Table of Contents

As filed with the Securities and Exchange Commission on August 24, 2011

Registration No. 333-174925

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

Amendment No. 2
to
FORM S-1
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

ENPHASE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	3674	20-4645388
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

201 1st Street, Suite 100
Petaluma, CA 94952
(707) 774-7000
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Paul B. Nahi
Chief Executive Officer
c/o Enphase Energy, Inc.
201 1st Street, Suite 100
Petaluma, CA 94952
(707) 774-7000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

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

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

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

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

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

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

Table of Contents

PROSPECTUS (Subject to Completion)
Issued August 24, 2011

Shares

COMMON STOCK

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

We have applied for the listing of our common stock on the NASDAQ Global Market under the symbol "ENPH."

Investing in our common stock involves substantial risks. See "Risk Factors" beginning on page 9.

PRICE $ A SHARE

	Price to Public	***Underwriting Discounts and Commissions***	***Proceeds to Enphase***
Per Share	*$*	*$*	*$*
Total	*$*	*$*	*$*

We have granted the underwriters the right to purchase up to an additional shares of common stock to cover over-allotments.

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

The underwriters expect to deliver the shares of common stock to purchasers on , 2011.

MORGAN STANLEY *BofA MERRILL LYNCH*

JEFFERIES

LAZARD CAPITAL MARKETS *THINKEQUITY LLC*

, 2011

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Table of Contents

TABLE OF CONTENTS

	Page		Page
Prospectus Summary	1	Compensation Discussion and Analysis	96
Risk Factors	9	Executive Compensation	105
Special Note Regarding Forward-Looking Statements and Industry Data	29	Certain Relationships and Related Party Transactions	123
Use of Proceeds	31	Principal Stockholders	130
Dividend Policy	32	Description of Capital Stock	133
Capitalization	33	Shares Eligible for Future Sale	138
Dilution	35	Material U.S. Federal Income and Estate Tax Consequences to Non-U.S. Holders	141
Selected Consolidated Financial Data	37	Underwriters	144
Management's Discussion and Analysis of Financial Condition and Results of Operations	39	Legal Matters	150
Business	63	Experts	150
Management	88	Where You Can Find More Information	150
		Index to Consolidated Financial Statements	F-1

Neither we nor the underwriters have authorized anyone to provide you with information other than that contained in this prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you.

We are offering to sell, and seeking offers to buy, common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

Until and including , 2011 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Unless the context indicates otherwise, we use the terms "Enphase Energy," "Enphase," "we," "us" and "our" in this prospectus to refer to Enphase Energy, Inc. and its subsidiaries.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes thereto and the information set forth under the sections "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case appearing elsewhere in this prospectus.

ENPHASE ENERGY, INC.

We deliver microinverter technology for the solar industry that increases energy production, simplifies design and installation, improves system uptime and reliability, reduces fire safety risk and provides a platform for intelligent energy management. To date, the solar industry has relied on the traditional central inverter approach that has largely remained unchanged for the past two decades. We have built from the ground up a semiconductor-based microinverter system that converts direct current (DC) electricity to alternating current (AC) electricity at the individual solar module level, and bring a system-based, high technology approach to solar energy generation leveraging our design expertise across power electronics, semiconductors, networking and embedded and web-based software technologies. We are the market leader in the microinverter category and have grown rapidly since our first commercial shipment in mid-2008, with more than 1,000,000 units shipped to date, representing over an estimated 30,000 solar installations. Given significant advantages over traditional central inverters, we believe that microinverter solutions will become the standard for residential and commercial solar.

Our microinverter systems have been installed in all 50 U.S. states and eight Canadian provinces. We sell our microinverter systems primarily to distributors who resell them to solar installers. Over 2,700 installers in North America have installed our microinverters through June 30, 2011, and this number is increasing by approximately 100 new installers per month. We also sell directly to large installers as well as through original equipment manufacturers, or OEMs, and strategic partners. A substantial majority of our revenue has been generated by sales within the United States. Sales to customers in Canada commenced in 2009 and accounted for approximately 13% of our total revenue in 2010. In early 2011, we established sales offices in France and Italy.

Market Opportunity

The global solar PV market witnessed rapid growth from 7 gigawatts (GW), or $38 billion, of installed capacity coming online during 2009 to 18 GW, or $78 billion, in 2010, and is expected to grow to 43 GW in 2015, representing a compounded annual growth rate of 20%, according to iSuppli Corporation. The solar PV market consists of two primary on-grid solar markets: distributed solar systems for residential and commercial buildings, and centralized large scale solar PV installations owned and operated by utilities.

Historically, traditional central inverters have been the only inverter technology used for solar PV installations. As compared to microinverter systems, we believe that traditional central inverters have a number of design and performance challenges limiting innovation and their ability to reduce cost of solar systems, including the following:

- *Productivity limits*. If solar modules are wired using a traditional central inverter—such that a group or "string" of modules are wired in series—an entire string's output is limited by the output of the lowest-performing module. Because of its string design, there is a single point of failure risk with the traditional central inverter approach.

- *Reliability issues*. Traditional central inverters are the single most common component of solar installations to fail, resulting in system downtime and adversely impacting total energy output. As a result, central inverters typically carry warranties of only 5 to 10 years.
- *Complex design and installation requirements*. The central inverter-based solar PV installation requires greater effort on the part of the installer, both in terms of design and on-site labor. Central inverter installations require string design and calculations for safe and reliable operation, as well as specialized equipment such as DC combiners, conduits and disconnects. In addition, the use of high-voltage DC requires specialized knowledge and training and safety precautions to install central inverter technology.
- *Lack of monitoring*. The majority of solar installations with central inverter technology offer limited monitoring capabilities. A failure of the central inverter will often go unnoticed for days or even weeks. If a module fails or is not performing to specification, the resulting loss of energy can go unnoticed for an extended period of time.
- *Safety issues*. Central inverter solar PV installations have a wide distribution of high-voltage (600 volts in the United States and 1,000 volts in Europe) DC wiring. If damaged, DC wires can generate sustained electrical arcs, reaching temperatures of more than 5,000 °F. This creates the risk of fire for solar PV installation owners and injury for installers and maintenance personnel.

These challenges of traditional central inverters have a direct impact on the cost and expected return on investment of solar installations to both installers and system owners:

- *Installer*. Solar PV installers aim for simple installation design, fast installation times and maximum system performance and predictability. The installation of high-voltage DC central inverter technology, however, requires significant preparation, precautionary safety measures, time-consuming string calculations, extensive design expertise and specialized installation equipment, training and knowledge. Together, these factors significantly increase complexity and cost of installation and limit overall productivity for the installer.
- *System owner*. Solar system owners aim for high energy production, low cost, high reliability and low maintenance requirements, as well as reduced fire risks. With traditional central inverters, owners often are unable to optimize the size or shape of their solar PV installations due to string design limitations. As such, they experience performance loss from shading and other obstructions, can face frequent system failures and lack the ability to effectively monitor the performance of their solar PV installation. In addition, central inverter installations operate at high-voltage DC which bears significant fire risks. Further, due to their large size, central inverter installations can affect architectural aesthetics of the house or commercial building.

Our Solution

Our microinverter solution brings a system-based, high technology approach to solar energy generation leveraging our design expertise across power electronics, semiconductors, networking, and embedded and web-based software technologies. Our microinverter system consists of three key components: our Enphase microinverter, Envoy communications gateway and Enlighten web-based software:

- Our industry leading Enphase microinverter delivers efficient and reliable power conversion at the individual solar module level by introducing a digital architecture that incorporates custom application specific integrated circuits, or ASICs, specialized power electronics devices and an embedded software subsystem that optimizes energy production from each module and manages the core ASIC functions. A residential solar installation consists of 5 to 50 microinverters; a small commercial solar installation consists of 50 to 500 microinverters.

- Our Envoy communications gateway is installed in the system owner's home or business and serves as a networking hub that collects data from the microinverter array and sends the information to our hosted data center. One Envoy is typically sold with each solar installation and can support up to 100 Enphase microinverters.
- Our Enlighten web-based software collects and analyzes this information to enable system owners to monitor and realize the highest performance of their solar PV system and also provides an online portal specifically designed for installers to enable them to track and manage all of their Enphase enabled projects and monitor and analyze the performance of their installed systems. Historically, Enlighten service revenue has represented less than 1% of total revenues in each reporting period.

Together, our Enphase microinverter, Envoy communications gateway and Enlighten web-based software function as a single unified system that enhances energy production, simplifies design and installation, reduces costs, increases system uptime and reliability, reduces fire safety risk and provides the ability to monitor performance at the individual module level in real-time. With an Enphase microinverter system, we believe solar system owners can achieve a higher return on investment over the lifetime of the solar system than would be achieved using a traditional central inverter approach.

Key elements of our solution include:

- *Productive—Superior Energy Production.* Our microinverter system enables the maximum possible energy production from each module, overcoming a fundamental design limitation of central inverters which are limited by the lowest performing module.
- *Reliable—Longer Life and No Single Point of Failure.* Reduction of component count, primarily through semiconductor integration in our microinverter, and the distributed architecture of our microinverter system, allow us to design a reliable system that can withstand harsh environmental conditions and offer system owners a 100% system uptime guarantee.
- *Simple—Ease of Design and Installation.* Using microinverter technology, an installer can design a system of any size and any roof configuration with a simple modular approach, with minimal impact to the aesthetics of a home or building.
- *Smart—Module-Level Monitoring and Analytics.* Our microinverter system allows us to collect energy production information in real-time on a per solar module basis, offering installers and system owners visibility into how their system is performing and the ability to continuously optimize energy production.
- *Safe—"All AC" Solution.* Important to both installers and system owners, microinverters are safer because they process low DC voltages relative to central inverters.

Competitive Strengths

We believe the following combination of capabilities and features of our business model distinguish us from our competitors and position us well to capitalize on the expected growth in the solar market and to become a global leader in the broader solar power industry:

- *Market Leader and Rapid Adoption.* We are the market leader in the microinverter product category, and believe that our proven ability to innovate quickly will continue to allow us to build on our leading market position.
- *System Approach.* By integrating the Enphase microinverter technology with Envoy, our proprietary communications gateway, and our Enlighten web-based software, we offer significant design and operating benefits beyond the core power conversion functionality.

- *Strong Focus on Technology and Research and Development.* Our proximity to Silicon Valley and the past experience of our founders and executive officers in the technology industry have enabled us to recruit engineers with strong skills in power electronics, semiconductors, powerline communications and networking, and software design, which we have complemented with significant solar industry expertise from other members of our team.
- *Field-Proven Reliability.* We have established industry leading reliability as represented by a mean time between failure, or MTBF, rate of approximately 0.3% per year. Product comparison data generated by Westinghouse Solar, based on a sample of 2009 and 2010 North American residential and small commercial installations, indicates a failure rate of 0.207% for microinverters and 9.43% for traditional central inverters.
- *Capital Efficient and Scalable Manufacturing.* We outsource all of our hardware manufacturing to manufacturing partners, including Flextronics, resulting in a low fixed-cost structure and reduced capital expenditure and working capital requirements.
- *Rapidly Expanding Distribution Channels.* Since we shipped our first microinverter system in 2008, the base of installers using our products has grown to over 2,700 installers in North America as of June 30, 2011, and this number is increasing at a rate of approximately 100 each month.
- *Intense Focus on Customer Service for Installers.* We believe we have cultivated an organizational focus on installer satisfaction that differentiates us from central inverter manufacturers, resulting in a high level of installer retention and "repeat" business.

Our Strategy

Our objective is to continue to be the leading provider of microinverter systems for the solar industry worldwide and to accelerate the shift from traditional central inverters to microinverter technology. Key elements of our strategy include:

- *Continue to Penetrate Our Core Markets.* We intend to capitalize on our technology leadership and growing momentum with installers and owners to further our market share position in our core markets in the United States and Canada.
- *Enter New Geographic Markets Rapidly.* We intend to expand into new markets with new products and local go-to-market capabilities, including France, Italy and the Benelux region.
- *Increase Power and Efficiency and Reduce Cost per Watt.* Our engineering team is focused on continuing to increase average power conversion efficiency above 96% and AC output power beyond 215 watts and further reducing cost per watt.
- *Expand Our Technology Leadership.* We distinguish ourselves from other inverter companies with our system-based and high-tech approach, and the ability to leverage strong research and development capabilities.
- *Extend Our Product Offering for Larger Commercial and Utility-Scale Installations.* We intend to expand our product offering by introducing new microinverter systems targeted at larger commercial and utility-scale installations.
- *Development of a Smart Energy Management Platform.* We intend to build upon our strong position as the leading supplier of microinverters and energy management systems to expand beyond solar and to create a smart energy management platform for integrated smart energy devices and services.

Challenges

Before you invest in our stock, you should carefully consider all the information in this prospectus, including matters set forth under the heading "Risk Factors." We believe that the following are some of the major risks and uncertainties that may affect us:

- *Operating Losses*. We have incurred net losses since our inception, we expect to incur net losses in 2011 and we may continue to incur additional net losses in future years as we continue to invest substantial resources to support the growth of our business.
- *Operating History*. We have only been in existence since 2006 and did not begin shipping our products in commercial quantities until mid-2008, and this limited operating history makes it difficult to evaluate our current business and future prospects.
- *Demand for Solar Energy Solutions*. Our future success depends on continued demand for solar energy solutions and the ability of solar equipment vendors to meet this demand. If the demand for solar energy solutions does not continue to grow or grows at a slower rate than we anticipate, our business will suffer.
- *Government Subsidies*. Reductions in, or eliminations or expirations of, governmental incentives could result in decreased demand for and lower revenue from solar PV systems, which would adversely affect sales of our products.
- *Market Acceptance*. If we fail to achieve broad market acceptance of our products, or fail to develop solutions to address larger commercial and utility scale markets, there would be an adverse impact on our ability to increase our revenue, gain market share and achieve and sustain profitability.
- *Gross Profit and Profitability*. Our gross profit has varied in the past and is likely to continue to vary significantly from period to period, and fluctuations in gross profit may adversely affect our ability to manage our business or achieve or maintain profitability.
- *Competition*. The inverter industry is highly competitive and we expect to face increased competition as new and existing companies introduce microinverter products which could negatively impact our results of operations and market share. SMA Solar Technology AG, Power-One Inc. and SunPower Corp., leading inverter vendors serving the residential and small commercial inverter markets, are expected to introduce microinverter products in 2012. In addition, several new entrants to the microinverter market have announced plans to ship or are already shipping products in 2011.
- *Initial Capital Investments*. Our microinverter system requires a higher upfront capital investment than our competition's central inverter products, and our potential customers may be unwilling to invest more capital upfront, which would negatively impact our growth and sales.

Corporate Information

We were incorporated as PVI Solutions, Inc. in March 2006 in the State of Delaware and changed our name to Enphase Energy, Inc. in July 2007. Our principal executive offices are located at 201 1st Street, Suite 100, Petaluma, CA 94952, USA, and our telephone number is (707) 774-7000. Our website address is *www.enphase.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus or in deciding whether to purchase shares of our common stock.

Our name is a registered trademark of Enphase Energy, Inc. This prospectus contains additional trade names and trademarks of ours and of other companies.

THE OFFERING

Common stock offered by us	shares
Over-allotment option	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We anticipate that we will use the net proceeds of this offering primarily for working capital for the growth of our business and other general corporate purposes. Pending the specific use of net proceeds as described in this prospectus, we intend to invest the net proceeds to us from this offering in short-term investment grade and U.S. government securities. See "Use of Proceeds."
Proposed NASDAQ symbol	"ENPH"

The number of shares of our common stock that will be outstanding immediately after this offering is based on 241,996,235 shares of common stock outstanding as of June 30, 2011, after giving effect to the conversion of our outstanding convertible preferred stock into 228,552,739 shares of common stock immediately prior to the completion of this offering, and excludes:

- 2,747,165 shares of common stock issuable upon exercise of outstanding warrants as of June 30, 2011, with a weighted-average exercise price of $0.66 per share;
- 53,885,595 shares of common stock issuable upon the exercise of outstanding stock options under our 2006 Equity Incentive Plan, as of June 30, 2011, with a weighted-average exercise price of $0.13 per share;
- 24,000,000 shares of common stock reserved for future issuance under our 2011 Equity Incentive Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in "Executive Compensation—Employee Benefit Plans";
- 6,080,000 shares of common stock reserved for future issuance under our 2011 Employee Stock Purchase Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in "Executive Compensation—Employee Benefit Plans"; and
- 12,809,311 shares of common stock issuable as of June 30, 2011, upon conversion of the outstanding principal amount of our junior secured convertible loan facility and paid-in-kind interest at a conversion price of $0.98 per share.

Unless otherwise indicated, all information in this prospectus assumes:

- the automatic conversion of all outstanding shares of our preferred stock into shares of our common stock effective immediately prior to the closing of this offering;
- the automatic conversion of outstanding warrants to purchase shares of our convertible preferred stock into warrants to purchase an aggregate number of 1,951,579 shares of common stock immediately prior to the completion of this offering;
- the amendment and restatement of our certificate of incorporation and the amendment and restatement of our bylaws immediately upon the completion of this offering; and
- no exercise by the underwriters of their right to purchase up to an additional shares of common stock from us.

None of the information contained in this prospectus has been adjusted to reflect a 1-for- reverse stock split that we intend to effect prior to the completion of this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table summarizes our consolidated financial data. We have derived the summary consolidated statements of operations data for 2008, 2009 and 2010 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statements of operations data for the six months ended June 30, 2010 and 2011 and the consolidated balance sheet data as of June 30, 2011 from our unaudited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of our results to be expected in any future period, and the results for the six months ended June 30, 2011 are not necessarily indicative of results to be expected for the full year or for any other period. The summary of our consolidated financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
	(in thousands, except per share data)				
Consolidated Statements of Operations Data:					
Net revenues	$ 1,668	$ 20,194	$ 61,661	$22,356	$ 48,082
Cost of revenues[1]	7,475	23,223	55,159	20,095	39,916
Gross profit (loss)	(5,807)	(3,029)	6,502	2,261	8,166
Operating expenses:					
Research and development[1]	5,354	8,411	14,296	5,896	11,488
Sales and marketing[1]	1,809	2,651	6,558	2,134	7,275
General and administrative[1]	1,727	2,603	6,365	2,486	7,139
Total operating expenses	8,890	13,665	27,219	10,516	25,902
Loss from operations	(14,697)	(16,694)	(20,717)	(8,255)	(17,736)
Other income (expense), net:					
Interest income	206	125	39	25	4
Interest expense	(9)	(356)	(914)	(357)	(740)
Other income (expense)	(1)	—	(185)	(63)	(394)
Total other income (expense), net	196	(231)	(1,060)	(395)	(1,130)
Net loss	$(14,501)	$(16,925)	$ (21,777)	$ (8,650)	$ (18,866)
Net loss attributable to common stockholders	$(14,501)	$(16,925)	$ (21,777)	$ (8,650)	$ (18,866)
Net loss per share attributable to common stockholders, basic and diluted[2]	$ (2.72)	$ (2.85)	$ (3.19)	$ (1.32)	$ (2.21)
Shares used in computing net loss per share attributable to common stockholders, basic and diluted[2]	5,333	5,932	6,829	6,546	8,546
Pro forma net loss per share attributable to common stockholders, basic and diluted[2]			$ (0.10)		$ (0.08)
Pro forma shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted[2]			216,536		237,099

	As of June 30, 2011		
	Actual	Pro Forma[3]	Pro Forma as Adjusted[4]
	(in thousands)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$35,568	$35,568	
Working capital	33,928	35,387	
Total assets	72,619	72,619	
Current and long-term debt	11,815	11,815	
Convertible notes	11,336	11,336	
Convertible preferred stock	93,596	—	
Common stock and additional paid-in capital	4,751	99,806	
Total stockholders' equity	22,973	24,432	

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
	(in thousands)				
Other Operating Data:					
Microinverter units shipped	11	126	414	148	327

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

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
Cost of revenues	$ 4	$ 17	$ 9	$ 3	$ 14
Research and development	27	62	286	56	313
Sales and marketing	7	36	256	38	301
General and administrative	170	65	278	50	228
Total stock-based compensation expense	$ 208	$ 180	$ 829	$ 147	$ 856

(2) See Note 13 of the notes to our consolidated financial statements for a description of how we compute basic and diluted net loss attributable to common stockholders, basic and diluted net loss per share attributable to common stockholders and pro forma basic and diluted net loss per share attributable to common stockholders.

(3) Reflects the conversion of all outstanding shares of preferred stock into 228,552,739 shares of common stock and the conversion of outstanding warrants to purchase 1,800,179 shares of preferred stock into warrants to purchase 1,951,579 shares of common stock upon the closing of this offering.

(4) Reflects the pro forma adjustments described in (3) above and the sale of shares of our common stock by us in this offering at an assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with the offering. A $1.00 increase or decrease in the assumed initial public offering price of $ per share of common stock would increase or decrease pro forma cash and cash equivalents by $ million, working capital by $ million, total assets by $ million, common stock and additional paid in capital by $ million and total stockholders' equity by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with the offering. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

RISK FACTORS

You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our common stock. Investing in our common stock involves a high degree of risk. If any of the following risks actually occurs, we may be unable to conduct our business as currently planned and our financial condition and results of operations could be seriously harmed. In addition, the trading price of our common stock could decline due to the occurrence of any of these risks, and you may lose all or part of your investment. See "Special Note Regarding Forward-Looking Statements and Industry Data" beginning on page 30.

Risks Related to Our Business

We have a history of losses which may continue in the future, and we cannot be certain that we will achieve or sustain profitability.

We have incurred net losses since our inception, we expect to incur net losses in 2011 and we may continue to incur additional net losses in future years as we continue to invest substantial resources to support the growth of our business. We incurred net losses of $14.5 million, $16.9 million, $21.8 million and $18.9 million in 2008, 2009, 2010 and the six months ended June 30, 2011, respectively. As of June 30, 2011, our accumulated deficit was $75.4 million. We expect to incur additional costs and expenses related to the continued development and expansion of our business, including in connection with hiring additional personnel, marketing and developing our products, expanding into new product markets and geographies, and maintaining and enhancing our research and development operations. In addition, revenue growth may slow or revenue may decline for a number of possible reasons, many of which are outside our control, including a decline in demand for our offerings, increased competition, a decrease in the growth of the solar industry or our market share, or our failure to continue to capitalize on growth opportunities. If we fail to generate sufficient revenue to support our operations, we may not be able to achieve or sustain profitability.

Our limited operating history makes it difficult to evaluate our current business and future prospects.

We have only been in existence since 2006 and did not begin shipping our products in commercial quantities until mid-2008. Much of our growth has occurred in recent periods. Our limited operating history makes it difficult to evaluate our current business and future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increased expenses as we continue to grow our business. If we do not manage these risks and overcome these difficulties successfully, our business will suffer.

Since we began commercial shipments of our products, our revenue, gross profit and results of operations have varied and are likely to continue to vary from quarter to quarter due to a number of factors, many of which are not within our control. It is difficult for us to accurately forecast our future revenue and gross profit and plan expenses accordingly and, therefore, it is difficult for us to predict our future results of operations.

Further, our efforts to achieve broader market acceptance for our microinverter systems and to expand beyond our existing markets may never succeed, which would adversely impact our ability to generate additional revenue or become profitable.

If demand for solar energy solutions does not continue to grow or grows at a slower rate than we anticipate, our business will suffer.

Our microinverter solution is utilized in solar PV installations, which provide on-site distributed power generation. As a result, our future success depends on continued demand for solar energy solutions and the ability of solar equipment vendors to meet this demand. The solar industry is an evolving industry that has experienced

substantial changes in recent years, and we cannot be certain that consumers and businesses will adopt solar PV systems as an alternative energy source at levels sufficient to grow our business. Traditional electricity distribution is based on the regulated industry model whereby businesses and consumers obtain their electricity from a government regulated utility. For alternative methods of distributed power to succeed, businesses and consumers must adopt new purchasing practices. The viability and continued growth in demand for solar energy solutions, and in turn, our products, may be impacted by many factors outside of our control, including:

- market acceptance of solar PV systems based on our product platform;
- cost competitiveness, reliability and performance of solar PV systems compared to conventional and non-solar renewable energy sources and products;
- availability and amount of government subsidies and incentives to support the development and deployment of solar energy solutions;
- the extent to which the electric power industry and broader energy industries are deregulated to permit broader adoption of solar electricity generation;
- the cost and availability of key raw materials and components used in the production of solar PV systems;
- prices of traditional carbon-based energy sources;
- levels of investment by end-users of solar energy products, which tend to decrease when economic growth slows; and
- the emergence, continuance or success of, or increased government support for, other alternative energy generation technologies and products.

If demand for solar energy solutions fails to develop sufficiently, demand for our customers' products as well as demand for our products will decrease, which would have an adverse impact on our ability to increase our revenue and grow our business.

Short-term demand and supply imbalances, especially for solar module technology, recently have caused prices for solar technology solutions to decline rapidly. Furthermore, competition has increased due to the emergence of Asian manufacturers along the entire solar value chain causing further price declines, excess inventory and oversupply. These market disruptions may continue to occur and may increase pressure to reduce prices, which could adversely affect our business and financial results.

The reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications could reduce demand for solar PV systems and harm our business.

The market for on-grid applications, where solar power is used to supplement a customer's electricity purchased from the utility network or sold to a utility under tariff, depends in large part on the availability and size of government and economic incentives that vary by geographic market. Because our customers' sales are typically into the on-grid market, the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity may negatively affect the competitiveness of solar electricity relative to conventional and non-solar renewable sources of electricity, and could harm or halt the growth of the solar electricity industry and our business.

The cost of solar power currently exceeds retail electricity rates, and we believe will continue to do so for the foreseeable future. As a result, federal, state and local government bodies in many countries, most notably Canada, France, Germany, Greece, Italy, Japan, Republic of China, Spain and the United States, have provided incentives in the form of feed-in tariffs, or FiTs, rebates, tax credits and other incentives to system owners, distributors, system integrators and manufacturers of solar PV systems to promote the use of solar electricity in on-grid applications and to reduce dependency on other forms of energy. Many of these government incentives

expire, phase out over time, terminate upon the exhaustion of the allocated funding, require renewal by the applicable authority or are being amended by governments due to changing market circumstances or changes to national or local energy policy.

To date we have generated all of our revenues from North America and expect to generate a substantial amount of revenues from North America in the future. There are a number of important incentives that are expected to phase-out or terminate in the future, which could adversely affect sales of our products. A substantial majority of our revenues come from the United States, which has both federal and state incentives. The Renewable Energy and Job Creation Act of 2008 provides a 30% federal tax credit for residential and commercial solar installations. This incentive is scheduled to expire on December 31, 2016.

California is the largest single solar market in the United States, based on SEIA data, and a significant portion of our revenues are generated in California. In 2007, the State of California launched its 10-year, $3 billion “Go Solar California” campaign, which encourages the installation of an aggregate of 3,000 MW of solar energy systems in homes and businesses by the end of 2016. The largest part of the campaign, the “California Solar Initiative,” provides performance-based incentives which decrease in intervals over time. The “Go Solar California” program is scheduled to expire on December 31, 2016.

We also sell our products in Ontario, Canada, and consider this an important market. The Ontario Power Authority Green Energy and Green Economy Act of 2009 created two separate FiT programs for projects greater than 10kW and for projects less than 10kW. These FiT programs provide participants with a fixed price for the electricity produced over a 20-year contract term. The Government of Ontario has the authority to change the FiTs for future contracts at its discretion.

Electric utility companies or generators of electricity from other non-solar renewable sources of electricity may successfully lobby for changes in the relevant legislation in their markets that are harmful to the solar industry. Reductions in, or eliminations or expirations of, governmental incentives could result in decreased demand for and lower revenue from solar PV systems, which would adversely affect sales of our products. In addition, our ability to successfully penetrate new geographic markets may depend on new countries adopting and maintaining incentives to promote solar electricity, to the extent such incentives are not currently in place.

Our microinverter systems may not achieve broad market acceptance, which would prevent us from increasing our revenue and market share.

If we fail to achieve broad market acceptance of our products, there would be an adverse impact on our ability to increase our revenue, gain market share and achieve and sustain profitability. Our ability to achieve broad market acceptance for our products will be impacted by a number of factors, including:

- our ability to timely introduce and complete new designs and timely qualify and certify our products;
- whether installers and system owners will continue to adopt our microinverter solution, which is a relatively new technology with a limited history with respect to reliability and performance;
- whether installers and system owners will be willing to purchase microinverter systems from us given our limited operating history;
- the ability of prospective system owners to obtain long-term financing for solar PV installations based on our product platform on acceptable terms or at all;
- our ability to produce microinverter systems that compete favorably against other solutions on the basis of price, quality, reliability and performance;
- our ability to develop products that comply with local standards and regulatory requirements, as well as potential in-country manufacturing requirements; and
- our ability to develop and maintain successful relationships with our customers and suppliers.

In addition, our ability to achieve increased market share will depend on our ability to increase sales to established solar installers, who have traditionally sold central inverters. These installers often have made substantial investments in design, installation resources and training in traditional central inverter systems, which may create challenges for us to achieve their adoption of our microinverter solution.

Our gross profit may fluctuate over time, which could impair our ability to achieve or maintain profitability.

Our gross profit has varied in the past and is likely to continue to vary significantly from period to period. Our gross profit may be adversely affected by numerous factors, some of which are beyond our control, including:

- changes in customer, geographic or product mix;
- increased price competition, including the impact of customer discounts and rebates;
- our ability to reduce and control product costs;
- loss of cost savings due to changes in component or raw material pricing or charges incurred due to inventory holding periods if product demand is not correctly anticipated;
- introduction of new products;
- price reductions on older generation products to sell remaining inventory;
- our ability to reduce production costs, such as through technology innovations, in order to offset price declines in older products over time;
- changes in shipment volume;
- changes in distribution channels;
- increased warranty costs and reserves;
- excess and obsolete inventory and inventory holding charges; and
- expediting costs incurred to meet customer delivery requirements.

Fluctuations in gross profit may adversely affect our ability to manage our business or achieve or maintain profitability.

The inverter industry is highly competitive and we expect to face increased competition as new and existing competitors introduce microinverter products, which could negatively impact our results of operations and market share.

To date, we have competed primarily against central inverter manufacturers and have faced almost no direct competition in selling our microinverter systems. Marketing and selling our microinverter solutions against traditional inverter solutions is highly competitive, and we expect competition to intensify as new and existing competitors enter the microinverter market. We believe that a number of companies have developed or are developing microinverters and other products that will compete directly with our microinverter systems. SMA Solar Technology AG, Power-One Inc. and SunPower Corp., leading inverter vendors serving the residential and small commercial inverter markets, are expected to introduce microinverter products in 2012. In addition, several new entrants to the microinverter market have announced plans to ship or are already shipping products in 2011.

Currently, competitors in the inverter market range from large companies such as SMA Solar Technology AG, Fronius International GmbH and Power-One Inc. to emerging companies offering alternative microinverter or other solar electronics products. Some of our competitors have announced plans to introduce microinverter products that could compete with our microinverter systems. Several of our existing and potential competitors are

significantly larger, have greater financial, marketing, distribution, customer support and other resources, are more established than we are, and have significantly better brand recognition. Some of our competitors have more resources to develop or acquire, and more experience in developing or acquiring, new products and technologies and in creating market awareness for these products and technologies. Further, certain competitors may be able to develop new products more quickly than us and may be able to develop products that are more reliable or which provide more functionality than ours. In addition, some of our competitors have the financial resources to offer competitive products at aggressive or below-market pricing levels, which could cause us to lose sales or market share or require us to lower prices for our microinverter systems in order to compete effectively. If we have to reduce our prices by more than we anticipated, or if we are unable to offset any future reductions in our average selling prices by increasing our sales volume, reducing our costs and expenses or introducing new products, our gross profit would suffer.

We also may face competition from some of our customers who evaluate our capabilities against the merits of manufacturing products internally. For instance, solar module manufacturers could attempt to develop components that directly perform DC to AC conversion in the module itself. Due to the fact that such customers may not seek to make a profit directly from the manufacture of these products, they may have the ability to manufacture competitive products at a lower cost than we would charge such customers. As a result, these customers may purchase fewer of our microinverter systems or sell products that compete with our microinverters systems, which would negatively impact our revenue and gross profit.

If we are unable to effectively manage our growth, our business and operating results may suffer.

We have recently experienced, and expect to continue to experience, significant growth in our sales and operations. Our historical growth has placed, and planned future growth is expected to continue to place, significant demands on our management, as well as our financial and operational resources, to:

- manage a larger organization;
- expand third-party manufacturing, testing and distribution capacity;
- build additional custom manufacturing test equipment;
- manage an increasing number of relationships with customers, suppliers and other third parties;
- increase our sales and marketing efforts;
- train and manage a growing employee base;
- broaden our customer support capabilities;
- implement new and upgrade existing operational and financial systems; and
- enhance our financial disclosure controls and procedures.

We cannot assure you that our current and planned operations, personnel, systems, internal procedures and controls will be adequate to support our future growth. If we cannot manage our growth effectively, we may be unable to take advantage of market opportunities, execute our business strategies or respond to competitive pressures, any of which could have a material adverse effect on our financial condition, results of operation, business or prospects.

Our planned expansion into new markets could subject us to additional business, financial and competitive risks.

We currently offer microinverter systems targeting the North American residential and commercial markets. However, we intend to introduce new microinverter systems targeted at larger commercial and utility-scale installations and to expand into international markets. Our success in these new product and geographic markets will depend on a number of factors, such as:

- timely qualification and certification of new products for larger commercial and utility-scale installations;
- acceptance of microinverters in markets in which they have not traditionally been used;

- our ability to compete in new product markets to which we are not accustomed;
- our ability to manage an increasing manufacturing capacity and production;
- willingness of our potential customers to incur a higher upfront capital investment than may be required for competing solutions;
- our ability to develop solutions to address the requirements of the larger commercial and utility-scale markets;
- our ability to reduce production costs in order to price our products competitively over time;
- accurate forecasting and effective management of inventory levels in line with anticipated product demand; and
- our customer service capabilities and responsiveness.

Further, new geographic markets and the larger commercial and utility-scale installation markets have different characteristics from the markets in which we currently sell products, and our success will depend on our ability to properly address these differences. These differences may include:

- differing regulatory requirements, including tax laws, trade laws, labor regulations, tariffs, export quotas, customs duties or other trade restrictions;
- limited or unfavorable intellectual property protection;
- risk of change in international political or economic conditions;
- restrictions on the repatriation of earnings;
- fluctuations in the value of foreign currencies and interest rates;
- difficulties and increased expenses in complying with a variety of U.S. and foreign laws, regulations and trade standards, including the Foreign Corrupt Practices Act;
- potentially longer sales cycles;
- higher volume requirements;
- increased customer concentrations;
- warranty expectations and product return policies; and
- cost, performance and compatibility requirements.

Failure to develop and introduce these new products successfully, to generate sufficient revenue from these products to offset associated research and development, marketing and manufacturing costs, or to otherwise effectively anticipate and manage the risks and challenges associated with our potential expansion into new product and geographic markets, could adversely affect our revenues and our ability to achieve or sustain profitability.

A drop in the retail price of electricity derived from the utility grid or from alternative energy sources may harm our business, financial condition and results of operations.

