section 409A. It is the intent of this RSU Agreement that it and all payments and benefits to U.S. taxpayers hereunder be exempt from, or comply with, the requirements of Section 409A so that none of the Restricted Stock Units provided under this RSU Agreement or Shares issuable thereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to be so exempt or so comply. Each payment payable under this RSU Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). However, in no event will the Company or any of its Parent or Subsidiaries have any liability or obligation to reimburse, indemnify, or hold harmless Participant for any taxes, penalties and interest that may be imposed, or other costs that may be incurred, as a result of Section 409A.

5. Forfeiture Upon Termination as a Service Provider. Unless specifically provided otherwise in this RSU Agreement or other written agreement between Participant and the Company or any of its Subsidiaries or Parents, as applicable, if Participant ceases to be a Service Provider for any or no reason, the then-unvested Restricted Stock Units awarded by this RSU Agreement will thereupon be forfeited at no cost to the Company and Participant will have no further rights thereunder.

6. Death of Participant. Any distribution or delivery to be made to Participant under this RSU Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Tax Obligations

(a) **Responsibility for Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") or any Parent or Subsidiary to which Participant is providing services (together, the Company, Employer and/or Parent or Subsidiary to which Participant is providing services, the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Restricted Stock Units, including, without limitation, (i) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Service Recipient or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) the Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting, or settlement of the Restricted Stock Units or sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which the Participant has, or has agreed to bear, with respect to the Restricted Stock Units (or settlement thereof or issuance of Shares thereunder) (collectively, the "Tax Obligations"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Service Recipient (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares.

(b) **Tax Withholding.** Pursuant to such procedures as the Administrator may specify from time to time, the Company and/or Service Recipient shall withhold the amount required to be withheld for the payment of Tax Obligations. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit Participant to satisfy such Tax Obligations, in whole or in part (without limitation), if permissible by applicable local law, by (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), (iii) withholding the amount of such Tax Obligations from Participant's wages or other cash compensation paid to Participant by the Company and/or the Service Recipient, (iv) delivering to the Company already vested and owned Shares having a fair market value equal to such Tax Obligations, or (v) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences). To the extent determined appropriate by the Company in its discretion, it will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant and, until

determined otherwise by the Company, this will be the method by which such Tax Obligations. Further, if Participant is subject to tax in more than one jurisdiction between the Date of Grant and a date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges and agrees that the Company and/or the Service Recipient (and/or former employer, as applicable) may be required to withhold or account for tax in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of such Tax Obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4, Participant will permanently forfeit such Restricted Stock Units and any right to receive Shares thereunder and such Restricted Stock Units will be returned to the Company at no cost to the Company. Participant acknowledges and agrees that the Company may refuse to deliver the Shares if such Tax Obligations are not delivered at the time they are due.

(c) No Representations. Participant has reviewed with his or her own tax advisers the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this RSU Agreement. With respect to such matters, Participant relies solely on such advisers and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this RSU Agreement.

(d) Company's Obligation to Deliver Shares. For clarification purposes, in no event will the Company issue Participant any Shares unless and until arrangements satisfactory to the Administrator have been made for the payment of Participant's Tax Obligations. If Participant fails to make satisfactory arrangements for the payment of such Tax Obligations hereunder at the time any applicable Restricted Stock Units otherwise are scheduled to vest pursuant to Sections 3 or 4 or Participant's Tax Obligations otherwise become due, Participant will permanently forfeit such Restricted Stock Units to which Participant's Tax Obligation relates and any right to receive Shares thereunder and such Restricted Stock Units will be returned to the Company at no cost to the Company. Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares if such Tax Obligations are not delivered at the time they are due.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). After such issuance, recordation, and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE RESTRICTED STOCK UNITS PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK UNIT AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER

ACKNOWLEDGES AND AGREES THAT THIS RSU AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Nature of Grant. In accepting this Award of Restricted Stock Units, Participant acknowledges, understands and agrees that:

- (a) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of equity awards, or benefits in lieu of equity awards, even if equity awards have been granted in the past;
- (b) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Administrator;
- (c) Participant is voluntarily participating in the Plan;
- (d) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;
- (e) the Restricted Stock Units and Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (f) the future value of the Shares underlying the Restricted Stock Units is unknown, indeterminable, and cannot be predicted;
- (g) for purposes of the Restricted Stock Units, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this RSU Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, Participant's right to vest in the Restricted Stock Units under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Units grant (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

(h) unless otherwise provided in the Plan or by the Administrator in its discretion, the Restricted Stock Units and the benefits evidenced by this RSU Agreement do not create any entitlement to have the Restricted Stock Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(i) the following provisions apply only if Participant is providing services outside the United States:

(i) the Restricted Stock Units and the Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that none of the Company, the Service Recipient, or any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to Participant pursuant to the settlement of the Restricted Stock Units or the subsequent sale of any Shares acquired upon settlement; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of the Restricted Stock Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against any the Company, any Parent, any Subsidiary or the Service Recipient, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent, any Subsidiary or the Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the Shares underlying the Restricted Stock Units. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. **Data Privacy.** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this RSU Agreement and any other Restricted Stock Unit grant materials by and among, as applicable, the Employer or other Service Recipient, the Company and any Parent or Subsidiary for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data may be transferred to a stock plan service provider, as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purposes of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her status as a Service Provider and career with the Employer will not be adversely affected. The only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

13. Address for Notices. Any notice to be given to the Company under the terms of this RSU Agreement will be addressed to the Company at QuantumScape Corporation, 1730 Technology Drive, San Jose, CA 95110, or at such other address as the Company may hereafter designate in writing.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future Restricted Stock Units that may be awarded under the Plan by electronic means or require Participant to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this RSU Agreement.

16. RSU Agreement Severable. In the event that any provision in this RSU Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this RSU Agreement.

17. No Waiver. Either party's failure to enforce any provision or provisions of this RSU Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this RSU Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

18. Grant is Not Transferable. Except to the limited extent provided in Section 6, this grant and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

19. Successors and Assigns. The Company may assign any of its rights under this RSU Agreement to single or multiple assignees, and this RSU Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this RSU Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this RSU Agreement may be assigned only with the prior written consent of the Company.

20. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Subject to the terms of the RSU Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for (or make any entry on the books of the Company or of a duly authorized transfer agent of the Company of) the Shares hereunder prior to the lapse of such reasonable period of time following the date of vesting of the Restricted Stock Units as the Administrator may establish from time to time for reasons of administrative convenience.

21. Language. If Participant has received this RSU Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. Interpretation. The Administrator will have the power to interpret the Plan and this RSU Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Restricted Stock Units have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this RSU Agreement.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock Units under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Administrator at any time.

24. Modifications to the RSU Agreement. This RSU Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this RSU Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this RSU Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this RSU Agreement, the Company reserves the right to revise this RSU Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award of Restricted Stock Units.

25. Governing Law; Venue. This RSU Agreement and the Restricted Stock Units will be governed by the laws of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under these Restricted Stock Units or this RSU Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, or the U.S. federal courts for the Northern District of California, and no other courts, where this Option is made and/or to be performed.

26. Entire Agreement. The Plan is incorporated herein by reference. The Plan and this RSU Agreement (including the appendices and exhibits referenced herein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.

27. Country Addendum. Notwithstanding any provisions in this RSU Agreement, the Restricted Stock Unit grant shall be subject to any special terms and conditions set forth in an appendix (if any) to this RSU Agreement for any country whose laws are applicable to Participant and this Award of Restricted Stock Units (as determined by the Administrator in its sole discretion) (the "Country Addendum"). Moreover, if Participant relocates to one of the countries included in the Country Addendum (if any), the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum (if any) constitutes a part of this RSU Agreement.

28. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this RSU Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be solely responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this RSU Agreement.

* * *

**QUANTUMSCAPE CORPORATION
2020 EQUITY INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT**

Unless otherwise defined herein, the terms defined in the QuantumScape Corporation 2020 Equity Incentive Plan (the "Plan") will have the same defined meanings in this Restricted Stock Award Agreement which includes the Notice of Restricted Stock Grant, the Terms and Conditions of Restricted Stock Grant, attached hereto as Exhibit A, and all appendices and exhibits attached thereto (all together, the "Restricted Stock Agreement").

NOTICE OF RESTRICTED STOCK GRANT

Participant:
Address:

The undersigned Participant has been granted the right to receive an Award of Shares of Restricted Stock of Common Stock of QuantumScape Corporation (the "Company"), subject to the terms and conditions of the Plan and this Restricted Stock Agreement, as follows:

Grant Number: _____

Date of Grant: _____

Vesting Commencement Date: _____

Number of Shares of Restricted Stock: _____

Vesting Schedule:

Subject to any accelerated vesting as set forth below or in the Plan, the Shares of Restricted Stock will be scheduled to vest, and the Company's right to reacquire the Restricted Stock will be scheduled to lapse, in accordance with the following schedule:

[TO COME]

By Participant's signature and the signature of the representative of the Company below, Participant and the Company agree that this Award of Restricted Stock is granted under and governed by the terms and conditions of the Plan and this Restricted Stock Agreement, including the Terms and Conditions of Restricted Stock Grant, attached hereto as Exhibit A, all of which are made a part of this document. Participant acknowledges receipt of a copy of the Plan. Participant has reviewed the Plan and this Restricted Stock Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Restricted Stock Agreement and fully understands all provisions of the Plan and this Restricted Stock Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions relating to the Plan and the Restricted Stock Agreement. Participant further agrees to notify the Company upon any change in the residence address indicated below.

PARTICIPANT

QUANTUMSCAPE CORPORATION

Signature

Signature

Print Name

Print Name

Title

Address:

EXHIBIT A

TERMS AND CONDITIONS OF RESTRICTED STOCK GRANT

1. **Grant of Shares of Restricted Stock.** The Company hereby grants to the individual ("Participant") named in the Notice of Restricted Stock Grant (the "Notice of Grant") under the Plan an Award of Shares of Restricted Stock, subject to all of the terms and conditions in this Restricted Stock Agreement and the Plan, which is incorporated herein by reference. Subject to Section 19(c) of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Restricted Stock Agreement, the terms and conditions of the Plan will prevail.

2. **Escrow of Shares.**

(a) All Shares of Restricted Stock will, upon execution of this Restricted Stock Agreement, be delivered and deposited with an escrow holder designated by the Company (the "Escrow Holder"). The Shares of Restricted Stock will be held by the Escrow Holder until such time as the Shares of Restricted Stock vest or the date Participant ceases to be a Service Provider.

(b) The Escrow Holder will not be liable for any act it may do or omit to do with respect to holding the Shares of Restricted Stock in escrow while acting in good faith and in the exercise of its judgment.

(c) Upon Participant's termination as a Service Provider for any reason, the Escrow Holder, upon receipt of written notice of such termination, will take all steps necessary to accomplish the transfer of the unvested Shares of Restricted Stock to the Company. Participant hereby appoints the Escrow Holder with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares of Restricted Stock to the Company upon such termination.

(d) The Escrow Holder will take all steps necessary to accomplish the transfer of Shares of Restricted Stock to Participant after they vest following Participant's request that the Escrow Holder do so.

(e) Subject to the terms hereof, Participant will have all the rights of a stockholder with respect to the Shares while they are held in escrow, including without limitation, the right to vote the Shares and to receive any cash dividends declared thereon.

(f) In the event of any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares, the Shares of Restricted Stock will be increased, reduced or otherwise changed, and by virtue of any such change Participant will in his or her capacity as owner of unvested Shares of Restricted Stock be entitled to new or additional or different shares of stock, cash or securities (other than rights or warrants to purchase securities); such new or additional or different shares, cash or securities will thereupon be considered to be unvested Shares

of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Restricted Stock Agreement. If Participant receives rights or warrants with respect to any unvested Shares of Restricted Stock, such rights or warrants may be held or exercised by Participant, provided that until such exercise any such rights or warrants and after such exercise any shares or other securities acquired by the exercise of such rights or warrants will be considered to be unvested Shares of Restricted Stock and will be subject to all of the conditions and restrictions which were applicable to the unvested Shares of Restricted Stock pursuant to this Restricted Stock Agreement. The Administrator in its absolute discretion at any time may accelerate the vesting of all or any portion of such new or additional shares of stock, cash or securities, rights or warrants to purchase securities or shares or other securities acquired by the exercise of such rights or warrants.

(g) The Company may instruct the transfer agent for its Common Stock to place a legend on the certificates representing the Restricted Stock or otherwise note its records as to the restrictions on transfer set forth in this Restricted Stock Agreement.

3. Vesting Schedule. Except as provided in Section 4, and subject to Section 5, the Shares of Restricted Stock awarded by this Restricted Stock Agreement will vest in accordance with the vesting provisions set forth in the Notice of Grant. Shares of Restricted Stock scheduled to vest on a certain date or upon the occurrence of a certain condition will not vest in Participant in accordance with any of the provisions of this Restricted Stock Agreement, unless Participant will have been continuously a Service Provider from the Date of Grant until the date such vesting occurs.

4. Administrator Discretion. The Administrator, in its discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested Restricted Stock at any time, subject to the terms of the Plan. If so accelerated, such Restricted Stock will be considered as having vested as of the date specified by the Administrator.

5. Forfeiture Upon Termination as a Service Provider. Unless specifically provided otherwise in this Restricted Stock Agreement or other written agreement between Participant and the Company or any of its Subsidiaries or Parents, as applicable, if Participant ceases to be a Service Provider for any or no reason, the balance of the Shares of Restricted Stock that have not vested as of the time Participant ceases to be a Service Provider for any or no reason will be forfeited and automatically transferred to and reacquired by the Company at no cost to the Company upon the date of such termination and Participant will have no further rights thereunder. Participant will not be entitled to a refund of the price paid for the Shares of Restricted Stock, if any, returned to the Company pursuant to this Section 4. Participant hereby appoints the Escrow Agent with full power of substitution, as Participant's true and lawful attorney-in-fact with irrevocable power and authority in the name and on behalf of Participant to take any action and execute all documents and instruments, including, without limitation, stock powers which may be necessary to transfer the certificate or certificates evidencing such unvested Shares to the Company upon such termination of service.

6. Death of Participant. Any distribution or delivery to be made to Participant under this Restricted Stock Agreement will, if Participant is then deceased, be made to Participant's designated beneficiary, or if no beneficiary survives Participant, the administrator or executor of Participant's estate. Any such transferee must furnish the Company with (a) written notice of his or her status as transferee, and (b) evidence satisfactory to the Company to establish the validity of the transfer and compliance with any laws or regulations pertaining to said transfer.

7. Tax Obligations

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer (the "Employer") or any Parent or Subsidiary to which Participant is providing services (together, the Company, Employer and/or Parent or Subsidiary to which Participant is providing services, the "Service Recipient"), the ultimate liability for any tax and/or social insurance liability obligations and requirements in connection with the Shares of Restricted Stock, including, without limitation, (i) all federal, state, and local taxes (including the Participant's Federal Insurance Contributions Act (FICA) obligation) that are required to be withheld by the Company or the Employer or other payment of tax-related items related to Participant's participation in the Plan and legally applicable to Participant, (ii) the Participant's and, to the extent required by the Company (or Service Recipient), the Company's (or Service Recipient's) fringe benefit tax liability, if any, associated with the grant, vesting or release from escrow of the Shares of Restricted Stock, the filing of an 83(b) election with respect to the Shares of Restricted Stock, or the sale of Shares, and (iii) any other Company (or Service Recipient) taxes the responsibility for which the Participant has, or has agreed to bear, with respect to the Shares of Restricted Stock (or exercise thereof or issuance of Shares thereunder) (collectively, the "Tax Obligations"), is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Service Recipient. Participant further acknowledges that the Company and/or the Service Recipient (A) make no representations or undertakings regarding the treatment of any Tax Obligations in connection with any aspect of the Shares of Restricted Stock, including, but not limited to, the grant, vesting or release from escrow of the Shares of Restricted Stock, the filing of an 83(b) election with respect to the Shares of Restricted Stock, the subsequent sale of Shares acquired pursuant to this Restricted Stock Agreement and the receipt of any dividends or other distributions, and (B) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Award of Restricted Stock to reduce or eliminate Participant's liability for Tax Obligations or achieve any particular tax result. Further, if Participant is subject to Tax Obligations in more than one jurisdiction between the Date of Grant and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the Service Recipient (or former employer, as applicable) may be required to withhold or account for Tax Obligations in more than one jurisdiction. If Participant fails to make satisfactory arrangements for the payment of any required Tax Obligations hereunder at the time of the applicable taxable event, Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares. Participant understands that Section 83 of the Code, taxes as ordinary income the difference between the purchase price, if any, for the Shares and the Fair Market Value of the Shares as of each vesting date. If Participant is a U.S. taxpayer, Participant understands that Participant may elect, for purposes of U.S. tax law, to be taxed at the time the Shares are granted rather than when such Shares vest by filing an election under Section 83(b) of the Code (the "83(b) Election") with the IRS within thirty (30) days from the date of grant of the Restricted Stock Award.