We believe that a system owner's decision to purchase a solar PV system is strongly influenced by the cost of electricity generated by solar PV installations relative to the retail price of electricity from the utility grid and the cost of other renewable energy sources, including electricity from solar PV installations using central inverters. Decreases in the retail prices of electricity from the utility grid would make it more difficult for all solar PV systems to compete. In particular, growth in unconventional natural gas production and an increase in global liquefied natural gas capacity are expected to keep natural gas prices relatively low for the foreseeable future. Persistent low natural gas prices, lower prices of electricity produced from other energy sources, such as nuclear power, or improvements to the utility infrastructure could reduce the retail price of electricity from the utility grid, making the purchase of solar PV systems less economically attractive and lowering sales of our microinverter systems. In addition, energy conservation technologies and public initiatives to reduce demand for electricity also could cause a fall in the retail price of electricity from the utility grid. Moreover, technological

developments by our competitors in the solar components industry, including manufacturers of central inverters, could allow these competitors or their partners to offer electricity at costs lower than those that can be achieved from solar PV installations based on our product platform, which could result in reduced demand for our products. If the cost of electricity generated by solar PV installations incorporating our microinverter systems is high relative to the cost of electricity from other sources, our business, financial condition and results of operations may be harmed.

Problems with product quality or product performance may cause us to incur warranty expenses and may damage our market reputation and cause our revenue to decline.

We have offered 15-year limited warranties for our first and second generation microinverters and offer a 25-year limited warranty on our third generation microinverters. Our limited warranties cover defects in materials and workmanship of our microinverters under normal use and service conditions for up to 25 years following installation. As a result, we bear the risk of warranty claims long after we have shipped product and recognized revenue. Our estimated costs of warranty for previously shipped products may change to the extent future products are not compatible with earlier generation products under warranty.

While we offer 15 or 25-year warranties, our microinverters have only been in use since mid-2008, when we first commenced commercial sales of our products. Although we conduct accelerated life cycle testing to measure performance and reliability, our microinverter systems have not been tested over the full warranty cycle and do not have a sufficient operating history to confirm how they will perform over their estimated useful life. In addition, under real-world operating conditions, which may vary by location and design, as well as insolation, soiling and weather conditions, a typical solar PV installation may perform in a different way than under standard test conditions. If our products perform below expectations or have unexpected reliability problems, we may be unable to gain or retain customers and could face substantial warranty expense. In addition, any widespread product failures may damage our market reputation and cause us to lose customers.

Because of the limited operating history of our products, we have been required to make assumptions and apply judgments, based on our accelerated life cycle testing, regarding a number of factors, including our anticipated rate of warranty claims and the durability and reliability of our products. Our assumptions could prove to be materially different from the actual performance of our products, causing us to incur substantial expense to repair or replace defective products in the future. An increase in our estimates of future warranty obligations due to product failure rates, shipment volumes, field service obligations and rework costs incurred in correcting product failures, could cause us to increase the amount of warranty reserves and have a corresponding negative impact on our results of operations.

If we do not forecast demand for our products accurately, we may experience product shortages, delays in product shipment, excess product inventory, or difficulties in planning expenses, which will adversely affect our business and financial condition.

We manufacture our products according to our estimates of customer demand. This process requires us to make multiple forecasts and assumptions relating to the demand of our distributors, their end customers and general market conditions. Because we sell most of our products to distributors, who in turn sell to their end customers, we have limited visibility as to end-customer demand. We depend significantly on our distributors to provide us visibility into their end customer demand, and we use these forecasts to make our own forecasts and planning decisions. If the information from our distributors turns out to be incorrect, then our own forecasts may also be inaccurate. Furthermore, we do not have long-term purchase commitments from our distributors or end customers, and our sales are generally made by purchase orders that may be cancelled, changed or deferred without notice to us or penalty. As a result, it is difficult to forecast future customer demand to plan our operations.

If we overestimate demand for our products, or if purchase orders are cancelled or shipments are delayed, we may have excess inventory that we cannot sell. Historically, provisions for write-downs of inventories have not been significant. In the future we may have to make significant provisions for inventory write-downs based

on events that are currently not known, and such provisions or any adjustments to such provisions could be material. Conversely, if we underestimate demand, we may not have sufficient inventory to meet end-customer demand, and we may lose market share, damage relationships with our distributors and end customers and forego potential revenue opportunities. Obtaining additional supply in the face of product shortages may be costly or impossible, particularly in the short term and in light of our outsourced manufacturing processes, which could prevent us from fulfilling orders in a timely and cost efficient manner or at all. In addition, if we overestimate our production requirements, our contract manufacturers may purchase excess components and build excess inventory. If our contract manufacturers, at our request, purchase excess components that are unique to our products and are unable to recoup the costs of such excess through resale or return or build excess products, we could be required to pay for these excess parts or products and recognize related inventory write-downs.

In addition, we plan our operating expenses, including research and development expenses, hiring needs and inventory investments, in part on our estimates of customer demand and future revenue. If customer demand or revenue for a particular period is lower than we expect, we may not be able to proportionately reduce our fixed operating expenses for that period, which would harm our operating results for that period.

We depend upon a small number of outside contract manufacturers. Our operations could be disrupted if we encounter problems with these contract manufacturers.

We do not have internal manufacturing capabilities, and rely upon a small number of contract manufacturers to build our products. In particular, we rely on contract manufacturers for the manufacture of microinverter products, cabling and our communications gateway related to our microinverter systems. Our reliance on a small number of contract manufacturers makes us vulnerable to possible capacity constraints and reduced control over component availability, delivery schedules, manufacturing yields and costs. We do not have long-term supply contracts with our other manufacturing partners. Consequently, these manufacturers are not obligated to supply products to us for any period, in any specified quantity or at any certain price.

The revenues that our contract manufacturers generate from our orders represent a relatively small percentage of their overall revenues. As a result, fulfilling our orders may not be considered a priority in the event of constrained ability to fulfill all of their customer obligations in a timely manner. In addition, the facilities in which our microinverters, related cabling and communications gateway products are manufactured are located outside of the United States. We believe that the location of these facilities outside of the United States increases supply risk, including the risk of supply interruptions or reductions in manufacturing quality or controls.

If any of our contract manufacturers were unable or unwilling to manufacture our products in required volumes and at high quality levels or renew existing terms under supply agreements, we would have to identify, qualify and select acceptable alternative contract manufacturers. An alternative contract manufacturer may not be available to us when needed or may not be in a position to satisfy our quality or production requirements on commercially reasonable terms, including price. Any significant interruption in manufacturing would require us to reduce our supply of products to our customers, which in turn would reduce our revenues, harm our relationships with our customers and damage our relationships with our distributors and end customers and cause us to forego potential revenue opportunities.

Manufacturing problems could result in delays in product shipments to customers and could adversely affect our revenue, competitive position and reputation.

We may experience delays, disruptions or quality control problems in our manufacturing operations. Our product development, manufacturing and testing processes are complex and require significant technological and production process expertise. Such processes involve a number of precise steps from design to production. Any change in our processes could cause one or more production errors, requiring a temporary suspension or delay in our production line until the errors can be researched, identified and properly addressed and rectified. This may occur particularly as we introduce new products, modify our engineering and production techniques, and/or

expand our capacity. In addition, our failure to maintain appropriate quality assurance processes could result in increased product failures, loss of customers, increased production costs and delays. Any of these developments could have a material adverse effect on our business, financial condition, and results of operations.

A disruption could also occur in our manufacturing partner's fabrication facility due to any number of reasons, such as equipment failure, contaminated materials or process deviations, which could adversely impact manufacturing yields or delay product shipments. As a result, we could incur additional costs that would adversely affect our gross profit, and product shipments to our customers could be delayed beyond the shipment schedules requested by our customers, which would negatively affect our revenue, competitive position and reputation.

Additionally, manufacturing yields depend on a number of factors, including the stability and manufacturability of the product design, manufacturing improvements gained over cumulative production volumes and the quality and consistency of component parts. Capacity constraints, raw materials shortages, logistics issues, labor shortages, changes in customer requirements, manufacturing facilities or processes, or those of some third-party contract manufacturers and suppliers of raw materials and components have historically caused, and may in the future cause, reduced manufacturing yields, negatively impacting the gross profit on, and our production capacity for, those products. Moreover, an increase in the rejection and rework rate of products during the quality control process before, during or after manufacture would result in our experiencing lower yields, gross profit and production capacity.

The risks of these types of manufacturing problems are further increased during the introduction of new product lines, which has from time to time caused, and may in the future cause, temporary suspension of production lines while problems are addressed or corrected. Since our business is substantially dependent on a limited number of product lines, any prolonged or substantial suspension of manufacturing production lines could result in a material adverse effect on our revenue, gross profit, competitive position, and distributor and customer relationships.

We depend on sole source and limited source suppliers for key components and products. If we are unable to source these components on a timely basis, we will not be able to deliver our products to our customers.

We depend on sole source and limited source suppliers for key components of our products. For example, our ASICs are purchased from a sole source supplier or developed for us by sole source suppliers. Any of the sole source and limited source suppliers upon whom we rely could stop producing our components, cease operations or be acquired by, or enter into exclusive arrangements with, our competitors. We generally do not have long-term supply agreements with our suppliers, and our purchase volumes are currently too low for us to be considered a priority customer by most of our suppliers. As a result, most of these suppliers could stop selling to us at commercially reasonable prices, or at all. Any such interruption or delay may force us to seek similar components or products from alternative sources, which may not be available on commercially reasonable terms, including price, or at all. Switching suppliers may require that we redesign our products to accommodate new components, and may potentially require us to re-qualify our products, which would be costly and time-consuming. Any interruption in the supply of sole source or limited source components for our products would adversely affect our ability to meet scheduled product deliveries to our customers, could result in lost revenue or higher expenses and would harm our business.

If we or our contract manufacturers are unable to obtain raw materials in a timely manner or if the price of raw materials increases significantly, production time and product costs could increase, which may adversely affect our business.

The manufacturing and packaging processes used by our contract manufacturers depend on raw materials such as copper, aluminum, silicon and petroleum-based products. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Certain of our suppliers have the ability to pass along to us directly or through our contract manufacturers any increases in the price of raw

materials. If the prices of these raw materials rise significantly, we may be unable to pass on the increased cost to our customers. While we may from time to time enter into hedging transactions to reduce our exposure to wide fluctuations in the cost of raw materials, the availability and effectiveness of these hedging transactions may be limited. Due to all these factors, our results of operations could be adversely affected if we or our contract manufacturers are unable to obtain adequate supplies of raw materials in a timely manner or at reasonable cost. In addition, from time to time, we or our contract manufacturers may need to reject raw materials that do not meet our specifications, resulting in potential delays or declines in output. Furthermore, problems with our raw materials may give rise to compatibility or performance issues in our products, which could lead to an increase in customer returns or product warranty claims. Errors or defects may arise from raw materials supplied by third parties that are beyond our detection or control, which could lead to additional customer returns or product warranty claims that may adversely affect our business and results of operations.

If potential owners of solar PV systems based on our product platform are unable to secure financing on acceptable terms, we could experience a reduction in the demand for our solar PV systems.

Many owners of solar PV systems depend on financing to purchase their systems. The limited use of microinverters to date, coupled with our limited operating history, could result in lenders refusing to provide the financing necessary to purchase solar PV systems based on our product platform on favorable terms, or at all. Moreover, in the case of debt financed projects, even if lenders are willing to finance the purchase of these systems, an increase in interest rates or a change in tax incentives could make it difficult for owners to secure the financing necessary to purchase a solar PV system on favorable terms, or at all. In addition, we believe that a significant percentage of owners purchase solar PV systems as an investment, funding the initial capital expenditure through a combination of upfront cash and financing. Difficulties in obtaining financing for solar PV installations on favorable terms, or increases in interest rates or changes in tax incentives, could lower an investor's return on investment in a solar PV installation, or make alternative solar PV systems or other investments more attractive relative to solar PV systems based on our product platform. Any of these events could result in reduced demand for our products, which could have a material adverse effect on our financial condition and results of operations.

We rely primarily on distributors to assist in selling our products, and the failure of these distributors to perform as expected could reduce our future revenue.

We sell our microinverter systems primarily through distributors, as well as through direct sales to solar equipment installers. Two distributors, Focused Energy, Inc. and DC Power Systems, collectively accounted for 25% of our total revenues for 2010. Focused Energy, Inc. was also our largest distributor for the six months ended June 30, 2011, representing approximately 17% of our total revenues. We do not have exclusive arrangements with these third parties and, as a result, many of our distributors also market and sell products from our competitors, which may reduce our sales. Our distributors may terminate their relationships with us at any time, or with short notice. Our distributors may fail to devote resources necessary to sell our products at the prices, in the volumes and within the time frames that we expect, or may focus their marketing and sales efforts on products of our competitors. Our future performance depends on our ability to effectively manage our relationships with our existing distributors, as well as to attract additional distributors that will be able to market and support our products effectively, especially in markets in which we have not previously distributed our products. Termination of agreements with current distributors, failure by these distributors to perform as expected, or failure by us to cultivate new distributor relationships, could hinder our ability to expand our operations and harm our revenue and operating results.

Ordering patterns from our distributors may cause our revenue to fluctuate significantly from period to period.

Our distributors place purchase orders with us based on their assessment of end-customer demand and their forecasts. Because these forecasts may not be accurate, channel inventory held at our distributors may fluctuate significantly due to the difference between their forecasts and actual demand. As a result, distributors adjust their

purchase orders placed with us in response to changing channel inventory levels, as well as their assessment of the latest market demand trends. We have limited visibility into future end customer demand. A significant decrease in our distributors' channel inventory in one period may lead to a significant rebuilding of channel inventory in subsequent periods, or vice versa, which may cause our quarterly revenue and operating results to fluctuate significantly. This fluctuation may cause our results to fall short of analyst or investor expectations in a certain period, which may cause our stock price to decline.

Our success in an "AC module" version of our microinverter system may depend in part upon our ability to continue to work closely with leading solar module manufacturers.

We are currently working on a variant of our microinverter system that will enable an "AC module" for direct attachment of the microinverter to the backsheet of the solar modules. The market success of such solutions will depend in part on our ability to continue to work closely with solar module manufacturers to design solar modules that are compatible with such direct attachment microinverter solutions. We may not be able to encourage solar module manufacturers to work with us on the development of such compatible solutions combining our microinverter system and solar modules for a variety of reasons, including differences in marketing or selling strategy, competitive considerations, lack of competitive pricing, and technological compatibility.

If we fail to retain our key personnel or if we fail to attract additional qualified personnel, we may not be able to achieve our anticipated level of growth and our business could suffer.

Our future success and ability to implement our business strategy depends, in part, on our ability to attract and retain key personnel, and on the continued contributions of members of our senior management team and key technical personnel, each of whom would be difficult to replace. All of our employees, including our senior management, are free to terminate their employment relationships with us at any time. Competition for highly skilled technical people is extremely intense, and we face challenges identifying, hiring and retaining qualified personnel in many areas of our business. If we fail to retain our senior management and other key personnel or if we fail to attract additional qualified personnel, we may not be able to achieve our strategic objectives and our business could suffer.

If we fail to protect, or incur significant costs in defending, our intellectual property and other proprietary rights, our business and results of operations could be materially harmed.

Our success depends to a significant degree on our ability to protect our intellectual property and other proprietary rights. We rely on a combination of patent, trademark, copyright, trade secret and unfair competition laws, as well as confidentiality and license agreements and other contractual provisions, to establish and protect our intellectual property and other proprietary rights. We have applied for patent and trademark registrations in the United States and in certain other countries, some of which have been issued. We cannot guarantee that any of our pending applications will be approved or that our existing and future intellectual property rights will be sufficiently broad to protect our proprietary technology, and any failure to obtain such approvals or finding that our intellectual property rights are invalid or unenforceable could force us to, among other things, rebrand or re-design our affected products. In countries where we have not applied for patent protection or where effective intellectual property protection is not available to the same extent as in the United States, we may be at greater risk that our proprietary rights will be misappropriated, infringed or otherwise violated.

To protect our unregistered intellectual property, including our trade secrets and know-how, we rely in part on trade secret laws and confidentiality and invention assignment agreements with our employees and independent consultants. We also require other third parties who may have access to our proprietary technologies and information to enter into non-disclosure agreements. Such measures, however, provide only limited protection, and we cannot assure that our confidentiality and non-disclosure agreements will prevent unauthorized disclosure or use of our confidential information, especially after our employees or third parties end

their employment or engagement with us, or provide us with an adequate remedy in the event of such disclosure. Furthermore, competitors or other third parties may independently discover our trade secrets, in which case we would not be able to assert trade secret rights, copy or reverse engineer our products or portions thereof or develop similar technology. If we fail to protect our intellectual property and other proprietary rights, or if such intellectual property and proprietary rights are infringed, misappropriated or otherwise violated, our business, results of operations or financial condition could be materially harmed.

In the future, we may need to take legal action to prevent third parties from infringing upon or misappropriating our intellectual property or from otherwise gaining access to our technology. Protecting and enforcing our intellectual property rights and determining their validity and scope could result in significant litigation costs and require significant time and attention from our technical and management personnel, which could significantly harm our business. In addition, we may not prevail in such proceedings. An adverse outcome of any such proceeding may reduce our competitive advantage or otherwise harm our financial condition and our business.

Third parties may assert that we are infringing upon their intellectual property rights, which could divert management's attention, cause us to incur significant costs and prevent us from selling or using the technology to which such rights relate.

Our competitors and other third parties hold numerous patents related to technology used in our industry, and claims of patent or other intellectual property right infringement or violation have been litigated against certain of our competitors. From time to time we may also be subject to such claims and litigation. Regardless of their merit, responding to such claims can be time consuming, divert management's attention and resources and may cause us to incur significant expenses. While we believe that our products and technology do not infringe in any material respect upon any valid intellectual property rights of third parties, we cannot be certain that we would be successful in defending against any such claims. Furthermore, patent applications in the United States and most other countries are confidential for a period of time before being published, so we cannot be certain that we are not infringing third parties' patent rights or that we were the first to conceive inventions covered by our patents or patent applications. As we become more visible as a publicly traded company, the possibility that third parties may make claims of intellectual property infringement or other violations against us may grow. An adverse outcome with respect to any such claim could invalidate our proprietary rights and force us to do one or more of the following:

- obtain from a third party claiming infringement a license to sell or use the relevant technology, which may not be available on reasonable terms, or at all;
- stop manufacturing, selling, incorporating or using our products that embody the asserted intellectual property;
- pay substantial monetary damages;
- indemnify our customers pursuant to indemnification obligations under some of our customer contracts; or
- expend significant resources to redesign the products that use the infringing technology and to develop or acquire non-infringing technology.

Any of these actions could result in a substantial reduction in our revenue and could result in losses over an extended period of time.

Our failure to obtain the right to use necessary third-party intellectual property rights on reasonable terms, or our failure to maintain, and comply with the terms and conditions applicable to, these rights, could harm our business and prospects.

From time to time we have licensed, and in the future we may choose to or be required to license, technology or intellectual property from third parties in connection with the development of our products. We cannot assure that such licenses will be available to us on commercially reasonable terms, or at all, and our

inability to obtain such licenses could require us to substitute technology of lower quality or of greater cost. In addition, we incorporate open source software code in our proprietary software. Use of open source software can lead to greater risks than use of third-party commercial software since open source licensors generally do not provide warranties or controls with respect to origin, functionality or other features of the software. Some open source software licenses require users who distribute open source software as part of their products to publicly disclose all or part of the source code in their software and make any derivative works of the open source code available for limited fees or at no cost. Although we monitor our use of open source software, open source license terms may be ambiguous, and many of the risks associated with the use of open source software cannot be eliminated. If we were found to have inappropriately used open source software, we may be required to release our proprietary source code, re-engineer our software, discontinue the sale of certain products in the event re-engineering cannot be accomplished on a timely basis or take other remedial action. Furthermore, if we are unable to obtain or maintain licenses from third parties or fail to comply with applicable open source licenses, we may be subject to costly third party claims of intellectual property infringement or ownership of our proprietary source code. Any of the foregoing could harm our business and put us at a competitive disadvantage.

Defects and poor performance in our products could result in loss of customers, decreased revenue and unexpected expenses, and we may face warranty and product liability claims arising from defective products.

Our products must meet stringent quality requirements and may contain undetected errors or defects, especially when first introduced or when new generations are released. Errors, defects or poor performance can arise due to design flaws, defects in raw materials or components or manufacturing difficulties, which can affect both the quality and the yield of the product. These errors or defects may be dangerous, as defective power components may cause power overloads, potentially resulting in explosion or fire. As we develop new generations of our products and enter new markets, we face higher risk of undetected defects, because our testing protocols may not be able to fully test the products under all possible operating conditions. In the past, we have experienced defects in our products due to certain errors in the manufacturing and design process. Any actual or perceived errors, defects or poor performance in our products could result in the replacement or recall of our products, shipment delays, rejection of our products, damage to our reputation, lost revenue, diversion of our engineering personnel from our product development efforts in order to address or remedy any defects and increases in customer service and support costs, all of which could have a material adverse effect on our business and operations.

Furthermore, defective, inefficient or poorly performing power components may give rise to warranty and product liability claims against us that exceed any revenue or profit we receive from the affected products. We could incur significant costs and liabilities if we are sued and if damages are awarded against us. We currently maintain a moderate level of product liability insurance, and there can be no assurance that this insurance will provide sufficient coverage in the event of a claim. Also, we cannot predict whether we will be able to maintain this coverage on acceptable terms, if at all, or that a product liability claim would not harm our business or financial condition. Costs or payments we may make in connection with warranty and product liability claims or product recalls may adversely affect our financial condition and results of operations.

Our Enlighten web-based monitoring service, which our customers use to track and monitor the performance of their solar PV systems based on our product platform, may contain undetected errors, failures, or bugs, especially when new versions or enhancements are released. We have from time to time found defects in our service and new errors in our existing service may be detected in the future. Any errors, defects, disruptions in service or other performance problems with our monitoring service could harm our reputation and may damage our customers' businesses.

Our business has been and could continue to be affected by seasonal trends and construction cycles.

We have been and could continue to be subject to industry-specific seasonal fluctuations in the future, particularly in climates that experience colder weather during the winter months, such as northern Europe, Canada, and the United States. In general, we expect our product revenue in the third and fourth quarters to be

positively affected by seasonal customer demand trends, including solar economic incentives, weather patterns and construction cycles. In the United States, customers will sometimes make purchasing decisions towards the end of the year in order to take advantage of tax credits or for budgetary reasons. In addition, construction levels are typically slower in colder months. In European countries with FiTs, the construction of solar PV systems may be concentrated during the second half of the calendar year, largely due to the annual reduction of the applicable minimum FiT and the fact that the coldest winter months are January through March. Accordingly, our business and quarterly results of operations could be affected by seasonal fluctuations in the future.

Covenants in our credit facilities may limit our flexibility in responding to business opportunities and competitive developments and increase our vulnerability to adverse economic or industry conditions.

We have lending arrangements with several financial institutions, including loan and security agreements with Comerica Bank and Bridge Bank, National Association, with Horizon Technology Finance Corporation, and with Hercules Technology Growth Capital, Inc., as well as a junior convertible loan facility with certain of our existing preferred shareholders. The loan and security agreements with Comerica Bank and Bridge Bank, with Horizon Technology Finance, with Hercules, and with the lenders under our junior convertible loan facility, all restrict our ability to take certain actions such as incurring additional debt, encumbering our tangible or intangible property, paying dividends, or engaging in certain transactions, such as mergers and acquisitions, investments and asset sales. Our loan and security agreement with Bridge Bank and Comerica Bank also requires us to maintain certain financial covenants, including liquidity and tangible net worth ratios. These restrictions may limit our flexibility in responding to business opportunities, competitive developments and adverse economic or industry conditions. In addition, our obligations under our loan and security agreements with Bridge Bank and Comerica Bank, Horizon Technology Finance, as well as for our junior convertible loan facility, are secured by substantially all of our assets (excluding intellectual property), which limits our ability to provide collateral for additional financing. A breach of any of these covenants, or a failure to pay interest or indebtedness when due under any of our credit facilities, could result in a variety of adverse consequences, including the acceleration of our indebtedness and the forfeiture of our assets subject to security interests in favor of the lenders.

If we fail to maintain an effective system of internal controls or are unable to remediate any deficiencies in our internal controls, we might not be able to report our financial results accurately or prevent fraud; in that case, our stockholders could lose confidence in our financial reporting, which would harm our business and could negatively impact the price of our stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. In addition, Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, will require us and potentially our independent registered public accounting firm to evaluate and report on our internal control over financial reporting beginning with our Annual Report on Form 10-K for the year ending December 31, 2012. The process of implementing our internal controls and complying with Section 404 will be expensive and time consuming, and will require significant attention of management. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting in the future. Even if we conclude, and our independent registered public accounting firm concurs, that our internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, because of its inherent limitations, internal control over financial reporting may not prevent or detect fraud or misstatements. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm our results of operations or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market’s confidence in our financial statements and harm our stock price. In addition, a delay in compliance with Section 404 could subject us to a variety of administrative sanctions, including SEC action, ineligibility for short form resale registration, the suspension or delisting of our common stock from the stock exchange on which it is listed and the inability of registered broker-dealers to make a market in our common stock, which would further reduce our stock price and could harm our business.

With respect to 2010, we and our independent registered public accounting firm identified significant deficiencies in our internal controls over financial reporting but these deficiencies did not create a material weakness. The significant deficiencies related to our need for continued improvements in the: (i) quality and quantity of accounting resources, (ii) closing process and preparation and review of financial statements every reporting period, and (iii) documentation of accounting policies and procedures and segregation of duties. We have made efforts to remediate these significant deficiencies through hiring additional experienced accounting personnel and engaging external resources to assist in internal control remediation efforts. If significant deficiencies in our internal controls are not fully remediated or if additional significant deficiencies are identified, those significant deficiencies could lead to material weaknesses in the future, potentially causing us to fail to meet our future reporting obligations and the price of our common stock to decline.

Our ability to use net operating losses to reduce future tax payments may be limited by provisions of the Internal Revenue Code, and may be subject to further limitation as a result of future transactions.

Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, contain rules that limit the ability of a company that undergoes an ownership change, which is generally any cumulative change in ownership of more than 50% of its stock over a three-year period, to utilize its net operating loss and tax credit carryforwards and certain built-in losses recognized in the years after the ownership change. These rules generally operate by focusing on ownership changes involving stockholders who directly or indirectly own 5% or more of the stock of a company and any change in ownership arising from a new issuance of stock by the company. Generally, if an ownership change occurs, the yearly taxable income limitation on the use of net operating loss and tax credit carryforwards is equal to the product of the applicable long-term tax exempt rate and the value of the company's stock immediately before the ownership change. As a result, we may be unable to offset our taxable income with net operating losses, or our tax liability with credits, before these losses and credits expire.

In addition, it is possible that future transactions (including issuances of new shares of our common stock and sales of shares of our common stock) will cause us to undergo one or more additional ownership changes. In that event, we generally would not be able to use our net operating losses from periods prior to this ownership change to offset future taxable income in excess of the annual limitations imposed by Sections 382 and 383 and those attributes that are already subject to limitations (as a result of our prior ownership changes) may be subject to more stringent limitations.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we will incur legal, accounting and other expenses that we did not incur as a private company. The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, the Sarbanes-Oxley Act and the rules implemented by the SEC and the NASDAQ Global Market impose significant regulatory requirements on public companies, including specific corporate governance practices. For example, the listing requirements of the NASDAQ Global Market require that we satisfy certain corporate governance requirements relating to independent directors, audit and compensation committees, distribution of annual and interim reports, stockholder meetings, stockholder approvals, solicitation of proxies, conflicts of interest, stockholder voting rights and codes of conduct. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantial additional costs to maintain the same or similar coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

These rules and regulations also contain requirements that apply to manufacturers of products incorporating specified minerals. The Dodd-Frank Act requires public companies to report on their use of so-called conflict

minerals originating from the Democratic Republic of Congo or its nine immediate neighbors. Certain minerals commonly used in semiconductors are on the list of conflict minerals, and additional minerals may be added to the list in the future. Compliance with these rules, which will require us to disclose our use of these minerals and to obtain an annual audit of our sourcing and the chain of custody of these minerals, will be time-consuming and costly.

We may not be able to raise additional capital to execute on our current or future business opportunities on favorable terms, if at all, or without dilution to our stockholders.

We believe that our existing cash and cash equivalents, excluding any proceeds from this offering, available credit facilities and cash flows from our operating activities, will be sufficient to meet our anticipated cash needs for at least the next 12 months. However, we expect that ultimately we may need to raise additional capital to execute on our current or future business strategies, including to:

- invest in our research and development efforts by hiring additional technical and other personnel;
- expand our operations into new product markets and new geographies;
- acquire complementary businesses, products, services or technologies; or
- otherwise pursue our strategic plans and respond to competitive pressures.

We do not know what forms of financing, if any, will be available to us for this planned expansion. If financing is not available on acceptable terms, if and when needed, our ability to fund our operations, expand our research and development, sales and marketing functions, develop and enhance our products, respond to unanticipated events, including unanticipated opportunities, or otherwise respond to competitive pressures would be significantly limited. In any such event, our business, financial condition and results of operations could be materially harmed, and we may be unable to continue our operations. Moreover, if we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly issued securities may have rights, preferences or privileges senior to those of existing stockholders, including those acquiring shares in this offering.

Natural disasters, terrorist attacks or other catastrophic events could harm our operations.

Our worldwide operations could be subject to natural disasters and other business disruptions, which could harm our future revenue and financial condition and increase our costs and expenses. For example, our corporate headquarters in Petaluma, California is located near major earthquake fault lines. Further, a terrorist attack, including one aimed at energy or communications infrastructure suppliers, could hinder or delay the development and sale of our products. In the event that an earthquake, tsunami, typhoon, terrorist attack or other natural, manmade or technical catastrophe were to destroy any part of our facilities or those of our contract manufacturer, destroy or disrupt vital infrastructure systems or interrupt our operations for any extended period of time, our business, financial condition and results of operations would be materially adversely affected.

Changes in current or future laws or regulations or the imposition of new laws or regulations, or new interpretations thereof, by federal or state agencies or foreign governments could impair our ability to compete in international markets.

Changes in current laws or regulations applicable to us or the imposition of new laws and regulations in the United States or other jurisdictions in which we do business, such as Canada, France, Italy and China, could materially and adversely affect our business, financial condition and results of operations. In addition, changes in our products or changes in export and import laws and implementing regulations may create delays in the introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to certain countries altogether. While we are not aware of any current or proposed export or import regulations which would materially restrict

our ability to sell our products in countries such as Canada, France, Italy or China, any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by these regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. In such event, our business and results of operations could be adversely affected.

Risks Related to This Offering and Our Common Stock

An active, liquid and orderly market for our common stock may not develop or be sustained, the trading prices of our common stock may be volatile and you may be unable to sell your shares at or above the offering price.

There has not been a public trading market for shares of our common stock prior to this offering. An active trading market may not develop or be sustained after this offering, which could depress the market price of our common stock and affect your ability to sell your shares. The initial public offering price for the shares of common stock sold in this offering may not be indicative of the price at which our common stock will trade after this offering.

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

Our financial results may vary significantly from quarter to quarter due to a number of factors, which may lead to volatility in our stock price.

Our quarterly revenue and results of operations have varied in the past and may continue to vary significantly from quarter to quarter. This variability may lead to volatility in our stock price as research analysts and investors respond to these quarterly fluctuations. These fluctuations are due to numerous factors, including:

- fluctuations in demand for our products;
- the timing, volume and product mix of sales of our products, which may have different average selling prices or profit margins;
- changes in our pricing and sales policies or the pricing and sales policies of our competitors;
- our ability to design, manufacture and deliver products to our customers in a timely and cost-effective manner and that meet customer requirements;
- our ability to manage our relationships with our contract manufacturers, customers and suppliers;
- quality control or yield problems in our manufacturing operations;
- the anticipation, announcement or introductions of new or enhanced products by our competitors and ourselves;
- reductions in the retail price of electricity;
- changes in laws, regulations and policies applicable to our business and products, particularly those relating to government incentives for solar energy applications;
- unanticipated increases in costs or expenses;

- the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our business operations;
- the impact of government-sponsored programs on our customers;
- our exposure to the credit risks of our customers, particularly in light of the fact that some of our customers are relatively new entrants to the solar market without long operating or credit histories;
- our ability to estimate future warranty obligations due to product failure rates;
- our ability to forecast our customer demand, manufacturing requirements and manage our inventory;
- fluctuations in our gross profit;
- our ability to predict our revenue and plan our expenses appropriately; and
- fluctuations in foreign currency exchange rates.

The foregoing factors are difficult to forecast, and these, as well as other factors, could materially and adversely affect our quarterly and annual results of operations. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of this revenue shortfall on our results of operations. Moreover, our results of operations may not meet our announced guidance or the expectations of research analysts or investors, in which case the price of our common stock could decrease significantly. There can be no assurance that we will be able to successfully address these risks.

If research analysts do not publish research about our business or if they issue unfavorable commentary or downgrade our common stock, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that research analysts publish about us and our business. The price of our common stock could decline if one or more research analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business. If one or more of the research analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price or trading volume to decline.

Our principal stockholders, executive officers and directors own a significant percentage of our stock and will continue to have significant control of our management and affairs after the offering, and they may take actions that our stockholders may not view as beneficial.

Following the completion of this offering, our executive officers and directors, and entities that are affiliated with them, will beneficially own an aggregate of approximately % of our outstanding common stock, on an as-converted basis. This significant concentration of share ownership may adversely affect the trading price for our common stock because investors often perceive disadvantages in owning stock in companies with controlling stockholders. Also, as a result, these stockholders, acting together, may be able to control our management and affairs and matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change in control, including a merger, consolidation or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if this change in control would benefit our other stockholders.

Our stock price could decline due to the large number of outstanding shares of our common stock eligible for future sale, which may dilute your voting power and your ownership interest in us.

Sales of substantial amounts of our common stock in the public market following this offering, or the perception that these sales could occur, could cause the market price of our common stock to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we deem appropriate.

Upon completion of this offering, as of , 2011, we will have an aggregate of shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option, no exercise of outstanding options and exercise of all outstanding warrants. The shares sold pursuant to this offering will be immediately tradable without restriction. Of the remaining shares:

- no shares will be eligible for sale immediately upon completion of this offering; and
- 241,996,235 shares, as of June 30, 2011, will be eligible for sale upon the expiration of lock-up agreements, subject in some cases to volume and other restrictions of Rule 144 and Rule 701 under the Securities Act of 1933, as amended, or the Securities Act.

The number of shares eligible for sale upon expiration of lock-up agreements assumes the conversion of all outstanding shares of our preferred stock into an aggregate of 228,552,739 shares of common stock.

The lock-up agreements expire 180 days after the date of this prospectus, subject to potential extension in the event we release earning results or material news or a material event relating to us occurs near the end of the lock-up period. Morgan Stanley, as one of the representatives of the underwriters, may, in their sole discretion and at any time without notice, release all or any portion of the securities subject to lock-up agreements.

Holders of approximately 228,552,739 shares, or %, of our common stock will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. After the completion of this offering, we also intend to register approximately 30,080,000 shares of our common stock that have been issued or reserved for future issuance under our stock incentive plans. Once we register the offer and sale of shares for the holders of registration rights and option holders, they can be freely sold in the public market upon issuance, subject to the lock-up agreements or unless they are held by "affiliates," as that term is defined in Rule 144 of the Securities Act.

We may also issue shares of our common stock or securities convertible into our common stock from time to time in connection with a financing, acquisition, investments or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the trading price of our common stock to decline.

Because our initial public offering price is substantially higher than the pro forma as adjusted net tangible book value per share of our outstanding common stock, new investors will incur immediate and substantial dilution.