(b) Tax Withholding. Notwithstanding any contrary provision of this Restricted Stock Agreement, no certificate representing the Shares of Restricted Stock may be released from the escrow established pursuant to Section 14, unless and until satisfactory arrangements (as determined by the Administrator) will have been made by Participant with respect to the payment of all Tax Obligations. When Shares of Restricted Stock are vested, Participant generally will recognize immediate U.S. taxable income if Participant is a U.S. taxpayer. If Participant is a non-U.S. taxpayer, Participant will be subject to applicable taxes in his or her jurisdiction. Pursuant to such procedures as the Administrator may specify from time to time, the Company and/or Service Recipient shall withhold the amount required to be withheld for the payment of Tax Obligations which the Company determines must be withheld with respect to this Award. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require Participant to satisfy Participant's Tax Obligations, in whole or in part (without limitation), if permissible by applicable local law, by (i) paying cash in U.S. dollars, (ii) electing to have the Company withhold otherwise deliverable Shares having a fair market value equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), (iii) having the amount of such Tax Obligation withheld from Participant's wages or other cash compensation paid to Participant by the applicable Service Recipient(s), (iv) delivering to the Company Shares that Participant owns and that have vested with a fair market value equal to the Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), (v) selling a sufficient number of such Shares otherwise deliverable to Participant through such means as the Company may determine in its sole discretion (whether through a broker or otherwise) equal to the minimum amount that is necessary to meet the withholding requirement for such Tax Obligations (or such greater amount as Participant may elect if permitted by the Administrator, if such greater amount would not result in adverse financial accounting consequences), or (vi) such other means as the Administrator deems appropriate. To the extent determined appropriate by the Administrator in its discretion, the Administrator will have the right (but not the obligation) to satisfy any Tax Obligations by reducing the number of Shares otherwise deliverable to Participant and, until determined otherwise by the Company, this will be the method by which such Tax Obligations are satisfied.

(c) No Representations. Participant has reviewed with his or her own tax advisers the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Restricted Stock Agreement. With respect to such matters, Participant relies solely on such advisers and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Restricted Stock Agreement.

(d) Company's Obligation to Release Shares. For clarification purposes, in no event will the Company release Shares from the escrow established pursuant to Section 11 unless and until arrangements satisfactory to the Administrator have been made for the payment of Participant's Tax Obligations. If Participant fails to make satisfactory arrangements for the payment of such Tax Obligations hereunder at the time any applicable Shares of Restricted Stock otherwise are scheduled to vest pursuant to Sections 2 or 3, at the time Participant files a timely 83(b) Election with the IRS, or Participant's Tax Obligations otherwise become due, Participant will permanently forfeit such Shares of Restricted Stock to which Participant's Tax Obligation relates and any right to receive Shares thereunder and such Shares of Restricted Stock will be returned to the Company at no cost to the Company. Participant acknowledges and agrees that the Company may refuse to issue or deliver the Shares if such Tax Obligations are not delivered at the time they are due.

8. Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book entry form) will have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account) or the Escrow Agent. After such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares. Except as provided in Section 1(f), after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.

9. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF THE SHARES OF RESTRICTED STOCK PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER, WHICH UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW IS AT THE WILL OF THE COMPANY (OR THE SERVICE RECIPIENT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS RESTRICTED STOCK AWARD OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS RESTRICTED STOCK AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND WILL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE SERVICE RECIPIENT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER, SUBJECT TO APPLICABLE LAW, WHICH TERMINATION, UNLESS PROVIDED OTHERWISE UNDER APPLICABLE LAW, MAY BE AT ANY TIME, WITH OR WITHOUT CAUSE.

10. Nature of Grant. In accepting this Award of Restricted Stock, Participant acknowledges, understands and agrees that:

(a) the grant of the Shares of Restricted Stock is voluntary and occasional and does not create any contractual or other right to receive future grants of Shares of Restricted Stock, or benefits in lieu of Shares of Restricted Stock, even if Shares of Restricted Stock have been granted in the past;

(b) all decisions with respect to future grants of Restricted Stock or other grants, if any, will be at the sole discretion of the Administrator;

(c) Participant is voluntarily participating in the Plan;

(d) the Shares of Restricted Stock are not intended to replace any pension rights or compensation;

(e) the Shares of Restricted Stock, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(f) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted;

(g) for purposes of the Shares of Restricted Stock, Participant's status as a Service Provider will be considered terminated as of the date Participant is no longer actively providing services to the Company or any Parent or Subsidiary (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and unless otherwise expressly provided in this Restricted Stock Agreement (including by reference in the Notice of Grant to other arrangements or contracts) or determined by the Administrator, Participant's right to vest in the Shares of Restricted Stock under the Plan, if any, will terminate as of such date and will not be extended by any notice period (e.g., Participant's period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any, unless Participant is providing bona fide services during such time); the Administrator shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of the Restricted Stock Award (including whether Participant may still be considered to be providing services while on a leave of absence and consistent with local law);

(h) unless otherwise provided in the Plan or by the Administrator in its discretion, the Shares of Restricted Stock and the benefits evidenced by this Restricted Stock Agreement do not create any entitlement to have the Shares of Restricted Stock or any such benefits transferred to, or assumed by, another company nor be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

(i) the following provisions apply only if Participant is providing services outside the United States:

(i) the Shares of Restricted Stock are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that none of the Company, the Employer or any Parent or Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the Shares of Restricted Stock or the subsequent sale of any Shares; and

(iii) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock resulting from the termination of Participant's status as a Service Provider (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is a Service Provider or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of the Restricted Stock to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company, any Parent or Subsidiary or the Service Recipient, waives his or her ability, if any, to bring any such claim, and releases the Company, any Parent or Subsidiary and the Service Recipient from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim.

11. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

12. **Data Privacy.** *Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Restricted Stock Agreement and any other Restricted Stock grant materials by and among, as applicable, the Service Recipients for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.*

Participant understands that the Company and the Service Recipient may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Shares of Restricted Stock or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data may be transferred to a stock plan service provider, as may be selected by the Company in the future, assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country of operation (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, any stock plan service provider selected by the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any

case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her status as a Service Provider and career with the Service Recipient will not be adversely affected. The only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Participant Restricted Stock or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

13. Address for Notices. Any notice to be given to the Company under the terms of this Restricted Stock Agreement will be addressed to the Company at QuantumScape Corporation, 1730 Technology Drive, San Jose, CA 951108, or at such other address as the Company may hereafter designate in writing.

14. Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to the Shares of Restricted Stock awarded under the Plan or future Shares of Restricted Stock that may be awarded under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through any on-line or electronic system established and maintained by the Company or a third party designated by the Company.

15. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Restricted Stock Agreement.

16. Restricted Stock Agreement Severable. In the event that any provision in this Restricted Stock Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Restricted Stock Agreement.

17. No Waiver. Either party's failure to enforce any provision or provisions of this Restricted Stock Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party from thereafter enforcing each and every other provision of this Restricted Stock Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

18. Grant is Not Transferable. Except for the escrow described in Section 11 or transfer of the Shares to the Company or its assignees contemplated by this Restricted Stock Agreement, and except to the limited extent provided in Section 6, the unvested Shares subject to this Restricted Stock Agreement and the rights and privileges conferred hereby will not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and will not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of any unvested Shares of Restricted Stock subject to this grant, or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.

19. Successors and Assigns. The Company may assign any of its rights under this Restricted Stock Agreement to single or multiple assignees, and this Restricted Stock Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Restricted Stock Agreement shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns. The rights and obligations of Participant under this Restricted Stock Agreement may be assigned only with the prior written consent of the Company.

20. Additional Conditions to Issuance of Stock. If at any time the Company will determine, in its discretion, that the listing, registration, qualification or rule compliance of the Shares upon any securities exchange or under any state, federal or non-U.S. law, the tax code and related regulations or under the rulings or regulations of the United States Securities and Exchange Commission or any other governmental regulatory body or the clearance, consent or approval of the United States Securities and Exchange Commission or any other governmental regulatory authority is necessary or desirable as a condition to the issuance of Shares to Participant (or his or her estate) or the Escrow Holder hereunder, such issuance will not occur unless and until such listing, registration, qualification, rule compliance, clearance, consent or approval will have been completed, effected or obtained free of any conditions not acceptable to the Company. Subject to the terms of the Restricted Stock Agreement and the Plan, the Company shall not be required to issue any certificate or certificates for (or make any entry on the books of the Company or of a duly authorized transfer agent of the Company of) the Shares hereunder prior to the lapse of such reasonable period of time following the Date of Grant of the Shares of Restricted Stock as the Administrator may establish from time to time for reasons of administrative convenience.

21. Language. If Participant has received this Restricted Stock Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

22. Interpretation. The Administrator will have the power to interpret the Plan and this Restricted Stock Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Shares of Restricted Stock have vested). All actions taken and all interpretations and determinations made by the Administrator in good faith will be final and binding upon Participant, the Company and all other interested persons. Neither the Administrator nor any person acting on behalf of the Administrator will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Restricted Stock Agreement.

23. Amendment, Suspension or Termination of the Plan. By accepting this Award, Participant expressly warrants that he or she has received an Award of Restricted Stock under the Plan, and has received, read and understood a description of the Plan. Participant understands that the Plan is discretionary in nature and may be amended, suspended or terminated by the Administrator at any time.

24. Modifications to the Restricted Stock Agreement. This Restricted Stock Agreement constitutes the entire understanding of the parties on the subjects covered. Participant expressly warrants that he or she is not accepting this Restricted Stock Agreement in reliance on any promises, representations, or inducements other than those contained herein. Modifications to this Restricted Stock Agreement or the Plan can be made only in an express written contract executed by a duly authorized officer of the Company. Notwithstanding anything to the contrary in the Plan or this Restricted Stock Agreement, the Company reserves the right to revise this Restricted Stock Agreement as it deems necessary or advisable, in its sole discretion and without the consent of Participant, to comply with Section 409A or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award of Shares of Restricted Stock.

25. Governing Law; Venue. This Restricted Stock Agreement and the Shares of Restricted Stock will be governed by the laws of California, without giving effect to the conflict of law principles thereof. For purposes of litigating any dispute that arises under this Restricted Stock Award or this Restricted Stock Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation will be conducted in the courts of Santa Clara County, California, or the U.S. federal courts for the Northern District of California, and no other courts, where this Award or Restricted Stock is made and/or to be performed.

26. Entire Agreement. The Plan is incorporated herein by reference. The Plan and this Restricted Stock Agreement (including the appendices and exhibits referenced herein) constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.

27. Country Addendum. Notwithstanding any provisions in this Restricted Stock Agreement, the Restricted Stock grant shall be subject to any special terms and conditions set forth in an appendix (if any) to this Restricted Stock Agreement for any country whose laws are applicable to Participant and this Award of Restricted Stock (as determined by the Administrator in its sole discretion) (the "Country Addendum"). Moreover, if Participant relocates to one of the countries included in the Country Addendum (if any), the special terms and conditions for such country will apply to Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Country Addendum (if any) constitutes a part of this Restricted Stock Agreement.

28. Tax Consequences. Participant has reviewed with his or her own tax advisors the U.S. federal, state, local and non-U.S. tax consequences of this investment and the transactions contemplated by this Restricted Stock Agreement. With respect to such matters, Participant relies solely on such advisors and not on any statements or representations of the Company or any of its agents, written or oral. Participant understands that Participant (and not the Company) shall be solely responsible for Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Restricted Stock Agreement.

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QUANTUMSCAPE CORPORATION

2020 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. The purpose of the Plan is to provide employees of the Company and its Designated Companies with an opportunity to purchase Common Stock through accumulated Contributions. The Company intends for the Plan to have two components: a component that is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code (the "423 Component") and a component that is not intended to qualify as an "employee stock purchase plan" under Section 423 of the Code (the "Non-423 Component"). The provisions of the 423 Component, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code. An option to purchase shares of Common Stock under the Non-423 Component will be granted pursuant to rules, procedures, or sub-plans adopted by the Administrator designed to achieve tax, securities laws, or other objectives for Eligible Employees and the Company. Except as otherwise provided herein or by the Administrator, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

2. Definitions.

- (a) "Administrator" means the Board or any Committee designated by the Board to administer the Plan pursuant to Section 14.
- (b) "Affiliate" means any entity, other than a Subsidiary, in which the Company has an equity or other ownership interest.
- (c) "Applicable Laws" means the legal and regulatory requirements relating to the administration of equity-based awards, including but not limited to the related issuance of shares of Common Stock, including but not limited to, under U.S. federal and state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any non-U.S. country or jurisdiction where options are, or will be, granted under the Plan.
- (d) "Board" means the Board of Directors of the Company.
- (e) "Change in Control" means the occurrence of any of the following events:
 - (i) A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; provided, however, that for purposes of this subsection, the acquisition of additional stock by any one Person, who is considered to own more than fifty percent (50%) of the total voting power of the stock of the Company will not be considered a Change in Control. Further, if the stockholders of the Company immediately before such change in ownership continue to retain immediately after the change in ownership, in substantially the same proportions as their ownership of shares of the Company's voting stock immediately prior to the change in ownership, direct or indirect beneficial ownership of fifty percent (50%) or more of the total voting power of the stock of the Company or of the ultimate parent entity of the Company, such event shall not be considered a Change in Control under this subsection (i). For this purpose, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company, as the case may be, either directly or through one or more subsidiary corporations or other business entities;
or
 - (ii) A change in the effective control of the Company which occurs on the date that a majority of members of the Board is replaced during any twelve (12) month period by Directors whose appointment or

election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election. For purposes of this subsection (ii), if any Person is considered to be in effective control of the Company, the acquisition of additional control of the Company by the same Person will not be considered a Change in Control; or

(iii) A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12)-month period ending on the date of the most recent acquisition by such Person) assets from the Company that have a total gross fair market value equal to or more than fifty percent (50%) of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions; provided, however, that for purposes of this subsection (iii), the following will not constitute a change in the ownership of a substantial portion of the Company's assets: (A) a transfer to an entity that is controlled by the Company's stockholders immediately after the transfer, or (B) a transfer of assets by the Company to: (1) a stockholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock, (2) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the Company, (3) a Person, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the Company, or (4) an entity, at least fifty percent (50%) of the total value or voting power of which is owned, directly or indirectly, by a Person described in this subsection (iii)(B)(3). For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase, or acquisition of stock, or similar business transaction with the Company.

Notwithstanding the foregoing, a transaction will not be deemed a Change in Control unless the transaction qualifies as a change in control event within the meaning of Section 409A.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to change the jurisdiction of the Company's incorporation, or (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(f) "Code" means the U.S. Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or U.S. Treasury Regulation thereunder will include such section or regulation, any valid regulation or other official applicable guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(g) "Committee" means a committee of the Board appointed in accordance with Section 14 hereof.

(h) "Common Stock" means the Class A Common Stock of the Company.

(i) "Company" means Kensington Capital Acquisition Corp., a Delaware corporation, or any successor thereto.

(j) "Compensation" includes a measure to be determined by the Administrator. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for a subsequent Offering Period. Further, the Administrator shall have discretion to determine the application of this definition to Participants outside the United States.

(k) "Contributions" means the payroll deductions and other additional payments that the Company may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(l) “Designated Company” means any Subsidiary or Affiliate that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. For purposes of the 423 Component, only the Company and its Subsidiaries may be Designated Companies, provided, however that at any given time, a Subsidiary that is a Designated Company under the 423 Component will not be a Designated Company under the Non-423 Component.

(m) “Director” means a member of the Board.

(n) “Effective Date” means the date of the consummation of the merger by and between the Company, QuantumScape Corporation, and certain other parties, pursuant to that certain Business Combination Agreement dated September 2, 2020 (such merger, the “Merger”).