The initial public offering price is substantially higher than the pro forma as adjusted net tangible book value per share of our common stock based on the expected total value of our total assets, less our intangible assets, less our total liabilities immediately following this offering. Therefore, if you purchase shares of our common stock in this offering, you will experience immediate and substantial dilution of $ per share in the price you pay for our common stock as compared to the pro forma as adjusted net tangible book value as of June 30, 2011. Furthermore, investors purchasing our common stock in this offering will own only % of our shares outstanding even though they will have contributed % of the total consideration received by us in connection with our sales of common stock. To the extent outstanding options and warrants to purchase common stock are exercised, there will be further dilution. For a further description of the dilution that you will experience immediately after this offering, see the section titled "Dilution."

Our management has broad discretion in the use of the net proceeds from this offering and may not use the net proceeds in ways that increase the value of your investment.

Our management will have broad discretion in the application of the net proceeds of this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. We cannot assure you that our management will apply the net proceeds from this offering in ways that increase the value of your investment. Except as described in the section of this prospectus titled "Use of Proceeds," we have not

allocated the net proceeds from this offering for any specific purpose and we cannot specify with certainty the uses to which we will apply the net proceeds we will receive from this offering. Until we use the net proceeds from this offering, we plan to invest them, and these investments may not yield a favorable rate of return. If we do not invest or apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

We currently do not intend to pay dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates.

We currently do not plan to declare dividends on shares of our common stock in the foreseeable future. In addition, the terms of our bank loan agreements restrict our ability to pay dividends. See "Dividend Policy" for more information. Consequently, your only opportunity to achieve a return on your investment in our company will be if the market price of our common stock appreciates and you sell your shares at a profit. There is no guarantee that the price of our common stock that will prevail in the market after this offering will ever exceed the price that you pay.

Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock.

Our certificate of incorporation and our bylaws that will be in effect upon the closing of this offering contain provisions that could delay or prevent a change in control of our company. These provisions could also make it more difficult for stockholders to elect directors and take other corporate actions, including effecting changes in our management. These provisions include:

- providing for a classified board of directors with staggered, three-year terms, which could delay the ability of stockholders to change the membership of a majority of our board of directors;
- not providing for cumulative voting in the election of directors, which limits the ability of minority stockholders to elect directory candidates;
- authorizing our board of directors to issue, without stockholder approval, preferred stock rights senior to those of common stock, which could be used to significantly dilute the ownership of a hostile acquiror;
- prohibiting stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- requiring special meetings of stockholders may only be called by our chairman of the board, our chief executive officer, our president or a majority of our board of directors, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- requiring advance notification of stockholder nominations and proposals, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

In addition, the provisions of Section 203 of the Delaware General Corporate Law will govern us upon completion of this offering. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding common stock, from engaging in certain business combinations without approval of substantially all of our stockholders for a certain period of time.

These provisions in our certificate of incorporation, our bylaws and under Delaware law could discourage potential takeover attempts, reduce the price that investors might be willing to pay for shares of our common stock in the future and result in the market price being lower than it would be without these provisions. See "Description of Capital Stock—Preferred Stock" and "Description of Capital Stock—Anti-Takeover Effects of Delaware Law and our Charter Documents."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions and on information currently available to our management. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "Compensation Discussion and Analysis." Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, technology developments, financing and investment plans, competitive position, industry and regulatory environment, potential growth opportunities and the effects of competition. Forward-looking statements include statements that are not historical facts and can be identified by terms such as "anticipates," "believes," "could," "seeks," "estimates," "expects," "intends," "may," "plans," "potential," "predicts, "projects," "should," "will," "would" or similar expressions and the negatives of those terms.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent our management's beliefs and assumptions only as of the date of this prospectus. You should read this prospectus and the documents that we have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

Important factors that could cause actual results to differ materially from our expectations are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements appearing elsewhere in this prospectus. Some of the factors that we believe could affect our results include:

- our history of losses, which may continue in the future;
- our limited operating history, which makes it difficult to predict future results;
- the future demand for solar energy solutions;
- the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications;
- our ability to achieve broad market acceptance of our microinverter systems;
- changes in the retail price of electricity derived from the utility grid or alternative energy sources;
- our ability to develop new and enhanced products in response to customer demands and rapid market and technological changes in the solar industry;
- the success of competing solar solutions that are or become available;
- our ability to effectively manage the growth of our organization and expansion into new markets;
- our ability to maintain or achieve anticipated product quality, product performance and cost metrics;
- our inability to accurately estimate future warranty expense;
- competition and other factors that may cause potential future price reductions for our products;
- our ability to optimally match production with demand;
- our dependence on a limited number of outside contract manufacturers and lack of supply contracts with these manufacturers;
- general economic conditions in our domestic and international markets;

- our ability to retain key personnel and attract additional qualified personnel;
- our ability to protect and defend our intellectual property; and
- the other factors set forth under “Risk Factors.”

Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

This prospectus also contains estimates and other information concerning our industry, including market size and growth rates, that are based on industry publications, surveys and forecasts, including those generated by the California Solar Initiative (CSI), the Solar Energy Industries Association (SEIA), IMS Research, the Datamonitor Group (Datamonitor), and iSuppli Corporation (iSuppli). This information involves a number of assumptions and limitations. Although we believe the information in these industry publications, surveys and forecasts is reliable, we have not independently verified the accuracy or completeness of the information. The industry in which we operate is subject to a high degree of uncertainty and risk due to variety of factors, including those described in “Risk Factors.” These and other factors could cause actual results to differ materially from those expressed in these publications, surveys and forecasts. This prospectus also contains product comparison data generated by Westinghouse Solar, a large solar installer that deploys our microinverter solution along with other inverter products. Although we believe the data generated by Westinghouse Solar is reliable, we have not independently verified the accuracy or completeness of the information.

USE OF PROCEEDS

We estimate that the net proceeds from our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the front cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses, will be approximately $ million, or $ million if the underwriters' option to purchase additional shares is exercised in full. A $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility, increase our visibility in the marketplace and create a public market for our common stock. As of the date of this prospectus, we cannot specify with certainty the particular uses for the net proceeds of this offering. However, we currently intend to use the net proceeds from this offering primarily for general corporate purposes, including working capital, sales and marketing activities, general and administrative matters and capital expenditures. We may also use a portion of the net proceeds for repayment of outstanding indebtedness or to expand our operations into new international markets, but we currently have no commitments or specific plans to repay any indebtedness in advance of its maturity date or to expand our operations into new international markets. We may also use a portion of the net proceeds to acquire complementary businesses, products, services or technologies, but we currently have no agreements or commitments relating to any acquisitions. Overall, our management will have broad discretion in the application of our net proceeds from this offering, and investors will be relying on the judgment of our management regarding the application of these proceeds. Pending their use, we plan to invest the net proceeds from this offering in short term, interest bearing obligations, investment grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid dividends on our common stock and do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business. Any future determination to pay dividends on our common stock would be subject to the discretion of our board of directors and would depend upon various factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our agreements and other factors deemed relevant by our board of directors. Our loan and security agreements with Horizon Technology Finance Corporation, Hercules Technology Growth Capital, Inc., Bridge Bank, National Association and Comerica Bank, as well as with the lenders under our junior convertible loan facility, all prohibit the payment of dividends.

CAPITALIZATION

The following table sets forth our consolidated capitalization as of June 30, 2011 on:

- an actual basis;
- on a pro forma basis to reflect (1) the conversion of all outstanding shares of our preferred stock into 228,552,739 shares of common stock, and (2) the reclassification of our convertible preferred stock warrant liability to additional paid-in capital immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect (1) the pro forma adjustment described above, (2) the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range reflected on the front cover of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us and (3) the filing of our amended and restated certificate of incorporation in connection with this offering.

You should read this table together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited consolidated financial statements and the related notes, each appearing elsewhere in this prospectus.

	As of June 30, 2011		
	Actual	Pro Forma	Pro Forma As Adjusted[1]
	(in thousands, except par value)		
Convertible preferred stock warrant liability	$ 1,459	$ —	$ —
Stockholders' equity:			
Convertible preferred stock, $0.00001 par value, 213,913 shares authorized, 201,765 shares issued and outstanding actual; no shares authorized, issued and outstanding pro forma and pro forma as adjusted	93,596	—	—
Common stock, $0.00001 par value; 376,000 shares authorized, 13,443 shares issued and outstanding actual; 376,000 shares authorized, 241,996 issued and outstanding pro forma; and shares authorized, shares issued and outstanding pro forma as adjusted	—	2	
Additional paid-in capital	4,751	99,804	
Accumulated deficit	(75,384)	(75,384)	
Accumulated other comprehensive income	10	10	
Total stockholders' equity	22,973	24,432	
Total capitalization	$ 24,432	$ 24,432	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price would result in an approximately $ million increase (decrease) in pro forma as adjusted cash and cash equivalents, and an approximately $ million increase (decrease) in each of pro forma as adjusted additional paid-in capital, total stockholders' equity and total capitalization. If the underwriters exercise their over-allotment option in full, there would be a $ increase in each of pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization.

The number of shares of common stock shown as issued and outstanding in the above table excludes:

- 2,747,165 shares of common stock issuable upon exercise of outstanding warrants, as of June 30, 2011, with a weighted-average exercise price of $0.66 per share;
- 53,885,595 shares of common stock issuable upon the exercise of outstanding stock options under our 2006 Equity Incentive Plan, as of June 30, 2011, with a weighted-average exercise price of $0.13 per share;

- 24,000,000 shares of common stock reserved for future issuance under our 2011 Equity Incentive Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in “Executive Compensation—Employee Benefit Plans”;
- 6,080,000 shares of common stock reserved for future issuance under our 2011 Employee Stock Purchase Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in “Executive Compensation—Employee Benefit Plans”; and
- 12,809,311 shares of common stock issuable as of June 30, 2011, upon conversion of the outstanding principal amount of our junior secured convertible loan facility and paid-in-kind interest at a conversion price of $0.98 per share.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the amount per share paid by purchasers of shares of our common stock in this initial public offering and the pro forma as adjusted net tangible book value per share of our common stock immediately after completion of this offering.

At June 30, 2011, we had net tangible book value of $22.7 million. Net tangible book value represents the amount of our net assets of $23.0 million less our intangible assets of 0.3 million. At June 30, 2011, our pro forma net tangible book value was $24.1 million (pro forma net assets of $24.4 million less pro forma intangible assets of $0.3 million) or $0.10 per share of common stock. Pro forma net tangible book value per share represents the amount of our net tangible book value increased by the amount of our convertible preferred stock warrant liability and divided by the pro forma shares of common stock outstanding at June 30, 2011, assuming the automatic conversion of all outstanding shares of our preferred stock into an aggregate of 228,552,739 shares of common stock and the conversion of warrants to purchase 1,800,179 shares of preferred stock into warrants to purchase 1,951,579 shares of common stock in connection with this offering.

After giving effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $, the midpoint of the price range set forth on the front cover of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses, our pro forma as adjusted net tangible book value at June 30, 2011 would have been $ million, or $ per share of common stock. This represents an immediate increase in pro forma net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors.

The following table illustrates this dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 2011 before giving effect to this offering	$0.10	
Increase in pro forma net tangible book value per share attributable to new investors purchasing shares in this offering		
Pro forma as adjusted net tangible book value per share after this offering		
Dilution per share to new investors in this offering		$

The following table summarizes, on a pro forma as adjusted basis as of June 30, 2011, the total number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid to us by existing stockholders and by new investors purchasing shares in this offering at the assumed initial public offering price of $, the midpoint of the price range set forth on the front cover of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses:

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

A $1.00 increase or decrease in the assumed initial public offering price would increase or decrease, as applicable, total consideration paid to us by new investors and total consideration paid to us by all stockholders by approximately $ million, assuming the number of shares offered by us remains the same as set forth on the cover page of this prospectus and without deducting the estimated underwriting discounts and commissions and estimated offering expenses that we must pay.

The foregoing dilution calculations exclude:

- 2,747,165 shares of common stock issuable upon exercise of outstanding warrants, as of June 30, 2011, with a weighted-average exercise price of $0.66 per share;
- 53,885,595 shares of common stock issuable upon the exercise of outstanding stock options under our 2006 Equity Incentive Plan, as of June 30, 2011, with a weighted-average exercise price of $0.13 per share;
- 24,000,000 shares of common stock reserved for future issuance under our 2011 Equity Incentive Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in “Executive Compensation—Employee Benefit Plans”;
- 6,080,000 shares of common stock reserved for future issuance under our 2011 Employee Stock Purchase Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in “Executive Compensation—Employee Benefit Plans”; and
- 12,809,311 shares of common stock issuable as of June 30, 2011, upon conversion of the outstanding principal amount of our junior secured convertible loan facility and paid-in-kind interest at a conversion price of $0.98 per share.

To the extent that any outstanding options or warrants are exercised, there will be further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated balance sheet data as of December 31, 2009 and 2010 and the selected consolidated statement of operations data for 2008, 2009 and 2010 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data as of December 31, 2007 and 2008 are derived from our audited financial statements not included in this prospectus. The selected consolidated statement of operations data for the period from March 20, 2006 (inception) to December 31, 2006 and for 2007 are derived from our unaudited consolidated financial statements not included in this prospectus. We derived the selected consolidated statement of operations data for the six months ended June 30, 2010 and 2011 and the selected consolidated balance sheet as of June 30, 2011 from our unaudited consolidated financial statements appearing elsewhere in this prospectus. Our historical results are not indicative of the results to be expected in any future period, and the results for the six months ended June 30, 2011 are not necessarily indicative of the results to be expected for the full year or any other period. You should read these selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this prospectus.

	March 20, 2006 (Inception) to December 31, 2006	Year Ended December 31,				Six Months Ended June 30,	
		2007	2008	2009	2010	2010	2011
	(in thousands, except per share data)						
Consolidated Statement of Operations Data:							
Net revenues	$ —	$ —	$ 1,668	$ 20,194	$ 61,661	$ 22,356	$ 48,082
Cost of revenues[1]	—	—	7,475	23,223	55,159	20,095	39,916
Gross profit (loss)	—	—	(5,807)	(3,029)	6,502	2,261	8,166
Operating expenses:							
Research and development[1]	148	2,068	5,354	8,411	14,296	5,896	11,488
Sales and marketing[1]	39	458	1,809	2,651	6,558	2,134	7,275
General and administrative[1]	45	742	1,727	2,603	6,365	2,486	7,139
Total operating expenses	232	3,268	8,890	13,665	27,219	10,516	25,902
Loss from operations	(232)	(3,268)	(14,697)	(16,694)	(20,717)	(8,255)	(17,736)
Other income (expense), net:							
Interest income	6	179	206	125	39	25	4
Interest expense	—	—	(9)	(356)	(914)	(357)	(740)
Other income (expense)	—	—	(1)	—	(185)	(63)	(394)
Total other income (expense), net	6	179	196	(231)	(1,060)	(395)	(1,130)
Net loss	$ (226)	$(3,089)	$(14,501)	$(16,925)	$ (21,777)	$ (8,650)	$ (18,866)
Net loss attributable to common stockholders	$ (226)	$(3,089)	$(14,501)	$(16,925)	$ (21,777)	$ (8,650)	$ (18,866)
Net loss per share attributable to common stockholders, basic and diluted[2]	$ (0.28)	$ (1.02)	$ (2.72)	$ (2.85)	$ (3.19)	$ (1.32)	$ (2.21)
Shares used in computing net loss per share attributable to common stockholders, basic and diluted[2]	806	3,038	5,333	5,932	6,829	6,546	8,546
Pro forma net loss per share attributable to common stockholders, basic and diluted[2]					$ (0.10)		$ (0.08)
Pro forma shares used in computing pro forma net loss per share attributable to common stockholders basic and diluted[2]					216,536		237,099

	As of December 31,					As of June 30,
	2006	2007	2008	2009	2010	2011
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$335	$2,548	$ 4,136	$ 8,642	$39,993	$ 35,568
Working capital	327	2,322	2,521	11,004	39,753	33,928
Total assets	378	3,325	8,710	20,947	59,504	72,619
Current and long-term debt	—	—	571	411	6,903	11,815
Convertible notes	—	—	—	—	—	11,336
Convertible preferred stock	584	6,209	21,871	47,859	93,596	93,596
Common stock and additional paid-in capital	12	81	298	509	1,403	4,751
Total stockholders' equity	370	2,975	4,353	13,627	38,481	22,973

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

	Year Ended December 31,				Six Months Ended June 30,	
	2007	2008	2009	2010	2010	2011
	(in thousands)					
Cost of revenues	$ —	$ 4	$ 17	$ 9	$ 3	$ 14
Research and development		27	62	286	56	313
Sales and marketing		7	36	256	38	301
General and administrative	70	170	65	278	50	228
Total stock-based compensation expense	$ 70	$208	$180	$829	$147	$856

(2) See Note 13 of the notes to our consolidated financial statements for a description of how we compute basic and diluted net loss attributable to common stockholders, basic and diluted net loss per share attributable to common stockholders and pro forma basic and diluted net loss per share attributable to common stockholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes thereto included in this prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those discussed in the forward-looking statements. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this prospectus, particularly the "Special Note Regarding Forward-Looking Statements and Industry Data" and "Risk Factors" sections.

Overview

We deliver microinverter technology for the solar industry that increases energy production, simplifies design and installation, improves system uptime and reliability, reduces fire safety risk and provides a platform for intelligent energy management. We are the market leader in the microinverter category and have grown rapidly since our first commercial shipment in mid-2008, with over 850,000 microinverter units shipped as of June 30, 2011, representing over an estimated 28,000 system installations. We were the first company to commercially ship microinverter systems in volume. Our products have been installed in all 50 U.S. states and eight Canadian provinces, and we are rapidly taking market share from traditional central inverter manufacturers.

We were founded in March 2006 and began generating revenue in June 2008. From inception to June 2011, we raised over $120 million in cash proceeds primarily through the issuance of preferred stock. The history of our product development and sales and marketing efforts is as follows:

- From inception to the second quarter of fiscal 2008, our efforts focused on developing a complete microinverter solution for the solar PV industry;
- In the second quarter of 2008, we began selling our first generation microinverter along with our Envoy communications gateway device and our Enlighten web-based monitoring service;
- In the first half of 2009, we focused on the development of our second generation microinverter and migrated our contract manufacturing to Flextronics, which provided us with access to commercial scale manufacturing and logistics services;
- In the third quarter of 2009, we began selling our second generation microinverter in volume;
- In 2010, we invested in our sales and marketing organization to increase market penetration, continued design innovations for our second generation microinverter, sold more than 400,000 units and commenced development of our third generation microinverter;
- In the first quarter of 2011, we opened offices in France and Italy; and
- In the second quarter of 2011, we began selling our third generation microinverter.

We sell our microinverter systems primarily to distributors who resell them to solar installers. Over 2,700 installers in North America have installed our microinverters through June 30, 2011, and this number is increasing by approximately 100 new installers per month. We also sell directly to large installers and through OEMs and strategic partners.

A substantial majority of our revenue has been generated by sales within the United States. Sales to customers in Canada commenced in 2009 and accounted for approximately 13% of our total revenue in 2010. We anticipate that the majority of our 2011 revenue will continue to come from the United States, with the balance from Canada and, to a lesser extent, Europe.

We have achieved substantial growth since we commenced commercial production in 2008. Our total revenue was $1.7 million, $20.2 million, and $61.7 million for 2008, 2009, and 2010, respectively, and was $22.4 million and $48.1 million for the first six months of 2010 and 2011, respectively. Net losses have totaled $14.5 million, $16.9 million and $21.8 million for 2008, 2009 and 2010, respectively, and were $8.7 million and $18.9 million for the first six months of 2010 and 2011, respectively. We expect to incur net losses in 2011 and may continue to incur net losses in future years as we continue to invest substantial resources to support the growth of our business. However, over time, we believe the significant investments we are making to scale our business will allow us to achieve an increasingly efficient operating cost structure. We believe that this, combined with the differentiated value proposition of our microinverter solution including product cost reductions through further semiconductor integration, will allow us to improve our gross profit and reduce our operating expenses as a percentage of revenue.

Results of Operations

The following describes the line items in our Consolidated Statements of Operations.

Net Revenues

We generate revenue from sales of our microinverter systems, which include microinverter units, an Envoy communications gateway device, and our Enlighten web-based monitoring service. We sell to distributors, large installers, OEMs and strategic partners.

Our revenue is affected by changes in the volume and average selling prices of our microinverter systems, driven by supply and demand, sales incentives, and competitive product offerings. Our revenue growth is dependent on our ability to market our products in a manner that increases awareness for microinverter technology, the continual development and introduction of new products to meet the changing technology and performance requirements of our customers, and the diversification and expansion of our revenue base.

Cost of Revenues and Gross Profit

Cost of revenues is comprised primarily of product costs consisting of purchases from our contract manufacturers and other suppliers, warranty, personnel and logistics costs, depreciation and amortization of test equipment and hosting services costs. Our product costs are impacted by technological innovations, such as advances in semiconductor integration and new product introductions, economies of scale resulting in lower component costs, and improvements in production processes and automation. Certain of these costs, primarily personnel and depreciation and amortization of test equipment, are not directly affected by sales volume.

We outsource our manufacturing to third-party manufacturers and negotiate product pricing on a quarterly basis. In addition, a contract manufacturer also serves as our logistics provider by warehousing and delivering our products in the United States and Canada. We believe our contract manufacturing partners have sufficient production capacity to meet the growing demand for our products for the foreseeable future. However, shortages in the supply of certain key raw materials could adversely affect our ability to meet customer demand for our products.

Gross profit may vary from quarter to quarter and is primarily affected by our average selling prices, product costs, geographical mix and seasonality.

Operating Expenses

Operating expenses consist of research and development, sales and marketing and general and administrative expenses. Personnel-related costs are the most significant component of each of these expense categories and include salaries, benefits, payroll taxes, recruiting costs, commissions and stock-based compensation. Our full-time employee headcount has grown from 58 at December 31, 2008, to 79 at

December 31, 2009, to 153 at December 31, 2010 and to 243 at June 30, 2011. We expect to continue to hire significant numbers of new employees to support our growth. The timing of these additional hires could materially affect our operating expenses, both in absolute dollars and as a percentage of revenue, in any particular period. We expect to continue to invest substantial resources to support the growth of our company globally and anticipate that each of the following categories of operating expenses will increase in absolute dollar amounts for the foreseeable future.

Research and development expense includes personnel-related expenses such as salaries, stock-based compensation and employee benefits. Our research and development employees are engaged in the design and development of power electronics, semiconductors, powerline communications and networking and software functionality. Our research and development expense also includes third-party design and development costs, testing and evaluation costs, depreciation expense and other indirect costs. We devote substantial resources in ongoing research and development programs that focus on enhancements to and cost efficiencies in our existing products and timely development of new products that utilize technological innovation to drive down products costs. We intend to continue to invest substantial resources in our research and development efforts because we believe they are essential to maintaining our competitive position. Investments in research and development personnel costs are expected to increase in total dollars for the foreseeable future.

Sales and marketing expense consists primarily of personnel-related expenses such as salaries, commissions, stock-based compensation, employee benefits, and travel. It also includes trade shows, marketing, customer support and other indirect costs. We expect our sales and marketing expense to increase in absolute dollars for the foreseeable future as we continue to increase the number of our sales and channel support personnel to enable us to increase our market penetration geographically and into new markets by expanding our customer base of distributors, large installers, OEMs and strategic partners. Historically, all of our sales have been in the United States and Canada. In the first quarter of 2011, we opened sales offices in Italy and France and expect to begin selling into those geographies by the end of 2011. We expect to continue to expand our geographic footprint in the future.

General and administrative expense consists primarily of salaries, stock-based compensation and employee benefits for personnel related to our executive, finance, human resources, information technology and legal organizations, facilities cost, including additional annual rent expense of approximately $0.4 million related to our new corporate headquarters, expected to begin in the fourth quarter of 2011, and fees for professional services. Professional services consist of outside legal, accounting and information technology consulting costs. We expect that after this offering we will incur additional accounting and legal costs related to compliance with securities and other regulations, as well as additional insurance, investor relations and other costs associated with being a public company.

Other Income (Expense), Net

Other income (expense), net includes interest income on invested cash balances and interest expense on amounts outstanding under our credit facilities and non-cash interest expense related to the amortization of deferred financing costs. Other income (expense), net also includes mark-to-market adjustments to record our preferred stock warrants at fair value, which were issued in conjunction with credit facilities, as well as losses or gains on conversion of non-U.S. dollar transactions into U.S. dollars.

Provision (Benefit) for Income Taxes

We did not record any current or deferred United States federal or state income tax provision or benefit for any of the periods presented because we have experienced operating losses since inception. Due to the history of losses we have generated since inception, we have recorded a full valuation allowance on our deferred tax assets.

Summary Consolidated Statements of Operations

The following table sets forth a summary of our consolidated statements of operations for the periods presented (in thousands):

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
Net revenues	$ 1,668	$ 20,194	$ 61,661	$22,356	$ 48,082
Cost of revenues	7,475	23,223	55,159	20,095	39,916
Gross profit (loss)	(5,807)	(3,029)	6,502	2,261	8,166
Operating expenses:					
Research and development	5,354	8,411	14,296	5,896	11,488
Sales and marketing	1,809	2,651	6,558	2,134	7,275
General and administrative	1,727	2,603	6,365	2,486	7,139
Total operating expenses	8,890	13,665	27,219	10,516	25,902
Loss from operations	(14,697)	(16,694)	(20,717)	(8,255)	(17,736)
Other income (expense), net	196	(231)	(1,060)	(395)	(1,130)
Net loss	$(14,501)	$(16,925)	$(21,777)	$ (8,650)	$(18,866)

Comparison of the Six Months Ended June 30, 2010 and June 30, 2011

Net Revenues

	Six Months Ended June 30,		
	2010	2011	Change
	(in thousands)		
Net revenues	$22,356	$48,082	$25,726

Net revenues for the six months ended June 30, 2011 increased by 115% compared to the six months ended June 30, 2010. The number of microinverter units sold increased by 121% from approximately 148,000 units in the six months ended June 30, 2010 to approximately 327,000 units in the six months ended June 30, 2011. Of this increase in units sold, 67% was primarily driven by an increase in sales of our second generation microinverter arising from deeper penetration of our existing customer base, the addition of new customers, further expansion into Canada, and broader acceptance of our products resulting, among other factors, from investments made in sales and marketing. The remaining 33% of the increase in units sold resulted from the introduction of our third generation microinverter in the second quarter of 2011. The increase in net revenues from the sale of additional units was offset by approximately $4.6 million resulting from a slight decline in the average selling price of our microinverter units as compared to the same period in 2010. The decline in average selling prices reflects, and is consistent with, recent market trends in the solar industry. We expect these trends to continue in the foreseeable future.

Cost of Revenues and Gross Profit

	Six Months Ended June 30,		
	2010	2011	Change
	(in thousands)		
Cost of revenues	$20,095	$39,916	$19,821
Gross profit	2,261	8,166	5,905

Cost of revenues for the six months ended June 30, 2011 increased primarily due to an increase in the number of microinverter units sold to customers, consistent with the overall increase in net revenues as described above. Gross profit as a percentage of revenue increased from 10.1% in the six months ended June 30, 2010 to 17.0% in the six months ended June 30, 2011. Of this change, approximately 5.6 percentage points of the increase in gross profit as a percentage of revenue was driven by a reduction in material cost per unit primarily resulting from more favorable pricing on raw materials, and to a lesser extent, from design enhancements for our existing products and efficiency gains in the manufacturing process. The remaining increase in gross profit as a percentage of revenue was attributable to improved leverage of certain costs, primarily personnel, which are not directly affected by higher sales volumes.

Research and Development

	Six Months Ended June 30,		
	2010	2011	Change
	(in thousands)		
Research and development	$5,896	$11,488	$5,592

The increase in research and development expenses was primarily attributable to a $3.7 million increase in personnel-related costs as a result of increases in research and development headcount in the six months ended June 30, 2011 compared to the six months ended June 30, 2010. The increase in headcount reflects our continuing investment in development of existing products as well as efforts to bring new products to market, including our third generation microinverter. In addition, expenditures related to research and development equipment and the use of outside services for the development of new products increased by $1.2 million and $0.5 million, respectively, as compared to the prior year period.

Sales and Marketing

	Six Months Ended June 30,		
	2010	2011	Change
	(in thousands)		
Sales and marketing	$2,134	$7,275	$5,141

The increase in sales and marketing expenses resulted primarily from increased staffing levels to support higher sales volumes and international expansion. Personnel-related costs increased by $3.8 million as a result of increases in sales and marketing headcount in the six months ended June 30, 2011 compared to the six months ended June 30, 2010. In addition, costs related to the use of outside services and trade shows contributed an additional $0.6 million and $0.5 million to the increase, respectively.

General and Administrative

	Six Months Ended June 30,		
	2010	2011	Change
	(in thousands)		
General and administrative	$2,486	$7,139	$4,653

The increase in general and administrative expenses was primarily attributable to a $2.3 million increase in personnel-related costs as a result of increases in general and administrative headcount and a $1.7 million increase in accounting, legal and other professional services incurred to assist us with building an infrastructure to support public market requirements. In addition, depreciation and amortization and facilities costs contributed $0.6 million to the increase in the six months ended June 30, 2011 compared to the six months ended June 30, 2010.

Other Income (Expense), Net

	Six Months Ended June 30,		
	2010	2011	Change
	(in thousands)		
Other income (expense), net	$(395)	$(1,130)	$ (735)

Other expense increased due to a $0.3 million increase in the fair value of our preferred stock warrants. In addition, interest expense increased by $0.4 million as a result of an increase in average debt outstanding as well as amortization of deferred financing costs and debt discount.

Comparison of 2008, 2009 and 2010

Net Revenues

	Year Ended December 31,			Change	
	2008	2009	2010	2008 to 2009	2009 to 2010
	(in thousands)				
Net revenues	$1,668	$20,194	$61,661	$ 18,526	$ 41,467

Net revenues for 2010 increased by 205% compared to 2009. The increase in net revenues was due to the number of microinverter units sold increasing by 229% from approximately 126,000 units in 2009 to approximately 414,000 units in 2010. The increase in units sold was driven by deeper penetration of our existing customer base, the addition of new customers, further expansion into Canada, and broader acceptance of our products resulting, among other factors, from investments made in sales and marketing. The increase in net revenues from the sale of additional units was offset by approximately $1.7 million resulting from a slight decline in the average selling price of our microinverter units. The decline in average selling prices reflects, and is consistent with, recent market trends in the solar industry. We expect these trends to continue in the foreseeable future. As of December 31, 2010, our products had sold to more than 2,000 installers, compared to more than 600 installers as of December 31, 2009.

We commenced commercial production in June 2008 and generated minimal revenues during the balance of the year. In 2009, we achieved substantial growth as a result of increased market awareness for microinverters in general, as well as the introduction of our second generation product.

Cost of Revenues and Gross Profit (Loss)

	Year Ended December 31,			Change	
	2008	2009	2010	2008 to 2009	2009 to 2010
	(in thousands)				
Cost of revenues	$ 7,475	$23,223	$55,159	$ 15,748	$ 31,936
Gross profit (loss)	(5,807)	(3,029)	6,502	2,778	9,531

Cost of revenues for 2010 increased from 2009 primarily due to an increase in the number of microinverter units sold to customers, consistent with the overall increase in net revenues as described above. Gross profit (loss) as a percentage of revenue increased from (15%) in 2009 to 10.5% in 2010. Prior to 2010, we had negative gross profit as our sales were insufficient to cover our product costs as well as personnel costs, which are not directly affected by sales volume. In 2010, we achieved economies of scale and positive gross profit as we ramped up production of our higher margin second generation product.

Cost of revenues in 2009 increased as a result of an increase in the number of units sold in 2009, compared to 2008, consistent with the overall increase in net revenues.

Research and Development

	Year Ended December 31,			Change	
	2008	2009	2010	2008 to 2009	2009 to 2010
			(in thousands)		
Research and development	$5,354	$8,411	$14,296	$ 3,057	$ 5,885

Research and development expenses increased from 2009 to 2010 primarily due to increases in research and development headcount. Salaries and related personnel expenses accounted for $4.2 million of the $5.9 million increase in research and development expenses. In addition, outsourced engineering fees and other outside services fees increased by approximately $1.6 million related to the development of new features for our next generation of products. We plan to continue to invest in research and development as we develop new products and make further enhancements to existing products.

Research and development expense increased from 2008 to 2009 primarily due to increases in research and development headcount. Salaries and related personnel expenses accounted for $2.3 million of the $3.1 million increase in research and development expenses. In addition, depreciation and related expenses increased as a result of additional research and development technology assets purchased in 2009.

Sales and Marketing

	Year Ended December 31,			Change	
	2008	2009	2010	2008 to 2009	2009 to 2010
			(in thousands)		
Sales and marketing	$1,809	$2,651	$6,558	$ 842	$ 3,907

Sales and marketing expenses increased from 2009 to 2010 primarily due to increases in sales and marketing headcount. Salaries and related personnel expenses accounted for $3.0 million of the $3.9 million increase in sales and marketing expenses as a result of expansion of our sales organization in order to increase product awareness and expand our sales presence. We expect that sales and marketing expenses will continue to increase in absolute dollars as we expand sales operations domestically and internationally.

Sales and marketing expenses increased from 2008 to 2009 primarily due to increases in sales and marketing headcount. Salaries and related personnel expenses accounted for substantially all of the $842,000 increase in sales and marketing expenses.

General and Administrative

	Year Ended December 31,			Change	
	2008	2009	2010	2008 to 2009	2009 to 2010
			(in thousands)		
General and administrative	$1,727	$2,603	$6,365	$ 876	$ 3,762

General and administrative expenses increased from 2009 to 2010 due to increases in general and administrative headcount. Salaries and related personnel expenses accounted for $2.3 million of the $3.8 million increase in general and administrative expenses. Also, professional services fees increased $690,000. The additional personnel and professional services fees are primarily the result of our on-going efforts to build the legal, finance, human resources, recruiting and information technology functions required of a public company. In addition, depreciation and amortization and facilities costs also contributed $0.6 million to the increase in 2010 over 2009. We expect to incur additional expenses as a result of operating as a public company, including costs to comply with the Sarbanes-Oxley Act and the rules and regulations applicable to companies listed on the NASDAQ Stock Market.

General and administrative expenses increased from 2008 to 2009 due, in part, to a $260,000 increase in personnel and related costs as a result of increases in general and administrative headcount. Also, professional services fees and rent expense increased $165,000 and $144,000, respectively. In addition, total other miscellaneous corporate expenses including utilities, insurance, depreciation and amortization increased $300,000 from 2008 to 2009.

Other Income (Expense), Net

	Year Ended December 31,			Change	
	2008	2009	2010	2008 to 2009	2009 to 2010
			(in thousands)		
Other income (expense), net	$196	$(231)	$(1,060)	$ (427)	$ (829)

Other expense increased from 2009 to 2010 primarily due to interest expense related to increased borrowings in 2010.

Other income (expense), net in 2009 was comprised primarily of interest expense including amounts from a beneficial conversion feature charge related to the conversion of $1.5 million of promissory notes into Series D convertible preferred stock at a discount, less interest income.

Other income (expense), net in 2008 was comprised primarily of interest income.

Provision for Income Taxes

We did not provide any current or deferred United States federal or state income tax provision or benefit for any of the years presented because we have experienced operating losses since inception.

Quarterly Results of Operations

The following table presents our unaudited quarterly results of operations for the ten quarters in the period ended June 30, 2011. This unaudited quarterly information has been prepared on the same basis as our audited financial statements and includes all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the information for the quarters presented. You should read this information in conjunction with our audited consolidated financial statements and the related notes thereto. The results of operations for any quarter are not necessarily indicative of results of operations for any future period.

	Three Months Ended									
	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011	Jun 30, 2011
					(in thousands)					
Net revenues	$ 1,159	$ 1,625	$ 5,407	$12,003	$11,587	$10,769	$18,690	$20,615	$18,069	$30,013
Costs of revenues	2,672	3,725	5,681	11,145	10,631	9,464	16,650	18,414	15,421	24,495
Gross profit	(1,513)	(2,100)	(274)	858	956	1,305	2,040	2,201	2,648	5,518
Operating expense:										
Research and development	1,752	2,061	2,249	2,349	2,735	3,160	3,968	4,433	5,345	6,143
Sales and marketing	513	489	661	988	855	1,280	1,955	2,468	3,010	4,265
General and administrative	534	482	533	1,054	1,099	1,387	1,900	1,979	3,250	3,889
Total operating expenses	2,799	3,032	3,443	4,391	4,689	5,827	7,823	8,880	11,605	14,297
Loss from operations	(4,312)	(5,132)	(3,717)	(3,533)	(3,733)	(4,522)	(5,783)	(6,679)	(8,957)	(8,779)
Other income (expense), net	(9)	(250)	28	—	(66)	(329)	(458)	(207)	(332)	(798)
Net loss	$(4,321)	$(5,382)	$(3,689)	$ (3,533)	$ (3,799)	$ (4,851)	$ (6,241)	$ (6,886)	$ (9,289)	$ (9,577)

The following table presents the unaudited quarterly results of operations as a percentage of revenue:

	Three Months Ended									
	Mar 31, 2009	Jun 30, 2009	Sep 30, 2009	Dec 31, 2009	Mar 31, 2010	Jun 30, 2010	Sep 30, 2010	Dec 31, 2010	Mar 31, 2011	Jun 30, 2011
Net revenues	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Costs of revenues	231	229	105	93	92	88	89	89	85	82
Gross profit	(131)	(129)	(5)	7	8	12	11	11	15	18
Operating expense:										
Research and development	151	127	42	20	24	29	21	22	30	20
Sales and marketing	44	30	12	8	7	12	10	12	17	14
General and administrative	46	30	10	9	9	13	10	10	18	13
Total operating expenses	242	187	64	37	40	54	42	43	64	48
Loss from operations	(372)	(316)	(69)	(29)	(32)	(42)	(31)	(32)	(50)	(29)
Other income (expense), net	(1)	(15)	(1)	—	(1)	(3)	(2)	(1)	(2)	(3)
Net loss	(373%)	(331%)	(68%)	(29%)	(33%)	(45%)	(33%)	(33%)	(51%)	(32%)

Quarterly Revenue Trends

Our quarterly results reflect seasonality and cyclicality in the sale of our products. In general, we expect our product revenue in the third and fourth quarters to be positively affected by seasonal customer demand trends, including solar economic incentives, weather patterns and construction cycles. Although these seasonal factors are common in the solar sector, historical patterns should not be considered a reliable indicator of our future sales activity or performance. In the future, the effects of seasonality and cyclicality may also be impacted by our expansion into international markets.

Total revenue and unit sales have generally increased over the ten quarters presented due to the adoption of our existing products, the success of new product introductions and our ability to acquire new customers in our target markets as well as increased sales to existing customers. Quarterly revenue generally has increased sequentially during the last ten quarters, with revenue increasing from the preceding period in seven of the ten quarters presented. Sequential revenue growth in the fourth quarter of 2009 resulted from the successful introduction of our second generation microinverter launched at the end of the previous quarter. In the second quarter of 2010, revenues were negatively affected by an unexpected increase in channel inventory caused by temporary weakness in installer demand and overall market dynamics in the solar industry. Installer demand in early 2010 was impacted by an unseasonably long winter, resulting in sluggish consumer demand for solar systems. Since this time, we have improved our visibility into channel inventory levels through programs designed to incent our distributors to provide timely reporting related to inventory levels. In the first quarter of 2011, the decline in net revenue from the preceding quarter was primarily the result of seasonality. We experienced an increase in revenues in the second quarter of 2011 due, in part, to the launch of our third generation microinverter in June 2011.

Quarterly Gross Profit Trends

Our gross profit, as a percentage of revenue, is impacted by average selling prices, product costs, geographical mix and seasonality. Gross profit generally has improved over the ten quarters presented due to improvements in product costs resulting from economies of scale and improvements in production processes and automation, which have lowered the overall unit production cost over time. Gross profit has also benefited from our generating sales volumes sufficient to cover personnel and other costs not directly affected by sales volume.

Gross profit has increased sequentially in seven of the ten quarters presented. Gross profit has fluctuated on a quarterly basis primarily due to shifts in the average selling prices for our products and product costs. Gross profits in the third and fourth quarters of 2009 improved sequentially primarily due to the successful introduction of our lower-cost, second generation microinverter which had completely replaced our first-generation product by the end of 2009. Gross profits in the third and fourth quarters of 2010 were negatively impacted by costs incurred to expedite the procurement and delivery of certain raw materials and finished goods. Gross profit in the first quarter of 2011 increased sequentially due to lower product cost per unit and reduced use of expedited air-freight for finished goods to meet demand due to improvements in delivery scheduling. In the second quarter of 2011, gross profit continued to increase primarily due to the lower product cost per unit related to the introduction of our third generation microinverter. We anticipate that gross profit will fluctuate from quarter to quarter as a result of changes in average selling prices, product costs, geographical mix and seasonality.

Quarterly Operating Expense Trends

To establish operational scale and to accommodate our growth, our operating expenses increased sequentially in all quarters. Increases in operating expenses have been largely attributable to adding headcount in all areas and growing investment in research and development, increase in sales and marketing efforts and increase in general and administrative expenses for accounting and professional fees. We expect to continue to increase our operating expenses in absolute dollar amounts to support the growth of our company, although over time we expect these expenses to decrease as a percentage of revenue.

Liquidity and Capital Resources

We have historically financed our operating activities and capital expenditures primarily through proceeds from the issuances of convertible preferred stock, debt borrowings and cash receipts from customers. As of June 30, 2011, we had $35.6 million in cash and cash equivalents and $33.9 million in working capital.

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

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
			(in thousands)		
Net cash used in operating activities	$(12,233)	$(18,887)	$(17,852)	$ (8,650)	$(16,201)
Net cash used in investing activities	(2,619)	(2,122)	(3,262)	(1,702)	(6,610)
Net cash provided by financing activities	16,440	25,515	52,465	52,563	18,376

Net Cash Used in Operating Activities

We have experienced net negative cash flows from operations as we have expanded our business and built our infrastructure. Our cash flows from operating activities will continue to be affected principally by the extent to which we manage our working capital and spend on increasing personnel in order to grow our business. Our largest source of operating cash flows is cash collections from our customers.

Cash used in operating activities increased $7.6 million from the six months ended June 30, 2010, as compared to the same period in 2011, primarily due to the $10.2 million increase in net loss, driven by investments made to expand our business and build our infrastructure. This increase was partially offset by a decrease in cash used in working capital items as compared to the 2010 period.

Cash used in operating activities decreased from 2009 to 2010 by $1.0 million. The decrease was primarily driven by an improvement of working capital management of approximately $4.5 million as our sales volume increased substantially, partially offset by a $4.9 million increase in net loss due to the overall growth in our business activities and an increase in employee headcount across all functions.

Cash used in operating activities increased from 2008 to 2009 due to our increased net loss resulting from higher operating expenses to support our growth in 2009.

Net Cash Used in Investing Activities

Net cash used in investing activities primarily related to capital expenditures to support our growth.

Net cash used in investing activities increased from $1.7 million in the six months ended June 30, 2010 to $6.6 million in the six months ended June 30, 2011 primarily due to higher net capital expenditures on manufacturing test equipment as well as development of software for internal use.

Net cash used in investing activities increased from $2.1 million in 2009 to $3.3 million in 2010 due primarily to capital expenditures. Capital expenditures in 2010 primarily related to leasehold improvements for corporate offices, manufacturing test equipment, research and development lab equipment, and development of software for internal use.

Net cash used in investing activities decreased from $2.6 million in 2008 to $2.1 million in 2009 due primarily to capital expenditures. Preceding the launch of our first product in June 2008, we incurred capital expenditures primarily related to research and development lab equipment, leasehold improvements for corporate offices and manufacturing test equipment.

Net Cash Provided by Financing Activities

We have financed our operations primarily through private sales of convertible preferred stock totaling $92.2 million through June 30, 2011, and the use of our venture debt and credit facilities.

Financing activities in the six months ended June 30, 2011 included proceeds of $12.5 million from the issuance of convertible notes, $3.6 million from an equipment financing facility, $2.0 million from a venture debt term loan and $1.3 million from the sale of common stock partially offset by $1 million related to payments on our term loan, capital lease, debt issuance and deferred offering costs. Financing activities in the six months ended June 30, 2010 included proceeds of $45.7 million from our Series E convertible preferred stock financing and $7.0 million from a venture debt term loan.

Cash flows provided by financing activities were higher in 2010 compared to 2009 as we sold 67,471,300 shares of our Series E convertible preferred stock in April, May and June 2010 for net proceeds of $45.7 million. In March 2010, we entered into a venture debt agreement and borrowed $7.0 million under the agreement.

Cash flows provided by financing activities were higher in 2009 compared to 2008 as we sold 103,522,345 shares of our Series D convertible preferred stock in April and May 2009 for net proceeds of $24.2 million. In April 2008, we sold 11,675,878 shares of our Series C convertible preferred stock for net proceeds of $14.9 million and in January 2008 we sold 1,132,075 shares of Series B convertible preferred stock for net proceeds of $750,000. In December 2008, we borrowed $571,000 under a line of credit arrangement.

Debt Obligations

Our debt obligations are summarized below. Our Convertible Facility, Term Loan and Revolving Line of Credit Facility are secured by substantially all of our assets except intellectual property and contain certain required financial covenants. As of June 30, 2011, we were in compliance with these required financial covenants.

Convertible Facility

On June 14, 2011, we entered into a junior secured convertible loan facility, or Convertible Facility, with certain existing preferred stockholders that provides for up to $50.0 million in borrowings. We borrowed $12.5 million upon signing and may borrow up to an additional $37.5 million prior to the earlier of (i) a subsequent

equity financing of more than $10.0 million or (ii) June 14, 2013, subject to the attainment of certain financial and operating conditions. The Convertible Facility bears interest at a rate of 9%, with interest payable in-kind at maturity, which is the earlier to occur of the closing of (i) our initial public offering, (ii) a change in control or (iii) June 14, 2014. Because of the pay-in-kind feature, we expect to record interest expense in excess of the stated rate. In connection with this facility, we issued shares of common stock and warrants to purchase common stock. See Note 15 to Consolidated Financial Statements. The Convertible Facility is secured by all of our assets except intellectual property, prohibits dividend payments and restricts prepayment of the convertible portion of any outstanding loans under the facility. The agreement also requires us to meet certain minimum gross profit metrics and maximum warranty claim rates in order to be eligible for further advances under the facility. We believe that the investors under the Convertible Facility will elect to convert their notes into shares of our common stock upon the completion of this offering, since the conversion feature of the outstanding notes provides that the indebtedness may be converted at $0.98 per share. To the extent any noteholder under the Convertible Facility elects not to convert its note into common stock, we intend to use our existing cash resources to repay such debt.

Equipment Financing Facility

On June 13, 2011, we entered into $5 million equipment financing facility with Hercules Technology Growth Capital, Inc. The equipment financing facility has a variable interest rate set at the higher of 5.75% above the prime lending rate and 9.0% annually and expires July 1, 2014. This facility is secured by the financed equipment and restricts our ability to pay dividends and take on certain types of additional liens. In connection with this facility, we issued warrants to purchase Series E preferred stock. See Note 15 to Consolidated Financial Statements. As of June 30, 2011, we have borrowed $3.6 million under the equipment financing facility.

Term Loan

We have a loan and security agreement with Horizon Technology Finance Corporation, or Original Term Loan, pursuant to which we borrowed $7.0 million at an interest rate of 12.6% for a 42-month term, maturing on October 1, 2013. On March 25, 2011, we entered into an amendment to the Original Term Loan to provide for an additional $2.0 million term loan, which was fully drawn upon at execution of the amendment and an additional $3.0 million term loan available to be drawn upon through September 30, 2011, together, the Additional Term Loans, both of which mature on the first calendar day of the month that follows the 42-month anniversary of the date of advance. As of June 30, 2011, the $2.0 million outstanding principal balance will mature on October 1, 2014. The Additional Term Loans have an interest rate of 10.75% and all borrowings have a 42-month term. Monthly payments for the first 12 months are interest only; subsequent monthly payments include interest and principal, based on a 30-month remaining amortization period. The other terms and conditions of the Original Term Loan remain substantially unchanged. The loan provides for penalties for early repayment and is secured by all our assets except intellectual property. The loan also prohibits any dividend payments and restricts our ability to take on certain additional liens, or make prepayments on certain other indebtedness.

Revolving Line of Credit Facility

We have a revolving line of credit under a loan and security agreement with Bridge Bank, National Association and Comerica Bank that provides for up to $25.0 million in borrowings, based on a percentage of eligible receivables and a percentage of inventory (up to $10.0 million). The line of credit has a variable interest rate set at 1.25% above the bank’s prime lending rate and expires March 24, 2013. The facility includes a $5.0 million letter of credit subfacility. As of June 30, 2011, we had not drawn any amounts under the revolving line of credit facility. Any advance under the facility is collateralized by the underlying receivables or inventory and is secured by all of our assets except intellectual property. The agreement requires us to maintain minimum asset coverage and tangible net worth requirements and restricts our ability to pay dividends, take on certain additional liens, or make prepayments on certain other indebtedness.

Line of Credit Agreement

We have a line of credit agreement with ATEL Ventures, Inc. that provides for borrowings of up to $1.0 million. The line of credit has an interest rate of approximately 14% and expires December 15, 2011. As of June 30, 2011, this line of credit had an outstanding principal balance of $118,000. Specific assets were pledged as collateral for amounts drawn under the line of credit. Any amounts drawn under the line of credit are subject to penalties for early repayment. The line of credit does not include financial covenants or other material covenant requirements.

Operating and Capital Expenditure Requirements

Since inception, our operations have been financed primarily through sales of our convertible preferred stock. Our principal current sources of liquidity are cash on our balance sheet, cash generated by sales of products, borrowings under our credit facilities and our Convertible Facility.

Based on our current financial condition, we believe that liquidity from available sources without giving effect to the proceeds from this offering will be adequate to fund our current and long-term debt obligations as well as our planned capital expenditures and business plans over the next 12 months. In the future, we expect our operating and capital expenditures to increase as we increase headcount, expand our business activities and grow our customer base which will result in higher needs for working capital. Our ability to generate cash from operations is also subject to substantial risks described under the caption “Risk Factors.” If any of these risks occur, we may be unable to generate or sustain positive cash flow from operating activities or raise additional capital. We would then be required to use existing cash and cash equivalents to support our working capital and other cash requirements. If additional sources of liquidity are required to support our working capital requirements or operational expansion, we may seek to raise funds through debt financing or from other sources, but we can provide no assurance that these transactions could be consummated on acceptable terms to us or at all. Failure to raise sufficient capital when needed could have a material adverse effect on our business, results of operations and financial position.

Contractual Obligations

The following table summarizes our outstanding contractual obligations as of December 31, 2010:

	Payments Due by Period				
	Total	2011	2012	2013	2014
			(in thousands)		
Debt	$ 7,233	$ 2,567	$ 2,800	$ 1,866	$ —
Interest payments on debt	1,159	645	426	88	—
Capital leases	58	52	6	—	—
Operating leases	1,646	595	619	430	2
Purchase obligations[1]	20,350	18,315	2,035	—	—
Total	$30,446	$22,174	$ 5,886	$ 2,384	$ 2

(1) Represents amounts associated with our contract manufacturers that are non-cancelable. Such purchase commitments are based on our forecasted manufacturing requirements and typically provide for fulfillment within agreed upon lead-times and/or commercially standard lead-times for the particular part or product. The timing and amount of payments represent our best estimate and may change due to changing business needs and other factors.

On March 25, 2011, we borrowed $2.0 million under the term loan described under “Debt Obligations” above.

On June 3, 2011, we entered into an agreement to lease approximately 96,000 square feet of office space for our new corporate headquarters. Our minimum obligation under this agreement is approximately $13.5 million, payable over the ten-year term of the lease. An estimated $4.5 million of capital expenditures in 2011 will be necessary to complete the tenant improvements, furnishings and technology for the new office space.

On June 14, 2011, we borrowed $12.5 million pursuant to the terms of the Convertible Facility, as discussed above.

Off-Balance Sheet Arrangements

Since our inception, we have not engaged in any off-balance sheet arrangements, such as the use of structured finance, special purpose entities or variable interest entities.

Critical Accounting Policies and Significant Management Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S., or GAAP. In connection with the preparation of our consolidated financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 to Consolidated Financial Statements. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

Our primary source of revenues is the sale of microinverter systems. Our products are fully functional at the time of shipment and do not require production, modification or customization. We currently sell our products primarily to distributors, who typically resell our products to end users. We also sell directly to large installers as well as through OEMs, who integrate our products into complete solutions, and strategic partners.

Revenues from the sales of microinverters and communication gateway devices are recognized when: (i) persuasive evidence of an arrangement exists; (ii) delivery of the products has occurred in accordance with the terms of the sales agreement and title of and risk of loss has passed to the customer; (iii) the sale price is fixed or determinable; and (iv) collection is reasonably assured. Title to the product typically passes upon shipment of the product, as our products are typically shipped FOB shipping point. We do not offer rights to return our products other than for normal warranty conditions. As such, we recognize revenues upon shipment, assuming all other revenue recognition criteria have been met. We occasionally offer promotional program incentives including rebates and discounts on a limited time basis to installers and distributors based on the number of installations and unit sales, respectively. Such customer incentives are not material and are estimated using our historical experience. Incentives are recorded as reductions to net revenues at the time of sale or over the period of time in which they are earned, depending on the nature of the program.

Prior to June 2011, we sold Envoy communications gateway devices and our Enlighten web-based monitoring service separately. Revenues from our Enlighten web-based monitoring services are recognized ratably over the term of the service period, which is generally one or five years. Historically, Enlighten service revenue has represented less than 1% of total revenues in any given reporting period. Beginning in June 2011, each sale of an Envoy communications gateway device will include our Enlighten web-based monitoring service. After allocating the overall consideration from such sale to each deliverable using a best estimate of the selling price, (i) revenues from the sale of Envoy devices will be recognized upon shipment, assuming all other revenue recognition criteria have been met and (ii) revenues from the web-based monitoring service will be recognized ratably over the estimated economic life of the related Envoy devices. We expect revenues from our web-based monitoring service will continue to be insignificant.

Inventory Valuation

Inventories are valued at the lower of cost or market, on a first-in, first-out basis. Certain factors could affect the realizable value of our inventories including market and economic conditions, technological changes, new product introductions and changes in strategic direction. We consider historic usage, expected demand, anticipated sales price, the effect of new product introductions, product obsolescence, customer concentrations, product merchantability and other factors when evaluating the value of inventories. Inventory write-downs are equal to the difference between the cost of inventories and their estimated fair market value. Inventory write-downs are recorded as cost of revenues in the accompanying statements of operations and were $0.2 million, $50,000 and $0.1 million in 2008, 2009 and 2010, respectively, and were $0.1 million and $0.4 million in the six months ended June 30, 2010 and 2011, respectively.

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that we use to record inventory at the lower of cost or market. However, if estimates regarding customer demand are inaccurate or changes in technology affect demand for certain products in an unforeseen manner, we may be exposed to losses that could be material.

Product Warranty

We provide a warranty against defects in materials and workmanship under normal use and service conditions for our microinverters. Our first and second generation microinverters include a 15-year limited warranty. Our third generation microinverters provide for a 25-year limited warranty period. Since we have only been producing microinverters for a comparatively short period, the calculation of warranty provisions is inherently uncertain. We accrue for estimated warranty costs at the time of sale based on anticipated warranty claims and actual historical warranty claims experience. Warranty provisions are computed on a per unit sold basis and are based on our best estimate of such costs and are included in cost of revenues. The warranty obligation is determined based on product failure rates, cost of replacement and service and delivery costs incurred to correct a product failure. Our warranty obligation requires management to make assumptions regarding estimated failure rates and replacement costs. Our estimated costs of warranty for previously shipped products may change to the extent future products are not compatible with earlier generation products under warranty. Product failure rates are estimated by using field monitoring of the actual failure rates of the microinverters we have shipped to date. With over 850,000 of our microinverter units shipped across North America through June 30, 2011, we have established reliability as represented by a MTBF rate of approximately 0.3% per year. MTBF is the predicted elapsed time between inherent failures of a system during operation. In addition, due to our limited operating history, we also utilize third party data collected on similar equipment deployed in outdoor environments similar to those in which our microinverters are installed, as well as accelerated lab testing, which simulates the entire service life of the product in a short period of time using standard tests used by solar module vendors to determine the period over which the modules and microinverters may wear out. Replacement costs are updated periodically to reflect changes in our actual and estimated production costs for our microinverters. Further, changes to the warranty provision as a percentage of microinverter units sold will vary based on the replacement cost of the specific generation of microinverter unit under warranty. In addition, different generations of microinverters may have different warranty terms which further contributes to changes in the warranty provision as a percentage of microinverter units sold. For example, our first and second generation microinverters have a 15-year warranty while our third generation microinverter has a 25-year warranty. If actual warranty costs differ significantly from these estimates, adjustments may be required in the future, which could adversely affect our gross profit and operating results. The warranty provision was $0.5 million, $1.0 million and $1.9 million in 2008, 2009 and 2010, respectively, and was $0.9 million and $1.6 million for the six months ended June 30, 2010 and 2011, respectively.

In addition, we support our microinverters with our Entrust program. We reimburse the system owner for any lost energy for up to one month if a microinverter unit should fail (which we refer to as our “100% uptime guarantee”). We estimate that our microinverter systems achieve system uptimes of over 99.8%. Historically, disbursements under the Entrust program have been insignificant, and therefore no accruals have been recorded for any such future obligations.

Stock-Based Compensation

The accounting for share-based payments requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors based on the grant date fair values of the awards. The fair value of each stock option granted is estimated using the Black-Scholes option pricing model. Stock-based compensation, net of estimated forfeitures, is recognized on a straight-line basis over the requisite service period, which is typically four years. Stock-based compensation expenses are classified based on the employee's functional department.

The Black-Scholes option pricing model requires management to make assumptions and to apply judgment in determining the fair value of our awards. The most significant assumptions and judgments include estimating the fair value of underlying stock, expected volatility and expected term. In addition, the recognition of stock-based compensation expense is impacted by estimated forfeiture rates.

Our board of directors has historically set the exercise price of options to purchase our common stock at a price per share not less than the fair value of the common stock at the time of grant. To determine the fair value of our common stock, our board of directors, with input from management, considered many factors, including but not limited to:

- independent third-party valuations using the methodologies described below;
- our historical, current and expected future operating performance;
- recent prices at which our preferred stock was sold, including the liquidation rights and other preferences of our preferred stock;
- our financial condition at the date of grant;
- achievement of product development milestones;
- lack of marketability of our common stock associated with private company status and the potential future marketability of our common stock as a result of a liquidity event, such as an initial public offering;
- business risks inherent in our business and in technology, solar and clean technology companies generally; and
- macroeconomic trends and capital market conditions.

We estimated the expected volatility based on the historical volatilities of several comparable public companies within the solar and clean technology industries because our common stock has no trading history. The weighted-average expected life of options was calculated using the "simplified" method developed by the SEC staff. The risk-free interest rate is based on the U.S. Treasury yields in effect at the time of grant for periods corresponding to the expected term of the options. The expected dividend rate is zero based on the fact that we have not historically paid dividends and have no intention to pay cash dividends in the foreseeable future. The forfeiture rate is estimated based on the historical average period of time that options were outstanding and adjusted for expected changes in future exercise patterns.

Total stock-based compensation expense recognized for 2008, 2009 and 2010 was $208,000, $180,000 and $829,000, respectively. For the six months ended June 30, 2010 and 2011, expense from stock-based compensation was $147,000 and $856,000, respectively. The fair value of each option granted during the periods presented was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Expected term (in years)	5.6	5.9	6.0	6.0	6.0
Expected volatility	73.3%	76.4%	73.3%	74.2%	72.1%
Annual risk-free rate of return	3.0%	2.8%	2.2%	2.6%	2.3%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

As of December 31, 2010 and June 30, 2011, there was approximately $3.8 million and $5.2 million, respectively, of total unrecognized compensation cost related to unvested stock options, net of expected forfeitures, which is expected to be recognized over a weighted-average period of 3.3 years and 3.1 years, respectively.

No income tax benefit has been recognized relating to stock-based compensation expense and no tax benefits have been realized from exercised stock options.

The following table summarizes all option grants from January 1, 2010 through June 30, 2011:

Grant Date	Number of Options Granted	Per Share Exercise Price	Common Stock Fair Value Per Share at Grant Date
June 2011	819,500	$ 0.58	$ 0.92
May 2011	2,223,060	0.45	0.77
January 2011	2,631,358	0.28	0.45
November 2010	2,955,983	0.23	0.39
July 2010	12,963,210	0.18	0.29
June 2010	4,372,915	0.18	0.25
January 2010	2,846,500	0.07	0.07

Subsequent to June 30, 2011, we granted additional options to purchase approximately 3.1 million shares of common stock with an exercise price of $1.05 per share.

In the absence of a public trading market for our common stock, management and our board of directors determined the estimated fair value at the grant date relying, in part, on independent third-party valuations of our common stock. The valuation of our common stock was performed in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. In order to value the common stock underlying all option grants, we determined our business equity value by taking a weighted combination of the value indications using two valuation approaches: an income approach and a market approach.

Valuation models employed in determining our enterprise value require the input of highly subjective assumptions. In determining enterprise value under the income approach, a discount rate is applied to the estimated future net cash flows of a company to derive a single present value representing the value of the enterprise. The discounted cash flow model used to recalculate our enterprise value included, among others, the following assumptions: projections of revenues and expenses and related cash flows based on assumed long-term growth rates and demand trends; expected future investments to grow our business; and, an appropriate risk-adjusted discount rate. The market approach estimates the fair value of a company by applying market multiples

of the corresponding financial metrics of publicly traded firms in similar lines of business to our historical and/or projected financial metrics. We selected comparable companies based on factors such as business similarity, financial risk, company size and geographic markets. In applying this method, valuation multiples were: (i) derived from historical operating data of the selected comparable entities; (ii) evaluated and/or adjusted based on our strengths and weaknesses relative to the comparable entities; and (iii) applied to our operating data to arrive at a value indication.

Enterprise value, adjusted for cash and debt, was allocated to the shares of convertible preferred stock, warrants, options and shares of common stock using an option pricing method or a probability-weighted estimated return method, or PWERM, depending on our stage of development. The option pricing method treats convertible preferred stock, warrants, options and shares of common stock as call options on the total equity value of a company, and uses the Black-Scholes option pricing model to price the call options. This model defines the securities' fair values as functions of the current fair value of a company and requires the use of assumptions such as the anticipated holding period and the estimated volatility of the equity securities.

Under the PWERM, the value of common stock is estimated based upon an analysis of future values for the enterprise assuming various scenarios and potential future expected outcomes (e.g., an initial public offering, or IPO, a merger or sale, continuing as a private company, or dissolution with no value to common stockholders). Enterprise value is allocated to convertible preferred stock, warrants, options and shares of common stock based on the rights and characteristics of each equity instrument. The resulting share value is based upon the probability-weighted present value of expected future investment returns.

In 2010 and prior periods, we utilized the independent valuation services of an investment bank located in Silicon Valley focused on middle market technology companies, who prepared our valuations based upon the option-pricing method. Beginning in 2011, as we began to more strongly consider an IPO or other liquidity event, we determined that we should engage a new independent valuation firm which has a dedicated national team of valuation professionals that have valued thousands of businesses across all industries ranging in size from Fortune 500 companies to middle market and small businesses. In addition, the valuations performed since January 2011 have been prepared based upon the PWERM.

The following discusses the factors considered by our board of directors in determining the exercise price of our common stock at each of the grant dates specified below and management's consideration of fair value for stock compensation purposes.

June 3, 2011. Our board of directors determined the exercise price of our common stock of $0.58 per share at the grant date relying, in part, on:

- The results of the most recent independent valuation as of March 31, 2011, which estimated the value of our common stock at $0.58 per share, and included the following key assumptions:
  - Discount rate of 23% based on the calculated weighted average cost of capital and lack of marketability discount of 10% based on a reduction in the assumed time to a liquidity event to occur to approximately six months; and
  - Application of the PWERM, assuming 65% probability of an IPO, 15% probability of merger or sale, 15% probability of continuing as a private company and a 5% probability of dissolution/no value to common stockholders.

However, we subsequently determined that a stock compensation charge should be calculated for the difference between the $0.58 per share exercise price at the grant date and a revised estimated fair value of $0.92 per common share at the grant date, based on the following:

- June 6, 2011 launch of our third generation microinverter and the sale of a significant amount of units in June 2011;

- June 13, 2011 equipment financing with an unrelated third party of $5 million and the related issuance of warrants to purchase 229,591 shares of Series E convertible preferred stock at $0.98 per share and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares;
- June 14, 2011 Convertible Facility with certain existing preferred stockholders that provides for up to $50.0 million in borrowing and consideration of the related issuances of (i) 1,890,609 shares of common stock at $0.58 per share in cash, and (ii) warrants to purchase 695,586 shares of common stock at $0.58 per share;
- The June 15, 2011 filing of a Registration Statement on Form S-1 with the Securities and Exchange Commission for an initial public offering of common stock;
- Substantial increase in revenues from $18.1 million in the three months ended March 31, 2011 to $30.0 million in the three months ended June 30, 2011;
- Increase in the number of microinverters sold from 148,000 units in the first six months of 2010 to 327,000 units in the first six months of 2011 or 121%, and from 123,000 units in the three months ended March 31, 2011 to 204,000 units in the three months ended June 30, 2011 or 66% ;
- Increase in gross profit percentage from 14.7 % in the three months ended March 31, 2011 to 18.4% in the three months ended June 30, 2011;
- Consideration of the results of an independent valuation as of June 30, 2011, which estimated the value of our common stock at $1.05 per share, and included the following key assumptions:
    - Discount rate of 24% based on the calculated weighted average cost of capital and lack of marketability discount of 10% based on a reduction in the assumed time to a liquidity event to occur to approximately three months; and
    - Application of the PWERM, assuming 75% probability of an IPO, 15% probability of merger or sale, and 10% probability of continuing as a private company.

A retrospective extrapolation based upon the fair value determined by the June 30, 2011 independent valuation and consideration of the items discussed above resulted in a revised estimated fair value of $0.92 as of the June 3, 2011 grant date.

As a result, additional compensation expense of $241,000 related to the June 3, 2011 grants will be recognized over the four year vesting period of the options.

May 5, 2011. Our board of directors determined the exercise price of our common stock of $0.45 per share at the grant date relying, in part, on results of the most recent independent valuation as of January 31, 2011, which estimated the value of our common stock at $0.45 per share (as discussed below).

However, we subsequently determined that a stock compensation charge should be calculated for the difference between the $0.45 per share exercise price at the grant date and the estimated fair value of $0.77 per common share at the grant date, based on the following:

- June 6, 2011 launch of our third generation microinverter;
- June 13, 2011 equipment financing with an unrelated third party of $5 million and the related issuance of warrants to purchase 229,591 shares of Series E convertible preferred stock at $0.98 per share and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares;

- June 14, 2011 Convertible Facility with certain existing preferred stockholders that provides for up to $50.0 million in borrowing and consideration of the related issuances of (i) 1,890,609 shares of common stock at $0.58 per share in cash, and (ii) warrants to purchase 695,586 shares of common stock at $0.58 per share;
- The June 15, 2011 filing of a Registration Statement on Form S-1 with the Securities and Exchange Commission for an initial public offering of common stock;
- Consideration of the results of an independent valuation as of June 30, 2011, which estimated the value of our common stock at $1.05 per share as of June 30, 2011, as discussed above; a retrospective extrapolation based upon the fair value determined by the June 30, 2011 independent valuation and consideration of items discussed above resulted in a revised estimated fair value of $0.77 as of the May 5, 2011 grant date.

As a result, additional compensation expense of $618,000 related to the May 5, 2011 grants will be recognized over the four year vesting period of the options.

January 2011. Our board of directors determined the exercise price of our common stock of $0.28 per share at the grant date relying, in part, on results of the most recent independent valuation as of November 30, 2010, which estimated the value of our common stock at $0.28 per share and included the following key assumptions:

- The business enterprise value based on a weighted income approach and market approach of $184.0 million, an increase from the prior external valuation of $167.5 million as of August 31, 2010;
- Discount rate of 35% based on the calculated weighted average cost of capital; and
- Lack of marketability discount of 24%.

However, we subsequently determined that a stock compensation charge should be calculated for the difference between the $0.28 per share exercise price at the grant date and the estimated fair value of $0.45 per common share at the grant date, based on the following:

- The issuance of Series E Convertible Preferred Stock at $0.68 per share in March, April and May 2010 resulting in cash proceeds of $45.7 million, and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares. We took into account all preferences and other rights, as described in Note 9 of the accompanying consolidated financial statements, when determining the value of our common stock as compared to the value of our convertible preferred stock. In particular, liquidation preferences ascribed to convertible preferred stock prior to any distribution of proceeds to holders of our common stock resulted in the value per share of our convertible preferred stock being more than the value per share of our common stock. In addition, we considered the application of PWERM which assumed a 50% probability of an IPO;
- Substantial increase in revenues from $18.7 million in the three months ended September 30, 2010, to $20.6 million in the three months ended December 31, 2010;
- Substantial increase in sales of microinverters from 126,000 in 2009 to 414,000 in 2010;
- Meaningful increase in gross profit percentage from (15)% in 2009 to 10.5% in 2010;
- Successful hiring of essential research and development, technical, sales and marketing and administrative personnel, increasing total headcount from 80 at December 31, 2009 to 154 at December 31, 2010;

- Considerable progress made throughout 2010 in the development of our third generation microinverter, which was expected to be available for sale in mid-2011; and
- Consideration of the results of an independent valuation as of January 31, 2011, which estimated the value of our common stock at $0.45 per share, and included the following key assumptions:
  - Discount rate of 24% based on the calculated weighted average cost of capital and lack of marketability discount of 15% based on a reduction in the assumed time to a liquidity event to occur to approximately one year; and
  - Application of the PWERM, assuming 50% probability of an IPO, 20% probability of merger or sale, 20% probability of continuing as a private company and a 10% probability of dissolution/no value to common stockholders.

As a result, additional compensation expense of $388,000 related to the January 2011 grants will be recognized over the four year vesting period of the options.

November 2010. Our board of directors determined the exercise price of our common stock of $0.23 per share at the grant date relying, in part, on results of the most recent independent valuation as of August 31, 2010, which estimated the value of our common stock at $0.23 per share and included the following key assumptions:

- The business enterprise value based on a weighted income approach and market approach of $167.5 million, an increase from the prior external valuation of $133.5 million as of February 28, 2010;
- Discount rate of 33% based on the calculated weighted average cost of capital; and
- Lack of marketability discount of 28% based on an assumed time to a liquidity event to occur of 1.75 years.