(o) “Eligible Employee” means any individual who is a common law employee providing services to the Company or a Designated Company and is customarily employed for at least twenty (20) hours per week and more than five (5) months in any calendar year by the Employer, or any lesser number of hours per week and/or number of months in any calendar year established by the Administrator (if required under Applicable Laws) for purposes of any separate Offering or for Participants in the Non-423 Component. For purposes of the Plan, the employment relationship will be treated as continuing intact while the individual is on sick leave or other leave of absence that the Employer approves or is legally protected under Applicable Laws with respect to the Participant’s participation in the Plan. Where the period of leave exceeds three (3) months and the individual’s right to reemployment is not guaranteed either by statute or by contract, the employment relationship will be deemed to have terminated three (3) months and one (1) day following the commencement of such leave. The Administrator, in its discretion, from time to time may, prior to an Enrollment Date for all options to be granted on such Enrollment Date in an Offering, determine (for each Offering under the 423 Component, on a uniform and nondiscriminatory basis or as otherwise permitted by U.S. Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Administrator in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) customarily works not more than five (5) months per calendar year (or such lesser period of time as may be determined by the Administrator in its discretion), (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (v) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering under the 423 Component in an identical manner to all highly compensated individuals of the Employer whose employees are participating in that Offering. Each exclusion will be applied with respect to an Offering under the 423 Component in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii). Such exclusions may be applied with respect to an Offering under the Non- 423 Component without regard to the limitations of U.S. Treasury Regulation Section 1.423-2.

(p) “Employer” means the employer of the applicable Eligible Employee(s).

(q) “Enrollment Date” means the first Trading Day of each Offering Period.

(r) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(s) “Exercise Date” means such dates on which each outstanding option granted under the Plan will be exercised (except if the Plan has been terminated), as may be determined by the Administrator, in its discretion and on a uniform and nondiscriminatory basis from time to time prior to an Enrollment Date for all options to be granted on such Enrollment Date. Unless otherwise determined by the Administration, each Exercise Date will be the last day of the applicable Offering Period.

(t) "Fair Market Value" means, as of any date and unless the Administrator determines otherwise, the value of a share of Common Stock determined as follows:

(i) The Fair Market Value will be the closing sales price for Common Stock as quoted on any established stock exchange or national market system (including without limitation the New York Stock Exchange, Nasdaq Global Select Market, the Nasdaq Global Market or the Nasdaq Capital Market of The Nasdaq Stock Market) on which the Common Stock is listed on the date of determination (or the closing bid, if no sales were reported), as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable. If the determination date for the Fair Market Value occurs on a non-trading day (i.e., a weekend or holiday), the Fair Market Value will be such price on the immediately preceding trading day, unless otherwise determined by the Administrator. In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator; or

(ii) In the absence of an established market for the Common Stock, the Fair Market Value thereof will be determined in good faith by the Administrator.

The determination of fair market value for purposes of tax withholding may be made in the Administrator's discretion subject to Applicable Laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

(u) "Fiscal Year" means the fiscal year of the Company.

(v) "New Exercise Date" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(w) "Offering" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by U.S. Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy U.S. Treasury Regulation Section 1.423-2(a)(2) and (a)(3).

(x) "Offering Periods" means certain periods during which Shares may be purchased under the Plan that will be determined by the Administrator. The duration and timing of Offering Periods may be changed pursuant to Sections 4, 20 and 30.

(y) "Parent" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(z) "Participant" means an Eligible Employee who participates in the Plan.

(aa) "Plan" means this QuantumScape Corporation 2020 Employee Stock Purchase Plan.

(bb) "Purchase Period" means the period, as determined by the Administrator in its discretion on a uniform and nondiscriminatory basis, commencing on the Enrollment Date and ending with the next Exercise Date, except that if the Administrator determines that more than one Purchase Period should occur within an Offering Period, subsequent Purchase Periods within such Offering Period commence after one Exercise Date and end with the next Exercise Date at such time or times as the Administrator determines prior to the commencement of the applicable Offering Period. Unless otherwise determined by the Administrator, a Purchase Period shall have the same duration as the Offering Period.

(cc) "Purchase Price" means the price per Share of the Shares purchased under any option granted under the Plan as determined by the Administrator from time to time, in its discretion and on a uniform and nondiscriminatory basis for all options to be granted on an Enrollment Date. However, in no event will the Purchase Price be less than eighty-five percent (85%) of the lower of the Fair Market Value of a Share on the Enrollment Date or the Fair Market Value of a Share on the Exercise Date and at all times in compliance with Section 423 of the Code (or any successor rule or provision or any other Applicable Law, regulation or stock exchange rule).

(dd) "Section 409A" means Section 409A of the Code and the regulations and guidance thereunder, and formal, effective guidance of either general applicability or direct applicability thereunder, and any applicable state law equivalent, as each may be promulgated, amended or modified from time to time.

(ee) "Subsidiary," means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ff) "Trading Day" means a day that the primary stock exchange (or national market system, or other trading platform, as applicable) upon which the Common Stock is listed is open for trading.

(gg) "U.S. Treasury Regulations" means the Treasury Regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

(a) Generally. Any individual who is an Eligible Employee on a given Enrollment Date subsequent to the first Offering Period will be eligible to participate in the Plan, subject to the requirements of Section 5.

(b) Non-U.S. Employees. Eligible Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Eligible Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In the case of the Non-423 Component, an Eligible Employee may be excluded from participation in the Plan or an Offering if the Administrator has determined that participation of such Eligible Employee is not advisable or practicable.

(c) Limitations. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds twenty-five thousand dollars (\$25,000) worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods. Offering Periods will be periods, as will be determined by the Administrator from time to time, in its discretion and on a uniform and nondiscriminatory basis, prior to an Enrollment Date for all options to be granted on such Enrollment Date. The Administrator will have the power to change the duration of

Offering Periods (including the commencement dates thereof) with respect to future Offerings without stockholder approval if such change is announced prior to the scheduled beginning of the first Offering Period to be affected thereafter; provided, however, that no Offering Period may last more than twenty-seven (27) months.

5. Participation. An Eligible Employee may participate in the Plan pursuant to Section 3(b) by (i) submitting to the Company's stock administration office (or its designee) a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator, in either case, on or before a date determined by the Administrator prior to an applicable Enrollment Date.

6. Contributions.

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, he or she will elect to have Contributions (in the form of payroll deductions or otherwise, to the extent permitted by the Administrator) made on each pay day during the Offering Period in an amount not exceeding fifteen percent (15%) of the Compensation, or such other limit established by the Administrator from time to time in its discretion and on a uniform and nondiscretionary basis for all options to be granted on an Enrollment Date in an Offering, which he or she receives on each pay day during the Offering Period; provided, however, that should a pay day occur on an Exercise Date, a Participant will have any Contributions made on such day applied to his or her account under the then-current Purchase Period or Offering Period with respect to which that Exercise Date relates. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof.

(b) In the event Contributions are made in the form of payroll deductions, such payroll deductions for a Participant will commence on the first pay day following the Enrollment Date and will end on the last pay day on or prior to the last Exercise Date of such Offering Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10 hereof; provided, however, that for the first Offering Period, payroll deductions will commence on the first pay day on or following the Enrollment Date.

(c) All Contributions made for a Participant will be credited to his or her account under the Plan and Contributions will be made in whole percentages of his or her Compensation only. A Participant may not make any additional payments into such account.

(d) A Participant may discontinue his or her participation in the Plan as provided under Section 10. Until and unless determined otherwise by the Administrator, in its sole discretion, during any Offering Period, a Participant may not increase the rate of his or her Contributions and may only decrease the rate of his or her Contributions (including to zero percent (0%)) one (1) time. A Participant may make a Contribution rate adjustment pursuant to this subsection (d) by (i) properly completing and submitting to the Company's stock administration office (or its designee), a new subscription agreement authorizing the change in Contribution rate in the form provided by the Administrator for such purpose, or (ii) following an electronic or other procedure prescribed by the Administrator, in either case, on or before a date determined by the Administrator prior to (x) the scheduled beginning of the first Offering Period to be affected or (y) an applicable Exercise Date, as applicable. If a Participant has not followed such procedures to change the rate of Contributions, the rate of his or her Contributions will continue at the originally elected rate throughout the Offering Period and future Offering Periods and Purchase Periods (unless the Participant's participation is terminated as provided in Sections 10 or 11). The Administrator may, in its sole discretion, limit or amend the nature and/or number of Contribution rate changes (including to permit, prohibit and/or limit increases and/or decreases to rate changes) that may be made by Participants during any Offering Period, and may establish such other conditions or limitations as it deems appropriate for Plan administration. Any change in the rate of Contributions made pursuant to this Section 6(d) will be effective as of the first full payroll period following five (5) business days

after the date on which the change is made by the Participant (unless the Administrator, in its sole discretion, elects to process a given change in payroll deduction rate more quickly).

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code and Section 3(d), a Participant's Contributions may be decreased to zero percent (0%) by the Administrator at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code and Section 3(d) hereof, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) Notwithstanding any provisions to the contrary in the Plan, the Administrator may allow Participants to participate in the Plan via cash contributions instead of payroll deductions if (i) payroll deductions are not permitted or advisable under Applicable Laws, (ii) the Administrator determines that cash contributions are permissible under Section 423 of the Code; or (iii) the Participants are participating in the Non-423 Component.

(g) At the time the option is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the U.S., national insurance, social security or other tax withholding or payment on account obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f).

7. Grant of Option. On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's account as of the Exercise Date by the applicable Purchase Price; provided that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than a maximum number shares of Common Stock to be determined by the Administrator (subject to any adjustment pursuant to Section 18) and provided further that such purchase will be subject to the limitations set forth in Sections 3(d) and 13 and in the subscription agreement. The Eligible Employee may accept the grant of such option (i) with respect to the first Offering Period by submitting a properly completed subscription agreement in accordance with the requirements of Section 5 on or before the Enrollment Date, and (ii) with respect to any subsequent Offering Period under the Plan, by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period and/or Offering Period, as applicable. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10 (or Participant's participation is terminated as provided in Section 11). The option will expire on the last day of the Offering Period.

8. Exercise of Option.

(a) Unless a Participant withdraws from the Plan as provided in Section 10 (or Participant's participation is terminated as provided in Section 11), his or her option for the purchase of shares of Common

Stock will be exercised automatically on each Exercise Date, and the maximum number of full shares of Common Stock subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her account. No fractional shares of Common Stock will be purchased; any Contributions accumulated in a Participant's account, which are not sufficient to purchase a full share will be retained in the Participant's account for the subsequent Purchase Period or Offering Period, as applicable, subject to earlier withdrawal by the Participant as provided in Section 10 (or the earlier termination of Participant's participation as provided in Section 11). Any other funds left over in a Participant's account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares of Common Stock hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect or (y) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 20. The Company may make a pro rata allocation of the shares of Common Stock available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares of Common Stock for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery. As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or with a trustee or designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker, trustee or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions or other dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal.

(a) A Participant may withdraw all but not less than all the Contributions credited to his or her account and not yet used to exercise his or her option under the Plan at any time by (i) submitting to the Company's stock administration office (or its designee) a written notice of withdrawal in the form determined by the Administrator for such purpose (which may be similar to the form attached hereto as Exhibit B), or (ii) following an electronic or other withdrawal procedure determined by the Administrator. The Administrator may set forth a deadline of when a withdrawal must occur to be effective prior to a given Exercise Date in accordance with policies it may approve from time to time. All of the Participant's Contributions credited to his or her account will be paid to such Participant as soon as administratively practicable after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

(b) A Participant's withdrawal from an Offering Period will not have any effect upon his or her eligibility to participate in any similar plan that may hereafter be adopted by the Company or in succeeding Offering Periods that commence after the termination of the Offering Period from which the Participant withdraws.

11. Termination of Employment. Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant, or, in the case of his or her death, to the person or persons entitled thereto, and such Participant's option will be automatically terminated. Unless otherwise provided by the Administrator, a Participant whose employment transfers between entities through a termination with an immediate rehire (with no break in service) by the Company or a Designated Company will not be treated as terminated under the Plan. The Administrator may establish rules to govern transfers of employment among the Company and any Designated Company, consistent with any applicable requirements of Section 423 of the Code and the terms of the Plan. In addition, the Administrator may establish rules to govern transfers of employment among the Company and any Designated Company where such companies are participating in separate Offerings under the Plan. However, if a Participant transfers from an Offering under the 423 Component to the Non-423 Component, the exercise of the option will be qualified under the 423 Component only to the extent it complies with Section 423 of the Code, unless otherwise provided by the Administrator.

12. Interest. No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f).

13. Stock.

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be 7,600,000 shares of Common Stock. The number of shares of Common Stock available for issuance under the Plan will be increased on the first day of each Fiscal Year beginning with the 2022 Fiscal Year equal to the least of (i) 7,600,000 shares of Common Stock, (ii) one percent (1%) of the outstanding shares of all classes Company common stock on the last day of the immediately preceding Fiscal Year, or (iii) an amount determined by the Administrator no later than the last day of the immediately preceding Fiscal Year. The shares of Common Stock may be authorized, but unissued, or reacquired Common Stock.

(b) Until the shares of Common Stock are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will have only the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or, if so required under Applicable Laws, in the name of the Participant and his or her spouse.

14. Administration. The Plan will be administered by the Board or a Committee appointed by the Board, which Committee will be constituted to comply with Applicable Laws. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to delegate ministerial duties to any of the Company's employees, to designate separate Offerings under the Plan, to designate Subsidiaries and Affiliates as participating in the 423 Component or Non-423 Component, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary or advisable for the administration of the Plan (including, without limitation, to adopt such procedures,

sub-plans, and appendices to the enrollment agreement as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the U.S., the terms of which rules, procedures, sub-plans and appendices may take precedence over other provisions of this Plan, with the exception of Section 13(a) hereof, but unless otherwise superseded by the terms of such rules, procedures, sub-plan or appendix, the provisions of this Plan will govern the operation of such rules, procedure, sub-plan or appendix). Unless otherwise determined by the Administrator, the Eligible Employees eligible to participate in each sub-plan will participate in a separate Offering under the 423 Component, or if the terms would not qualify under the 423 Component, in the Non-423 Component, in either case unless such designation would cause the 423 Component to violate the requirements of Section 423 of the Code. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by U.S. Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the U.S. Every finding, decision, and determination made by the Administrator will, to the full extent permitted by law, be final and binding upon all parties.

15. Transferability. Neither Contributions credited to a Participant's account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will or the laws of descent and distribution) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

16. Use of Funds. The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under Offerings or for Participants in the Non-423 Component for which Applicable Laws require that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party, provided that, if such segregation or deposit with an independent third party is required by Applicable Laws, it will apply to all Participants in the relevant Offering under the 423 Component, except to the extent otherwise permitted by U.S. Treasury Regulation Section 1.423-2(f). Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

17. Reports. Individual accounts will be maintained for each Participant in the Plan. Statements of account will be given to participating Eligible Employees at least annually, which statements will set forth the amounts of Contributions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

18. Adjustments, Dissolution, Liquidation, Merger or Change in Control.

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, reclassification, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs (other than any ordinary dividends or other ordinary distributions), the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share, the class and the number of

shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Change in Control. In the event of a merger or Change in Control, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger or Change in Control. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10 hereof.

19. Amendment or Termination.

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 18). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under Applicable Laws, as further set forth in Section 12 hereof) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 19(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange rate applicable to amounts withheld in a currency other than U.S. dollars, permit Contributions in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed Contribution elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of shares of Common Stock a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Participants.

20. Notices. All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Conditions Upon Issuance of Shares. Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including, without limitation, the U.S. Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

22. Section 409A. The 423 Component of the Plan is intended to be exempt from the application of Section 409A, and, to the extent not exempt, is intended to comply with Section 409A and any ambiguities herein will be interpreted to so be exempt from, or comply with, Section 409A. In furtherance of the foregoing and notwithstanding any provision in the Plan to the contrary, if the Administrator determines that an option granted under the Plan may be subject to Section 409A or that any provision in the Plan would cause an option under the Plan to be subject to Section 409A, the Administrator may amend the terms of the Plan and/or of an outstanding option granted under the Plan, or take such other action the Administrator determines is necessary or appropriate, in each case, without the Participant's consent, to exempt any outstanding option or future option that may be granted under the Plan from or to allow any such options to comply with Section 409A, but only to the extent any such amendments or action by the Administrator would not violate Section 409A. Notwithstanding the foregoing, the Company and any of its Parent or Subsidiaries shall have no obligation to reimburse, indemnify, or hold harmless a Participant or any other party if the option to purchase Common Stock under the Plan that is intended to be exempt from or compliant with Section 409A is not so exempt or compliant or for any action taken by the Administrator with respect thereto. The Company makes no representation that the option to purchase Common Stock under the Plan is compliant with Section 409A.