However, we subsequently determined that a stock compensation charge should be calculated for the difference between the $0.23 per share exercise price at the grant date and the estimated fair value of $0.39 per common share at the grant date, based on the following:

- The issuance of Series E Convertible Preferred Stock at $0.68 per share in March, April and May 2010 resulting in cash proceeds of $45.7 million, and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares;
- Substantial increase in revenues from $10.8 million in the three months ended June 30, 2010, to $18.7 million and $20.6 million in the three months ended September 30 and December 31, 2010, respectively;
- Substantial increase in sales of microinverters from 126,000 in 2009 to 414,000 in 2010;
- Meaningful increase in gross profit percentage from (15)% in 2009 to 10.5% in 2010;
- Successful hiring of essential research and development, technical, sales and marketing and administrative personnel, increasing total headcount from 80 at December 31, 2009 to 154 at December 31, 2010;
- Continued improvement in U.S. economy and financial and stock markets;
- Considerable progress made throughout 2010 in the development of our third generation microinverter, which is expected to be available for sale in mid-2011; and
- Consideration of an independent valuation as of January 31, 2011, which estimated the value of our common stock at $0.45 per share as of January 2011 (as discussed above); a retrospective straight-line

extrapolation based on the fair value determined by the January 31, 2011 independent valuation report resulted in a revised estimated fair value of $0.39 per common share as of the November 11, 2010 grant date.

As a result, additional compensation expense of $408,000 related to the November 2010 grants will be recognized over the four year vesting period of the options.

July 2010. Our board of directors determined the exercise price of our common stock of $0.18 per share at the grant date relying, in part, on the most recent independent valuation as of February 28, 2010, which estimated the value of our common stock at $0.18 per share and included the following key assumptions:

- The business enterprise value based on a weighted income approach and market approach of $133.5 million, an increase from the prior external valuation of $49.9 million as of October 31, 2009;
- Discount rate of 33% based on the calculated weighted average cost of capital; and
- Lack of marketability discount of 45% based on an assumed time to a liquidity event to occur of approximately two years.

However, we subsequently determined that a stock compensation charge should be calculated for the difference between the $0.18 per share exercise price at the grant date and the estimated fair value of $0.29 per common share at the grant date, based on the following:

- The issuance of Series E Convertible Preferred Stock at $0.68 per share in March, April and May 2010 resulting in cash proceeds of $45.7 million, and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares;
- Substantial increase in gross profit percentage from 8.3% in the three months ended March 31, 2010 to 12.1% in the three months ended June 30, 2010;
- Increased likelihood of meeting operating performance benchmarks and forecasted results for the second half of 2010; and
- Consideration of an independent valuation report dated as of January 31, 2011, which estimated the value of our common stock at $0.45 per share as of January 2011 (as discussed above); a retrospective straight-line extrapolation based on the fair value determined by the January 31, 2011 independent valuation report resulted in a revised estimated fair value of $0.29 per common share as of the July 15, 2010 grant date.

As a result, additional compensation expense of $1,236,000 related to the July 2010 grants will be recognized over the four-year vesting period of the options.

June 2010. Our board of directors determined the exercise price of our common stock of $0.18 per share at the grant date relying, in part, on the most recent independent valuation as of February 28, 2010, described above.

However, we subsequently determined that a stock compensation charge should be calculated for the difference between the $0.18 per share exercise price at the grant date and the estimated fair value of $0.25 per common share at the grant date, based on the following:

- The issuance of Series E Convertible Preferred Stock at $0.68 per share in March, April and May 2010, resulting in cash proceeds of $45.7 million, and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares;
- Substantial increase in the level of quarterly revenues from $5.4 million in the three months ended September 30, 2009 to $12.0 million and $11.6 million in the three months ended December 31, 2009 and March 31, 2010, respectively, and a concurrent improvement in gross profit percentage over such periods;

- Revised increased forecasts for operating performance for 2010 and subsequent years; and
- Consideration of an independent valuation as of January 31, 2011, which estimated the value of our common stock at $0.45 per share as of January 2011 (as discussed above); a retrospective straight-line extrapolation based on the fair value determined by the January 31, 2011 independent valuation resulted in a revised estimated fair value of $0.25 per common share as of the June 3, 2010 grant date.

As a result, additional compensation expense of $264,000 related to the June 2010 grants will be recognized over the four year vesting period of the options.

January 2010. Our board of directors determined the exercise price of our common stock of $0.07 per share at the grant date relying, in part, on:

- The most recent independent valuation as of October 31, 2009, which estimated the value of our common stock at $0.07 per share and included the following key assumptions:
  - The business enterprise value based on a weighted income approach and market approach of $49.9 million;
  - Discount rate of 43% based on the calculated weighted average cost of capital;
  - Lack of marketability discount of 38% based upon an assumed time to a liquidity event to occur of approximately 2.5 years;
- Our financial condition and related need for additional working capital; and
- The sale of Series D Convertible Preferred Stock at $0.235 per share in April and June 2009; resulting in cash proceeds of approximately $24.2 million, and consideration of the voting, conversion, dividend, liquidation, and other rights and preferences of the preferred shares relative to those of the outstanding common shares.

Quantitative and Qualitative Disclosures about Market Risk

Concentrations of Credit Risk and Major Customers

We are potentially subject to financial instrument concentration of credit risk through our cash equivalents and trade accounts receivable. Credit risk with respect to accounts receivable is relatively concentrated, as three customers respectively represented 14%, 13% and 10% of the total accounts receivable balance as of December 31, 2010. We currently do not foresee a credit risk associated with these receivables. At December 31, 2009, three customers respectively accounted for approximately 21%, 12% and 10% of our total accounts receivable. In 2010, two customers, in the aggregate, accounted for approximately 25% of our net sales. In 2009, three customers, in the aggregate, accounted for approximately 39% of our net sales.

Interest Rate Sensitivity

We place our cash and cash equivalents with major financial institutions that management assesses to be of high credit quality, to limit the exposure of each investment. We had cash and cash equivalents of $8.6 million, $40.0 million and $35.6 million at December 31, 2009, December 31, 2010 and June 30, 2011, respectively, which was held for working capital purposes. We do not enter into investments for trading or speculative purposes. Due to the short-term nature of these investments, we do not believe that we have any material exposure to changes in the fair value as a result of changes in interest rates. Declines in interest rates, however, will reduce future investment income. Interest income was $39,000 in 2010 and $4,000 in the six months ended June 30, 2011. Our revolving line of credit agreement was the only instrument we held with variable interest rates which could, if drawn upon, subject us to risks associated with changes in interest rates. As of December 31, 2010 and June 30, 2011, there were no amounts outstanding under this line of credit. If the interest rate on our line of credit rose 10%, our results from operations and cash flows would not be materially affected.

Foreign Currency Risk

Through June 30, 2011, all sales transactions were denominated in U.S. dollars. Beginning in the fourth quarter of 2010, we had an immaterial amount of purchase transactions denominated in Euros. Accordingly, we have limited exposure to foreign currency exchange rates and do not currently enter into foreign currency hedging transactions. In the future, as we expand our international operations, we may have greater exposure to foreign currency exchange risk which we intend to mitigate through foreign currency hedging transactions. However, these activities may be limited in the protection they provide us from foreign currency fluctuations and can themselves result in losses.

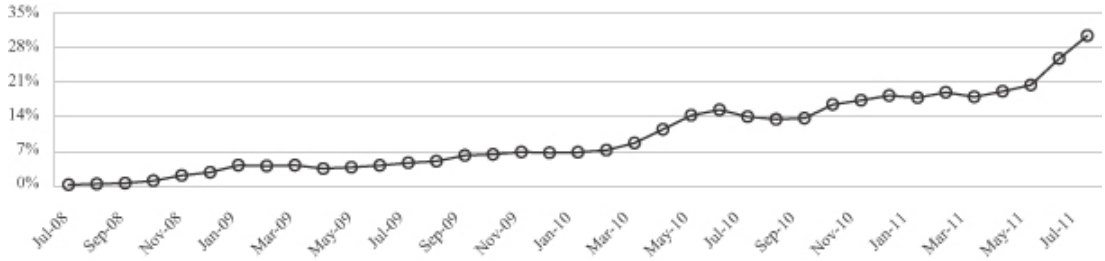
BUSINESS

Overview

We deliver microinverter technology for the solar industry that increases energy production, simplifies design and installation, improves system uptime and reliability, reduces fire safety risk and provides a platform for intelligent energy management. To date, the solar industry has relied on the traditional central inverter approach to power conversion that has largely remained unchanged for the past two decades. We have built from the ground up a semiconductor-based microinverter system that converts energy at the individual solar module level and, combined with our proprietary networking and software technologies, provides advanced energy monitoring and control. Given the significant advantages over traditional central inverters, we believe that microinverter solutions will become the standard for residential and commercial solar.

We are the market leader in the microinverter category and have grown rapidly since our first commercial shipment in mid-2008, with more than 1,000,000 units shipped to date, representing over an estimated 30,000 solar installations. We were the first company to commercially ship microinverter systems in volume. Our products have been installed in all 50 U.S. states and eight Canadian provinces, and we are rapidly taking market share from traditional central inverter manufacturers. For example, in California, the largest single solar market in the United States, based on estimates by SEIA, our market share of the residential solar photovoltaics, or PV, inverter market has increased from 0% in July 2008 to 30% based on a three month moving average at the end of July 2011, according to CSI.

California Residential Market Share (July 2008 – July 2011) (<10kW installations)
Enphase Energy Market Share – 3 Month Moving Average



Our microinverter solution brings a system-based, high technology approach to solar energy generation leveraging our design expertise across power electronics, semiconductors, networking and software technologies. Our microinverter system consists of three key components: the Enphase microinverter; the Envoy communications gateway; and the Enlighten web-based software:

- Our industry leading Enphase microinverter delivers efficient and reliable power conversion at the individual solar module level by introducing digital architecture that incorporates a custom ASIC, specialized power electronics devices and an embedded software subsystem that optimizes energy production from each module and manages the core ASIC functions. A residential solar installation consists of 5 to 50 microinverters; a small commercial solar installation consists of 50 to 500 microinverters.
- Our Envoy communications gateway is installed within the system owner’s home or business and serves as a networking hub that collects data from the microinverter array and sends the information to our hosted data center. One Envoy is typically sold with each solar installation and can support up to 100 Enphase microinverters.
- Our Enlighten web-based software collects and processes this information to enable system owners to monitor and analyze the performance of their solar PV system down to the individual solar module

level. Enlighten also provides an online portal specifically designed for installers to enable them to track and manage all of their Enphase enabled projects. Historically, Enlighten service revenue has represented less than 1% of total revenues in each reporting period.

Together, our Enphase microinverter, Envoy communications gateway and Enlighten web-based software function as a single unified system that enhances energy production, simplifies design and installation, reduces costs, increases reliability and uptime, reduces fire risk, and provides the ability to monitor performance down to the module level in real-time compared to central inverter system. With an Enphase microinverter system, we believe system owners can achieve a higher return on investment over the lifetime of the solar system.

We sell our microinverter systems primarily to distributors who resell them to solar installers. Over 2,700 installers in North America have installed our microinverters through June 30, 2011, and this number is increasing by approximately 100 new installers per month. We also sell directly to large installers as well as through OEMs and strategic partners. We have achieved substantial growth since we commenced commercial production in 2008. The majority of our revenue has been generated by sales within the United States. Sales to customers in Canada commenced in 2009 and accounted for approximately 13% of our total revenue in 2010. In early 2011, we established sales offices in France and Italy. Our total revenue was $1.7 million, $20.2 million, and $61.7 million for fiscal years 2008, 2009, and 2010, respectively, and was $22.4 million and $48.1 million for the first six months of fiscal 2010 and 2011, respectively.

Industry Overview

Solar Energy Is a Large and Growing Industry

According to The Datamonitor Group, the global electricity market represented $1.6 trillion in annual consumption in 2009. With global electricity needs expected to increase by approximately 45% from 2009 to 2035, according to the U.S. Department of Energy, coupled with increasing energy security and environmental concerns associated with traditional fossil fuels, suppliers and users of electricity are seeking more renewable sources of energy. Among renewable sources of electricity, solar energy has the most potential to meet the world's growing electricity needs. The global solar PV market witnessed rapid growth from 7 GW, or $38 billion, of installed capacity coming online during 2009 to 18 GW, or $78 billion, in 2010, and is expected to grow to 43 GW in 2015, representing a compounded annual growth rate of 20%, according to iSuppli.

The solar PV market has grown in Europe, largely driven by subsidies that have been implemented by numerous countries to develop a renewable energy industry and create jobs at the local level. In Europe, these subsidies take the form of FiTs, which guarantee eligible renewable electricity generators a premium price for the electricity they produce over a long term time horizon. The U.S. solar PV market is growing rapidly, as there are both federal incentive programs for solar energy available such as the Business Energy Investment Tax Credits, as well state-level implementations of Renewable Portfolio Standards and other state, local and utility subsidies and other programs geared toward encouraging the development of solar energy. The U.S. solar PV market grew over 100% in 2010 over 2009 and is projected to become the largest solar PV market in the world by 2015 by number of annual installations as the price of solar approaches the price of other electricity sources on the grid. Almost 1 GW was installed in the United States across 50,000 homes, businesses and utilities in 2010, according to iSuppli.

Smaller solar installations typically attract higher FiT rates as the costs are higher and installed by residential owners rather than financial investors. Recent changes to local FiT rules by governments in Italy, Germany and Spain are favoring the smaller installations even more than before. As a result, growth in the global solar industry is expected to shift from utility-scale and commercial solar greenfield installations to residential and commercial rooftop solar installations.

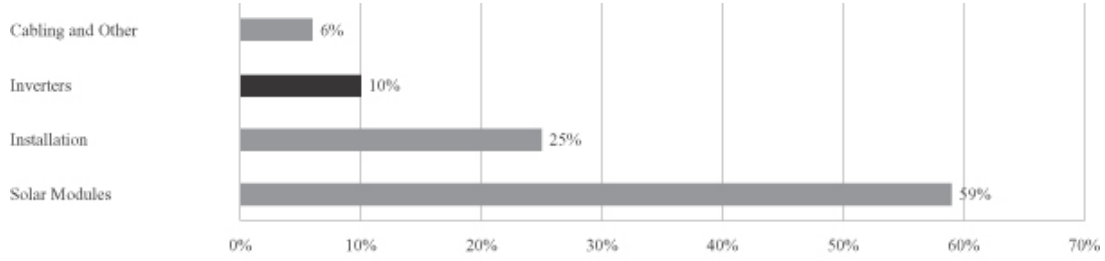
Solar Industry Segmentation

The solar PV market consists of two primary on-grid solar markets: distributed solar systems for residential and commercial buildings; and centralized large scale solar PV installations owned and operated by utilities. Residential deployments are typically small (<10 kW) roof-mounted installations to supplement power usage to residential dwellings. Commercial installations are small to large (>10 kW to 1 MW) deployments, typically also roof-mounted, to supplement electricity requirements of commercial buildings such as retail stores, apartment complexes, industrial manufacturing facilities and state and federally owned government office buildings. Utility-scale solar PV installations are very large (several MWs) PV arrays that are typically ground-mounted and located in remote regions that receive high solar irradiation, such as the American desert southwest region, and generate significant amounts of electricity that is transported by utility transmission lines to load centers. In 2010, the residential and commercial markets represented 72% of the U.S. solar inverter market, according to SEIA.

Typical Solar System Costs

There are four key components of the cost of installing a typical solar PV system: solar modules; installation; DC to AC inverters; and cabling and other. Solar modules represent 59% of the total cost. Installation represents 25% of the total cost and includes the costs of specialized solar installation and design professionals to construct the solar system at the home or business. The inverter represents 10% of the total cost and is used to transform the DC power generated by the solar module array to standard AC power used in homes and buildings. Finally, cabling and other represent 6% of the total cost and include wiring systems used to integrate the solar modules into the electrical systems. The wiring systems include disconnects for the DC side of the inverter, ground-fault protection, and over current protection for the solar modules.

Breakdown of Total Solar System Costs
% of Total System Cost

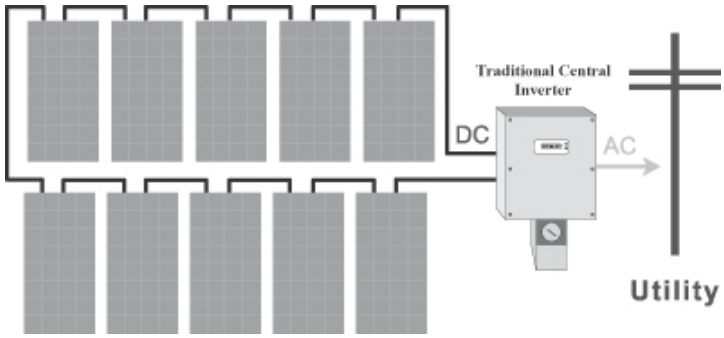


Source : iSuppli data

Inverter Industry

Historically, traditional central inverters have been the only inverter technology used for solar PV installations. In an installation consisting of a traditional central inverter, the solar PV modules are connected in series strings. In a large installation, there are multiple series strings connected in parallel. The aggregated voltage from each of these strings is then fed into a large central inverter. The central inverter performs two key functions: (i) it establishes a maximum power point tracking, or MPPT, operating point for the system and (ii) converts power from high-voltage DC to grid-complaint AC. Since the beginning of solar PV industry, traditional central inverters have continued to use high-voltage analog technologies to convert DC to AC requiring complex design and string calculations to ensure safe and reliable system operation. In 2010, 99% of the GW volume of solar inverters deployed were traditional central inverters. The worldwide market for inverter technology in 2010 was almost 20 GW, or $5.5 billion, and the market is expected to grow to 34 GW, or $8.2 billion, by 2014, according to IMS Research.

Traditional Central Inverter Architecture



Challenges of Traditional Central Inverters

As compared to microinverter systems, we believe that traditional central inverters have a number of design and performance challenges limiting innovation and their ability to reduce the cost of solar systems, including the following:

- *Productivity limits*. If solar modules are wired using a traditional central inverter—such that a group or "string" of modules are wired in series—an entire string's output is limited by the output of the lowest-performing module. If one module is dirty, shaded, or is not operating to its maximum specification, the whole string's output is lowered to the level of that module resulting in a loss of energy production. In addition, due to string design requirements, central inverters also limit the design and site selection for solar PV arrays, particularly in rooftop applications. As such, many of today's central inverter installations are not maximizing energy production and, therefore, the system owners are not realizing the full benefit of their investment.
- *Reliability issues*. Traditional central inverters are the single most common component of solar installations to fail, resulting in system downtime and adversely impacting total energy output. If a central inverter fails, the downtime is significant since the entire array will not be producing energy until the inverter is repaired or replaced. The high-DC voltage and power levels processed by central inverters result in higher inverter failure rates and shorter product life due to higher stress on components. As a result, central inverters typically carry warranties of only 5-10 years while solar modules have warranties of 25 years, potentially requiring several inverter repairs or replacements over the life of the solar PV system.
- *Complex design and installation requirements*. The central inverter-based solar PV installation requires greater effort on the part of the installer, both in terms of design and on-site labor. Central inverter installations require string design and calculations for safe and reliable operation, as well as specialized equipment such as DC combiners, conduits and disconnects. In addition, the use of high-voltage DC requires specialized knowledge and training and safety precautions to install central inverter technology. Installers must also know and inventory a family of inverters to manage different solar PV installation sizes. Once installed, the system is not expandable without a purchase of another central inverter. Central inverters also tend to be heavy, bulky and noisy and often have to be protected and located outside of plain view.
- *Lack of monitoring*. The majority of solar installations with central inverter technology offer limited monitoring capabilities. A failure of the central inverter will often go unnoticed for days or even weeks. Even if some form of monitoring is available, it is limited to the inverter and cannot monitor the health and performance of individual solar modules. Therefore, if a module fails or is not performing to specification, the resulting loss of energy can go unnoticed.

- *Safety issues*. Central inverter solar PV installations have a wide distribution of high-voltage DC wiring. If damaged, DC wires can generate sustained electrical arcs, reaching temperatures of more than 5,000 °F. This creates the risk of fire for solar PV installation owners and injury for installers and maintenance personnel. In fact, due to an increasing number of incidents, the 2011 National Electric Code now requires all inverters to be able to detect and interrupt DC arc faults.

These challenges of traditional central inverters have a direct impact on the cost and expected return on investment of solar installations to both installers and system owners:

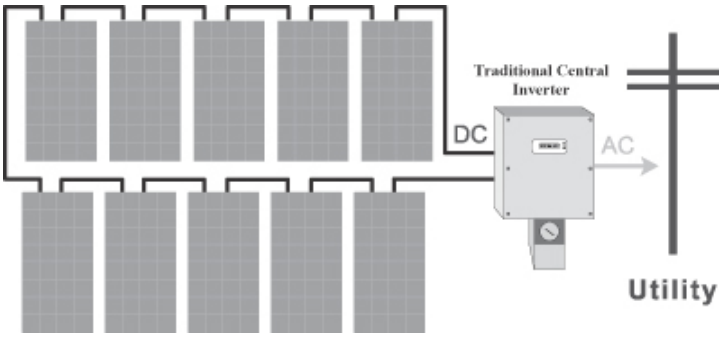
- *Installer*. Solar system installers aim for simple installation design, fast installation times and maximum system performance and predictability. The installation of high-voltage DC central inverter technology, however, requires significant preparation, precautionary safety measures, time-consuming string calculations, extensive design expertise and specialized installation equipment, training and knowledge. Together, these factors significantly increase complexity and cost of installation and limit overall productivity for the installer.
- *System owner*. Solar system owners aim for high energy production, low cost, high reliability and low maintenance requirements, as well as reducing fire risks. With central inverter solutions, owners often are unable to optimize the size or shape of their solar PV installations due to string design limitations, experience performance loss from shading and other obstructions, can face frequent system failures and lack the ability to effectively monitor the performance of their solar PV installation. In addition, central inverter installations operate at high-voltage DC which bears significant fire risks. Further, central inverter installations can affect architectural aesthetics of the house or commercial building.

Our Solution

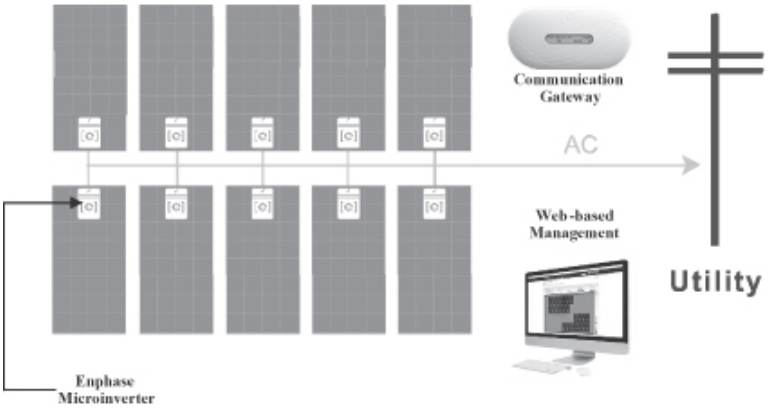
We design, develop, manufacture and sell the leading microinverter system for the solar PV industry. To date the solar industry has relied on the traditional central inverter approach that has largely remained unchanged for the past two decades. We have built from the ground up a semiconductor-based microinverter system that converts energy at the individual solar module level and, combined with our proprietary networking and software technologies, provides advanced energy monitoring and control. This is vastly different than the central inverter approach that can only convert energy of the entire array of solar modules from a single high voltage electrical unit, and lacks intelligence about the energy producing capacity of the solar array. The different approaches are depicted in the figure below.

Traditional Central Inverter System vs. Microinverter System

Traditional Central Inverter Approach



Enphase Microinverter System



Our microinverter solution brings a system-based, high technology approach to solar energy generation leveraging our design expertise across power electronics, semiconductors, networking, and embedded and web-based software technologies. Our microinverter system consists of the following hardware and service components: our Enphase microinverter; our Envoy communications gateway; and our Enlighten web-based software service. Since inception approximately 99% of our net revenues have been derived from the sale of hardware products.

- Our industry leading Enphase microinverter delivers efficient and reliable power conversion at the individual solar module level by introducing a digital architecture that incorporates custom ASICs, specialized power electronics devices and an embedded software subsystem that optimizes energy production from each module and manages the core ASIC functions. A residential solar installation consists of 5 to 50 microinverters; a small commercial solar installation consists of 50 to 500 microinverters.
- Our Envoy communications gateway is installed within the system owner's home or business and serves as a networking hub that collects data from the microinverter array and sends the information to our hosted data center. One Envoy is typically sold with each solar installation and can support up to 100 Enphase microinverters.
- Our Enlighten web-based software collects and processes this information to enable system owners to monitor and analyze the performance of their solar PV system at the individual solar module level. Enlighten also provides an online portal specifically designed for installers to enable them to track and manage all of their Enphase enabled projects and monitor and analyze the performance of their systems. Historically, Enlighten service revenue has represented less than 1% of total revenues in any given reporting period.

Together, our Enphase microinverter, Envoy communications gateway and Enlighten web-based software function as a single unified system that enhances energy production, simplifies design and installation, reduces costs, increases system uptime and reliability, reduces fire safety risk, and provides the ability to monitor performance at the individual module level in real-time. With an Enphase microinverter system, we believe solar system owners can achieve a higher return on investment over the lifetime of the solar system than would be achieved using a traditional central inverter approach.

Key elements of our solution include:

- *Productive—Superior Energy Production.* Our microinverter system enables the maximum possible energy production from each module, overcoming a fundamental design limitation of central inverters which are limited by the lowest performing module. We believe that our microinverter systems achieve higher energy production and can generate superior returns on investment relative to central inverter solutions for system owners.
- *Reliable—Longer Life and No Single Point of Failure.* Reduction of component count, primarily through semiconductor integration in our microinverter, allows us to design a reliable system that can withstand harsh environmental conditions. In addition, because we process low voltages and power levels, our components experience less stress and last longer than traditional central inverters. Furthermore, the distributed architecture of our microinverter system improves system uptime. If a microinverter unit fails, it results in lost energy production from a single solar module only and not the entire array. We estimate that our microinverter systems achieve system uptimes of over 99.8%. Enphase microinverters are fully certified and comply with certain electrical standards, such as UL 1741 of the National Electrical Code standard, or NEC, and safety standards, such as CSA in Canada or UL in the United States. We offer a 25-year limited warranty on our latest generation microinverter and 100% system uptime guarantee.
- *Simple—Ease of Design and Installation.* Using microinverter technology, an installer can design a system of any size and any roof configuration with a simple modular approach. After initial installation, the system can be easily expanded by even a single module. Our single inverter per module

approach converts directly to AC and enables a simpler, all AC design, eliminating the extra cost, training and complexity associated with typical high voltage DC implementation. Without these complexities, installation of microinverter technology is greatly simplified, improving installers' productivity. This also enables a new class of solar installer, such as electricians and general contractors. Finally, our microinverters are installed on the roof and hidden from view, with minimal impact to the aesthetics of a home or building.

- *Smart—Module-Level Monitoring and Analytics.* Our microinverter system allows us to collect energy production information in real time on a per solar module basis. This enables powerful system analytics and allows Enphase to offer installers and system owners visibility into how their system is performing and the ability to continuously optimize energy production—which is particularly important when operating commercial solar installations. Such services include system performance and diagnostics, benchmarking, as well as system and module alerts and fault statistics.
- *Safe—"All AC" Solution.* Perhaps most important to both installers and system owners, microinverters are safer because they process low DC voltages relative to central inverters. High voltage arc faults associated with traditional central inverter are the leading cause of fires of solar PV installations. Microinverter technology mitigates this safety risk.

Due to the benefits of our solution, we believe solar installers achieve greater productivity and competitive differentiation over installers of traditional central inverter solar PV installations, and the solar system owner achieves a higher return on investment with an Enphase microinverter system over the life of the solar system.

LCOE Case Studies

The levelized cost of energy, or LCOE, case studies selected represent residential (<10kW) and small commercial (10-100kW) solar energy systems, and we believe the LCOE results are typical of the system sizes represented. Each case study represents an actual Enphase installation.

Upfront System Costs

Each case study identifies four primary cost areas:

- *Modules and Racking*—The modules and racking line item includes the cost of the solar modules and racking and labor to construct the solar module array. These costs are generally consistent for either inverter type. The installers provided the solar module costs, which represent about 40% of the total upfront system cost. We estimated the racking and solar module array construction costs using an industry guideline of roughly $1 per Watt, or approximately 20% of the total upfront system cost. Together, these costs account for roughly 60% of the total upfront system cost.
- *Inverter*—The inverter line item includes the cost of the inverters (either microinverters or central inverters) and the electrical system and labor to install them. The inverter alone represents about 10% of the total upfront system cost and the electrical system and labor costs represent an additional 5% of the total upfront system cost. The installer provided the central inverter costs and we estimated the cost of the microinverters, the electrical system and labor.
- *Design, Permit and Other*—The design, permit and other costs include the cost to design and permit the solar energy system. We estimated these costs which represent 3-4% of the total upfront system cost. In general, we believe that traditional central inverter-based systems are more complex and require more design time, resources and expertise.
- *Profit and Sales Tax*—The installer included a profit mark-up and sales tax, which together represent about 22% of the total upfront system cost.

The total upfront system cost includes each of the costs listed above. The total upfront system cost is represented both in absolute dollars and on a dollar per watt basis in each case study table presented below. These costs exclude any available federal or state rebates and incentives for both the microinverter and central inverter figures.

LCOE and IRR

We determined the financial return of each system using LCOE and IRR analyses. Both analyses incorporate the savings in electricity costs offset by solar energy production, in addition to rebates and incentives.

Energy Harvest—Additional "energy harvest" refers to the additional energy production that would be achieved by an Enphase microinverter system, as compared to the estimated energy production of a traditional central inverter for an installation of a similar size, as a result of the microinverter system's ability to convert energy at the individual solar module level. The installer provided the estimated energy production using PVWatts, an online calculation tool developed by the National Renewable Energy Laboratory and used by solar industry participants, to estimate the energy production of grid connected PV systems at locations around the world. The installer then applied a 5-6% increase in energy production to the Enphase system to account for the additional energy harvest expected by the microinverter system. In both case studies, the actual energy production results reported from Enlighten, our web-based monitoring system, are trending at or higher than predicted in the case studies.

System Uptime—System uptime impacts solar energy production and therefore the total lifetime cost of the system. The 98% system uptime for a traditional central inverter-based installation is the PVWatts default value, and the cost of an out of warranty central inverter replacement was factored in year 11. We estimated the uptime of the installed Enphase microinverter systems to be 99.8% based on an estimated failure rate of 0.3% for Enphase microinverter units, which we calculated based upon our analysis of the mean time between failure, or MTBF, of the Enphase microinverter units, and an assumed inverter replacement within 6 months of failure. We factored the cost of out of warranty microinverter replacements in years 16-20.

LCOE and IRR—LCOE represents the ratio of the total lifetime cost of the system, which is the sum of the total upfront system cost plus the present value of the total lifetime cost of the system, to its total lifetime energy output. Because of its additional energy harvest, the Enphase system provides a higher cumulative energy production and a lower LCOE. IRR represents the annualized effective compounded return rate or discount rate that makes the net present value of all cash flows (both positive and negative) from the solar installations equal to zero. The IRR figures in the case studies are based on the cash flows (both positive and negative) from the perspective of the system owner. The Enphase system offers a higher IRR because the higher cumulative energy production results in a higher effective rate of return.

Residential Installation

The solar installation illustrated below represents a typical residential solar installation employing either a traditional central inverter approach or an Enphase microinverter system. The residence is in Ontario, Canada and experiences moderate sunshine. It has a standard roof line with two arrays, maximizing the number of solar panels and achieving the desired 7.5 kW DC system size. Some shading exists, but did not factor significantly in determining whether to use a traditional central inverter or an Enphase microinverter system over a traditional central inverter.

Residential Installation with an 7.5 kW DC System[1][2]

IRR/LCOE Comparison

	Enphase Microinverter	Traditional Central Inverter
Total Upfront System Cost[3]	**$43,364**	**$41,838**
Modules and Racking[4]	$25,500	$25,500
Inverter[5]	$6,650	$5,270
Design, Permit and Other	$1,400	$1,600
Profit and Sales Tax	$9,814	$9,468
California Energy Commission (CEC) Efficiency	95%	96%
System Uptime	99.8%	98%
Inverter Warranty	15 years	10 years
Additional Energy Harvest	5%	N/A
$/Watt DC (Total System Cost)	$5.78	$5.53
LCOE[2][6][7]	**$0.18/kWh**	**$0.19/kWh**
IRR[2][6][7]	**9.4%**	**8.4%**

Source: Enphase and installer estimates based on 7.5 kW DC system size

Note: (1) = Date of installation: December 11, 2010.
(2) = PVWatts estimated first full year energy production: 9.8kWh (Enphase); 9.3kWh (central).
(3) = Cost is to the system owner.
(4) = Solar module size: 230W DC; number of modules: 33; cost per module: $550. Module and racking costs include labor.
(5) = Inverter size and cost: 190W AC, $163 (Enphase); 8kW DC, $3,300 (central). Inverter costs include inverter, cabling and monitoring equipment, and labor.
(6) = Electricity rate: $.25/kWh with a 5% per year increase.
(7) = Assumes 20-year life. Includes incentives and rebates.

The Enphase microinverter system compares favorably to a traditional central inverter system even on a total upfront system cost basis (<4% premium for the Enphase system). For this installer, the ease of installation, all AC system design and improved energy production more than compensated for the small upfront cost premium.

Small Commercial Installation

The 53.5 kW DC small commercial solar installation illustrated below consists of 228 solar modules. The building is in Arizona and experiences high sunshine. Some of the solar modules experience some shade from a small center tower visible in the picture. A single traditional central inverter system was also proposed as an alternative. The curved roof presented challenges for a central inverter requiring more complicated string design and sizing which increased the design time and cost. Because of the size of the installation, the central inverter required additional equipment to aggregate cable runs from multiple DC strings.

Small Commercial Installation with a 53.5 kW DC System[1][2]

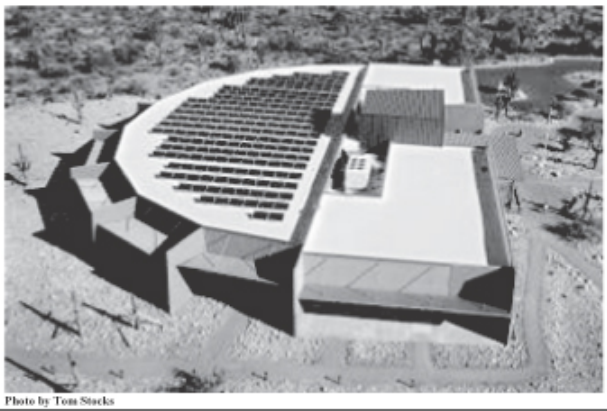


Photo by Tom Stocks

IRR/LCOE Comparison

	Enphase Microinverter	Traditional Central Inverter
Total Upfront System Cost[3]	**$267,758**	**$259,766**
Modules and Racking[4]	$155,150	$155,150
Inverter[5]	$46,013	$36,830
Design, Permit and Other	$6,000	$9,000
Profit and Sales Tax	$60,595	$58,786
CEC Efficiency	95%	96%
System Uptime	99.8%	98%
Inverter Warranty	15 years	10 years
Additional Energy Harvest	6%	N/A
$/Watt DC (Total System Cost)	$5.00	$4.86
LCOE[2][6][7]	**$0.11/kWh**	**$0.13/kWh**
IRR[2][6][7]	**16.8%**	**15.4%**

Source: Enphase and installer estimates based on 53.5 kW DC system size

Note: (1) = Date of installation: October 2, 2010.
(2) = PVWatts estimated first full year energy production: 92.7kWh (Enphase); 86.8kWh (central).
(3) = Cost is to the system owner.
(4) = Solar module size: 230W DC; number of modules: 228; cost per module: $480. Module and racking costs include labor.
(5) = Inverter size and cost: 190W AC, $163 (Enphase); 53.5kW DC, $23,500 (central). Inverter costs include inverter, cabling and monitoring equipment, and labor.
(6) = Electricity rate: $.25/kWh with a 5% per year increase.
(7) = Assumes a 20-year life. Includes incentives and rebates.