23. Term of Plan. The Plan will become effective upon the later to occur of (a) its adoption by the Board, (b) approval by the Company's stockholders or (c) the Effective Date. It will continue in effect for a term of twenty (20) years, unless sooner terminated under Section 19.

24. Stockholder Approval. The Plan will be subject to approval by the stockholders of the Company within twelve (12) months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

25. Governing Law. The Plan will be governed by, and construed in accordance with, the laws of the State of California (except its choice-of-law provisions).

26. No Right to Employment. Participation in the Plan by a Participant will not be construed as giving a Participant the right to be retained as an employee of the Company or a Subsidiary or Affiliate, as applicable. Furthermore, the Company or a Subsidiary or Affiliate may dismiss a Participant from employment at any time, free from any liability or any claim under the Plan.

27. Severability. If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

28. Compliance with Applicable Laws. The terms of this Plan are intended to comply with all Applicable Laws and will be construed accordingly.

29. Automatic Transfer to Low Price Offering Period. To the extent permitted by Applicable Laws, if the Fair Market Value on any Exercise Date in an Offering Period is lower than the Fair Market Value on the Enrollment Date of such Offering Period, then all Participants in such Offering Period automatically will be withdrawn from such Offering Period immediately after the exercise of their option on such Exercise Date and automatically re-enrolled in the immediately following Offering Period as of the first day thereof.

EXHIBIT A

QUANTUMSCAPE CORPORATION

2020 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

Original Application

Offering Date: _____

Change in Payroll Deduction Rate

1. _____ hereby elects to participate in the QuantumScape Corporation 2020 Employee Stock Purchase Plan (the "Plan") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Plan. Unless otherwise defined herein, the terms defined in the 2020 Employee Stock Purchase Plan (the "Plan") shall have the same defined meanings in this Subscription Agreement.

2. I hereby authorize and consent to payroll deductions from each paycheck in the amount of ___% (from 0 to fifteen percent (15%)) of my Compensation on each payday during the Offering Period in accordance with the Plan. (Please note that no fractional percentages are permitted.) I understand that only my first election to decrease the rate of my payroll deductions may be applied with respect to an ongoing Offering Period in accordance with the terms of the Plan, and any subsequent election to decrease the rate of my payroll deductions during the same Offering Period, and any election to increase the rate of my payroll deductions during any Offering Period, will not be applied to the ongoing Offering Period.

3. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option and purchase Common Stock under the Plan. I further understand that if I am outside of the U.S., my payroll deductions will be converted to U.S. dollars at an exchange rate selected by the Company on the purchase date.

4. I have received a copy of the complete Plan and its accompanying prospectus. I understand that my participation in the Plan is in all respects subject to the terms of the Plan.

5. Shares of Common Stock purchased for me under the Plan should be issued in the name(s) of _____ (Eligible Employee or Eligible Employee and spouse only).

6. If I am a U.S. taxpayer, I understand that if I dispose of any shares received by me pursuant to the Plan within two (2) years after the Enrollment Date (the first day of the Offering Period during which I purchased such shares) or one (1) year after the applicable Exercise Date, I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price that I paid for the shares. I hereby agree to notify the Company, in writing within thirty (30) days after the date of any disposition of my shares and I will make adequate provision for federal, state or other tax withholding obligations, if any, which arise upon the disposition of such shares. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the two (2)-year and one (1)-year holding periods, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (b) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Plan.

Employee's ID Number: _____

Employee's Address: _____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

Dated: _____
Signature of Employee

EXHIBIT B

QUANTUMSCAPE CORPORATION

2020 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

Unless otherwise defined herein, the terms defined in the 2020 Employee Stock Purchase Plan (the "Plan") shall have the same defined meanings in this Notice of Withdrawal.

The undersigned Participant in the Offering Period of the QuantumScape Corporation 2020 Employee Stock Purchase Plan that began on _____, (the "Enrollment Date") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as promptly as practicable all the payroll deductions credited to his or her account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be terminated automatically. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Name and Address of Participant:

Signature:

Date:

QuantumScape Corporation
Unaudited Condensed Consolidated Financial Statements
(Unaudited)

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QuantumScape Corporation
Unaudited Condensed Consolidated Balance Sheets

(In Thousands, Except Share and per Share Amounts)

	<u>September 30,</u> 2020	<u>December 31,</u> 2019
	Unaudited	
Assets		
Current assets		
Cash and cash equivalents (\$3,407 and \$3,409 as of September 30, 2020 and December 31, 2019, respectively, for joint venture)	\$ 10,573	\$ 22,822
Marketable securities	69,469	107,099
Prepaid expenses and other current assets	1,746	1,255
Total current assets	81,788	131,176
Property and equipment, net	34,654	25,492
Right-of-use lease asset	12,027	12,942
Other assets	6,597	2,774
Total assets	<u>135,066</u>	<u>172,384</u>
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 4,733	\$ 2,851
Accrued liabilities	2,682	1,307
Accrued compensation	1,417	1,112
Operating lease liability, short-term	1,184	1,080
Strategic premium, short-term	655	873
Total current liabilities	10,671	7,223
Operating lease liability, long-term	11,558	12,463
Convertible preferred stock warrant liabilities	10,807	1,860
Strategic premium, long-term and other liabilities	164	436
Convertible preferred stock tranche liabilities	347,120	—
Total liabilities	380,320	21,982
Commitment and contingencies (see Note 7)		
Redeemable convertible preferred stock		
Redeemable convertible preferred stock, par value of \$0.0001 per share, 63,329,998 and 49,073,189 shares authorized as of September 30, 2020 and December 31, 2019, respectively, 48,390,851 and 48,390,851 shares issued and outstanding with aggregate liquidation preference of \$414,335 and \$414,335 as of September 30, 2020 and December 31, 2019, respectively.	405,575	405,575
Stockholders' deficit		
Common stock – \$0.0001 par value; 206,014,841 shares authorized (95,684,843 Class A and 47,000,000 Class B); 11,333,260 and 11,229,241 Class A and Class B shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively	1	1
Additional paid-in-capital	52,650	43,077
Treasury stock- fair market value at repurchase; 438,191 shares at September 30, 2020 and December 31, 2019	(4,189)	(4,189)
Accumulated other comprehensive income	39	90
Accumulated deficit	(701,034)	(295,862)
Total QuantumScape stockholders' deficit	(652,533)	(256,883)
Non-controlling interest	1,704	1,710
Total stockholders' deficit	<u>(650,829)</u>	<u>(255,173)</u>
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	<u>\$ 135,066</u>	<u>\$ 172,384</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

QuantumScape Corporation
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss

(In Thousands, Except Share and per Share Amounts)

	Nine Months Ended September 30,	
	2020	2019
Operating expenses:		
Research and development	\$ 42,373	\$ 33,084
General and administrative	8,460	7,637
Total operating expenses	<u>50,833</u>	<u>40,721</u>
Loss from operations	(50,833)	(40,721)
Other income (expense):		
Interest expense	(8,947)	(1)
Interest income	962	2,925
Other income	760	817
Other expense	(347,120)	—
Total other income (expense)	<u>(354,345)</u>	<u>3,741</u>
Net loss	(405,178)	(36,980)
Less: Net income (loss) attributable to non-controlling interest, net of tax of \$0 for the nine-months ended September 30, 2020 and 2019	(6)	15
Net loss attributable to common stockholders	<u>\$ (405,172)</u>	<u>\$ (36,995)</u>
Net loss	\$ (405,178)	\$ (36,980)
Other comprehensive income (loss):		
Unrealized gain (loss) on marketable securities	(50)	125
Total comprehensive loss	(405,228)	(36,855)
Less: Comprehensive income (loss) attributable to non-controlling interest	(6)	15
Comprehensive loss attributable to common stockholders	<u>\$ (405,222)</u>	<u>\$ (36,870)</u>
Basic and Diluted net loss per share	\$ (36.03)	\$ (3.31)
Basic and Diluted weighted-average common shares outstanding	11,244,365	11,186,064

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

QuantumScape Corporation
Unaudited Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

(In Thousands, Except Share and per Share Amounts)

	Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated other Comprehensive gain (loss)	Total QuantumScape Stockholders' deficit	Non-Controlling interest	Total
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at												
December 31, 2019	48,390,851	\$405,575	11,229,241	\$ 1	438,191	\$ (4,189)	\$ 43,077	\$ (295,862)	\$ 90	\$ (256,883)	\$ 1,710	\$ (255,173)
Exercise of stock option	—	—	104,019	0	—	—	320	—	—	320	—	320
Stock-based compensation	—	—	—	—	—	—	9,253	—	—	9,253	—	9,253
Net loss	—	—	—	—	—	—	—	(405,172)	—	(405,172)	(6)	(405,178)
Unrealized gain on marketable securities	—	—	—	—	—	—	—	—	(51)	(51)	—	(51)
Balance at												
September 30, 2020	48,390,851	\$405,575	11,333,260	\$ 1	\$438,191	\$ (4,189)	\$ 52,650	\$ (701,034)	\$ 39	\$ (652,533)	\$ 1,704	\$ (650,829)

	Redeemable Convertible Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated other Comprehensive gain (loss)	Total QuantumScape Stockholders' deficit	Non-Controlling interest	Total
	Shares	Amount	Shares	Amount	Stock	Stock						
Balance at												
December 31, 2018	48,390,851	\$405,575	11,075,476	\$ 1	\$438,191	\$ (4,189)	\$ 35,957	\$ (246,083)	\$ (31)	\$ (214,345)	\$ 1,690	\$ (212,655)
Exercise of stock option	—	—	122,289	0	—	—	266	—	—	266	—	266
Stock-based compensation	—	—	—	—	—	—	4,817	—	—	4,817	—	4,817
Adoption of ASC 842	—	—	—	—	—	—	—	1,419	—	1,419	—	1,419
Net loss	—	—	—	—	—	—	—	(36,995)	—	(36,995)	15	(36,980)
Unrealized gain on marketable securities	—	—	—	—	—	—	—	—	125	125	—	125
Balance at												
September 30, 2019	48,390,851	\$405,575	11,197,765	\$ 1	\$438,191	\$ (4,189)	\$ 41,040	\$ (281,659)	\$ 94	\$ (244,713)	\$ 1,705	\$ (243,008)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

QuantumScape Corporation
Unaudited Condensed Consolidated Statements of Cash Flows

(In Thousands, Except Share and per Share Amounts)

	<u>Nine Month Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Operating activities		
Net loss	\$ (405,178)	\$ (36,980)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	5,206	3,818
Amortization of right-of-use assets	915	863
Amortization of premiums and accretion of discounts on marketable securities	212	(1,815)
Amortization of strategic premium	(490)	(655)
Stock-based compensation expense	9,253	4,817
Change in fair value of convertible preferred stock warrant liabilities	8,947	—
Change in fair value of convertible preferred stock tranche liabilities	347,120	—
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(491)	(758)
Accounts payable, accrued liabilities and accrued compensation	1,193	829
Operating lease liability	(801)	(706)
Net cash used in operating activities	(34,114)	(30,587)
Investing activities		
Purchases of property and equipment	(13,912)	(5,666)
Proceeds from maturities of marketable securities	88,000	197,000
Purchases of marketable securities	(50,633)	(165,211)
Net cash provided by investing activities	23,455	26,123
Financing activities		
Proceeds from issuance of common stock, net of issuance costs	320	266
Deferred financing and SPAC business combination fees	(2,491)	—
Net cash (used in) provided by financing activities	(2,171)	266
Net (decrease) in cash, cash equivalents and restricted cash	(12,830)	(4,198)
Cash, cash equivalents and restricted cash at beginning of period	25,596	33,632
Cash, cash equivalents and restricted cash at end of period	<u>\$ 12,766</u>	<u>\$ 29,434</u>
Supplemental disclosure of cash flow information		
Purchases of property and equipment, accrued but not paid	\$ 3,003	\$ 863
Deferred financing and SPAC business combination fees, accrued but not paid	\$ 1,912	\$ —

The following presents the Company's cash, cash equivalents and restricted cash by category in the Company's Consolidated Balance Sheets:

	<u>September 30,</u>	<u>December 31,</u>
	<u>2020</u>	<u>2019</u>
	<small>Unaudited</small>	
Cash and cash equivalents	\$ 10,573	\$ 22,822
Other assets	2,193	2,774
Total cash, cash equivalents and restricted cash	<u>\$ 12,766</u>	<u>\$ 25,596</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

QuantumScape Corporation
Notes to Unaudited Condensed Consolidated Financial Statements

September 30, 2020

1. Nature of Business

Organization

QuantumScape Corporation (the Company) was incorporated in Delaware in May 2010. The Company is a leader in the development of next generation solid-state lithium-metal batteries for use in electric vehicles. The Company is headquartered in San Jose, California.

The Company is focused on the development and commercialization of its solid-state lithium-metal batteries. Planned principal operations have not yet commenced. As of September 30, 2020, the Company has not derived revenue from its principal business activities.

Beginning in March 2020, the COVID-19 pandemic and the measures imposed to contain this pandemic have disrupted and are expected to continue to impact the Company's business. To date, our business operations have been slowed due to the government restrictions, however there has not been a direct impact on our financial operations. The magnitude of the impact of the COVID-19 pandemic on the Company's productivity, results of operations and financial position, and its disruption to the Company's business and battery development and timeline, will depend in part, on the length and severity of these restrictions and on the Company's ability to conduct business in the ordinary course.

Pending Business Combination

On September 3, 2020, Kensington Capital Acquisition Corp ("Kensington" or "KCAC"), together with Merger Sub, its fully owned subsidiary, announced that the Company will enter into a business combination transaction pursuant to which Merger Sub will merge with and into the Company with the Company surviving the merger as a wholly owned subsidiary of Kensington. Kensington is special purpose acquisition company. If such business combination is ultimately completed (referred to as "SPAC business combination"), the Company would effectively comprise all of Kensington's material operations. The business combination agreement requires the investment of \$500.0 million from other private investors (PIPE) in addition to the \$230.0 million already available in the KCAC account. As the SPAC business combination has not occurred as of September 30, 2020, there is no impact for the operations of Kensington in the financial statements of the Company.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as determined by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) for interim financial information and pursuant to the regulations of the U.S. Securities and Exchange Commission (SEC).

Use of Estimates

The preparation of the condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of commitments and contingencies at the date of the financial statements as well as reported amounts of expenses during the reporting periods. On an ongoing basis, the Company evaluates its estimates, including those related to the valuation of common stock, valuation of convertible preferred stock warrants, and valuation of convertible preferred stock tranche liabilities, among others. The Company bases these estimates on historical experience and on various other assumptions that it believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates.

Unaudited Interim Condensed Consolidated Financial Statements

The accompanying interim condensed consolidated balance sheet as of September 30, 2020, the interim condensed consolidated statements of redeemable preferred stock and stockholders' deficit, the interim condensed consolidated statements of operations, and the interim condensed consolidated statements of cash flows for the nine months ended September 30, 2020 and 2019, are unaudited.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements and, in management's opinion, include all adjustments consisting of only normal recurring adjustments necessary for the fair statement of the Company's financial position as of September 30, 2020 and its results of operations and cash flows for the nine months ended September 30, 2020 and 2019. The financial data and the other financial information disclosed in the notes to these condensed consolidated financial statements related to the nine month periods are also unaudited. The results of operations for the nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the full fiscal year or any other period.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the related notes included in the Company's annual consolidated financial statements for the fiscal year ended December 31, 2019 included in the Kensington proxy statement/prospectus/information statement dated November 10, 2020, filed with the SEC pursuant to Rule 424(b)(3) under the Securities Act of 1933.

Principles of Consolidation

The Company's policy is to consolidate all entities that it controls by ownership of a majority of the outstanding voting stock. In addition, the Company consolidates entities that meet the definition of a variable interest entity ("VIE") for which the Company is the related party most closely associated with and is the primary beneficiary. The primary beneficiary is the party who has the power to direct the activities of a VIE that most significantly impact the entity's economic performance and who has an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity. For consolidated entities that are less than wholly owned, the third party's holding of an equity interest is presented as Noncontrolling interests in the Company's Consolidated Balance Sheet and Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit. The portion of net earnings attributable to the noncontrolling interests is presented as Net income (loss) attributable to noncontrolling interests in the Company's Consolidated Statements of Operations and Comprehensive Loss.