The Enphase microinverter system, while more costly upfront, was simpler to design and did not require additional equipment. It also achieved the specific aesthetic goals of the building owner. Furthermore, the solar installation is monitored and a kiosk in the building lobby displays the Enlighten web-based monitoring system.

Competitive Strengths

We believe the following combination of capabilities and features of our business model distinguish us from our competitors and position us well to capitalize on the expected growth in the solar market and to become a global leader in the broader solar power industry:

- *Market Leader and Rapid Adoption.* We are the market leader in the microinverter product category, have developed strong brand recognition and offer a proven microinverter solution. Since the shipment of the first commercial product in 2008, we have successfully introduced three microinverter generations, raising average conversion efficiency from 94% to 96%, power from 175 to 215 watts, and have over 1,000,000 units shipped to date. We believe that our proven ability to innovate quickly will continue to allow us to build on our leading market position, and expand our product portfolio and market reach.
- *System Approach.* We built our solution from the ground up and employ a system approach with a powerful combination of digital electronics, networking and software technologies. Our system offers significant design and operating benefits beyond the core power conversion functionality underlying our microinverter. By integrating the Enphase microinverter technology with Envoy, our proprietary communications gateway, and our Enlighten web-based software, we deliver real-time module-level monitoring and analytics. Our R&D organization includes over 80 engineers and is divided equally across critical power electronics and semiconductor, powerline communication and networking, and software design disciplines.
- *Strong Focus on Technology and Research and Development.* Our proximity to Silicon Valley and the past experience of our founders and executive officers in the technology industry have enabled us to recruit engineers with strong skills in power electronics, semiconductors, Powerline communications and networking, and software design, which we have complemented with significant solar industry expertise from other members of our team. We have a strong research and development team and a portfolio of intellectual property, or IP, spanning across the previously mentioned technology areas. As of July 31, 2011, we had 11 issued U.S. patents, two issued non-U.S. patents, 46 pending U.S. patent applications and 89 pending non-U.S. counterpart patent applications. We believe our combination of engineering, management and operational expertise from the high technology and the solar industry will help us to continue to rapidly innovate and cost efficiently introduce new microinverter solutions.
- *Field-Proven Reliability.* Product comparison data generated by Westinghouse Solar, based on a sample of 2009 and 2010 North American residential and small commercial installations, indicates a failure rate of 0.207% for microinverters and 9.43% for traditional central inverters. With over 1,000,000 of our microinverter units shipped across North America to date, we have established industry leading reliability as represented by a MTBF rate of approximately 331 years, or 0.3% per year. We use proven technologies and design techniques to achieve higher reliability. In addition, we have designed and developed proprietary product verification test software and equipment and employ a team of 29 engineers that ensures product quality and long-term reliability. As the result of ongoing advances in our microinverter system technology, we are confident enough in our product to offer our latest-generation microinverter product with a 25-year limited warranty consistent with the expected life of the solar PV installations.
- *Capital Efficient and Scalable Manufacturing.* Our design and R&D philosophy leads to a product design that enables us to employ a manufacturing model that we believe is superior to that of central inverter manufacturers. Our digital architecture allows us to leverage semiconductor integration to reduce part count in a microinverter unit, which we believe will allow us to significantly reduce manufacturing costs. Our microinverter is built on a single PC board allowing for a greater degree of automation in the manufacturing process and further reducing manufacturing cost. In contrast,

traditional central inverters have multiple PC boards and complex internal wiring requiring a greater amount of manual construction and thereby increasing the cost of manufacturing. We outsource all of our hardware manufacturing to manufacturing partners, including Flextronics. Our model results in a low fixed-cost structure and reduced capital expenditure and working capital requirements. In addition, our model provides greater flexibility to take advantage of market opportunities. For example, we recently expanded manufacturing to Canada to qualify for local content-based incentives and did so in less than three months with minimal capital expenditure. By expanding our production volume, we believe we can take advantage of economies of scale, enabling further reductions in the price per watt of our microinverter systems.

- *Rapidly Expanding Distribution Channels.* We shipped our first microinverter system in 2008. Over 2,700 installers in North America have installed our microinverters through June 30, 2011, and this number is increasing by approximately 100 installers per month. Our microinverter technology is enabling new channels and routes to market, including through opening new and larger distribution channels. For example, we have a supply and distribution agreement with Siemens Industry, Inc. to re-sell co-branded Enphase microinverter products and related solutions through Siemens' network of over 50,000 North American electrical contractors. Our agreement with Siemens extends until January 31, 2014 and is terminable by either party upon one-year prior notice. To date, our agreement with Siemens has yet to generate any meaningful revenue.
- *Intense Focus on Customer Service for Installers.* We believe we have cultivated an organizational focus on installer satisfaction that differentiates us from central inverter manufacturers, resulting in a high level of installer retention and "repeat" business. We work very closely with our installers to provide assistance necessary to help them across every aspect of the design and installation process. We provide full-day in-person training and online training to approximately 3,000 installers per year. Our system allows us to remotely design, activate, update, monitor and troubleshoot all of our connected solar installations and analyze energy production trends, enabling higher levels of customer satisfaction.

We believe these competitive strengths will enable us to maintain our leadership position as the residential and commercial solar market shifts from traditional central inverter to microinverter technology, and central and new players enter this market.

Our Strategy

Our objective is to continue to be the leading provider of microinverter systems for the solar industry worldwide and to accelerate the shift from traditional central inverters to microinverter technology. Key elements of our strategy include:

- *Continue to Penetrate Our Core Markets.* We intend to capitalize on our technology leadership and growing momentum with installers and owners to further our market share position in our core markets in the United States and Canada. We currently focus our product offering for application in the residential and commercial markets. We plan to expand our sales and marketing and customer service efforts to increase our installer base and, in addition, extend enhanced field engineering capabilities to several larger direct commercial solar installers. In addition, our microinverter technology enables new entrants to become solar installers with minimal training. A majority of our installers are new to the solar industry and are installing solar modules for the first time. We intend to continue to bring new installers to the solar industry and expand our installer base.
- *Enter New Geographic Markets Rapidly.* We intend to expand into new markets with new products and local go-to-market capabilities. We have recently opened offices in Europe to serve France, Italy and the Benelux region. We intend to open a sales office in China to support local solar module partners, and to develop the residential and commercial solar opportunity for microinverter systems in Asia. We opened our new offices to enable us to diversify our customer base, gain market share in worldwide solar markets and reduce our geographic dependence, and enable us to become a global microinverter vendor with global market reach.

- *Increase Power and Efficiency and Reduce Cost per Watt.* Our engineering team is focused on continuing to increase average power conversion efficiency above 96% and AC output power beyond 215 watts. We intend to continue to leverage our semiconductor integration, power electronics expertise and manufacturing economies of scale to further reduce cost per watt. For example, our M215 Series microinverter is based on our next generation ASIC, which increases semiconductor content and integration of components, while at the same time lowering manufacturing costs and increasing conversion efficiency and reliability, improving the overall return on investment of the solar installation. We believe we are on a steeper cost per watt reduction curve relative to central inverters, enabling us to further penetrate the market.
- *Expand Our Technology Leadership.* We distinguish ourselves from other inverter companies with our system-based and high-tech approach, and the ability to leverage strong research and development capabilities. As of July 31, 2011, we had 11 issued U.S. patents, two issued non-U.S. patents, 46 pending U.S. patent applications and 89 pending non-U.S. counterpart patent applications. Eight of our issued U.S. patents directly relate to DC to AC power conversion for alternative energy power systems. The remaining three cover anti-islanding safety technology, measurement of grid voltage and monitoring circuits coupled to AC lines, respectively. Our design capabilities have allowed us to successively increase efficiency, power output and reliability, while reducing the cost per watt of our microinverter solution. As of July 31, 2011, we employed 80 engineers focused on design and development of our microinverter system and a dedicated group of power-electronics engineers employing proprietary system-modeling and simulation tools and specifying new components in advance of our next generation architecture. Further, we are working on a variant of our current-generation microinverter that enables an “AC module” for direct attachment of the microinverter to the backsheet of the solar modules, which further reduces installation cost and time, and we are developing our fourth-generation product designed to lower costs and facilitate our expansion strategy into large commercial solar installations and new geographies.
- *Extend Our Product Offering for Larger Commercial and Utility-Scale Installations.* We intend to expand our product offering by introducing new microinverter systems targeted at larger commercial and utility-scale installations. We expect these market segments to become a significant revenue opportunity for Enphase in the future. We also have programs in place focused on expanding our Enlighten web-based software platform and our networking capabilities for commercial and utility-scale installations.
- *Develop a Smart Energy Management Platform.* We intend to build upon our strong position as the leading supplier of microinverter and energy management systems to expand beyond solar and to create a smart energy management platform for integrated smart energy devices and services. For example, our smart thermostat device integrates with the Enlighten web-based software, allowing owners to manage their solar PV installations and control their heating and cooling system from a single web-based platform. We see opportunities beyond the thermostat and intend to develop additional energy management devices and services in the area of energy consumption monitoring and enable the growing network of solar installers to become energy consultants and service providers.

Our Products

Our microinverter system consists of three individual product components: our Enphase microinverter, Envoy communications gateway and Enlighten web-based software. These elements function as a single unified system that enhances energy production, simplifies design and installation, reduces costs, increases system uptime and reliability, reduces fire safety risk, and provides the ability to monitor performance down to the module level in real-time. Each of these elements and the specific products in our offering are displayed and described below:

Enphase System

1. Enphase Microinverter

- Maximizes energy production
- Installed on the racking beneath each solar module

2. Envoy Communications Gateway

- Monitors each module and microinverter in the array
- Connects to Enlighten servers through standard Internet router

3. Enlighten Software

- Continuously analyzes and reports the health and performance of the solar array
- Allows for remote system analysis and troubleshooting

Source: Enphase Energy

Enphase Microinverter

Our microinverter converts the DC output from a single solar module into grid compliant AC. It delivers efficient and reliable power conversion at the individual solar module level through a purpose built digital architecture that incorporates custom ASICs, specialized power electronics devices, custom magnetics, powerline communications, or PLC, and networking technology and an embedded software subsystem that optimizes energy production from each module and manages the core ASIC functions. We offer two microinverter product lines today:

- *Second Generation Microinverter.* Our second generation microinverter, including the M190, M210 and a twin pack version of the M190, the D380, has an average power conversion efficiency of 95%. It supports mono- and multi-crystalline solar modules from over 50 module vendors in 60-cell and 72-cell formats with nameplate power ratings of up to 240W STC. The maximum circuit size for this product is up to 15 microinverters. Each circuit is terminated directly to the AC load center using standard AC cabling. The microinverter is certified to UL1741 as a utility-interactive inverter, the U.S. and Canadian standard for static inverters and charge controllers for use in solar PV power systems, listed for sale in North America. We provide a 15-year limited warranty for our M190, M210 and D380 series microinverters.
- *Third Generation Microinverter.* Our third generation microinverter, the M215, is based on our next generation ASIC and increases the maximum rated AC output power to 215W, with average power conversion efficiency of 96%. Our M215 microinverter addresses 60-cell solar modules with nameplate power ratings of up to 260W STC. In addition, it incorporates a new, proprietary AC cable that increases the compatible system circuit size to up to 17 microinverters, allowing for greater installation flexibility and simplified cabling on the microinverter unit itself, reducing both cost and size. In addition to

receiving UL1741 certification, it has also received the European VDE and CE certifications for sale in Europe. We offer a 25-year limited warranty for our M215 series microinverter.

Both our M190 and M215 series microinverters are installed on the roof and hidden from view, with minimal impact on the aesthetics of a home or building.

We support our microinverters with our Entrust program, which provides system owners with a 100% uptime guarantee. Under the Entrust program, we reimburse the system owner for any lost energy for up to one month if a microinverter unit should fail. In addition to replacing a microinverter unit under warranty, we proactively notify the installer, and ship an advance replacement unit free of charge.

Envoy Communications Gateway

Our Envoy communications gateway is the networking hub for the microinverter array. It collects data from the solar module via our proprietary PLC technology and delivers it to our hosted, Enlighten web-based software application through an Ethernet connection to a broadband Internet router. The Envoy communication gateway can also provide critical information if no broadband connection is available through its imbedded web interface that provides configuration, control and system state information and is accessible by computer through an Ethernet connection and through its LCD display that provides high level status information. In addition, the Envoy communications gateway supports Zigbee, a low power wireless mesh communication protocol for communication with our Environ smart thermostat.

Enlighten Software

Installers and system owners use our Enlighten web-based software, which is included with the Envoy communications gateway, to track and display daily, weekly and annual energy production information. Installers also use the Enlighten installer dashboard to manage multiple systems from a single screen. In addition, we use Enlighten to activate a system and remotely troubleshoot, analyze and diagnose system problems. System owners and installers access our Enlighten web-based software through the following interfaces:

- *Enlighten Monitoring Service*. The Enlighten web-based monitoring service provides real-time information to the installer and system owner on the energy production of the solar array. This service can be accessed by installers or system owners from any personal computer or a mobile device with a web browser.
- *Installer Dashboard*. The installer dashboard is a web-based portal that is the first page each installer sees when he accesses his Enlighten account. It allows an Enphase installer to easily customize the page so several sites under management can be consolidated into a single view. In addition, we use the installer dashboard to communicate with our installers, with industry news, product updates and Enphase community postings.

Environ Smart Thermostat

Our Environ smart thermostat enables system owners to monitor and control heating and cooling of a home or business. This smart thermostat integrates with our Envoy communications gateway and our Enlighten web-based software. Users can control the temperature of their homes from anywhere they have access to a web browser, including a mobile device.

Our Technology

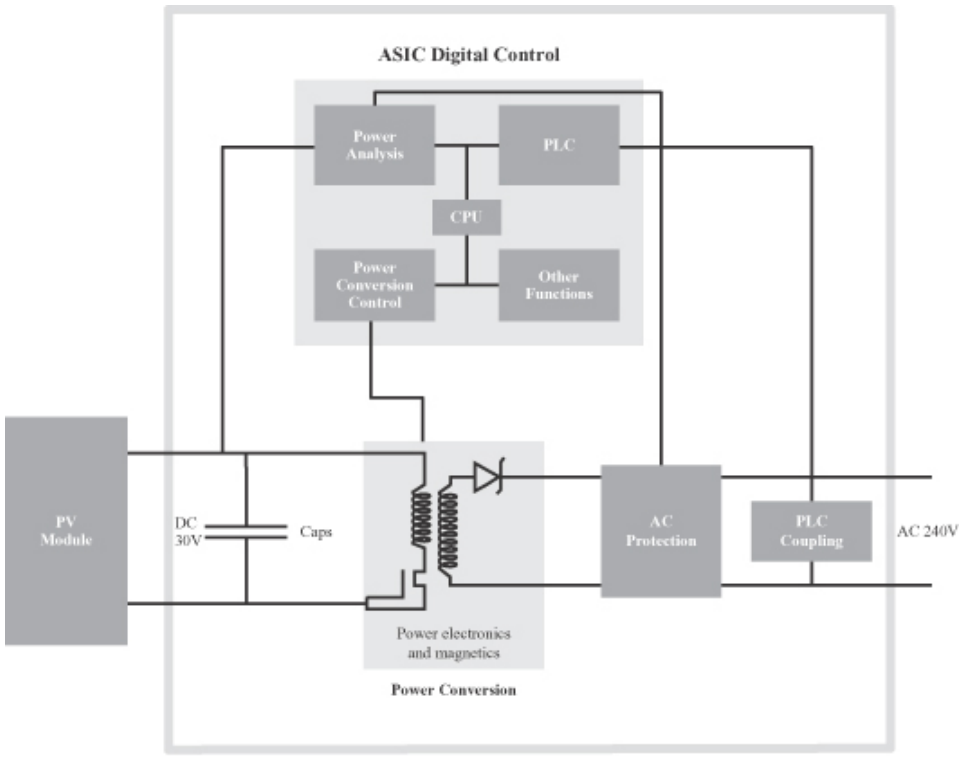
Three years after the introduction of our first generation microinverter system, we have successfully commercialized the technology, creating a new product category. Our system has the following critical attributes:

- Converts DC power from the solar module into grid-compliant AC power efficiently and with minimal loss;
- Achieves low cost per watt and LCOE;

- Provides a robust communications network enabling real-time management of the solar PV installation;
- Ensures a high level of safety both during and after installation;
- Connects to the grid safely and to specification;
- Ensures long-term durability in harsh outdoor environments; and
- Manufacturable in high volumes and at high yields.

The critical technologies enabling our system are in the areas of power electronics and magnetics, semiconductors, powerline communications and networking, and embedded and web-based software. An overview of each of these technology elements and the essential function each play in the overall microinverter system is described below:

Enphase Microinverter



Source: Enphase Energy

Power Electronics

The performance and efficiency of our Enphase microinverter is driven by its core architecture and design. Key functions of the design include specialized power electronics, custom magnetics and advanced ASIC-based digital control that enable our Enphase microinverter to efficiently convert DC from the solar module to grid-compliant AC at optimal efficiency. Our Enphase microinverters utilize a sophisticated predictive model to accomplish this conversion and output a digitally synthesized AC waveform. Our Enphase microinverter conforms to safety standards as defined by UL1741 in North America and VDE0126 in Europe. Our microinverters also analyze both the DC and AC electrical characteristics of the system to determine safe and reliable operation.

We also utilize proprietary simulation and validation tools capable of modeling most elements of our hardware solution to accurately predict performance prior to hardware design and fabrication or, alternately, to identify and optimize critical design parameters. We use these simulation and validation capabilities to develop new and more sophisticated control algorithms, and to reduce our engineering investments and time to market.

Magnetics

Microinverter power conversion efficiency, cost and reliability are a function of the magnetics designed in the system. We design and utilize custom magnetic cores and windings to maximize the power density of a chosen magnetics core geometry, which in addition to high performance and low cost allows us to achieve improved thermal performance, reliability and a very low mechanical profile, an important criteria for mounting underneath or onto a solar module. We work to optimize pin spacing and other electrical properties to ensure we meet stringent regulatory requirements for electromagnetic emission.

Semiconductors

Unlike early microinverter technology or current central inverters, the Enphase microinverter is a microelectronics device built around a digital architecture. Around 30% of the bill of materials of each Enphase microinverter is composed of semiconductor content. We are on our fifth generation of ASICs responsible for all critical digital control functions of our microinverter, including detailed power analysis, digital control of the power conversion subsystem and powerline communications and networking. Unlike traditional inverters, our microinverters process low amounts of power (215W AC) and switch low DC voltages (30 volts DC). These features, combined with the ability to leverage low cost silicon in standard packages and pin counts, make possible a high degree of semiconductor integration. As a result, much of the functionality of our Enphase microinverter can be integrated into a standard CMOS ASIC instead of discrete electrical components, resulting in lower costs and a simplified overall hardware design. Our intent is to leverage semiconductor integration in the solar industry in the same fashion that semiconductors benefited the personal computer, telecommunications and consumer electronics industries, delivering more functionality and lower costs.

Our ASIC performs the critical power analysis and power conversion control functions of the microinverter. The power analysis function processes critical sensory input from the solar module and the AC grid, such as voltage and frequency and other information that enables the precise control of the synthesized output AC waveform. Our ASIC also provides the advanced digital control and state machine logic that controls the power conversion function. A high speed power sequencer that controls the transfer of energy from the DC side of the system to the AC side at very high frequency drives the power metal-oxide-semiconductor field-effect transistors, or MOSFETs, in our microinverter. In addition, our digital control system uses an innovative predictive control technology that allows the solar PV installation to anticipate and adapt to changing operating conditions and protect against grid anomalies, such as power surges.

Powerline Communications and Networking

A powerline communications networking link exists between each microinverter in the array and the Envoy gateway. Our powerline communications link uses a proprietary networking technology developed by Enphase utilizing the same AC wiring to transmit and receive data between devices as is used to distribute electricity.

Our proprietary PLC technology is integrated into our custom ASIC. Our third generation microinverter, the M215, integrates our most advanced PLC technology, which offers improved modulation techniques and additional carrier frequencies to enhance performance. In addition, it increases the number of devices supported through more powerful data processing capabilities, and extends the range supported between devices with superior signal processing. Finally, it provides reduced communications latency with more frequent polling of end devices and improved link reliability through advanced error detection and correction.

An Enphase powerline communications installation must support a large number of microinverter endpoints transmitting a small amount of information on an infrequent basis over a dated electrical infrastructure with appliances, power strips, pumps, air conditioners, computers, televisions, and other electrical noise competing with the signal. The robustness of our PLC technology is a compelling attribute of our system and a primary focus of our intellectual property development and engineering resources. In addition, each communication link between a microinverter and the Envoy gateway is encrypted to enhance system security.

Embedded Software

The embedded software that runs in the CPU of our ASIC performs several key functions, including the MPPT algorithm that optimizes energy production from each solar module, the state machine that controls the microinverter's power analysis and power conversion functions, safety functions such as anti-islanding protection, which disables microinverter energy production when the AC grid is disconnected, and the energy information collected from each solar module and microinverter pair. It also actively monitors the operation of the solar PV installation. Finally, it enables the design of more complex functions in software such as sophisticated and intelligent mathematical modeling that reduces the burden on the hardware design.

Web-Based Software

In addition to the embedded software in each Enphase microinverter and Envoy communications gateway, our Enlighten web-based software provides a central point of monitoring and management for the installer and system owner. The system is built on an open source platform and is hosted externally by Rackspace US, Inc., a leading datacenter infrastructure provider. This allows us to minimize our fixed costs and leverage system uptime guarantees from our provider.

The core functionality of our web-based software includes:

- *Monitoring.* The Enphase system provides monitoring granularity down to the individual solar module level. This enables the installer and system owner to determine how much energy each solar module is producing and identify poorly performing modules that need to be washed or replaced, including their specific location in the array.
- *Array Builder and Installer Portal.* In addition to system level monitoring, analytics and diagnostics, the application is an invaluable tool for the installer for everything from system set-up with tools like the array builder to how they manage their entire fleet of systems with the web-based installer portal. An installer is able to visualize the amount of energy generated in a given day or over the life of the system to ensure its proper operation, identify which modules are not producing to specification and aggregate information from multiple systems for a unified, single view into all solar PV installations under management.
- *Home Energy Efficiency Device Control.* Enlighten is a web-based software application for managing solar energy production and controlling energy efficiency devices connected to the Zigbee smart energy profile. Energy efficiency and control represents a potential area of growth for the company as we leverage our communications infrastructure and channel to deliver these additional services.

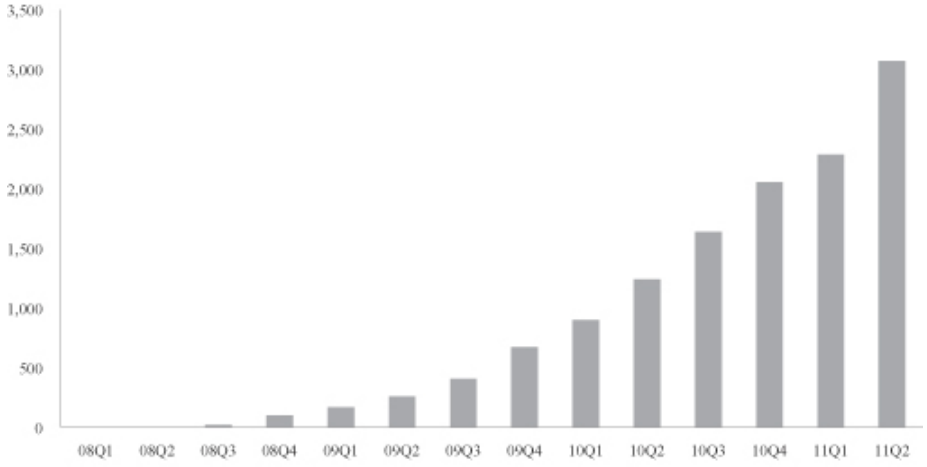
Our Enlighten web-based software also provides important back-end functionality to Enphase customer service. We use Enlighten to activate a microinverter array, troubleshoot an issue, communicate with the installer, issue and track return merchandise authorizations and analyze energy production trends.

Customers and Sales

Today, our microinverter system is sold exclusively in the United States and Canada, with sales in France, Italy and the Benelux region expected in the second half of 2011. We sell our microinverter systems primarily to distributors who resell to installers and integrators, who in turn integrate our products into complete solar PV installations for residential and commercial system owners.

We work with many of the solar distributors, including Focused Energy LLC, SolarNet Holdings, LLC, SunWize Technologies, Inc., and Solar Solutions and Distribution LLC. Over 2,700 installers have installed our microinverters through June 30, 2011, and this number is increasing by approximately 100 new installers per month.

Installer Customer Growth
(Number of Installers)



Source: Enphase Energy

In addition to our distributors, we sell directly to large installers, OEMs and strategic partners. Our OEM customers include solar module manufacturers who bundle our products and solutions with their solar module products and resell to both distributors and installers. Strategic partners include a variety of companies and arrangements, including industrial equipment suppliers and providers of solar financing solutions. For example, we have a supply and distribution agreement with Siemens to resell co-branded products and solutions to the electrical contractor distribution channel. We also sell the Enphase-branded product directly to electrical contractor distributors in North America.

To support our geographic expansion plans, we have also established sales and support offices in France and Italy with a go-to-market model similar to the model we use in the United States and Canada. We intend to open an office in China to enhance our support to the Chinese solar module manufacturers with a local on the ground resource, and to establish a sales presence in the country.

Manufacturing and Key Suppliers

We outsource the manufacturing of our products to two key manufacturing partners, Flextronics International Ltd. and Phoenix Contact GmbH & Co. KG. Flextronics assembles and tests our microinverter pursuant to a manufacturing services agreement which is renewable for successive one-year terms and is terminable for convenience by either party upon 90 days prior notice. Prices for such services are mutually agreed to by the parties on a quarterly basis and we are obligated to purchase manufactured products and raw materials that cannot be resold upon the termination of the agreement. Flextronics' assembly and test plants for us are located in Fuyong, China, and New Market, Ontario, Canada. Flextronics also provides receiving, kitting, storage, transportation, inventory visibility and other value-added logistics services at locations managed by Flextronics pursuant to a logistics services agreement which is renewable for successive one-year terms and is terminable for convenience by either party upon 90 days prior notice. Phoenix manufacturers the custom AC cable for our third generation M215 microinverter system pursuant to a five-year cooperation agreement

extending through December 6, 2015. Phoenix has agreed the that price it charges us will be no greater than those that Phoenix charges other customers for similar products. The agreement further provides for minimum purchase requirements, and we are obligated to purchase manufactured products and raw materials that cannot be resold upon the termination of the agreement. Phoenix's facility is located in Blomberg, Germany.

We rely on several unaffiliated companies to supply certain components used in the fabrication of our microinverter system. For custom components, key sole source suppliers include Fujitsu Ltd. for our ASIC, Epcos AG for magnetic cores and Phoenix for AC cabling. Magnetic cores are purchased on a purchase order basis from Epcos AG. Our five-year master development and production agreement with Fujitsu extends until August 18, 2014 and is terminable for convenience by either party upon six months prior notice. Additional ASIC design projects are negotiated through mutual task orders governed by the master development agreement. For off-the-shelf components, key single source suppliers include Cree, Inc., for diodes and TDK-EPC Corporation for magnetic components.

Customer Service

We maintain high levels of customer engagement through our customer support group and the Enlighten web-based software portal, and have cultivated an organizational focus on customer satisfaction. Our dedicated customer support group, located at our headquarters in Petaluma, California, focuses on responding to inbound inquiries regarding any of our products and services. This support is provided free of charge to all of our customers in the United States and Canada. To support our international expansion into Europe, we have extended the customer support group to include local coverage based in Lyon, France and Milan, Italy. As of July 31, 2011, our Customer Support group consisted of 20 employees in the United States and three employees in Europe.

In addition, customized support programs are being developed for selected OEM partners, large direct installers and master distributors to help prioritize and track support issues for key partners and to provide a single point of contact.

Research and Development

We devote substantial resources to research and development with the objective of developing new products and systems, adding new features to existing products and systems and reducing unit costs of our Enphase microinverter system. Our development strategy is to identify features, products and systems for both software and hardware that reduce the cost and optimize the effectiveness of our microinverter solutions for our customers. We measure the effectiveness of our research and development against metrics, including product unit cost, efficiency, reliability, power output and ease-of-use.

We have a strong research and development team with wide-ranging expense in power electronics, semiconductors, powerline communications and networking, and software engineering. In addition, many members of our team have expertise in solar technologies. As of July 31, 2011, our research and development organization had a headcount of 109 people, 107 of whom are in the United States, one in Canada and one in New Zealand. Our research and development expense in 2008 was $5.4 million, in 2009 was $8.4 million, in 2010 was $14.3 million, and in the six months ended June 30, 2011 was $11.5 million.

Intellectual Property

Our success depends, in part, on our ability to maintain and protect our proprietary technologies. We rely primarily on patent, trademark, copyright and trade secrets laws in the United States and similar laws in other countries, confidentiality agreements and procedures and other contractual arrangements to protect our technology. As of July 31, 2011, we had 11 issued U.S. patents, two issued non-U.S. patents, 46 patent applications pending for examination in the United States and 89 independent patent applications pending for

examination in other countries, all of which are related to U.S. applications. Eight of our issued U.S. patents directly relate to DC to AC power conversion for alternative energy power systems. The remaining three cover anti-islanding safety technology, measurement of grid voltage and monitoring circuits coupled to AC lines, respectively. Our issued patents are scheduled to expire between years 2027 and 2030.

We license certain power line communications technology and software for integration into our ASICs pursuant to a fully-paid, royalty-free license, which includes the right for us to source directly from the licensor's suppliers or manufacture certain ASIC hardware should the licensor fail, under certain conditions, to deliver such technology in the future. This license includes a limited exclusivity period during which the licensor has agreed not to license the licensed technology to any third party manufacturer of electronic components or systems for use in the solar energy market. The license carries a seventy-five year term, subject to earlier termination upon mutual agreement of the parties, or by us in connection with the insolvency of the licensor.

We also license digital intellectual property cores, or IP blocks, for integration into and distribution with certain electronic components built into our products, including our ASICs, complex programmable logic devices, or CPLDs, and field-programmable gate arrays, or FPGAs. This is a fully-paid, non-exclusive, non-transferrable, royalty-free license providing for the integration of such digital IP blocks in an unlimited number of electronic component designs and the distribution of such electronic components with our products. Other than in connection with the distribution of our products, our use of such digital IP blocks is limited to certain of our business sites. The license is perpetual, subject to earlier termination by either party upon the termination, suspension or insolvency of the other party's business, or by the licensor upon a breach of the license agreement by us. In addition, license open source software from third parties for integration into our Envoy products. Such open source software is licensed under open source licenses, including the Beer-Ware License, the GNU General Public License or the GNU Lesser General Public License, Artistic 2.0 License, Ruby License, OpenVPN License, BSD License, Apache License, and other open source licenses. These licenses are perpetual and require us to attribute the source of the software to the original software developer, which we provide via our website.

We continually assess appropriate occasions for seeking patent protection for those aspects of our technology, designs and methodologies and processes that we believe provide significant competitive advantages. A majority of our patents relate to DC to AC power conversion for alternative energy power systems, as well as power system monitoring, control and management systems.

With respect to, among other things, proprietary know-how that is not patentable and processes for which patents are difficult to enforce, we rely on trade secret protection and confidentiality agreements to safeguard our interests. We believe that many elements of our microinverter manufacturing process involve proprietary know-how, technology or data that are not covered by patents or patent applications, including technical processes, test equipment designs, algorithms and procedures.

All of our research and development personnel have entered into confidentiality and proprietary information agreements with us. These agreements address intellectual property protection issues and require our employees to assign to us all of the inventions, designs and technologies they develop during the course of employment with us.

We also require our customers and business partners to enter into confidentiality agreements before we disclose any sensitive aspects of our microinverter, technology or business plans.

We have not been subject to any material intellectual property claims.

Competition

The markets for our products are extremely competitive, and we compete both with well-established traditional central inverter manufacturers and new technology start-ups. The principal areas in which we compete with other companies include:

- Product performance and features;
- Total cost of ownership (usually measured by LCOE);

- Breadth of product line;
- Local sales and distribution capabilities;
- Module compatibility and interoperability;
- Reliability and duration of product warranty;
- Technological expertise;
- Brand recognition and customer service and support;
- Compliance with industry standards and certifications and local electrical code;
- Size and financial stability of operations;
- Size of installed base; and
- Local manufacturing and product content.

Currently, competitors in the inverter market range from large, international companies such as Solar Technology AG, Fronius International GmbH and Power-One, Inc. to emerging companies offering alternative microinverter or other solar electronics products. We principally compete with the large, incumbent solar inverter companies because traditional central inverter solutions can be used as alternatives to our microinverter solution. We believe, however, that our microinverter solutions offer significant advantages and competitive differentiation relative to traditional central inverter technology. SMA Solar Technology AG, Power-One Inc. and SunPower Corp., leading inverter vendors serving the residential and small commercial inverter markets, are expected to introduce microinverter products in 2012. In addition, several new entrants to the microinverter market have announced plans to ship or are already shipping products in 2011.

Employees

As of July 31, 2011, we employed 253 full-time employees. Of the full-time employees, 109 were engaged in research and development, 95 in sales and marketing, 36 in a general and administrative capacity and 13 in manufacturing and operations. Of these employees, 233 were in the United States, 11 in France, two in Canada, five in Italy, one in New Zealand and one in China.

None of our U.S. employees is represented by a labor union with respect to his or her employment with us; however, our employees in France and Italy are represented by a collective bargaining agreement. We have not experienced any employment-related work stoppages, and we consider our relations with our employees to be good.

Legal Proceedings

From time to time, we may be involved in litigation relating to claims arising out of our operations. Currently, we are not involved in any material legal proceedings.

Facilities

Our current corporate headquarters is located in Petaluma, California, in an office consisting of approximately 23,000 square feet of office, testing and product design facilities and a portion of our U.S. customer service center. We have entered into an agreement to lease space for a new corporate headquarters also to be located in Petaluma, California, in an office consisting of approximately 96,000 square feet. Based on

current estimates for completion of tenant improvements, we anticipate that tenant improvements will be substantially completed and we will occupy the new headquarters in November 2011. The lease for the new corporate headquarters will expire 10 years from the date tenant improvements are substantially completed. Our current headquarters lease will expire upon the beginning of the term of our new lease.

In addition to our headquarters, we lease approximately 10,500 square feet of warehouse, equipment assembly and general office space in Petaluma, California, on a month-to-month basis, an aggregate of approximately 13,000 square feet of office space in an additional building in Petaluma, California, under a lease that expires in November 2011, 14,000 square feet of general office space in Boise, Idaho, that will be used for our tier-1 customer call center operations, pursuant to a lease that will expire in November 2016, and approximately 8,000 square feet of general office and engineering lab space in Christchurch, New Zealand, that will be used for research and development operations, pursuant to a lease that expires five years from the date on which specified improvements are substantially completed. Based on estimates, we anticipate that these improvements will be substantially completed in late August 2011. We also have a small amount of sales and support office space in Lyon, France, Milan, Italy and Shanghai, China.