The Company was a single-legal entity prior to becoming a partner with Volkswagen Group of America (VWGoA) in the JV entity. As noted in "Joint Venture" discussion, the Company determined the JV entity was a VIE for which it was required to consolidate the operations upon its formation in 2018. The Company continued to consolidate the operations of the JV entity in 2019 through September 30, 2020 as the determination of the variable interest entity has not changed.

Joint Venture

On June 18, 2018, the JV entity was incorporated as a limited liability company. VWGoA, VGA and QuantumScape executed a Joint Venture Agreement ("JVA"), effective September 2018, with the goal of jointly establishing a manufacturing facility in the United States to produce the pilot line of the Company's product through the JV entity. Volkswagen is a related party stockholder (13.1% voting interest holder of the Company as of September 30, 2020, December 31, 2019 and as of the formation of the JV entity), and also participated in the Company's Series E convertible preferred stock financing which closed concurrently with the effectiveness of the JV entity and the JVA. Upon the effectiveness of the JVA, each party contributed \$1.7 million in cash to capitalize the JV entity in exchange for 50% equity interests.

The joint venture is considered a variable interest entity with a related party and therefore the related party whose business is more closely related to the planned operations of the joint venture is required to consolidate the operations.

The Company determined its operations were most closely aligned with the operations of the joint venture and therefore has consolidated the results of the JV entity's operations in its consolidated balance sheet, statement of operations and statement of stockholders' equity. The JV entity has had minimal operations in through September 30, 2020.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents, of which \$4.7 million is held in a US government Money Market fund, and marketable securities, all of which are invested in US government securities. The Company seeks to mitigate its credit risk with respect to cash and cash equivalents and marketable securities by making deposits with large, reputable financial institutions and investing in shorter term and highly rated instruments.

Credit Impairment Implementation on Available For Sales Securities

An available for sales debt security is impaired when its fair value is less than its amortized cost basis. The portion of impairment due to a credit loss is recorded to net income through an allowance for credit losses, while any portion of impairment that is due to factors

other than a credit loss (e.g., changes in market rates) is recognized in other comprehensive income, net of applicable taxes. However, if an entity intends to sell the debt security (that is, it has decided to sell the security), or more likely than not will be required to sell the security before recovery of its amortized cost basis, any allowance for credit losses shall be written off and the amortized cost basis shall be written down to the debt security's fair value with any incremental impairment reported in earnings.

Restricted Cash

Restricted cash, if the date of availability or disbursement is longer than one year and the balances are maintained under an agreement that legally restricts the use of such funds, is not included within cash and cash equivalents and is reported within other assets.

As of September 30, 2020, restricted cash is comprised of \$2.2 million of which \$2.0 million was pledged as a form of security for the Company's facility lease agreement and \$0.2 million as collateral for a commercial letter of credit issued to an equipment supplier. As of December 31, 2019, restricted cash was \$2.8 million.

Convertible Preferred Stock

The Company records shares of convertible preferred stock at their respective fair values on the dates of issuance, net of issuance costs. The Company has applied the guidance in ASC 480-10-S99-3A, *SEC Staff Announcement: Classification and Measurement of Redeemable Securities* and has therefore classified all of its outstanding convertible preferred stock as temporary equity. The convertible preferred stock is recorded outside of stockholders' deficit because, in the event of certain deemed liquidation events considered not solely within the Company's control, such as a merger, acquisition and sale of all or substantially all of the Company's assets, the convertible preferred stock will become redeemable at the option of the holders. In the event of a change of control of the Company, proceeds received from the sale of such shares will be distributed in accordance with the liquidation preferences set forth in the Company's Amended and Restated Certificate of Incorporation. The Company has determined not to adjust the carrying values of the convertible preferred stock to the liquidation preferences of such shares because of the uncertainty of whether or when such an event would occur.

Stock-Based Compensation

The Company measures and recognizes compensation expense for all stock-based awards made to employees, directors, and non-employees (beginning in the year ended December 31, 2019), including stock options and restricted shares, based on estimated fair values recognized over the requisite service period.

The fair value of options granted is estimated on the grant date using the Black-Scholes option valuation model. This valuation model for stock-based compensation expense requires the Company to make assumptions and judgments about the variables used in the calculation, including the expected term (weighted-average period of time that the options granted are expected to be outstanding), the volatility of the Company's common stock, and an assumed risk-free interest rate. The Company accounts for forfeitures when they occur. The Company uses the simplified calculation of the expected life, which takes into consideration the grant's contractual life and vesting period and assumes that all options will be exercised between the vesting date and the contractual term of the option. No awards have been issued with a market condition or other non-standard terms.

In August 2020, the Company granted restricted stock unit awards as part of an employee retention program. The fair value of the restricted stock unit grant is based on the deemed fair value of the common stock on the grant date.

Prior to January 1, 2019, stock-based awards granted to non-employees were subject to periodic re-measurement over the period that services are rendered. Beginning January 1, 2019 upon the adoption of Accounting Standards Update ("ASU") 2018-07, *Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting* as described in Note 3, the measurement of equity-classified nonemployee awards is fixed at the grant date.

There is no public market for the Company's stock. The estimate for volatility is based on an average of the historical volatilities of the common stock of several entities with characteristics similar to those of the Company. Since these comparable companies operate in the same industry segment, the Company expects that it would share similar characteristics, such as risks profiles, volatility, capital intensity, clientele, and market growth patterns and drivers.

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option.

Preferred Stock Tranche Liabilities

The Company has determined that its obligation to issue, and the Company's investors' right to purchase shares of Series F convertible preferred stock pursuant to the future time-based and milestone closings (see Note 4) represent a freestanding financial instrument (the "tranche liabilities"). The tranche liabilities were initially recorded at fair value and are remeasured at each reporting period and upon the exercise or expiration of the obligation, with gains and losses arising from subsequent changes in its fair value recognized in other expense, net, in the unaudited condensed consolidated statement of operations. At the time of the exercise or expiration of the tranche liabilities, the fair value of the tranche liabilities are reclassified to convertible preferred stock on the unaudited condensed consolidated balance sheet with no further remeasurement required. The fair value of the preferred stock tranche liabilities are recorded as a long-term liability on the condensed consolidated balance sheet.

3. Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This guidance introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. ASU 2016-13 also provides updated guidance regarding the impairment of available-for-sale debt securities and includes additional disclosure requirements. The Company adopted this guidance as of January 1, 2020 with no impact upon adoption.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangement (Topic 808): clarifying the Interaction between Topic 808 and Topic 606*, which clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC Topic 606 when the counterparty is a customer. In addition, Topic 808 precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The Company adopted this guidance as of January 1, 2020 with no impact upon adoption.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in ASC 740 and also clarifies and amends existing guidance to improve consistent application. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In August 2020, the FASB issued ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and it also simplifies the diluted earnings per share calculation in certain areas. The ASU is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2021 and adoption must be as of the beginning of the Company's annual fiscal year. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

4. Fair Value Measurement

The Company's financial assets and liabilities subject to fair value measurements on a recurring basis and the level of inputs used for such measurements were as follows (amounts in thousands):

	Fair Value Measured as of September 30, 2020 Using			Total
	Level 1	Level 2	Level 3	
Assets included in:				
Money market fund	\$ 4,700	\$ —	\$ —	\$ 4,700
Marketable securities	—	69,469	—	69,469
Total fair value	\$ 4,700	\$ 69,469	\$ —	\$ 74,169
Liabilities included in:				
Convertible preferred stock warrant liabilities	\$ —	\$ —	\$ 10,807	\$ 10,807
Convertible preferred stock tranche liabilities	—	—	347,120	347,120
Total fair value	\$ —	\$ —	\$ 357,927	\$ 357,927

	Fair Value Measured as of December 31, 2019 Using			Total
	Level 1	Level 2	Level 3	
Assets included in:				
Money market fund	\$ 5,163	\$ —	\$ —	\$ 5,163
Marketable securities	—	120,599	—	120,599
Total fair value	\$ 5,163	\$ 120,599	\$ —	\$ 125,762
Liabilities included in:				
Convertible preferred stock warrant liabilities	\$ —	\$ —	\$ 1,860	\$ 1,860
Total fair value	\$ —	\$ —	\$ 1,860	\$ 1,860

Marketable Securities

The following table summarizes, by major security type, the Company's assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. Amortized cost net of unrealized gain is equal to fair value as of September 30, 2020 and December 31, 2019. The fair value as of September 30, 2020 and December 31, 2019, are as follows (amounts in thousands).

	September 30, 2020			Fair Value
	Amortized Cost	Unrealized Gain	Unrealized Loss	
Level 1 securities				
Money market fund	\$ 4,700	\$ —	\$ —	\$ 4,700
Level 2 securities				
US government securities	69,430	40	(1)	69,469
Total	\$ 74,130	\$ 40	\$ (1)	\$ 74,169

	December 31, 2019			Fair Value
	Amortized Cost	Unrealized Gain	Unrealized Loss	
Level 1 securities				
Money market fund	\$ 5,163	\$ —	\$ —	\$ 5,163
Level 2 securities				
Repurchase agreement	13,500	—	—	13,500
US government securities	107,009	93	(3)	107,099
Total Level 2 securities	120,509	93	(3)	120,599
Total	\$ 125,672	\$ 93	\$ (3)	\$ 125,762

Any realized gains and losses and interest income are included in interest income.

We regularly review our available-for-sale marketable securities in an unrealized loss position and evaluate the current expected credit loss by considering factors such as historical experience, market data, issuer-specific factors, and current economic conditions. As of September 30, 2020, no expected credit losses were recorded as there was no individual security in an unrealized loss position.

The estimated amortized cost and fair value of marketable securities by contractual maturity as of September 30, 2020 is as follows (amounts in thousands):

	Amortized Cost	Fair Value
Due within one year	\$ 74,130	\$ 74,169
Due after one year and through five years	-	-
Total short-term investments	\$ 74,130	\$ 74,169

As of September 30, 2020 and December 31, 2019, the carrying values of cash and cash equivalents, accounts payable and accrued liabilities approximate their respective fair values due to their short-term nature.

Warrants

In 2011 through 2013, in connection with an equipment and loan security agreement with TriplePoint Capital, the Company issued warrants to purchase 124,586 shares of Series A convertible preferred stock at \$2.20131 per share ("the TPC1 warrants"). The TPC1 warrants expire at the later of 7 years from effective date or five years after an initial public offering or acquisition. The Company recorded the fair value of the warrants upon issuance as debt issuance cost and amortized the amount over the term of the agreement to interest expense in the statement of operations and comprehensive loss.

In January 2015, the Company entered into another equipment loan and security agreement with TriplePoint Capital. In connection with the borrowing of funds per the agreement, the Company issued warrants to purchase 129,718 shares of Series C convertible preferred stock at \$10.40717 per share ("TPC2 warrants"). The TPC2 warrants expire at the later of 2022 or five years after an initial public offering or acquisition. The Company recorded the fair value of the warrants upon issuance as debt issuance cost and amortized the amount over the term of the agreement to interest expense in the statement of operations and comprehensive loss.

As the underlying convertible preferred shares of the outstanding TPC warrants are redeemable outside the control of the Company, the fair value of the TPC warrants are reported on the Company's balance sheets as a long-term liability as of September 30, 2020 and December 31, 2019, in the amount noted in the table below.

The Company re-measured the fair value of the outstanding TPC1 and TPC2 warrants at September 30, 2020 with the difference recorded in interest expense using an Option Pricing Model (OPM). The TPC1 warrants were re-measured at September 30, 2020, using the Option Pricing Model (OPM) with the following assumptions: option term of 5 years, volatility of 76.6 %, risk-free interest rate of 0.28% and no expected dividends. The TPC2 warrants were re-measured at September 30, 2020, using the OPM with the following assumptions: option term of 5 years, volatility of 62.7%, risk-free interest rate of 0.28% and no expected dividends. The Company calculated the current estimated fair value of preferred Series A and preferred Series C stocks by the probability weighting of the closing of the business combination with Kensington. The probability weighting is considered a significant unobservable input (Level 3), as well as the discounting factor. The Company assumed a 75% probability of the transaction closing at September 30, 2020. The fair value of the SPAC business combination of \$57.93 was calculated based on the traded stock price of Kensington at September 30, 2020 of \$16.75, adjusted for the conversion ratio in the SPAC business combination (4.0217), and adjusted for a discount for lack of marketability of 14%. This estimated value was then weighted with 25% of the values of preferred Series A and preferred Series C, estimated at \$16.06 and \$18.57, respectively, derived from the OPM as of September 30, 2020. The probability of the business combination not occurring of 25% takes into consideration several uncertainties, including Board and shareholder approval of the proposed merger transaction with KCAC, closing of the PIPE, and obtaining SEC approval of the proposed merger as of September 30, 2020.

There was no re-measurement as of September 30, 2019 for the TPC1 and TPC2 warrants as there were no changes to the underlying assumptions. The 5 years term was derived based on the Company's estimation of the timing of the exercise of the warrants.

The TPC1 and TPC2 warrants are classified as Level 3 in the fair value hierarchy. The following table presents the reconciliation of the Company's liabilities measured and recorded at fair value on a recurring basis using the significant observable inputs (Level 3) outlined above (amounts in thousands):

	TPC1 Warrants	TPC2 Warrants	Total Liability
Balance at December 31, 2018	\$ 984	\$ 782	\$ 1,766
Re-measurement loss included in interest expense	-	-	-
Balance at September 30, 2019	\$ 984	\$ 782	\$ 1,766

	TPC1 Warrants	TPC2 Warrants	Total Liability
Balance at December 31, 2019	\$ 1,036	\$ 824	\$ 1,860
Re-measurement loss included in interest expense	4,630	4,317	8,947
Balance at September 30, 2020	\$ 5,666	\$ 5,141	\$10,807

Convertible Preferred Stock Tranche Liabilities

In May 2020, the Company executed a stock purchase agreement and other related agreements with VGA for the investment of \$200 million in the Company's Series F convertible preferred stock. The transaction will be funded in two tranches with the first tranche to occur on December 1, 2020 and the second tranche contingent on the occurrence of two milestones.

The stock purchase agreement with VGA obligates the Company to issue and sell, and VGA to purchase, up to a total of 7,569,508 shares of Series F convertible preferred stock (the "tranche shares") at \$26.4218 per share, on December 1, 2020 for half of the obligation (the time based portion of the agreement, "tranche shares 1") and upon the occurrence of two milestones for the remainder of the obligation ("tranche shares 2"). The Company concluded that the firm commitment to issue the tranche shares met the definition of a freestanding financial instrument. As the underlying convertible preferred shares of the outstanding tranche liabilities are redeemable outside the control of the Company, the fair value of the tranche liabilities is reported on the Company's balance sheets as a long-term liability as of September 30, 2020, and the fair value change is recorded in other expense in the consolidated statements of operations and comprehensive loss, as noted in the table below.

The Company estimated the fair value of the Series F tranche commitment liabilities to VGA at the initial issuance date as negligible as the transaction was negotiated at arm length and in good faith. The tranche liabilities were re-measured as of September 30, 2020, as discussed below.

In August 2020, the Company executed multiple stock purchase agreements (tranche shares 3 and 4) with new and existing investors for the investment of \$188.0 million in the Company's Series F convertible preferred stock of which \$94.0 million will be funded at the earlier of December 1, 2020 or the SPAC business combination's ("tranche shares 3"). The remaining \$94.0 million tranche ("tranche shares 4") will be funded at the earlier of the SPAC business combination's closing or March 2021. Similar to the tranche shares to VGA, the Company concluded that the firm commitment to issue the incremental tranche shares 3 and 4 met the definition of a freestanding financial instrument. As with the VGA tranche shares, the fair value of the tranche liabilities for tranches shares 3 and 4 is reported on the Company's balance sheets as a long-term liability as of September 30, 2020, and the fair value change is recorded in other expense in the consolidated statements of operations and comprehensive loss, as noted in the table below.

The Company determined, although there was the potential for the tranche liabilities for tranche shares 3 and 4 to have value at the execution of the stock purchase agreements, the liabilities were required to be remeasured as of September 30, 2020 and any change in fair value of the liability would be recorded as other expense during the same interim period. The Company remeasured all four tranche share liabilities as of September 30, 2020, giving consideration to the probability weighting of the closing of the SPAC business combination with Kensington. The probability weighting is considered a significant unobservable input (Level 3), as well as the discounting factor. The Company assumed a 75% probability of the transaction closing at September 30, 2020. The fair value of the SPAC business combination of \$57.93 was calculated based on the traded stock price of Kensington at September 30, 2020 of \$16.75, adjusted for the conversion ratio in the SPAC business combination (4.0217), and adjusted for a discount for lack of marketability of 14%. This was then adjusted for the estimated term of the tranche between 0.17 years and 0.50 years. The probability of the SPAC business combination not occurring of 25% utilized the Series F exercise price of \$26.42.

The Series F tranche liabilities are classified as Level 3 in the fair value hierarchy. The following table presents the reconciliation of the Company's liabilities measured and recorded at fair value on a recurring basis using the significant unobservable inputs described above (amounts in thousands):

	<u>Fair Value</u>
Balance at December 31, 2019	\$ -
Issuance and remeasurement loss recorded in other expense	(347,120)
Balance at September 30, 2020	<u>\$(347,120)</u>

5. Property and Equipment

Property and equipment as of September 30, 2020 and December 31, 2019, consisted of the following (amounts in thousands):

	<u>September 30, 2020</u>	<u>December 31, 2019</u>
Computers and hardware	\$ 706	\$ 598
Furniture and fixtures	10,031	4,755
Lab equipment	31,371	25,919
Leasehold improvements	13,427	12,005
Construction-in-progress	10,720	8,610
	66,255	51,887
Accumulated depreciation and amortization	(31,601)	(26,395)
Property and equipment, net	<u>\$ 34,654</u>	<u>\$ 25,492</u>

Depreciation and amortization expense related to property and equipment was \$5.2 million and \$4.2 million for the nine months ended September 30, 2020 and 2019, respectively.

6. Leases

The Company currently leases its headquarters under a single lease classified as an operating lease expiring in January 2023. Fixed rent escalates each year, but the Company is responsible for a portion of the landlord's operating expenses such as property tax, insurance and common area maintenance which are considered variable costs. Under the lease, the Company has one 60-month renewal option, which has been included in the calculation of lease liabilities and right of use assets at the adoption date as the exercise of the option was reasonably certain. As the renewal rent has not been negotiated, the Company uses an estimated rent rate which approximates the fair market rent at adoption for the extension period. This lease does not have any contingent rent payments and does not contain residual value guarantees.

The Company does not have any leases classified as financing leases.

The components of lease related expense are as follows (amounts in thousands):

	Nine Months Ended September 30,	
	2020	2019
Operating leases		
Operating lease cost	\$1,607	\$1,607
Variable lease cost	305	318
Operating lease expense	<u>1,912</u>	<u>1,925</u>

The components of supplemental cash flow information related to leases are as follows (amounts in thousands):

	Nine Months Ended September 30,	
	2020	2019
Operating cash flows - operating leases	\$1,494	\$ 1,451
Right-of-use assets obtained in exchange for operating lease liabilities	\$ —	\$14,100

As of September 30, 2020, future minimum payments during the next five years and thereafter are as follows (amounts in thousands):

	Operating Leases
Six Months Ended December 31, 2020	\$ 499
Year Ended December 31, 2021	2,053
Year Ended December 31, 2022	2,115
Year Ended December 31, 2023	2,301
Year Ended December 31, 2024	2,318
Thereafter	7,146
Total	<u>16,432</u>
Less present value discount	(3,690)
Operating lease liabilities	<u>\$ 12,742</u>

7. Commitments and Contingencies

The Company is currently not aware of any investigations, claims, or lawsuits that it believes could have a material adverse effect on the financial position or on the results of operations.

8. Redeemable Convertible Preferred Stock

The Company's certificate of incorporation, as amended and restated as of May 14, 2020 authorizes the issuance of 63,329,998 shares of \$0.0001 par value convertible preferred stock. The following table summarizes the convertible preferred stock outstanding as of September 30, 2020, and the rights and preferences of the respective series:

	Shares	
	Authorized	Issued
Series A	12,316,831	12,192,245
Series B	12,381,008	12,381,008
Series B-1	4,076,037	4,076,037
Series C	11,388,090	11,258,372
Series D	2,983,189	2,983,189
Series E	5,500,000	5,500,000
Series F	14,684,843	—
	<u>63,329,998</u>	<u>48,390,851</u>

	Series F Tranche Commitment Liability
Estimated fair value at June 30, 2020	\$ —
Change in fair value	347,120
Estimated fair value at September 30, 2020	<u>\$ 347,120</u>

	As of September 30, 2020
Estimated future value of Series F redeemable convertible preferred stock	\$ 50.05
Discount rate	0.09%
Time to liquidity (years)	0.15

In March 2016, the Board of Directors and stockholders approved the issuance of additional 2,983,189 shares of Series D convertible preferred stock at a price of \$20.1127 per share and 2,485,990 shares were sold for net proceeds of \$49.7 million to two new strategic investors. In March 2017, the Company sold 497,199 shares of Series D convertible preferred stock to an existing strategic investor for net proceeds of \$10.0 million.

The Company determined that Series D convertible preferred stock share purchase agreements with the two new investors executed in 2016 contained strategic terms. Both companies had strategic interest in the Company's technology and have negotiated specific strategic terms expected to benefit these new investors, over and above the value that would be expected to be realized from the equity investment itself. Thus, the sale of the Series D convertible preferred stock to these two new investors reflected a higher price ("strategic premium") than what a market participant who did not receive these strategic benefits would be willing to pay. The Company allocated the net proceeds of \$49.7 million from these two investors between the Series D convertible preferred stock and the strategic premium. Based on the Company's valuation of the Series D convertible preferred stock, the Company calculated the strategic premium to be approximately \$6.2 million which it recorded as a deferred liability on the balance sheet.

The sales of Series D convertible preferred stock in March 2017 to an existing investor was also determined to have included strategic terms as the investor is expected to benefit over and above the value to be realized from the equity investment itself. The Company allocated approximately \$1.7 million of the proceeds as a strategic premium and recorded it as a deferred liability on the balance sheet.

The strategic premium is considered akin to payment for research and development efforts as the strategic premium will be used to pay for incremental cost associated with the Company's battery cell development. The Company has an accounting policy to record research and development effort payments as contra research and development. Therefore, the Company records the benefits (amortization of the strategic premium) over the estimated period of the development agreements with the investors which was originally estimated to be three years at March 2016 and two years at March 2017.

Subsequent to the Series D issuance, in 2018, 2019 and in the nine months ended September 30, 2020, the Company re-assessed the estimated period of the development agreements as part of its annual forecast process and determined that the period should be extended. The updated period of the estimated period of the development agreements was utilized to amortize the remaining strategic premium during those periods. For the nine months ended September 30, 2020 and September 30, 2019, the Company recorded amortization of \$0.5 million and \$0.7 million, respectively, as a reduction to research and development expenses.

In May and July 2020, the Board of Directors and stockholders approved the sale of up to 14,684,843 shares of Series F convertible preferred stock at the price of \$26.4218 per share for gross proceeds of approximately \$388.0 million to VGA and other new and existing investors. The proceeds are expected to be received in November 2020, December 2020 and Q1 2021.

Dividends

The holders of shares of Series A, Series B, Series B-1, Series C, Series D, Series E and Series F convertible preferred stock are entitled to receive non-cumulative dividends, out of any assets legally available for such purpose, prior and in preference to any declaration or payment of any dividend on the common stock, when, as, and if, declared by the Board of Directors in the amount equal to at least \$0.1761408, \$0.402, \$0.4965296, \$0.8325736, \$1.6090, \$1.787 and \$2.1137 per share, respectively on each outstanding share of preferred stock. No distributions shall be made with respect to the common stock unless declared dividends on the preferred stock have been paid or set aside.

Conversion

Each share of Series A, Series B, and Series B-1 convertible preferred stock is convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into such number of fully paid and non-assessable shares of Class B common stock as is determined by dividing the applicable original issue price by the conversion price applicable to such share in effect on the date of conversion (Series A at \$2.20131 as of September 30, 2020 and December 31, 2019; Series B at \$5.01900 as of September 30, 2020 and December 31, 2019; and Series B-1 at \$6.20662 as of September 30, 2020 and December 31, 2019).

Each share of Series C, Series D, Series E, and Series F convertible preferred stock is convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into such number of fully paid and non-assessable shares of Class A common stock as is determined by dividing the applicable original issue price by the conversion price applicable to such share in effect on the date of conversion (Series C at \$10.40717 as of September 30, 2020 and December 31, 2019, Series D at \$20.1127 as of September 30, 2020 and December 31, 2019, and Series E at \$22.3437 as of September 30, 2020 and December 31, 2019).

The conversion price of each series of preferred stock may be subject to adjustment from time to time under certain circumstances. The preferred stock issued to date was sold at a price of \$2.20131, \$5.01900, \$6.20662, \$10.40717, \$20.1127 and \$22.3437 per share for Series A, Series B, Series B-1, Series C, Series D and Series E convertible preferred stock, respectively, which exceeded the fair value of the common stock. Accordingly, there was no intrinsic value associated with the issuance of the preferred stock through September 30, 2020, and there were no other separate instruments issued with the preferred stock that required further evaluation of a beneficial conversion option. Each share of convertible preferred stock shall automatically be converted into fully paid, non-assessable shares of common stock immediately upon the earlier of: (i) the sale by the Company of its common stock in a firm commitment, underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended (the Securities Act), the public offering price of which results in the aggregate cash proceeds to the Company of not less than \$50,000,000 (net of underwriting discounts and commissions); or (ii) upon the receipt by the Company of a written request for such conversion from the holders of a majority of the preferred stock then outstanding.

Liquidation Preferences

In the event the Company liquidates, dissolves, or winds up its business, either voluntarily or involuntarily, the holders of its Series A, Series B, Series B-1, Series C, Series D, Series E and Series F convertible preferred stock shall be entitled to receive, prior and in preference to any distribution of any of its assets to the holders of common stock, \$2.20131, \$5.019, \$6.20662, \$10.40717, \$20.1127, \$22.3437 and \$26.4218 per share, respectively, plus any declared but unpaid dividends. If the assets are insufficient to distribute this liquidation preference, then the entire assets of the Company shall be distributed on a pro rata basis to the convertible preferred stockholders.

If there are any remaining assets upon the completion of the liquidating distribution to the Series A, Series B, Series B-1, Series C, Series D, Series E and Series F convertible preferred stockholders, the holders of the Company's common stock will receive all of its remaining assets on a pro rata basis.

The merger or consolidation of the Company into another entity in which the Company's stockholders own less than 50% of the voting stock of the surviving company, or the sale, transfer, or lease of substantially all the Company's assets, shall be deemed a liquidation, dissolution, or winding up of the Company. However, the treatment of a liquidation, dissolution, or winding up may be waived by consent or vote of a majority of the outstanding preferred stockholders (voting as one class on an as-converted basis). The underlying Series A, Series B, Series B-1, Series C, Series D, Series E and Series F convertible preferred shares are considered redeemable outside of the Company's control (i.e., the Series A, Series B, Series B-1, and Series C convertible stockholders control a majority of the Board of Directors, and a majority vote of Series A convertible stockholders can cause a liquidation).

Voting Rights

Each holder of convertible preferred stock Series A, Series B, and Series B-1 will convert into Class B common stock. Each holder of Series C, Series D, Series E and Series F convertible preferred stock will convert into Class A common stock. Each holder of Class B common stock shall be entitled to ten (10) votes per share of Class B common stock held by such holder as of the applicable record date. Each holder of Class A common stock shall be entitled to one (1) vote for each share of Class A common stock held by such holder as of the applicable record date. Except as otherwise expressly provided or by applicable law, the holders of Class A common stock and the holders of Class B common stock shall at all times vote together as one class on all matters submitted to a vote or for the written consent of the stockholders of the corporation.

Convertible Preferred Stock Tranche Liabilities

As noted in Note 4, "Fair Value Measurements", the Company executed a stock purchase agreement and other related agreements with VGA for the investment of \$200 million in the Company's Series F convertible preferred stock. The transaction will be funded in two tranches with the first tranche to occur on December 1, 2020 and second tranche contingent on the occurrence of two milestones. In August 2020, the Company executed multiple stock purchase agreements with new and existing investors for the investment of \$188.0 million in the Company's Series F convertible preferred stock of which \$94.0 million will be funded at the earlier of December 1, 2020 or the SPAC business combination closing. The remaining \$94.0 million tranche will be funded at the earlier of the SPAC business combination closing or March 2021. No Series F convertible preferred shares were outstanding as of September 30, 2020. See discussion in Note 4, "Fair Value Measurements", for further discussion of the Company's further consideration of this financing.

9. Stockholders' Equity

Common Stock

As of September 30, 2020, the Company is authorized to issue 95,684,843 shares of Class A common stock, and 47,000,000 shares of Class B common stock, each with a par value of \$0.0001 per share. As of September 30, 2020 and December 31, 2019, common stock outstanding consists of 10,697,052 and 10,651,152 shares of Class B common stock, respectively and 636,208 and 578,089 shares of Class A common stock, respectively.

2010 Equity Incentive Plan

Stock Options

Under the Company's 2010 Equity Incentive Plan (the Plan), the Company may grant options to purchase or directly issue shares of common stock to employees, directors, and non-employees.

Options may be granted at a price per share not less than 100% of the fair market value at the date of grant. If the option is granted to a 10% stockholder, then the purchase or exercise price per share shall not be less than 110% of the fair market value per share of the common stock on the grant date. Options granted generally vest over a period of four years and have ten-year contractual terms.

Stock option activity under the Plan is as follows:

	Number of Shares Available for Issuance ⁽¹⁾	Number of Shares Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)
Balance at December 31, 2019	2,031,367	13,789,308	\$ 5.32	6.32
Additional shares authorized	1,745,956	—		
Granted	(4,193,155)	961,530	20.42	
Cancelled and forfeited ⁽²⁾	415,832	(415,832)	4.05	
Exercised	—	(104,019)	3.07	
Balance at September 30, 2020	—	14,230,987	\$ 6.39	5.92
Vested and exercisable – September 30, 2020		10,348,278	\$ 5.32	

- (1) Includes option and restricted stock unit grants.
(2) All option grants approved after July 2013 are from the Class A option pool. Class B cancellation and forfeitures are converted from Class B to Class A upon return to the option pool.

There were 104,019 vested shares exercised during the nine months ended September 30, 2020 at the aggregate intrinsic value of \$1.9 million.

Options with a fair value of \$6.9 million and \$4.8 million vested in the nine months ended September 30, 2020 and 2019, respectively.

Additional information regarding options outstanding at September 30, 2020, is as follows:

Exercise Price per Share	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)
\$ 0.44	418,000	0.41
0.52	752,775	1.21
1.84	162,880	2.13
2.59	1,672,435	2.59
4.22	663,858	3.62
4.24	1,208,691	4.63
5.28	1,112,982	5.82
5.33	4,046,890	6.53
5.41	40,500	7.46
9.56	3,195,446	8.73
9.58	283,500	9.70
25.07	673,030	9.93
	14,230,987	5.92

	Number of RSU unvested	Weighted Average Remaining Contractual Life (Years)
	3,231,625	9.86

The following weighted average assumptions were used as inputs to the Black-Scholes OPM in determining the estimated grant-date fair value of the Company's stock options to employees:

	Nine Months Ended September 30,	
	2020	2019
Volatility	70.00%	70.00%
Risk-free interest rate	0.39%	1.93%
Expected term (in years)	6.08	6.02
Expected dividend	—	—
Weighted average fair value at grant date	10.75	6.04

Restricted Stock Units

	Number of Restricted Stock Units Outstanding	Weighted Average grant date fair value	Weighted Average Remaining Contractual Term (Years)
Balance at December 31, 2019	—	\$ —	
Granted	3,231,625	16.72	
Vested	—	—	
Forfeited	—	—	
Balance at September 30, 2020	3,231,625	\$ 16.72	9.86
Vested – September 30, 2020	—	\$ 16.72	

The restricted stock units were not vested in the nine months ended September 30, 2020. The amortization of the restricted stock unit expense for the nine months ended September 30, 2020 was \$2.4 million which represents the fair value of the RSUs amortized on a straight line over the vesting period.