We outsource the manufacturing to manufacturing partners, and currently do not own or lease or plan to own or lease manufacturing facilities.

We believe that our existing properties are in good condition and are sufficient and suitable for the conduct of our business for the foreseeable future. To the extent our needs change as our business grows, we believe that additional space and facilities will be available.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages and positions of our executive officers and directors as of June 30, 2011:

Name	Age	Position(s)
Executive Officers		
Paul B. Nahi	48	President, Chief Executive Officer, and Director
Sanjeev Kumar	47	Chief Financial Officer
Raghuveer R. Belur	44	Vice President of Products, and Director
Martin Fornage	48	Chief Technology Officer
Jeff Loebbaka	49	Vice President of Worldwide Sales
Greg Steele	50	Vice President of Operations
Bill Rossi	48	Chief Marketing Officer
Dennis Hollenbeck	59	Vice President of Engineering
Directors		
Neal Dempsey(1)(2)(3)	70	Director
Steven J. Gomo(2)(3)	59	Director
Benjamin Kortlang(1)(2)	36	Director
Jameson J. McJunkin(1)	36	Director
Chong Sup Park(2)(3)	63	Director
Robert Schwartz(3)	49	Director
Stoddard M. Wilson(3)	45	Director

(1) Member of the Nominating and Corporate Governance Committee.
(2) Member of the Audit Committee.
(3) Member of the Compensation Committee.

Our executive officers are appointed by, and serve at the discretion of, our board of directors. There are no familial relationships among our directors and executive officers. Set forth below is biographical information, including the experiences, qualifications, attributes or skills that caused our board of directors to determine that each member of our board of directors should serve as a director as of the date of this prospectus.

Executive Officers

Paul B. Nahi has served as our President and Chief Executive Officer and as a member of our board of directors since January 2007. From 2003 to December 2006, Mr. Nahi served as President and Chief Executive Officer of Crimson Microsystems, Inc., a fabless semiconductor company, where he was responsible for all aspects of the company's operations. From 1999 to 2003, Mr. Nahi served as Chief Executive Officer and co-founder of Accelerant Networks, Inc., a semiconductor company, acquired by Synopsys Inc. in February 2004. From 1998 to 1999, Mr. Nahi served as the General Manager of the Communications and Media Divisions for NEC Electronics Corp., a global electronics company. From 1994 to 1998, Mr. Nahi served as the Senior Director for Diamond Multimedia Systems, Inc., a computer peripheral device company. Mr. Nahi holds a bachelor of science degree in computer science and a master of business administration degree from the University of Southern California. Mr. Nahi brings to our board of directors demonstrated leadership and management ability at senior levels. In addition, his years of experience in the semiconductor and electronics industries provide a valuable perspective for our board. He also brings continuity to our board and historical knowledge of our company through his tenure as President and Chief Executive Officer.

Sanjeev Kumar has served as our Chief Financial Officer since December 2009. From December 2008 to July 2009, Mr. Kumar served as the Chief Financial Officer of HelioVolt Corporation, a producer of thin film solar products, where he was responsible for financial and accounting functions. From June 2006 to August 2008,

Mr. Kumar served as the Chief Financial Officer of Energy Conversion Devices, Inc., a supplier of thin-film flexible solar laminates and batteries used in hybrid vehicles, where he was responsible for financial and accounting functions. Prior to 2006, Mr. Kumar served in a number of different finance positions, most recently as the Chief Financial Officer of Rutherford Chemicals LLC, a specialty chemical company, as Chief Financial Officer of the U.S. operations of Rhodia S.A., a publicly held chemicals company, and as Assistant Treasurer, with Occidental Petroleum Corporation, an oil and gas exploration and production company. Mr. Kumar previously served on the Board of Directors of Solar Integrated Technologies Inc., a publicly-listed company in the United Kingdom and Ovonyx, Inc., a privately-held company commercializing its phase-change semiconductor memory technology. Mr. Kumar holds a bachelor of arts degree in business administration from California State University, Los Angeles and a master of business administration degree from the University of Southern California.

Raghuveer R. Belur co-founded Enphase Energy with Mr. Fornage in March 2006, and has served as a member of our board of directors since March 2006. Mr. Belur has served as our Vice President of Product since September of 2010 and previously as Vice President of Marketing from January 2007 to September of 2010. Mr. Belur was our initial Chief Executive Officer from March 2006 to January 2007. From September 1997 to August 1999, Mr. Belur served as an Engineer for Cerent Corporation, an optical equipment company acquired by Cisco Systems, Inc., in August 1999. Mr. Belur holds a master of science degree in electrical engineering from Texas A&M University and a master of business administration degree from the Haas School of Business at the University of California, Berkeley. As a co-founder of our company and through his position as Vice President of Products, Mr. Belur brings to our board of directors continuity and historic knowledge of our company. In addition, his years of marketing and engineering experience in the electronics industry provide valuable insights for our board.

Martin Fornage co-founded Enphase Energy with Mr. Belur in March 2006, and has served as our Chief Technology Officer since July 2006. From December 1992 to July 1998, Mr. Fornage was a Hardware Engineer at Advanced Fibre Communications, Inc., a telecommunications company acquired by Tellabs, Inc., in May 2004, where he led the Hardware Engineering group in 1997. From September 1998 to February 2006, Mr. Fornage led a consulting firm providing system and assembly level design services to several large telecommunications equipment manufacturers and other companies. Mr. Fornage received his “Ingenieur diplome d’etat” degree from ENSEA France.

Jeff Loebbaka has served as our Vice President of Worldwide Sales since May 2010. From July 2007 to June 2009, Mr. Loebbaka was Senior Vice President of Europe, Middle East and Africa, from July 2005 until June 2007, was Senior Vice President of Global Channel Sales and Marketing, and from October 2003 to June 2005, was Vice President Global Marketing at Seagate Technology LLC, a storage solutions provider. In these positions, he was responsible for sales functions within the geographic or business areas covered by his titles. From September 2000 to September 2003, Mr. Loebbaka served as Vice President and General Manager, and from June 1999 until August 2000, served as Vice President of Worldwide Channels and Corporate Marketing at Adaptec Inc., a RAID controller maker and data center company. From May 1996 to November 1998, Mr. Loebbaka was Vice President of Global Marketing at the Life Fitness Division of Brunswick Corporation, and from January 1995 until May 1996, was the Senior Director of Product Marketing at Zenith Data Systems, a division of Group Bull. Mr. Loebbaka held numerous marketing leadership roles at Apple Inc. from July 1987 until January 1995. Mr. Loebbaka holds a master of business administration degree from the Kellogg Graduate School of Management at Northwestern University and a bachelor of science in mechanical engineering from the University of Illinois.

Greg Steele has served as our Vice President of Operations since January 2008. From March 2006 to December 2007, Mr. Steele founded and served as the President of Wireless Hearing Solutions, an assistive listening device company, where he was responsible for all aspects of the company’s operations. From January 2003 to May 2005, Mr. Steele served as the Chief Executive Officer for the Nelson Family of Companies, a human capital and staffing firm. From December 1998 to June 2001, Mr. Steele served as Chief Operating

Officer, and from November 1994 to December 1998, served as Vice President of Operations for Advanced Fibre Communications, Inc., a telecommunications company acquired by Tellabs, Inc. in May 2004. From April 1984 to October 1990, Mr. Steele held various manufacturing and operations positions with Texas Instruments Inc., a global electronics company. From October 1990 to November 1994, Mr. Steele held various manufacturing and operations positions with DSC Communications Corporation, a telecommunications company. Greg Steele holds a bachelor of science degree in industrial engineering from Oregon State University.

Bill Rossi has served as our Chief Marketing Officer since September 2010. From December 2007 to July 2010, Mr. Rossi was head of Enterprise Marketing at Google Inc., an Internet search and services company, where he was responsible for marketing of Google applications to businesses. From December 2005 to December 2006, Mr. Rossi was Chief Executive Officer of Greenfield Networks Inc., an ethernet switch technology solutions company acquired by Cisco Systems, Inc., in December 2006, where he was responsible for all aspects of the company's operations. From November 1995 to November 2005, Mr. Rossi served as Vice President and General Manager of the Wireless Networking Business Unit at Cisco Systems, Inc. Mr. Rossi holds a master of business administration degree from Harvard Business School and a bachelor of arts and bachelor of science degree in electrical engineering from Dartmouth College.

Dennis Hollenbeck has served as our Vice President of Engineering since December 2010. From June 2005 to July 2006 Mr. Hollenbeck served as Vice President and General Manager for Maxtor Corp., a hard disc drive manufacturer, where he was responsible for engineering and operations. From June 2000 to September 2005, Mr. Hollenbeck served as Chief Operating Officer for eSilicon Corp., a custom chip design and fabrication service company. From July 1984 to June 2000, Mr. Hollenbeck held various positions with Quantum Corporation, a hard disc drive manufacturer. Mr. Hollenbeck holds a bachelor of engineering, electrical engineering from Youngstown State University.

Board of Directors

Neal Dempsey has served as a member of our board of directors since April 2010. Mr. Dempsey joined Bay Partners as a General Partner in 1989 and became a Managing Member in 2000. From December 1996 to April 2007, Mr. Dempsey served as a member of the board of directors of Brocade Communications Systems, Inc. Mr. Dempsey is presently a director of several privately-held companies and also serves as a director of FamiliesFirst, Inc., a Children and Family Services Agency. Mr. Dempsey holds a bachelor of arts degree from the University of Washington. As a venture capitalist, Mr. Dempsey has been involved with numerous technology companies in the communications, consumer services, energy services, enterprise software, software as a service, and wireless industries. Mr. Dempsey's years of venture capital investing, his previous experience as a public company director and his insights in building successful businesses provide a valuable perspective to the board of directors.

Steven J. Gomo has served as a member of our board of directors since March 2011. Since August 2002, Mr. Gomo has served as Senior Vice President of Finance and Chief Financial Officer, and since October 2004, as Executive Vice President of Finance and Chief Financial Officer of NetApp, Inc., a computer storage and data management company. From November 2000 to April 2002, Mr. Gomo served as Chief Financial Officer of Gemplus International S.A., a smart card provider, and from February 1998 until August 2000, Mr. Gomo served as Chief Financial Officer of Silicon Graphics, Inc., a high-performance computer and computer graphics company. Prior to February 1998, Mr. Gomo held various finance, financial management, manufacturing, and general management positions at Hewlett-Packard Company. Mr. Gomo holds a master of business administration degree from Santa Clara University and a bachelor of science degree in business administration from Oregon State University. Mr. Gomo currently serves on the board of SanDisk Corporation. Mr. Gomo brings to our board valuable financial and business expertise through his years of experience as a chief financial officer with publicy traded companies. Mr. Gomo provides an important role in leading the board's activities on financial and auditing matters, as well as collaborating with our independent registered public accounting firm and management team in these areas.

Benjamin Kortlang has served as a member of our board of directors since May 2010. Since February 2008, Mr. Kortlang has been a Partner with Kleiner Perkins Caufield & Byers, a venture capital firm. From July 2000 to January 2008, Mr. Kortlang worked with Goldman, Sachs & Co., most recently co-heading Goldman's Alternative Energy Investing business. From June 2005 to February 2008, Mr. Kortlang was a Vice President within Goldman's Special Situations Group, before which he was a Vice President in Goldman's investment banking group focusing on Industrials and Natural Resources. From January 1996 to August 1998, Mr. Kortlang was an Associate with A.T. Kearney, Inc. where he focused on strategic and operations consulting in the energy, manufacturing, packaging, transportation and communications industries. From February 1993 to July 1994, Mr. Kortlang was a Business Analyst at National Australia Bank in strategic planning and macroeconomic forecasting. Mr. Kortlang holds a bachelor of business degree in economics and finance from Royal Melbourne Institute of Technology, a bachelor of commerce and an honors degree in econometrics from University of Melbourne and a master of business administration degree from the University of Michigan. As a venture capitalist, Mr. Kortlang's focus on growth-stage investing in alternative energy technologies provides a valuable industry perspective to our board. Mr. Kortlang's investing and business experience also provide our board with a valuable perspective on building alternative energy businesses.

Jameson J. McJunkin has served as a member of our board of directors since April 2009. Since April 2005, Mr. McJunkin has been a Managing Member of Madrone Capital Partners, a venture capital firm. From August 2000 to March 2005, Mr. McJunkin was a technology growth capital investor at TA Associates, Inc., a private equity firm. Prior to August 2000, Mr. McJunkin worked as a Product Manager at Cisco Systems, Inc. and as a strategy consultant at the Boston Consulting Group. Mr. McJunkin is a director of the Smithsonian National Air and Space Museum and several privately-held companies. He also serves on the Advisory Board for Rockport Capital Partners and The Global Environment Fund. Mr. McJunkin earned a bachelor of arts degree with high honors from the Woodrow Wilson School of Public and International Affairs at Princeton University and a master of business administration degree from the Stanford University Graduate School of Business. Mr. McJunkin has valuable experience as an investor in building emerging growth companies. His investing and business background, as well as his knowledge of the solar industry, provide a valuable perspective for our board of directors.

Dr. Chong Sup Park has served as a member of our board of directors since June 2011. Dr. Park served as President and Chief Executive Officer of Maxtor Corporation, a hard drive manufacturer, from February 1995 to August 1996, and from November 2004 to May 2006, prior to its acquisition by Seagate Technology LLC. Dr. Park served as Maxtor's director from February 1994 and its Chairman of the Board from May 1998 to May 2006. Dr. Park served as Investment Partner and Senior Advisor at H&Q Asia Pacific, a private equity firm, from April 2004 until September 2004, and as Managing Director of the firm from November 2002 to March 2004. Prior to joining H&Q, Dr. Park served as President and Chief Executive Officer of Hynix Semiconductor Inc., a DRAM and FLASH memory manufacturer, from March 2000 until May 2002, and from June 2000 to May 2002 he also served as its Chairman. Dr. Park currently serves as a member of the board of directors of Ballard Power Systems, Inc., Brooks Automation, Inc., Computer Sciences Corporation, and Seagate Technology. Within the past five years, Dr. Park also served as a member of the board of directors of STATS ChipPAC Ltd. and Smart Modular Technologies, Inc. Dr. Park earned his a bachelor of arts degree from Yonsei University, Seoul, a master of business administration degree from the University of Chicago, and a doctorate degree in business administration from Nova Southeastern University. Dr. Park brings to our board of directors valuable experience in leadership, technology, manufacturing, sales and marketing as a former board chair and Chief Executive Officer of global businesses in the storage, semiconductor and electronics industry. Dr. Park with his international background also adds business and cultural diversity to our board of directors' perspective.

Robert Schwartz has served as a member of our board of directors since February 2007. Since June 2000, Mr. Schwartz has been Managing Partner of Third Point Ventures, the Sunnyvale, California-based venture capital arm of Third Point LLC, which is a registered investment adviser based in New York and the investment manager of the Third Point Funds. Since 1984, Mr. Schwartz has also been the President of RF Associates North, Inc., a privately-held technical manufacturer's representative firm. Mr. Schwartz is presently a director of several

privately-held companies. Mr. Schwartz holds an undergraduate engineering degree from the University of California, Berkeley. Mr. Schwartz's background as an executive of a technical manufacturer's representative firm provides our board and management with important insights on supply chains and sales channels. In addition, his experience as a venture capital investor and his long-standing experience on our board enables him to provide key insight, historical knowledge and guidance to our management team and board of directors.

Stoddard M. Wilson has served as a member of our board of directors since April 2008. In February 1998, Mr. Wilson joined RockPort Partners as a General Partner, a merchant bank specializing in the energy and environmental sectors, and helped form their venture fund in 2001. From August 1996 to January 1998, Mr. Wilson served as a general manager of Montague Corporation, a manufacturing company. From July 1990 to June 1994, Mr. Wilson served as Director of External Affairs and held positions in Admissions, Development and Financial Assistance with Wilbraham & Monson Academy, a private secondary school. From June 1987 to May 1990, Mr. Wilson held technical, sales and marketing positions with AT&T Inc. Mr. Wilson is presently a director of several privately-held companies. Mr. Wilson holds two bachelor of arts degrees, in history and economics, from Brown University and a master of business administration degree from Harvard Business School. As a venture capitalist, Mr. Wilson's focus on energy and environmental technologies, as well as his experience in building and managing startup businesses, provides a valuable perspective to our board.

Director Independence

Upon the completion of this offering, our common stock is expected to be listed on the NASDAQ Global Market. Under the rules of the NASDAQ Stock Market, LLC, or NASDAQ, "independent" directors must make up a majority of a listed company's board of directors within a specified period following that company's listing date in conjunction with its initial public offering. In addition, applicable NASDAQ rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and nominating committees be independent within the meaning of applicable NASDAQ rules. Audit committee members must also satisfy the independence criteria set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

In June 2011, our board of directors undertook a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our board of directors determined that all of our directors, other than Messrs. Nahi and Belur, qualify as "independent" directors within the meaning of the NASDAQ rules. Accordingly, a majority of our directors are independent, as required under applicable NASDAQ rules. As required under applicable NASDAQ rules, we anticipate that our independent directors will meet in regularly scheduled executive sessions at which only independent directors are present.

Board Composition

Our board of directors is currently composed of nine members. Our certificate of incorporation and our bylaws permit our board of directors to establish by resolution the authorized number of directors, and nine directors are currently authorized. Our directors hold office until their successors have been elected and qualified, or the earlier of their death, resignation or removal.

Following the completion of this offering, at each annual meeting of stockholders, a class of directors will be elected for a three-year term to succeed the class whose term is then expiring. The terms of the directors will expire upon the election and qualification of successor directors at the annual meeting of stockholders to be held during 2012 for the Class I directors, 2013 for the Class II directors and 2014 for the Class III directors. We intend to designate particular directors into each of these classes prior to the completion of this offering.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control. Under Delaware law, our directors may be removed for cause by the affirmative vote of the holders of a majority of our voting stock.

Board Committees

Our board of directors has an audit committee, a compensation committee and a nominating and corporate governance committee, each of which has the composition and responsibilities described below.

Audit Committee. Our audit committee oversees our corporate accounting and financial reporting processes. For that purpose, our audit committee, among other things:

- evaluates the qualifications and performance of our independent registered public accounting firm;
- determines and approves the scope of engagement and compensation of our independent registered public accounting firm;
- confers with management and our independent registered public accounting firm regarding the effectiveness of our internal control over financial reporting; and
- establishes procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

Our audit committee also has certain responsibilities, including without limitation, the following:

- selecting and hiring the independent registered public accounting firm;
- evaluating the independent registered public accounting firm;
- approving audit and non-audit services and fees; reviewing and discussing with management and the independent registered public accounting firm our annual audited and quarterly financial statements, the results of the independent audit and the quarterly reviews, and the reports and certifications regarding internal control over financial reporting and disclosure controls; and
- reviewing reports and communications from the independent registered public accounting firm.

The members of our audit committee are Messrs. Dempsey, Gomo, Park, and Kortlang. Our board of directors has determined that Mr. Gomo is an “audit committee financial expert” as defined under applicable SEC rules. Mr. Gomo has been appointed to serve as the chairman of our audit committee. Each member of our audit committee meets the requirements for independence for audit committee service under the current requirements of the NASDAQ Global Market and Rule 10A-3 under the Exchange Act.

Compensation Committee. Our compensation committee oversees our corporate compensation policies, plans and benefits programs. The functions of the committee include:

- reviewing and approving the compensation and other terms of employment of our executive officers and senior members of management and reviewing and approving corporate performance goals and objectives relevant to such compensation; and
- administering our stock option plans, stock purchase plans, compensation plans and similar programs, including the adoption, amendment and termination of such plans.

The members of our compensation committee are Messrs. Dempsey, Gomo, Park, Schwartz, and Wilson. Dr. Park has been appointed to serve as the chairman of our compensation committee effective upon the completion of this offering. We believe that each member of our compensation committee meets the requirements for independence under the current requirements of the NASDAQ Global Market, is a non-employee director as defined by Rule 16b-3 promulgated under the Exchange Act, and is an outside director as defined pursuant to Section 162(m) of the Code.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Messrs. Dempsey, Kortlang and McJunkin, each of whom is a non-employee member of our board of directors. Mr. Dempsey is the chairman of our nominating and corporate governance committee. Our board of

directors has determined that each of the directors serving on our nominating and corporate governance committee is independent within the meaning of the listing standards of the NASDAQ Global Market. The functions of this committee include:

- assessing the performance of our management and our board of directors;
- identifying, reviewing, and evaluating candidates to serve on our board of directors, including nominations by stockholders of candidates for election to our board of directors;
- reviewing and evaluating incumbent directors;
- making recommendations to our board of directors regarding the membership of the committees of the board of directors; and
- developing a set of corporate governance principles.

Compensation Committee Interlocks and Insider Participation

Our compensation committee currently consists of Messrs. Dempsey, Gomo, Park, Schwartz, and Wilson. None of the members of our compensation committee has, at any time, been one of our officers or employees. None of our executive officers serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee. For more information, see “Certain Relationships and Related Party Transactions” appearing elsewhere in this prospectus.

Code of Business Conduct and Ethics

Our board of directors adopted a code of business conduct and ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Upon the completion of this offering, the code of business conduct and ethics will be available on our website at *www.enphase.com*. We intend to disclose future amendments to the code, or any waivers of its requirements on our website to the extent permitted by the applicable rules and exchange requirements. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus.

Non-Employee Director Compensation

During 2010, our non-employee directors did not receive any cash compensation, stock awards or other compensation for their services as members of our board of directors or any committee of our board of directors. As of December 31, 2010, none of our non-employee directors held any outstanding stock options or stock awards. In connection with the appointment of Mr. Gomo to our board in March 2011, he received a stock option to purchase 300,000 shares of common stock with an exercise price of $0.45 per share. This option grant vests as to 6,250 shares per month, beginning from April 10, 2011. In connection with the appointment of Dr. Park to our board in June 2011, he received a stock option to purchase 300,000 shares of common stock with an exercise price of $1.05 per share. This option grant vests as to 6,250 shares per month, beginning from June 23, 2011.

New Director Compensation Program

Effective upon completion of this offering our non-employee directors will receive the following cash compensation:

Annual retainer board member	$35,000
Additional retainer audit committee chair[1]	18,000
Additional retainer audit committee member[2]	8,000
Additional retainer compensation committee chair[1]	12,000
Additional retainer compensation committee member[2]	6,000
Additional retainer nominating and governance committee chair[1]	8,000
Additional retainer nominating and governance committee member[2]	3,000

(1) Assumes five committee meetings per year, after which a $1,500 per meeting fee will apply.
(2) Assumes five committee meetings per year, after which a $1,000 per meeting fee will apply.

In addition, each board member will receive an initial option grant with a target value of $120,000, with 25% of the shares vested on the grant date and 25% vesting on each annual anniversary thereafter, and an annual option grant with a target value of $75,000 vesting after one year, in each case using a Black-Scholes option value model and with an exercise price per share equal to the fair market value on the date of grant.

We also intend to seek to recruit and/or appoint either a non-employee chairman of our board of directors or a lead independent director. We expect that an annual cash retainer will be established for this position, and the chairman or lead independent director will be eligible to receive stock option grants in light of his or her role and responsibilities. We expect that the overall compensation for this position will reflect the value brought by the specific individual appointed to this position, based on the responsibility and time commitments associated with this role, as well as market conditions at the relevant time.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion provides an overview of our executive compensation philosophy, the overall objectives of our executive compensation program, and each compensation component that we provide. In addition, we explain how and why we arrived at specific compensation policies and decisions involving our executive officers, including Messrs. Nahi, Kumar, Fornage, Loebbaka and Belur, who are referred to as our named executive officers and are listed in the "Summary Compensation Table" set forth under "Executive Compensation," during 2010.

This Compensation Discussion and Analysis contains forward-looking statements that are based on our current plans, considerations, expectations, and determinations regarding future compensation programs. The actual compensation programs that we adopt may differ materially from currently planned programs that are summarized in this discussion.

Executive Compensation Philosophy and Objectives

We compete with many other companies in seeking to attract and retain a skilled management team. To meet this challenge, we have employed a compensation philosophy of offering our executive officers competitive compensation and benefits packages that focus on long-term value creation and rewarding the management team members for achieving our financial and strategic objectives.

We have oriented our executive compensation program to accomplish the following objectives:

- provide total compensation opportunities, which enable us to recruit and retain executives with the experience and skills to manage the growth of our company and lead us to the next stage of development;
- create a direct and meaningful link between company business results, individual performance, and rewards;
- establish a clear alignment between the interests of our executives and the interests of our stockholders;
- reinforce a culture of ownership, excellence, and urgency; and
- offer total compensation that we believe is competitive and fair.

Compensation Program Design

To date, the compensation of our executive officers, including our named executive officers, has consisted of base salaries, cash bonuses, equity compensation in the form of stock options and restricted stock awards, employee benefits, relocation packages and certain post-employment arrangements.

The key component of our executive compensation program has been equity awards for shares of our common stock. As a privately-held company prior to this offering, we have emphasized the use of equity to provide incentives for our executive officers to focus on the growth of our overall enterprise value and, correspondingly, to create value for our stockholders. We have used stock options as our primary equity award vehicle. We believe that stock options offer our employees, including our named executive officers, a valuable long-term incentive that aligns their interests with the long-term interests of our stockholders.

We also offer cash compensation in the form of base salaries and cash bonuses that we believe, overall, are competitive within the market range for companies of similar size, stage of development, and growth potential.

We have not adopted policies or guidelines for allocating compensation between current and long-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation. Instead, we review each component of executive compensation separately and also take into consideration the value of each executive's compensation package as a whole, both based on its value and its relative size in comparison to the other members of the executive team.

Compensation-Setting Process

To obtain the skills and experience that we believe are necessary to lead our growth, most of our executive officers were hired from larger organizations and have significant experience in their roles. Their initial compensation arrangements have been determined in individual negotiations with each executive in connection with his joining us, taking into account his qualifications, experience, and prior compensation levels. Historically, the compensation committee of our board of directors would develop the offer for the candidate with the assistance of our Chief Executive Officer. Our Chief Executive Officer and our compensation committee would also seek input and approval from our board of directors when necessary or advisable, and the board would approve overall executive compensation with recommendations from the compensation committee.

More recently, since July 2010, our compensation committee has been responsible for overseeing our executive compensation program, as well as determining and approving the ongoing compensation arrangements for our Chief Executive Officer and our other executive officers, including our named executive officers. Typically, our Chief Executive Officer makes recommendations to our compensation committee regarding compensation matters, except with respect to his own compensation, and will often attend the compensation committee meetings, while excusing himself from any discussions involving his own compensation. The recommended compensation of our Chief Executive Officer is proposed by our compensation committee. Once finalized, typically recommendations for executive compensation are presented by our compensation committee to our board of directors for its approval, though our compensation committee has the authority to approve the compensation of the executive officers within guidelines pre-determined by our board of directors. In July 2010, our board of directors approved a compensation committee charter that delegates to our compensation committee the authority to establish and review the compensation of our executive officers, including our named executive officers.

Our compensation committee is authorized to retain the services of executive compensation advisors from time to time, as it sees fit, in connection with the establishment of cash and equity compensation plans and arrangements and related policies. In August 2010, our compensation committee engaged Compensia, Inc., a national compensation consulting firm providing executive compensation advisory services, to assist it in evaluating our executive compensation philosophy, to provide market data on executive compensation practices and to provide guidance on administering our executive, employee and equity compensation programs. Compensia serves at the discretion of our compensation committee.

Use of Competitive Data

Beginning in 2011, to assess the competitiveness of our executive compensation program and current compensation levels and to assist it in setting compensation levels, our compensation committee refers to compensation data compiled with respect to the compensation of executives in comparable positions at a group of comparable companies, which we refer to as the peer group. The companies comprising the peer group have been selected on the basis of their similarity to our Company in size (as determined by revenue and market capitalization) and product or service similarity. Compensation data for the companies comprising the peer group is gathered from public filings and from Compensia’s proprietary compensation databases.

For 2011, based on consultations with Compensia, our compensation committee approved the following companies as our peer group for purposes of determining compensation:

A123 Systems, Inc.	Digi International Inc.	Maxwell Technologies, Inc.
Acme Packet, Inc.	Echelon Corporation	Nanometrics Incorporated
Advanced Energy Industries, Inc.	EMCORE Corporation	Powersecure International, Inc.
Aruba Networks, Inc.	Energy Conversion Devices, Inc.	SatCon Technology Corporation
CalAmp Corp.	EnerNOC, Inc.	Sonus Networks, Inc.
Codexis, Inc.	Fortinet, Inc.	Vicor Corporation
Comverge, Inc.	Isilon Systems, a division of EMC Corporation	

Our compensation committee intends to review the composition of the peer group periodically and make adjustments to its composition as necessary.

In addition to the peer group, beginning in 2011 our compensation committee reviewed survey data from the Radford Global Technology Survey to supplement its understanding of the market for executive compensation.

While our compensation committee reviews the compensation data for, and compensation practices from, the peer group to inform its decision-making process, it does not set compensation components to meet specific benchmarks. Our compensation committee uses peer-group data as a point of reference so that it can set total compensation levels that it believes are reasonably competitive, but also believes that over-reliance on benchmarking can result in compensation that is unrelated to the value delivered by our executives. While compensation levels may differ among executives on competitive factors, and the role, responsibilities and performance of each specific executive, there are no material differences in the compensation philosophies, objectives or policies for our executives, including our named executive officers.

Executive Compensation Program Components

The following describes each component of our executive compensation program, the rationale for each, and how awards are determined.

Base Salary

In 2010, as a private company, our philosophy with respect to base salaries was to maintain minimal differentiation between the members of our executive team, with only Mr. Nahi, our Chief Executive Officer, paid somewhat more than the other executive officers and Mr. Belur paid somewhat less than the other executive officers due to his higher stock ownership arising from being a co-founder of our company. Generally, when adjusting the base salaries of our executive officers, we take into consideration our company's performance during the last completed fiscal year, our Chief Executive Officer's recommendations, the evaluation of the expected and actual performance of each executive officer, his individual contributions and responsibilities, and the relative base salaries of the other executive officers.

In 2010, we adjusted the base salaries of our named executive officers as follows:

- In May 2010, we increased the base salary of Mr. Nahi by $20,000 (retroactive to January 2010) to reward Mr. Nahi for his successful execution of our business strategy during 2009 (particularly in launching our second generation microinverter) and to reflect his critical importance to the company. This determination was made by our compensation committee on a subjective basis based on the committee members' general assessment of our company's overall performance and market conditions.
- In January 2010, we increased the base salary of Mr. Fornage, our Chief Technology Officer and a co-founder of our company, by $65,000 to reflect his contribution in developing our solar energy

generation solution, to reflect his continuing key role in the enhancement of our products during a critical year in our company's growth, and to recognize our Chief Executive Officer's positive evaluation of his overall performance during 2009. This determination was made on a subjective basis, without a specific weighting of any of these factors. This increase was also intended to offset the lower pay scale to which Mr, Fornage, as a co-founder and an original employee of our company, had been subject as we sought to bring his base salary in line with those of our other executive officers.

- In January 2010, we increased the base salary of Mr. Belur, our Vice President of Products, by $10,000 to reward Mr. Belur for his role in developing our product roadmap and marketing our solution in 2009, to reflect his importance to the company and to increase pay parity among our executive officers. This determination was made on a subjective basis, without a specific weighting of any of these factors.
- Messrs. Kumar and Loebbaka did not receive a base salary adjustment due to their recent hiring.

The base salaries paid to our named executive officers during 2010 are set forth in the "Summary Compensation Table" under "Executive Compensation."

In February 2011, we adjusted the base salaries of our named executive officers (retroactive to January 2011) as follows:

- We increased the base salary of Mr. Nahi by $60,000 to reflect his successful execution of our business strategy during 2010, particularly in increasing the market penetration of our products and growing our sales. This increase was also based on his success in positioning our company, consistent with this strategy, for a potential initial public offering of our equity securities, and the competitive market for chief executive officers of technology and alternative energy companies, as reflected in the market survey data and our peer group as reported to our compensation committee by Compensia. This adjustment raised Mr. Nahi's base salary to a level of approximately the 50th percentile of the market survey and peer group data as reported by Compensia.
- We increased the base salary of Mr. Fornage by $25,000 to reflect his role in developing our third generation solar energy generation solution, thereby positioning our company for a potential initial public offering of our equity securities, and the competitive market for chief technology officers of technology and alternative energy companies, as reflected in the market survey data and our peer group as reported by Compensia. This adjustment raised his base salary to a level of approximately the 50% percentile of the market survey and peer group data reported by Compensia.
- We increased the base salary of Mr. Loebbaka, our Vice President of Worldwide Sales, by $10,000 to reflect the competitive market for sales executives of technology and alternative energy companies, as reflected in the market survey data and our peer group as reported by Compensia. This adjustment raised his base salary to a level of approximately the 50% percentile of the market survey and peer group data reported by Compensia.
- Messrs. Belur and Kumar did not receive a base salary adjustment in 2011 because it was determined that their salaries were competitive against the market.

Cash Bonuses

We use cash bonuses to motivate our executive officers to achieve our annual financial and strategic objectives. In some cases, the initial cash bonus opportunities of our executive officers were established through arm's-length negotiation at the time of hiring. Aside from pre-agreed upon bonus opportunities, bonus opportunities generally have been provided on a discretionary basis by our compensation committee. Our sales executives, including our Vice President of Worldwide Sales, participate in our sales commission plan instead of being eligible to receive a cash bonus.

In 2011, we awarded the 2010 cash bonuses to our named executive officers, except our Vice President of Worldwide Sales, based upon the judgment of our Chief Executive Officer and, with respect to our Chief Executive Officer, our compensation committee and taking into account our performance, the performance of each named executive officer, his overall cash compensation and his equity holdings. The terms of the bonus for each executive varied, with preset goals for our Chief Executive Officer and a discretionary approach for our other named executive officers.

For our Chief Executive Officer, our board of directors determined in March 2010 to pay a bonus of up to $50,000 and set five performance goals, each worth $10,000, to be achieved to receive this bonus. These goals were: target revenue of $84 million (this goal also required our ability to have our projects funded by at least two-tier one financial institutions), achieving a fourth quarter non-GAAP gross margin goal of 23%, achieving financial readiness for an initial public offering by October 31, having a certified product ready for sale in Europe by the end of 2010, and signing two OEM supply agreements with key solar companies. The Compensation Committee determined that the first two goals were partially met for a payment of $5,000 each, with the remaining goals not met. However, the committee believed that due to the rapid growth of our company over 2010 and continuing evolution of the key metrics for our success, the goals did not adequately reflect the highest priorities for the company by the end of 2010. In light of our strong overall performance in 2010, and acknowledging Mr. Nahi's exceptional personal contributions, the Committee approved a special discretionary bonus of $30,000 (in addition to the $10,000 awarded for partial achievement of pre-established goals). Our Vice President of Worldwide Sales joined Enphase in the second quarter of 2010 and was eligible to receive a sales commission targeted at $101,500 for the remainder of 2010, or $145,000 on an annualized basis, pursuant to his negotiated employment offer letter upon the achievement of a revenue-based sales performance target, weighted at 75% of his aggregate sales commission, and specified non-revenue-based key sales objectives weighted at 25% of his aggregate sales commission. Mr. Loebbaka's revenue-based sales target for 2010 was $45.0 million and his non-revenue based key sales objectives consisted of the development of a European sales strategy, the development of a commercial market sales strategy, and the development of key strategic customer accounts. Mr. Loebbaka exceeded his target sales commission amount, earning a total of $133,325, consisting of $110,789 for achieving 145% of his revenue based performance target and $22,536 with respect to his performance against his non-revenue based sales objectives as determined by the Chief Executive Officer. Our Chief Technology Officer and our Vice President of Products did not receive bonus in 2010, because neither one of them had a contractual right to a bonus. Our Chief Technology Officer received a significant raise in his base salary in 2010 and he had a significant equity ownership stake. Our Chief Financial Officer also received a bonus in 2010 of $50,000, which was the maximum bonus amount for which he was eligible in 2010 pursuant to his negotiated employment offer letter, and represented approximately 22% of his 2010 base salary. The potential bonus award did not include predetermined quantitative thresholds that had to be achieved prior to payout. The bonus awarded was based on the recommendation of our Chief Executive Officer and approved by our Compensation Committee in light of our Chief Financial Officer's instrumental role in raising $45.7 million in additional private equity capital in 2010, strengthening our finance organization by hiring an experienced controller and other qualified finance personnel, driving strong discipline and consistency in the accounting close process and leading the implementation of more formal controls and procedures.