As of September 30, 2020, unrecognized compensation costs related to RSUs granted under our equity incentive plans were \$51.8 million. We expect to recognize those costs over a weighted average period of 3.18 years.

As of September 30, 2020, the Company had employee and non-employee stock-based compensation of \$24.6 million related to unvested stock options not yet recognized that are expected to be recognized over an estimated weighted average period of 3.20 years.

Total stock-based compensation expense recognized in the accompanying statements of operations and comprehensive loss for all equity awards is as follows (amounts in thousands):

	Nine Months Ended September 30,	
	2020	2019
Research and development	\$ 5,542	\$ 2,790
General and administrative	3,711	2,027
Total stock-based compensation expense	\$ 9,253	\$ 4,817

10. Earnings (Loss) Per Share

Basic and diluted earnings per share were the same for each period presented as the inclusion of all potential Class A common stock and Class B common stock outstanding would have been anti-dilutive. Basic and diluted earnings per share are the same for each class

of common stock because they are entitled to the same liquidation and dividend rights. Since the Company has net loss, there are no dilutive equity awards. The following table sets forth the computation of basic and diluted loss per Class A common stock and Class B common stock (amounts in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Numerator:				
Net loss attributable to common stockholders	\$ (375,854)	\$ (13,494)	\$ (405,172)	\$ (36,995)
Denominator:				
Weighted average Class A and Class B common shares outstanding- Basic and Diluted	11,265,320	11,194,200	11,244,365	11,186,064
Net loss per share attributable to Class A and Class B Common stockholders- Basic and Diluted	\$ (33.36)	\$ (1.21)	\$ (36.03)	\$ (3.31)

The following table presents the potential common shares outstanding that were excluded from the computation of diluted net loss per share of common stock as of the periods presented because including them would have been antidilutive:

	Nine Months Ended September 30,	
	2020	2019
Series A convertible preferred stock	12,192,245	12,192,245
Series B convertible preferred stock	12,381,008	12,381,008
Series B-1 convertible preferred stock	4,076,037	4,076,037
Series C convertible preferred stock	11,258,372	11,258,372
Series D convertible preferred stock	2,983,189	2,983,189
Series E convertible preferred stock	5,500,000	5,500,000
Warrants to purchase Series A convertible preferred stock	124,586	124,586
Warrants to purchase Series C convertible preferred stock	129,718	129,718
Options outstanding	14,230,987	13,349,486
Restricted stock units	3,231,625	—
Total	62,876,142	61,994,641

11. Joint Venture and Non-controlling interest

The Company entered into a JVA with VGA and formed the JV entity. The Company determined the entity was a variable interest entity with a related party, and the Company's operations were more closely associated with the JV entity. As such, the Company consolidated the JV entity for financial reporting purposes, and a non-controlling interest was recorded for VGA's interest in the net assets and operations of QSV operations to the extent of the VGA investment. The Company's consolidated balance sheet includes \$3.4 million cash and cash equivalents and less than \$0.1 million of prepaid expenses of the JV entity at September 30, 2020 (\$3.4 million and less than \$0.1 million, respectively at December 31, 2019). Although the Company has consolidated the net assets of the JV entity, it has no right to the use of those assets for its standalone operations.

The following table sets forth the change in non-controlling interest for the six months ended September 30, 2020 (amounts in thousands):

	Non-controlling interest
Balance at December 31, 2019	\$ 1,710
Net loss attributable to non-controlling interest in consolidated JV	(6)
Balance at September 30, 2020	<u>\$ 1,704</u>

Fair Value Measurement

On May 14, 2020, the Company amended the JVA and other related agreements regarding the JV entity in connection with VGA's investment of \$200.0 million in the Company's Series F convertible preferred stock as described in Note 8. The Company determined the amendments represented a reconsideration event and determined that the JV entity is still a variable interest entity. As the significance and nature of the business of the JV entity continues to be more aligned with the core business of the Company and the Company continues to absorb a majority of the variability associated with the JV entity's anticipated economic performance, the Company continues to be the related party most closely associated with the JV entity.

12. Income Taxes

On March 27, 2020, the U.S. President signed into law the CARES Act, an economic stimulus package in response to the COVID-19 global pandemic. The CARES Act contains several corporate income tax provisions, including making remaining alternative minimum tax credits immediately refundable; providing a 5-year carryback of net operating loss carryforwards ("NOLs") generated in tax years 2018, 2019, and 2020, and removing the 80% taxable income limitation on utilization of those NOLs if carried back to prior tax years or utilized in tax years beginning before 2021; and temporarily liberalizing the interest deductibility rules under Section 163(j) of the Tax Cuts and Jobs Act, by raising the adjusted taxable income limitation from 30% to 50% for tax years 2019 and 2020 and giving taxpayers the election of using 2019 adjusted taxable income for purposes of computing 2020 interest deductibility. The Company is still evaluating the impact but does not currently expect the provisions of the CARES Act to have a material effect on the realizability of deferred income tax assets or tax expense. There is no material impact for the nine months ended September 30, 2020. As additional guidance is released, the Company will evaluate whether there would need to be a change in the period when such guidance is issued.

13. Related Parties Agreements

Joint Venture Agreement

In September 11, 2018, the Company entered into a Joint Venture Agreement with VWGoA and VGA as described in Note 2 and Note 11. In connection with this agreement, the parties also have entered into 2 operative agreements: (i) the Limited Liability Company Agreement of the JV entity to govern the respective rights and obligations as Members of the JV entity and (ii) the Common IP License Agreement for the Company to license certain intellectual property rights pertaining to automotive battery cells as defined in the JV Agreement to VWGoA, VGA and the JV Entity.

Other Related Parties

One of the members of the Board of Directors is also a consultant to the Company, providing expertise in the area of science and materials. This board member was paid \$0.1 million under a consulting agreement during the nine months ended September 30, 2020 and 2019.

14. Subsequent Events

The Company has evaluated subsequent events through December 2, 2020, the date the financial statements were available to be issued.

On November 10, 2020 Kensington filed Form S-4 amendment #4 Registration Statement which was declared effective by the Securities and Exchange Commission on November 12, 2020.

On November 25, 2020, the Company closed the Preferred Series F financing with 11 investors for approximately \$188.0 million before banker fees and expenses.

On November 25, 2020, Kensington (NYSE:KCACU), shareholders voted to approve the business combination with QuantumScape and other related matters on the proxy statements. After the merger, QuantumScape became the publicly traded company under the ticker symbol QS on the New York Stock Exchange.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Defined terms included below have the same meaning as terms defined and included elsewhere in the Current Report on Form 8-K (the "Form 8-K") filed with the Securities and Exchange Commission (the "SEC") on December 2, 2020. Unless the context otherwise requires, the "Company" refers to QuantumScape Corporation ("QuantumScape") (f/k/a Kensington Capital Acquisition Corp.) and its subsidiaries after the Closing, and Kensington Capital Acquisition Corp. ("Kensington") prior to the Closing.

The following unaudited pro forma condensed combined financial statements of QuantumScape present the combination of the financial information of Kensington and Legacy QuantumScape adjusted to give effect to the Business Combination and related transactions. The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 combines the historical balance sheet of Kensington and the historical balance sheet of Legacy QuantumScape on a pro forma basis as if the Business Combination and related transactions, summarized below, had been consummated on September 30, 2020. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and the year ended December 31, 2019 combine the historical statements of operations of Kensington and historical statements of operations of Legacy QuantumScape for such periods on a pro forma basis as if the Business Combination and related transactions, summarized below, had been consummated on January 1, 2019, the beginning of the earliest period presented:

- the Merger;
- the issuance and sale of 50,000,000 shares of Class A Common Stock for a purchase price of \$10.00 per share and an aggregate purchase price of \$500 million in the PIPE pursuant to the Subscription Agreements;
- the issuance and sale of 7,115,335 shares of Series F Preferred Stock concurrent with the Closing of the Business Combination pursuant to the Series F Preferred Stock Purchase Agreements and related agreements thereto entered into in August 2020 by Legacy QuantumScape and several investors; and
- the issuance and sale of 15,221,334 shares of Class A Common Stock on December 1, 2020. Refer to Note 3 of this unaudited pro forma condensed combined financial information for further discussion.

The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial statements to give pro forma effect to events that are: (i) directly attributable to the Business Combination; (ii) factually supportable; and (iii) with respect to the statements of operations, expected to have a continuing impact on the post-combination company's results following the completion of the Business Combination.

The unaudited pro forma condensed combined financial statements have been developed from and should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial statements;
- the historical unaudited financial statements of Kensington as of September 30, 2020 and for the period from April 17, 2020 (inception) through September 30, 2020 and the related notes, which is incorporated by reference;
- the historical audited financial statements of Legacy QuantumScape as of and for the year ended December 31, 2019 and the related notes, which is incorporated by reference;
- the historical unaudited financial statements of Legacy QuantumScape as of and for the nine months ended September 30, 2020 and the related notes, which is attached as an exhibit to this filing and incorporated by reference; and

- other information relating to Kensington and Legacy QuantumScape contained in the Proxy Statement, including the Business Combination Agreement and the description of certain terms thereof set forth in the section entitled “*The Business Combination.*”

Notwithstanding the legal form of the Business Combination pursuant to the Business Combination Agreement, the Business Combination is accounted for as a reverse recapitalization in accordance with GAAP. Under this method of accounting, Kensington is treated as the acquired company and QuantumScape is treated as the acquirer for financial statement reporting purposes. Legacy QuantumScape has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- Legacy QuantumScape’s existing stockholders have the greatest voting interest in the combined entity with over 95% of the voting interest;
- Legacy QuantumScape’s directors represent the majority of the combined company’s board of directors;
- Legacy QuantumScape’s senior management is the senior management of the combined company; and
- Legacy QuantumScape is the larger entity based on historical operating activity and has the larger employee base.

Pursuant to Kensington’s Existing Certificate of Incorporation, public stockholders were offered the opportunity to redeem, upon the closing of the Business Combination, shares of Kensington Common Stock then held by them for cash equal to their pro rata share of the aggregate amount on deposit (as of two business days prior to the Closing) in the Trust Account. The unaudited condensed combined pro forma financial statements reflect actual redemptions of 15,255 shares of Kensington Common Stock at \$10.00 per share.

Assumptions and estimates underlying the unaudited pro forma adjustments set forth in the unaudited pro forma condensed combined financial statements are described in the accompanying notes. The unaudited pro forma condensed combined financial statements have been presented for illustrative purposes only and are not necessarily indicative of the operating results and financial position that would have been achieved had the Business Combination occurred on the dates indicated. Further, the unaudited pro forma condensed combined financial statements do not purport to project the future operating results or financial position of the Company following the completion of the Business Combination. The unaudited pro forma adjustments represent management’s estimates based on information available as of the date of these unaudited pro forma condensed combined financial statements and are subject to change as additional information becomes available and analyses are performed.

**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2020
(in thousands)**

	As of September 30, 2020		Pro Forma Adjustments (Note 2)	Series F Preferred Stock Financing Adjustment (Note 3)	As of September 30, 2020 Pro Forma Combined
	KENSINGTON (Historical)	QUANTUMSCAPE (Historical)			
Assets					
Cash and cash equivalents	\$ 1,003	\$ 10,573	\$ 230,076	(a)	\$ 100,000
			(8,050)	(b)	
			(24,602)	(c)	
			482,500	(d)	
			(153)	(f)	
			176,470	(g)	
Marketable securities	—	69,469			69,469
Prepaid expenses and other current assets	286	1,746			2,032
Total current assets	1,289	81,788	856,241		1,039,318
Investments held in Trust Account	230,076	—	(230,076)	(a)	—
Property and equipment, net	—	34,654			34,654
Right-of-use lease asset	—	12,027			12,027
Other assets	—	6,597	(4,083)	(c)	2,514
Total assets	231,365	135,066	622,082		1,088,513
Liabilities					
Accounts payable	15	4,733	(993)	(c)	3,755
Accrued liabilities	1,156	2,682	(1,907)	(c)	1,931
Accrued compensation	—	1,417			1,417
Operating lease liability, short-term	—	1,184			1,184
Strategic premium, short-term	—	655			655
Franchise tax payable	91	—			91
Note payable—related party	75	—	(75)	(k)	—
Total current liabilities	1,337	10,671	(2,975)		9,033
Operating lease liability, long-term	—	11,558			11,558
Convertible preferred stock warrant liabilities	—	10,807			10,807
Strategic premium, long-term and other liabilities	—	164			164
Convertible preferred stock tranche liabilities		347,120	(168,180)	(g)	—
			(178,940)	(m)	
Deferred underwriting commissions	8,050	—	(8,050)	(b)	—
Total liabilities	9,387	380,320	(358,145)		31,562
Commitments and contingencies					
Class A common shares subject to possible redemption	216,977	—	(216,977)	(e)	—
Redeemable convertible preferred stock	—	405,575	344,650	(g)	—
			(750,225)	(i)	
Stockholders' equity (deficit)					
Preferred Stock	—	—			—
Class A common Stock	—	—	5	(d)	2
			2	(e)	
			—	(f)	
			11	(i)	
			1	(j)	
Class B common Stock	1	—	16	(i)	16
			(1)	(j)	
Common Stock	—	1	—	(h)	—
			(1)	(i)	
Additional paid in capital	6,525	52,650	(25,785)	(c)	99,998
			482,495	(d)	1,756,205
			216,975	(e)	
			(153)	(f)	
			(4,189)	(h)	
			750,199	(i)	
			75	(k)	
			(1,525)	(l)	
			178,940	(m)	
Treasury stock	—	(4,189)	4,189	(h)	—
Accumulated other comprehensive income	—	39			39
Accumulated deficit	(1,525)	(701,034)	1,525	(l)	(701,034)
Total stockholders' equity (deficit) to common shareholders	5,001	(652,533)	1,602,779		100,000
Non-controlling interest	—	1,704			1,704
Total stockholders' equity (deficit)	5,001	(650,829)	1,602,779		100,000
Total liabilities and stockholders' equity	\$ 231,365	\$ 135,066	\$ 622,082		\$ 1,088,513

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(in thousands, except share and per share data)

	For the period from April 17, 2020 (inception) through September 30, 2020 KENSINGTON (Historical)	Nine Months Ended September 30, 2020 QUANTUMSCAPE (Historical)	Pro Forma Adjustments	Nine Months Ended September 30, 2020 Pro Forma Combined
Operating expenses:				
Research and development	\$ —	\$ 42,373	\$ —	\$ 42,373
General and administrative	1,511	8,460	(80) (aa)	9,697
			906 (bb)	
			(1,100) (ff)	
Franchise tax expense	90	—	—	90
Total operating expenses	1,601	50,833	(274)	52,160
Loss from operations	(1,601)	(50,833)	274	(52,160)
Other income (expense)				
Net gain from investments held in Trust Account	76	—	(76) (cc)	—
Interest expense	—	(8,947)	—	(8,947)
Interest income	—	962	—	962
Other income	—	760	—	760
Other expense	—	(347,120)	168,180 (dd)	—
			178,940 (ee)	
Total other income (expense)	76	(354,345)	347,044	(7,225)
Net loss	(1,525)	(405,178)	347,318	(59,385)
Less: Net loss attributable to noncontrolling interest	—	(6)	—	(6)
Net loss attributable to common shareholders	\$ (1,525)	\$ (405,172)	\$ 347,318	\$ (59,379)
Basic and diluted weighted average shares outstanding—				
Class A and Class B				362,961,844
Basic and diluted net loss per share—Class A and Class B				
				\$ (0.16)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(in thousands, except share and per share data)

	Year Ended December 31, 2019		Pro Forma Adjustments		Year Ended December 31, 2019
	KENSINGTON (Historical)	QUANTUMSCAPE (Historical)			Pro Forma Combined
Operating expenses:					
Research and development	\$ —	\$ 45,944	\$ —		\$ 45,944
General and administrative	—	9,874	1,208	(bb)	11,082
Total operating expenses	—	55,818	1,208		57,026
Loss from operations	—	(55,818)	(1,208)		(57,026)
Other income (expense)					
Interest expense	—	(94)	—		(94)
Interest income	—	3,608	—		3,608
Other income	—	1,041	—		1,041
Total other income (expense)	—	4,555	—		4,555
Net loss	—	(51,263)	(1,208)		(52,471)
Less: Net loss attributable to noncontrolling interest	—	20	—		20
Net loss attributable to common shareholders	\$ —	\$ (51,283)	\$ (1,208)		\$ (52,491)
Basic and diluted weighted average shares outstanding—Class A and Class B					362,961,844
Basic and diluted net loss per share—Class A and Class B					\$ (0.14)

1. Basis of Presentation

The Business Combination is accounted for as a reverse recapitalization, with no goodwill or other intangible assets recorded, in accordance with GAAP. Under this method of accounting, Kensington is treated as the “acquired” company for financial reporting purposes. Accordingly, for accounting purposes, the Business Combination is treated as the equivalent of Legacy QuantumScape issuing stock for the net assets of Kensington, accompanied by a recapitalization. The net assets of Kensington will be stated at historical cost, with no goodwill or other intangible assets recorded.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 gives pro forma effect to the Business Combination as if it had been consummated on September 30, 2020. The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and year ended December 31, 2019 give pro forma effect to the Business Combination as if it had been consummated on January 1, 2019.

The unaudited pro forma condensed combined balance sheet as of September 30, 2020 has been prepared using, and should be read in conjunction with, the following:

- Kensington’s unaudited balance sheet as of September 30, 2020 and the related notes, which is incorporated by reference; and
- Legacy QuantumScape’s unaudited balance sheet as of September 30, 2020 and the related notes, which is attached as an exhibit to this filing and incorporated by reference.

The unaudited pro forma condensed combined statement of operations for the nine months ended September 30, 2020 has been prepared using, and should be read in conjunction with, the following:

- Kensington’s unaudited statement of operations for the period April 17, 2020 (inception) through September 30, 2020 and the related notes, which is incorporated by reference; and
- Legacy QuantumScape’s unaudited statement of operations for the nine months ended September 30, 2020 and the related notes, which is attached as an exhibit to this filing and incorporated by reference.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2019 has been prepared using, and should be read in conjunction with, the following:

- Legacy QuantumScape’s audited statement of operations for the year ended December 31, 2019 and the related notes, which is incorporated by reference.

Management has made significant estimates and assumptions in its determination of the pro forma adjustments. As the unaudited pro forma condensed combined financial information has been prepared based on these preliminary estimates, the final amounts recorded may differ materially from the information presented.

The unaudited pro forma condensed combined financial information does not give effect to any anticipated synergies, operating efficiencies, tax savings or cost savings that may be associated with the Business Combination. The pro forma adjustments reflecting the Closing are based on certain currently available information and certain assumptions and methodologies that management believes are reasonable under the circumstances. The unaudited condensed pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual adjustments will differ from the pro forma adjustments and it is possible the difference may be material. Management believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to management at the time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is not necessarily indicative of what the actual results of operations and financial position would have been had the Business Combination taken place on the dates indicated, nor are they indicative of the future consolidated results of operations or financial position of the post-combination company. They should be read in conjunction with the historical financial statements and notes thereto of Kensington and Legacy QuantumScape.

2. Adjustments to Unaudited Pro Forma Condensed Combined Financial Information

The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only. The historical financial statements have been adjusted in the unaudited pro forma condensed combined financial information to give pro forma effect to events that are (1) directly attributable to the Business Combination, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the results of the post-combination company. Kensington and Legacy QuantumScape have not had any historical relationship prior to the Business Combination. Accordingly, no pro forma adjustments were required to eliminate activities between the companies.

The pro forma combined provision for income taxes does not necessarily reflect the amounts that would have resulted had the post-combination company filed consolidated income tax returns during the periods presented.

Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet

The adjustments included in the unaudited pro forma condensed combined balance sheet as of September 30, 2020 are as follows:

- (a) Reflects the reclassification of investments held in the Trust Account that became available following the Business Combination.
- (b) Reflects the settlement of \$8.1 million in deferred underwriting commissions.
- (c) Represents estimated transaction costs, excluding PIPE issuance costs and deferred underwriting commissions, incurred by Kensington and Legacy QuantumScape of approximately \$26.9 million for legal, financial advisory and other professional fees incurred in consummating the Business Combination. Of this amount:
 - \$2.3 million was capitalized within Other assets and paid by Legacy QuantumScape as of September 30, 2020.
 - \$1.8 million was capitalized within Other assets and accrued within Accounts payable (\$1.0 million) and Accrued liabilities (\$0.8 million) by Legacy QuantumScape as of September 30, 2020.
 - \$1.1 million was accrued by Kensington in Accrued liabilities as of September 30, 2020 and recognized in expense during the period from April 17, 2020 (inception) through September 30, 2020.
 - \$24.6 million was reflected as a reduction of cash upon the Closing of the Business Combination, which represents the estimated transaction costs of \$26.9 million less the \$2.3 million previously paid by Legacy QuantumScape.
 - \$25.8 million was reflected as a decrease in additional paid-in capital, which represents the estimated transaction costs of \$26.9 million less the \$1.1 million previously recognized in expense by Kensington. The \$1.1 million previously recognized in expense by Kensington was reclassified to additional paid-in capital in Note 2(l) of this unaudited pro forma condensed combined financial information.
- (d) Reflects proceeds of \$500 million from the issuance and sale of 50,000,000 shares of Class A Common Stock at \$10.00 per shares in the PIPE pursuant to the Subscription Agreements, net of issuance costs of \$17.5 million.
- (e) Reflects the reclassification of \$217.0 million of Class A Common Stock subject to possible redemption to permanent equity.
- (f) Represents share redemptions of 15,255 shares of Class A Common Stock for \$0.2 million allocated to Class A common stock and additional paid-in capital using par value of \$0.0001 per share and at a purchase price of \$10.00 per share.
- (g) Reflects the issuance of 7,115,335 shares of Legacy QuantumScape Series F Preferred Stock at \$26.4218 per share for an aggregate purchase price of \$188 million concurrent with the Closing of the Business Combination, net of issuance costs of \$11.5 million, and the settlement of the associated convertible preferred stock tranche liability upon issuance of these shares of Series F Preferred Stock.
- (h) Represents the retirement of 438,191 shares of Legacy QuantumScape Capital Stock held in treasury.
- (i) Reflects the conversion of 55,506,186 shares of Legacy QuantumScape Preferred Stock, including 7,115,335 shares of Series F Preferred Stock as described in Note (g), and 11,381,569 shares of Legacy QuantumScape Common Stock into 110,734,478 shares of QuantumScape Class A Common Stock and 158,271,287 shares of QuantumScape Class B Common Stock.
- (j) Reflects the conversion of Class B Common Stock held by the Sponsor into Class A Common Stock.

- (k) Reflects the conversion of the loan made from the Sponsor to Kensington into 75,000 warrants on the same terms as the Private Warrants.
- (l) Reflects the elimination of Kensington's historical accumulated deficit.
- (m) Reflects the reclassification of the convertible preferred stock tranche liability associated with the Series F Preferred Stock Purchase Agreement with VGA, as amended, to additional paid-in capital. The commitment to issue shares of Class A Common Stock to VGA is expected to be equity classified upon consummation of the Business Combination. Refer to Note 3 of this unaudited pro forma condensed combined financial information of further discussion.

Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The pro forma adjustments included in the unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2020 and year ended December 31, 2019 are as follows:

- (aa) Represents pro forma adjustment to eliminate historical expenses related to Kensington's general administrative services paid to an affiliate of Kensington's Chief Financial Officer, which terminated upon the Closing of the Business Combination.
- (bb) Reflects the amortization of share-based awards granted in connection with the Business Combination. The estimated grant date fair value of \$6.0 million associated with the share-based awards was calculated using a Black-Scholes option pricing model and will be recognized over an estimated five-year service period.
- (cc) Represents pro forma adjustment to eliminate net gains from investments held in the Trust Account.
- (dd) Reflects the elimination of the remeasurement loss from the changes in fair value of the convertible preferred stock tranche liabilities associated with the Series F Preferred Stock issued to several investors upon consummation of the Business Combination. Legacy QuantumScape settled the liabilities with the issuance of the Series F Preferred Stock upon the consummation of the Business Combination.
- (ee) Reflects the elimination of the remeasurement loss from the changes in fair value of the convertible preferred stock tranche liabilities associated with the Series F Preferred Stock Purchase Agreement with VGA, as amended. The commitment to issue shares of Class A Common Stock to VGA is expected to be equity classified upon consummation of the Business Combination, and accordingly the liabilities will cease to exist following the Business Combination. Refer to Note 3 of this unaudited pro forma condensed combined financial information of further discussion.
- (ff) Reflects the elimination of non-recurring transaction costs incurred by Kensington in connection with the Business Combination.

3. Adjustment for Series F Preferred Stock Financing

In May 2020 and September 2020, Legacy QuantumScape and VGA entered into a Series F Preferred Stock Purchase Agreement and related agreements and amendments thereto, pursuant to which it agreed to sell, and VGA agreed to purchase, up to a total of 7,569,508 shares of Series F Preferred Stock at \$26.4218 per share for an aggregate purchase price of \$200 million. Pursuant to the terms of the Series F Preferred Stock Purchase Agreement with VGA, the Series F Preferred Stock issued to VGA will fund in two tranches: (1) 3,784,754 shares of Series F Preferred Stock will be issued for \$100 million on December 1, 2020, and (2) 3,784,754 shares of Series F Preferred Stock will be issued for \$100 million subject to certain conditions including the achievement of a specified technical milestone by March 31, 2021, as set forth in such agreements. The Series F Preferred Stock Purchase Agreement with VGA, as amended, contains provisions pursuant to which, if the relevant closing of such Series F Preferred Stock Purchase Agreement (in whole or in

part) occur only after effectiveness of the Merger, VGA agreed to purchase, and Kensington agreed to issue, instead of the relevant number of shares of Series F Preferred Stock to be purchased at such closing, such number of shares of Class A Common Stock as would have been issued in the Merger in exchange for such shares of Series F Preferred Stock if they had been outstanding prior to the Merger. As a result of these provisions to issue shares of Class A Common Stock, and upon consummation of the Business Combination, the convertible preferred stock tranche liability recognized by Legacy QuantumScope associated with the Series F Preferred Stock Purchase Agreements with VGA, as amended, is expected to be equity classified and accordingly, was reclassified to additional paid-in capital in Note 2(m) of this unaudited pro forma condensed combined financial information.

On December 1, 2020, QuantumScope issued 15,221,334 shares of Class A Common Stock to VGA for \$100 million. The Series F Preferred Stock Financing Adjustment reflects the pro forma adjustment for the issuance of these 15,221,334 shares of Class A Common Stock to VGA for \$100 million on December 1, 2020. The Series F Preferred Stock Financing Adjustment does not include the issuance of 15,221,334 shares of Class A Common Stock to VGA subject to the achievement of a specified technical milestone.

In August 2020, Legacy QuantumScope entered into Series F Preferred Stock Purchase Agreements and related agreements thereto with several investors, pursuant to which it agreed to sell, and the investors agreed to purchase, an aggregate of 7,115,335 shares of Series F Preferred Stock at \$26.4218 per share for an aggregate purchase price of \$188 million. Pursuant to the terms of these Series F Preferred Stock Purchase Agreements, funding occurred concurrent with the Closing of the Business Combination. Upon funding and issuance of the 7,115,335 shares of Series F Preferred Stock, the convertible preferred stock tranche liability associated with these shares was settled and the cash proceeds of \$188 million, net of issuance costs of \$11.5 million, and the fair value of the convertible preferred stock tranche liability was recorded as redeemable convertible preferred stock. The pro forma adjustment to reflect the issuance of the 7,115,335 shares of Series F Preferred Stock to these investors concurrent with the Closing of Business Combination, including the settlement of the associated convertible preferred stock tranche liability, is reflected in Note 2(g) of this unaudited pro forma condensed combined financial information.

4. Loss per Share

Represents the net loss per share calculated using the historical weighted average shares outstanding, and the issuance of additional shares in connection with the Business Combination, assuming the shares were outstanding since January 1, 2019. As the Business Combination is being reflected as if it had occurred at the beginning of the periods presented, the calculation of weighted average shares outstanding for basic and diluted net loss per share assumes that the shares issuable relating to the Business Combination have been outstanding for the entire periods presented. Basic and diluted earnings per share are the same for each class of common stock because they are entitled to the same liquidation and dividend rights.

	Nine Months Ended September 30, 2020	Year Ended December 31, 2019
Pro forma net loss attributable to common shareholders (in thousands)	\$ (59,379)	\$ (52,491)
Weighted average shares outstanding, basic and diluted - Class A and Class B	362,961,844	362,961,844
Net loss per share, basic and diluted - Class A and Class B (1)	\$ (0.16)	\$ (0.14)
Weighted average shares calculation, basis and diluted - Class A and Class B		
Kensington public stockholders - Class A	22,984,745	22,984,745
Holders of Kensington sponsor shares - Class A	5,750,000	5,750,000
PIPE Investors - Class A	50,000,000	50,000,000
Legacy Quantumscope stockholders - Class A (2)(3)	125,955,812	125,955,812
Legacy Quantumscope stockholders - Class B (3)	158,271,287	158,271,287
	<u>362,961,844</u>	<u>362,961,844</u>

- (1) For the purpose of calculating diluted loss per share, it was assumed that all outstanding Kensington Warrants sold in the IPO are exchanged for Kensington Class A Common Stock. However, since this results in anti-dilution, the effect of such exchange was not included in the calculation of diluted loss per share.
- (2) The pro forma basic and diluted shares of Class A Legacy QuantumScope stockholders include 110,734,478 shares issued in the Business Combination and 15,221,334 shares issued to VGA on December 1, 2020 pursuant to the Series F Preferred Stock Purchase Agreement and related agreements and amendments thereto between Legacy QuantumScope and VGA.
- (3) The pro forma basic and diluted shares of Legacy QuantumScope stockholders exclude the following as these are contingently issuable shares and would reduce diluted loss per share:
 - 55,349,737 unexercised stock options
 - 1,022,740 unexercised warrants
 - 12,978,621 shares issuable for restricted stock units
 - 15,221,334 shares issuable upon the completion of a specified technical milestone pursuant to the Series F Stock Purchase Agreement with VGA

**COMPARATIVE
SHARE INFORMATION**

The following table sets forth summary historical comparative share information for Kensington and Legacy QuantumScape and unaudited pro forma condensed combined per share information after giving effect to the Business Combination.

The pro forma book value information reflects the business combination as if it had occurred on September 30, 2020. The weighted average shares outstanding and net earnings per share information reflect the business combination as if it had occurred on January 1, 2019.

This information is only a summary and should be read in conjunction with the historical financial statements of Kensington and Legacy QuantumScape and related notes included elsewhere in this Form 8-K. The unaudited pro forma combined per share information of Kensington and Legacy QuantumScape is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and related notes included elsewhere in this Form 8-K.

The unaudited pro forma combined earnings (loss) per share information below does not purport to represent the earnings (loss) per share which would have occurred had the companies been combined during the periods presented, nor earnings per share for any future date or period. The unaudited pro forma combined book value per share information below does not purport to represent what the value of Kensington and Legacy QuantumScape would have been had the companies been combined during the periods presented.

	<u>Kensington (Historical)</u>	<u>QuantumScape (Historical)</u>	<u>Combined Pro Forma</u>
As of and for the Nine Months Ended September 30, 2020			
Book value per share (1)	\$ 0.80	(57.88)	2.91
Weighted average shares outstanding of Class A and Class B common stock—basic and diluted	6,248,452	11,244,365	362,961,844
Net income (loss) per share of Class A and Class B common stock—basic and diluted	\$ (0.24)	(36.03)	(0.16)
As of and for the Year Ended December 31, 2019			
Weighted average shares outstanding of Class A and Class B common stock—basic and diluted	N/A(2)	11,194,183	362,961,844
Net income (loss) per share of Class A and Class B common stock—basic and diluted	\$ N/A(2)	(4.58)	(0.14)

- (1) Book value per share = (Total equity excluding preferred shares)/shares outstanding. The components of book value per share calculation are as follow (in thousands except share and per share data):

	<u>Kensington (Historical)</u>	<u>QuantumScape (Historical)</u>	<u>Combined Pro Forma</u>
Total equity (excluding preferred shares)	5,001	(650,829)	1,056,951
Total shares outstanding - Class A and Class B	6,248,452	11,244,365	362,961,844

- (2) Not applicable as Kensington was incorporated on April 17, 2020.