The cash bonuses paid to our named executive officers for 2010 are set forth in the "Summary Compensation Table" under "Executive Compensation."

We do not have a formal policy regarding adjustment or recovery of bonus awards or payments if the relevant performance measures upon which they are based are restated or otherwise adjusted in a manner that would have originally reduced the size of the awards or payments.

For 2011, we have developed a formalized bonus program for all employees based on input from Compensia on public company market practices for bonus plan design. For our named executive officers, we set target bonus amounts and performance goals. Our 2011 bonus plan is based 60% on achievement of corporate goals, 30% on achievement of department goals and 10% on achievement of individual performance goals. For 2011, the corporate goals are revenue and gross margin. Target bonus percentages of base salary are as follows: 50% for our Chief Executive Officer, 25% for our Chief Technology Officer, 40% for our Chief Financial

Officer and 30% for our Vice President of Products. These target percentages were determined by our compensation committee based on its judgment taking into consideration the projected scaling of our business in 2011, our Chief Executive Officer's recommendations, our compensation committee's evaluation of the individual contributions and responsibilities of each executive officer and the executive compensation market data provided by Compensia that showed that overall our 2010 bonuses were lower than bonus levels for comparable public companies.

Equity Compensation

We use equity awards to incentivize and reward our executive officers, including our named executive officers, for long-term corporate performance based on the value of our common stock and, thereby, to align the interests of our executive officers with those of our stockholders.

To date, we have not applied a rigid formula in determining the size of the initial equity awards that have been granted to our named executive officers. Instead, these awards have been established through arms-length negotiation at the time of hiring. In these negotiations, our board of directors has exercised its judgment, taking into consideration, among other things, the prospective role and responsibility of the executive, competitive factors, the amount of equity-based equity compensation held by the executive officer at his or her former employer, and the cash compensation received by the executive officer. Based upon these factors, our board of directors has determined the size of each award at levels it considered appropriate to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value.

Thereafter, our board of directors has granted equity awards to our executive officers, including our named executive officers, on an ad hoc basis when it deemed additional grants were appropriate. In making these awards, our board has exercised its judgment as to the amount and form of the awards, taking into consideration our performance, the board's evaluation of the expected and actual performance of each executive officer, his individual contributions and responsibilities, the dilution of the executive as a result of our financings and market conditions.

In making the allocations of both initial equity awards and additional awards, our board of directors has considered objectives such as motivating executives to achieve company objectives, providing incentives to promote our growth and create stockholder value, and aligning the financial interests of our executive officers with those of our stockholders. The board of directors has also considered the potential dilutive effect on our stockholders.

In 2010, we granted stock options to Messrs. Kumar and Loebbaka, our Chief Financial Officer and Vice President of Worldwide Sales, respectively, in connection with their initial employment with us.

- In the case of Mr. Kumar, we granted him a stock option to purchase 2,058,000 shares of our common stock with an aggregate grant date fair value of approximately $100,000 in January 2010. The size of this award was determined based on our negotiations with Mr. Kumar, our objective of inducing Mr. Kumar to accept employment and our Board of Directors' collective experience with market practices for equity compensation for chief financial officers.
- In the case of Mr. Loebbaka, we granted him a stock option to purchase 2,217,182 shares of our common stock with an aggregate grant date fair value of approximately $400,000 in June 2010. The size of this award was determined based on our negotiations with Mr. Loebbaka, our objective of inducing Mr. Loebbaka to accept employment and our Board of Directors' collective experience with market practices for equity compensation for top sales executives. We also took into consideration the value of our common stock at that time and our desire to ensure that there was minimal differentiation in the total compensation opportunities of our senior executive officers.

In addition, in July 2010, we granted "refresh" stock option awards to Messrs. Nahi, Kumar, and Fornage to provide them with an additional long-term incentive opportunity and to promote our retention objectives.

- In the case of Mr. Nahi, our board of directors evaluated his outstanding and unvested equity holdings and determined that it was appropriate to provide him with a stock option to purchase 4,488,911 shares of our common stock with an aggregate grant date fair value of approximately $950,000. At that time, our board of directors believed that this award, when combined with his other equity holdings, would provide a strong incentive for him to remain with our company through a critical period of its growth and development, continue to grow our company and work toward our goal of attaining sustainable profitability.
- In the case of Mr. Kumar, our board of directors determined that, as a result of his successful contributions in strengthening our financial and accounting organization and processes, it was appropriate to increase his long-term incentive opportunity by providing him with a stock option to purchase 602,619 shares of our common stock with an aggregate grant date fair value of approximately $125,000. At that time, our board of directors believed that this award was an appropriate means of rewarding his near-term performance, while, at the same time, reinforcing his ties to our company and incentivizing him to continue to successfully guide our accounting and finance organization.
- In the case of Mr. Fornage, our board of directors evaluated his outstanding and unvested equity holdings and determined that it was appropriate to provide him with a stock option to purchase 3,859,680 shares of our common stock with an aggregate grant date fair value of approximately $800,000. At that time, our board of directors believed that this award, when combined with his other equity holdings, would provide a strong incentive for him to remain with our company through a critical period of its growth and development and to continue to drive our product development.
- In the case of Mr. Belur, our board of directors evaluated his outstanding and unvested equity holdings and determined that it was appropriate to provide him with a stock option to purchase 2,800,000 shares of our common stock with an aggregate grant date fair value of approximately $595,000. At that time, our board of directors believed that this award, when combined with his other equity holdings, would provide a strong incentive for him to remain with our company through a critical period of its growth and development and to continue to drive our product development.

The equity awards granted to our named executive officers during 2010 are set forth in the "Summary Compensation Table" and "Grants of Plan-Based Awards" table under "Executive Compensation."

The equity awards granted to our named executive officers during 2010 are set forth in the "Summary Compensation Table" and "Grants of Plan-Based Awards" table under "Executive Compensation."

To date, we have not granted any additional equity compensation to our named executive officers in 2011. Following the completion of this offering, we expect our compensation committee to oversee the development of an annual equity compensation "refresh" program.

Retirement and Other Benefits

We have established a tax-qualified Section 401(k) retirement savings plan for our executives, including our named executive officers, and other employees who satisfy certain eligibility requirements. Under this plan, participants may elect to make pre-tax contributions of up to 100% of their current compensation, not to exceed the applicable statutory income tax limitation (which is $16,500 in 2011 for employees under 50 years of age and $22,000 for employees who are 50 years of age or older). In 2010, we contributed three percent of each employee's base salary into his or her 401(k) account. We are reviewing our company contribution and may revise the percentage and formula for 2012.

Additional benefits received by our executives, including our named executive officers, include medical, dental, and vision benefits, medical and dependent care flexible spending accounts, short-term and long-term disability insurance, accidental death and dismemberment insurance and basic life insurance coverage. We

provide these benefits to our executives on the same basis as to all of our full-time employees. We provided relocation packages for our Chief Financial Officer and our Vice President of Worldwide Sales in connection with their initial employment. The amount of each relocation package was determined based on our arm's-length negotiations with each executive officer, our compensation committee's knowledge of the costs and size of executive relocation packages, as well as input from our external recruiter.

Historically, other than the relocation packages discussed above, we have not provided perquisites or other personal benefits to our executives, including our named executive officers. However, in the future we may provide such items in limited circumstances, such as when we believe it is appropriate to assist an individual in the performance of his or her duties, to make our executives more efficient and effective, and to recruit, motivate, or retain executives. All future practices with respect to perquisites or other personal benefits will be approved and subject to periodic review by our compensation committee.

Post-Employment Compensation

In connection with the hiring of each of our named executive officers, we entered into an employment agreement or offer letter that typically provided for his base salary, bonus opportunity, initial stock option grant, employee benefits and, in some cases, potential benefits upon a termination of employment, including a termination of employment following a change in control of us. In June 2011, our compensation committee and board of directors undertook a review of these termination benefits across our executive team. As a result of this review, the committee and our board determined that these arrangements should be updated to provide more consistency for these benefits among our executives as well as provide benefits that we and Compensia believe are generally comparable to our peer group of companies. Accordingly, our board of directors approved our entering into new executive severance agreements with Mr. Nahi, Mr. Belur and Mr. Fornage, and new change in control and severance agreements with Mr. Kumar, Mr. Loebbaka and our other executive officers. For a summary of the material terms and conditions of the employment agreements for our named executive officers, see "Executive Compensation—Employment Agreements."

We believe that the severance and change in control benefits set forth in each named executive officer's employment agreement assisted us in attracting our executive officers. We also believe that these benefits help our executive officers maintain continued focus and dedication to their assigned duties to maximize stockholder value if there is a potential transaction that could involve a change in control of our company. For a summary of the material terms and conditions of these provisions, see "Executive Compensation—Potential Payments Upon Termination or Change in Control."

Tax and Accounting Considerations

Deductibility of Executive Compensation

As a private company, in making our compensation decisions, we have not considered Section 162(m) of the Internal Revenue Code, or the Code, which disallows a tax deduction to any publicly-held corporation for any remuneration in excess of $1 million paid in any taxable year to its chief executive officer and each of its other named executive officers (other than its chief financial officer) unless an exception applies. We expect our compensation arrangements put in place prior to our initial public offering and for several years thereafter will be exempt under Section 162(m) of the Code.

Once our exemption period expires, we expect that our compensation committee will adopt a policy that, where reasonably practicable, will qualify the variable compensation paid to our executive officers for the "performance-based compensation" exemption from the deductibility limit. Our compensation committee may, in its judgment, authorize compensation payments that do not comply with an exemption from the deductibility limit when it believes that such payments are appropriate to attract and retain executive talent.

Taxation of "Parachute" Payments

Sections 280G and 4999 of the Code provide that executive officers and directors who hold significant equity interests and certain other service providers may be subject to an excise tax if they receive payments or benefits in connection with a change in control of our company that exceeds certain prescribed limits, and that our company (or a successor) may forfeit a deduction on the amounts subject to this additional tax. We do not currently provide any executive, including any named executive officer, with a "gross-up" or other reimbursement payment for any tax liability that he may owe as a result of the application of Sections 280G or 4999.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides information for the year ended December 31, 2010 regarding the compensation of our principal executive officer, principal financial officer, and each of our three other most highly compensated persons serving as executive officers. We refer to these persons as our named executive officers.

Name and Principal Position	Year	Salary	Bonus[1]	Option Awards[2]	Non-Equity Incentive Plan Compensation	All Other Compensation	Total
Paul B. Nahi President and Chief Executive Officer	2010	$243,077	$30,000	$952,319	$ 10,000[3]	$ 7,431[4]	$1,242,827
Sanjeev Kumar Chief Financial Officer	2010	225,000	—	224,924	50,000[5]	71,305[6]	571,229
Martin Fornage Chief Technology Officer	2010	225,000	—	818,828	—	8,256[7]	1,052,084
Jeff Loebbaka Vice President of Worldwide Sales	2010	147,115[8]	—	396,889	133,325[9]	22,180[10]	699,509
Raghuveer R. Belur Vice President of Products	2010	160,000	—	594,018	—	4,881[11]	758,899

(1) Amounts reported in column reflect discretionary cash bonuses determined by the board of directors.

(2) Amounts reported in column reflect the aggregate grant date fair value of stock options granted pursuant to our 2006 Equity Incentive Plan in 2010, calculated in accordance with applicable accounting guidance for share-based payment transactions and excludes the impact of estimated forfeitures related to service-based vesting conditions. The valuation assumptions used in determining such amounts are described in Note 10 to our consolidated financial statements appearing elsewhere in this prospectus.

(3) Amount reflects a cash bonus determined by the board of directors pursuant to Mr. Nahi's achievement against certain pre-determined performance criteria. For more information regarding Mr. Nahi's performance plan-based cash bonus, see "Compensation Discussion and Analysis—Executive Compensation Program Components."

(4) Amount reflects contributions by us of $7,350 to Mr. Nahi's 401(k) account and $81 paid by us on Mr. Nahi's behalf for basic life insurance premiums.

(5) Mr. Kumar's cash bonus was paid in advance in the form of a loan in a principal amount of $50,000, which loan was subsequently forgiven following Mr. Kumar's achievement of certain bonus related performance targets. For more information regarding Mr. Kumar's cash bonus and related loan forgiveness, see "Certain Relationships and Related Party Transactions—Loan to Officer."

(6) Amount reflects $294 in interest forgiven by us and a tax gross-up of $3,019 paid by us in connection with the advance payment of Mr. Kumar's cash bonus in the form of a loan and subsequent loan forgiveness; relocation benefits consisting of temporary housing, destination and relocation bonus amounts totaling $61,161; contributions by us of $6,750 to Mr. Kumar's 401(k) account; and $81 paid by us on Mr. Kumar's behalf for basic life insurance premiums. For more information regarding Mr. Kumar's cash bonus and related loan forgiveness, see "Certain Relationships and Related Party Transactions—Loan to Officer."

(7) Amount reflects contributions by us of $6,750 to Mr. Fornage's 401(k) account, $81 paid by us on Mr. Fornage's behalf for basic life insurance premiums and $1,425 paid by us on Mr. Fornage's behalf for additional life insurance premiums.

(8) Amount represents salary starting from May 3, 2010, Mr. Loebbaka's employment start date.

(9) Amount reflects $133,325 paid to Mr. Loebbaka under our sales commission plan. For more information regarding Mr. Loebbaka's sales commission plan-based bonus, see "Compensation Discussion and Analysis—Executive Compensation Program Components."

(10) Amount reflects relocation benefits consisting of temporary housing and relocation bonus amounts totaling $22,133, and contributions by us of $47 paid on Mr. Loebbaka's behalf for basic life insurance premiums.

(11) Amount reflects contributions by us of $4,800 to Mr. Belur's 401(k) account and $81 paid by us on Mr. Belur's behalf for basic life insurance premiums.

Grants of Plan-Based Awards

The following table provides information regarding grants of plan-based awards to each of our named executive officers during 2010.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (per Share)[1]	Grant Date Fair Value of Stock and Option Awards[2]
		Threshold	Target	Maximum			
Paul B. Nahi	7/15/2010	$ 10,000[3]	—	$ 50,000[3]	4,488,911[4]	$ 0.18	$ 952,319
Sanjeev Kumar	1/15/2010	—	50,000[5]	—	2,058,000[6]	0.07	97,079
	7/15/2010	—	—	—	602,619[4]	0.18	127,845
Martin Fornage	7/15/2010	—	—	—	3,859,680[4]	0.18	818,828
Jeff Loebbaka	6/3/2010	—	101,500[7]	—	2,217,182[8]	0.18	396,889
Raghuveer R. Belur	7/15/2010	—	—	—	2,800,000[4]	0.18	594,018

(1) Our common stock was not publicly traded during 2010, and the exercise price of the options was determined by our board of directors based on its determination of the fair market value of our common stock on the grant date. For more information on our methodology for determining the exercise price of the options, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Management Estimates—Stock-Based Compensation" appearing elsewhere in this prospectus.

(2) In accordance with SEC rules, this column represents the aggregate grant date fair value of each equity award, calculated in accordance with applicable accounting guidance for stock-based payment transactions. For additional information on the valuation assumptions underlying the value of these awards, see Note 10 to our consolidated financial statements appearing elsewhere in this prospectus. For more information on our methodology for determining the exercise price of the options, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Management Estimates—Stock-Based Compensation" appearing elsewhere in this prospectus.

(3) Reflects the minimum threshold and maximum amounts payable to Mr. Nahi pursuant to his performance plan-based cash bonus for the year ended December 31, 2010. No target amount other than the maximum amount was established. For more information regarding Mr. Nahi's performance plan-based cash bonus, see "Compensation Discussion and Analysis—Executive Compensation Program Components." The actual cash bonus award earned by Mr. Nahi for the year ended December 31, 2010 is set forth in the "Summary Compensation Table" set forth above.

(4) The option was granted pursuant to our 2006 Equity Incentive Plan and vests on a monthly basis in equal increments during the four-year period from a vesting commencement date of May 21, 2010.

(5) Reflects the target amount payable to Mr. Kumar upon the achievement of his management bonus objectives for the year ended December 31, 2010. No minimum threshold or maximum amounts beyond the target amount were established. For more information regarding Mr. Kumar's performance plan-based cash bonus, see "Compensation Discussion and Analysis—Executive Compensation Program Components." The actual cash bonus award earned by Mr. Kumar for the year ended December 31, 2010 is set forth in the "Summary Compensation Table" set forth above.

(6) The option was granted pursuant to our 2006 Equity Incentive Plan and vests over four years from a vesting commencement date of November 30, 2009, with the first 25% vesting on November 30, 2010, and monthly thereafter with respect to 2.08% of the number of shares covered by such option beginning on December 1, 2010 and on the 1st of each of the 36 months thereafter.

(7) Reflects the target amount payable to Mr. Loebbaka pursuant to our sales commission plan for Mr. Loebakka for the year ended December 31, 2010. No minimum threshold or maximum amounts beyond the target amount were established. For more information regarding Mr. Loebbaka's sales commission plan-based bonus, see "Compensation Discussion and Analysis—Executive Compensation Program Components." The actual sales commission award earned by Mr. Loebbaka for the year ended December 31, 2010 is set forth in the "Summary Compensation Table" set forth above.

(8) The option was granted pursuant to our 2006 Equity Incentive Plan and vests over four years from a vesting commencement date of May 3, 2010, with the first 25% vesting on May 3, 2011, and monthly thereafter with respect to 2.08% of the number of shares covered by such option beginning on June 1, 2011.

The material terms of the named executive officers' offer letters and employment agreements are described in greater detail below under the section titled "Employment Agreements." The explanations of the amounts of compensation awarded in 2010, including how each individual element of compensation was determined, are set forth in the section titled "Compensation Discussion and Analysis."

Outstanding Equity Awards at December 31, 2010

The following table presents certain information concerning outstanding equity awards held by each of our named executive officers as of December 31, 2010.

	Option awards				Stock awards	
Name	Number of Securities Underlying Unexercised Options Exercisable[1]	Number of Securities Underlying Unexercised Options Unexercisable[1]	Option Exercise Price[2] ($)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested ($)[3]
Paul B. Nahi	800,000[4]	—	$ 0.26	6/25/2018	19,834[5]	$
	3,437,627	4,812,679[6]	0.03	7/15/2019	6,042[5]	
	654,632	3,834,279[7]	0.18	7/14/2020		
Sanjeev Kumar	557,375	1,500,625[8]	0.07	1/14/2020		
	87,881	514,738[7]	0.18	7/14/2020		
Martin Fornage	3,508,973	4,912,564[6]	0.03	7/15/2019		
	562,870	3,296,810[7]	0.18	7/14/2020		
Jeff Loebbaka	—	2,217,172[9]	0.18	6/2/2020		
Raghuveer R. Belur	2,713,781	3,799,295[6]	0.03	7/15/2019		
	408,333	2,391,667[7]	0.18	7/14/2020		

(1) Vesting of each stock option is contingent upon the executive officer's continued service, except as may be accelerated on certain events described below under "Potential Payments Upon Termination or Change in Control."

(2) For more information on our methodology for determining the exercise price of the options, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Management Estimates—Stock-Based Compensation" appearing elsewhere in this prospectus.

(3) The market value of the unvested shares of restricted stock has been calculated assuming a price per share of $, which is the mid-point of the price range set forth on the cover page of this prospectus, multiplied by the number of unvested shares.

(4) The shares subject to the stock option are early exercisable and vest over a four-year period, with 1/4th of the shares vested on January 1, 2008, and the remainder vesting in 36 equal monthly installments on the first day of each succeeding calendar month thereafter.

(5) The shares subject to the stock award are released from the repurchase option over a four-year period, with 1/4th of the shares subject to the stock award vested and released from the repurchase option on January 1, 2008, and the remainder vesting and being released from the repurchase option in 36 equal monthly installments thereafter.

(6) The shares subject to the stock option vest over a four-year period commencing April 24, 2009, with 1/48th of the shares vesting on a monthly basis.

(7) The shares subject to the stock option vest over a four-year period commencing May 21, 2010, with 1/48th of the shares vesting on a monthly basis.

(8) The shares subject to the stock option vest over a four-year period, with 1/4th of the shares vested on November 30, 2010, and the remainder vesting in 36 equal monthly installments on the first day of each succeeding calendar month thereafter.

(9) The shares subject to the stock option vest over a four-year period, with 1/4th of the shares vested on May 3, 2011, and the remainder vesting in 36 equal monthly installments on the first day of each succeeding calendar month thereafter.

Option Exercises and Stock Vested

The following table shows information regarding the vesting of restricted stock held by our named executive officers during 2010. There were no option exercises in 2010.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Paul B. Nahi	310,500	$
Sanjeev Kumar	—	
Martin Fornage	—	
Jeff Loebbaka	—	
Raghuveer R. Belur	—	

(1) The value realized upon vesting was calculated by multiplying the number of shares of common stock that vested during 2010 by an assumed initial public offering price of $, the midpoint of the price range set forth on the cover page of this prospectus. More information about the restricted stock held by Mr. Nahi can be found under "Employment Agreements" below.

Employment Agreements

Definitions

Except as otherwise set forth below, for purposes of the employment related agreements entered into with our named executive officers, the following definitions apply:

"*Cause*" means (i) gross negligence or willful misconduct in the performance of duties to us where such gross negligence or willful misconduct has resulted or is likely to result in substantial and material damage to us or our subsidiaries; (ii) a material failure to comply with our written policies after having received from us notice of, and a reasonable time to cure, such failure; (iii) repeated unexplained or unjustified absence from us; (iv) conviction of a felony or a crime involving moral turpitude causing material harm to our standing and reputation; or (v) unauthorized use or disclosure of any proprietary information or trade secrets of us or any other party to whom he owes an obligation of non-disclosure as a result of his relationship with us, which use or disclosure causes or is likely to cause us material harm. Cause is determined by our board of directors acting in good faith and based on information then known to it.

"*Change in Control*" means (i) any sale or exchange of the capital stock by our shareholders in one transaction or series of related transactions where more than 50% of our outstanding voting power is acquired by a person or entity or group of related persons or entities, (ii) any reorganization, consolidation or merger of us where our outstanding voting securities immediately before the transaction represent or are converted into less than fifty percent 50% of the outstanding voting power of the surviving entity (or its parent corporation) immediately after the transaction, (iii) the consummation of any transaction or series of related transactions that results in the sale of all or substantially all of our assets or (iv) any "person" or "group" (as defined in the Securities Exchange Act of 1934, as amended) becoming the "beneficial owner" (as defined in Rule 13d-3 under said Act) directly or indirectly of securities representing more than 50% of the voting power of our stock then outstanding.

"*Good Reason*" means, without his written consent, (i) a material reduction or change in job duties, responsibilities or authority inconsistent with his position with us and his prior duties, responsibilities or authority, provided, however, that any change in his position after a Change in Control shall not constitute grounds for a termination for Good Reason so long as he remains a member of our senior management (or becomes a member of the senior management of the surviving or acquiring entity) at the same or higher base salary as immediately prior to the Change in Control with equivalent authority and responsibility, (ii) a material reduction of his then current base salary by more than 10%, excluding an across the board reduction in the salary

level of other of our executives by the same percentage as part of a general salary level reduction; (iii) a relocation of the principal place for performance of his duties to us to a location more than 40 miles from our then current location; or (iv) a material breach by us of the executive's employment or executive agreement provided that he gives us written notice of the event forming the basis of the Good Reason resignation within 60 days of the date we give written notice to him of our affirmative decision to take an action set forth above, we fail to cure such basis for the Good Reason resignation within 30 days after receipt of his written notice and he terminates employment within 30 days following the expiration of the cure period.

"*Termination for Disability*." For the employment agreements of Mr. Fornage and Mr. Belur, "Termination for Disability" means our determination made in good faith that, due to a mental or physical incapacity, he has been unable to perform his employment duties for a period of not less than six consecutive months or 180 days in the aggregate in any twelve-month period unless he has been on leave approved by our board of directors.

Paul B. Nahi

On January 1, 2007, we entered into an offer letter with Mr. Nahi to serve as our President and Chief Executive Officer, on an at-will basis. The offer letter provided for an initial annual base salary of $60,000 per year, which has subsequently increased to the current amount of $250,000 per year. The letter also provided for the opportunity to purchase 952,000 shares of our restricted common stock and a commitment by us to issue, upon the final closing of our Series B preferred stock financing, an additional number of shares of common stock to bring his total equity ownership to 6.5% of the number of fully-diluted shares of common stock then outstanding (which issuance was subsequently completed in September 2008). The letter indicates Mr. Nahi's general eligibility for employee benefits, additional stock grants and long-term incentives. In June 2011, we entered into an executive severance agreement with Mr. Nahi that provides for the payment of severance benefits to Mr. Nahi in the event of the termination of his employment in the scenarios described below. This agreement superseded the severance provisions contained in Mr. Nahi's original offer letter.

Termination Without Cause or Resignation for Good Reason. Under the executive severance agreement, in the event that we terminate Mr. Nahi's employment without Cause or he voluntarily resigns for Good Reason, subject to signing an effective release of claims, Mr. Nahi will receive the following severance benefits: (i) six months' base salary and health insurance benefits paid over the six month severance period on our normal payroll dates, and (ii) 25% of each outstanding equity award shall automatically become immediately vested. In addition, each vested and unexercised equity award shall remain exercisable for a period of 12 months following such termination or resignation.

Termination Without Cause or Resignation with Good Reason in Connection With or Following a Change in Control. Under the executive severance agreement, in the event that we terminate Mr. Nahi's employment without Cause or he voluntarily resigns with Good Reason in connection with or within 24 months after a Change in Control, subject to signing an effective release of claims, Mr. Nahi will receive the following severance benefits: (i) six months' base salary and health insurance benefits paid over the six month severance period on our normal payroll dates, and (ii) 100% of each outstanding equity award shall automatically become immediately vested. In addition, each vested and unexercised equity award shall remain exercisable for a period of 12 months following such termination or resignation.

Sanjeev Kumar

On November 12, 2009, we entered into an offer letter with Mr. Kumar to serve as our Chief Financial Officer, on an at-will basis. The offer letter provided for an initial annual base salary of $225,000 per year and an initial stock option grant to purchase up to 2,058,000 shares of our common stock. The letter also provided for a loan in the amount of $50,000, which was evidenced by a full-recourse promissory note dated June 14, 2010. The letter indicates Mr. Kumar's eligibility for reimbursement of up to $55,000 in qualified relocation expenses. In November 2010, in light of Mr. Kumar's achievement of certain bonus performance targets, the outstanding

principal and accrued interest under the loan was forgiven and the note was cancelled. The letter also indicates Mr. Kumar's general eligibility for annual variable pay based on completion of performance objectives, stock option grants and long-term incentives. In June 2011, we entered into a change in control agreement with Mr. Kumar that provides for the payment of severance benefits to Mr. Kumar in the event of the termination of his employment following a change in control in the scenarios described below. This agreement superseded the severance provisions contained in Mr. Kumar's original offer letter.

Termination Without Cause or Resignation for Good Reason in Connection With or Following a Change in Control. Under the change in control agreement, in the event that we terminate Mr. Kumar's employment without Cause or he voluntarily resigns for Good Reason in connection with or within 24 months after a Change in Control, subject to signing an effective release of claims, Mr. Kumar will receive the following severance benefits: (i) six months' base salary and health insurance benefits paid out over the six month severance period on our normal payroll dates, and (ii) 100% of each outstanding equity award shall automatically become immediately vested.

Martin Fornage

On March 21, 2006, we entered into an employment agreement with Mr. Fornage to serve as our Chief Technology Officer, on an at-will basis. The employment agreement provided for an initial annual base salary of $60,000 per year, which has subsequently been increased to the current amount of $225,000 per year. The agreement indicates Mr. Fornage's general eligibility for an annual cash bonus in the discretion of the Board of Directors, employee benefits and stock option grants. In June 2011, we entered into an executive severance agreement with Mr. Fornage that provides for the payment of severance benefits to Mr. Fornage in the event of the termination of his employment in the scenarios described below. This agreement superseded the severance provisions contained in Mr. Fornage's original employment agreement, as amended.

Termination Without Cause, Resignation for Good Reason or Termination for Disability. Under the executive severance agreement, in the event that we terminate Mr. Fornage's employment without Cause or he voluntarily resigns for Good Reason, subject to signing an effective release of claims, Mr. Fornage will receive the following severance benefits: (i) six months' base salary and annual cash bonus, if any, payable over the six-month severance period on our normal payroll dates, and six months' health insurance benefits paid out over the severance period, and (ii) 100% of each outstanding equity award shall automatically become immediately vested. In the event of Termination for Disability, Mr. Fornage will receive the following severance benefits: six months' base salary and annual cash bonus, if any, payable over the six month severance period on our normal payroll dates, and six months' health insurance benefits paid out over the severance period.

Jeff Loebbaka

On April 19, 2010, we entered into an offer letter with Mr. Loebbaka to serve as our Vice President of Worldwide Sales, on an at-will basis. The offer letter provides for an initial annual base salary of $225,000 per year. The letter also provides for a proposed initial stock option grant to purchase up to 2,217,182 shares of our common stock, subject to approval of our board of directors. The letter indicates Mr. Loebbaka's eligibility for incentive compensation of up to $145,000 during his first twelve months of employment based on completion of sales targets and reimbursement of up to $50,000 in qualified relocation expenses. The letter also indicates Mr. Loebbaka's general eligibility for annual variable pay based on completion of performance objectives, stock option grants and long-term incentives. The letter further provides that in the event that we terminate Mr. Loebbaka's employment without Cause prior to the twelve month anniversary of his first day of employment, Mr. Loebbaka would receive the following severance benefits; three months' base salary and three months' health benefit insurance premiums paid out over the three month severance period on our normal payroll dates. Our obligation to provide these severance benefits expired in April 2011. In June 2011, we entered into a change in control agreement with Mr. Loebbaka that provides for the payment of severance benefits to Mr. Loebbaka in the event of the termination of his employment following a change in control in the scenarios described below. This agreement superseded the severance provisions contained in Mr. Loebbaka's original offer letter.

Termination Without Cause or Resignation for Good Reason in Connection With or Following a Change in Control. Under the change in control agreement, in the event that we terminate Mr. Loebbaka's employment without Cause or he voluntarily resigns for Good Reason in connection with or within 24 months after a change in control, subject to signing an effective release of claims, Mr. Loebbaka will receive the following severance benefits: (i) three months' base salary and health insurance benefits paid out over the three month severance period and (ii) 100% of each outstanding equity award shall automatically become immediately vested.

Raghuveer R. Belur

On March 21, 2006, we entered into an employment agreement with Mr. Belur to serve as our Vice President of Products, on an at-will basis. The employment agreement provided for an initial annual base salary of $60,000 per year, which has subsequently been increased to the current amount of $160,000 per year. The agreement indicates Mr. Belur's general eligibility for an annual cash bonus in the discretion of the Board of Directors, employee benefits and stock option grants. In June 2011, we entered into an executive severance agreement with Mr. Belur that provides for the payment of severance benefits to Mr. Belur in the event of the termination of his employment in the scenarios described below. This agreement superseded the severance provisions contained in Mr. Belur's original employment agreement, as amended.

Termination Without Cause, Resignation for Good Reason or Termination for Disability. Under the executive severance agreement, in the event that we terminate Mr. Belur's employment without Cause or he voluntarily resigns for Good Reason, subject to signing an effective release of claims, Mr. Belur will receive the following severance benefits: (i) six months' base salary and annual cash bonus, if any, payable over the six month severance period on our normal payroll dates, and six months' health insurance benefits paid out over the severance period, and (ii) 100% of each outstanding equity award shall automatically become immediately vested. In the event of Termination for Disability, Mr. Belur will receive the following severance benefits: six months' base salary and annual cash bonus, if any, payable over the six-month severance period on our normal payroll dates, and six months' health insurance benefits paid out over the severance period.

Potential Payments Upon Termination or Change in Control

The section below describes the payments that we would have made to our named executive officers in connection with certain terminations of employment and/or certain corporate transactions like a change in control, if such events had occurred on December 31, 2010. For further information, see the section above entitled "Executive Compensation—Employment Agreements."

Potential Payments Upon a Change in Control, Stock Awards Not Assumed

Pursuant to our 2006 Equity Incentive Plan, in the event that there had been a Corporate Transaction (as defined below) on December 31, 2010, and if the surviving or acquiring corporation had elected not to assume or substitute for outstanding options (or assume the repurchase rights held in respect of shares purchased under such options or awards, as applicable), the vesting of outstanding options or awards held by each of our named executive officers on such date would have accelerated (and the repurchase rights with respect to the shares issued upon exercise of such options or under the awards would have lapsed) by one calendar month for each calendar month the named executive officer had been employed by us, up to a maximum of twelve months, in addition to any other applicable vesting.

For purposes of our 2006 Equity Incentive Plan, "Corporate Transaction" means (i) a dissolution or liquidation of our company, (ii) a merger or consolidation after which our stockholders immediately prior to such merger (other than any stockholder which merges, or which owns or controls another entity that merges, with us in such merger) cease to own at least a majority of their shares of our capital stock, (iii) the sale of substantially all of our assets in one transaction or series of related transactions followed by the liquidation of our company, or (iv) the sale by our stockholders of at least a majority of the outstanding shares of our capital stock in one transaction or series of related transactions.

For purposes of the section below, “Constructive Termination” means, with respect to the employment agreements of each of Mr. Fornage and Mr. Belur (as they existed on December 31, 2010), (i) a material reduction in salary not agreed to by him, (ii) a material change in responsibilities not agreed to by him, (iii) our failure to comply in any material respect with any material term of his employment agreement, which shall include a material reduction in the type or level of benefits set forth in the employment agreement, not agreed to by him, (iv) a requirement that he relocate to an office that would increase his one-way commute distance by more than 40 miles, or (v) a Change in Control, which also includes an event after which less than a majority of the board of directors consists of persons either nominated for election or elected by the board of directors.

2010 Potential Payments Upon Termination or Change in Control

The following tables show the amounts each of our named executive officers would receive in the event of his or her termination and/or upon a change in control, assuming the event took place on December 31, 2010, the last business day of our most recently completed fiscal year. All severance benefits are contingent upon the individual’s execution of a general release of all claims.

Named Executive Officer	Termination or Change in Control Event[1]	Salary ($)	Bonus ($)	Benefits ($)	Equity Acceleration ($)[2]	Total ($)
Paul B. Nahi	Termination without cause or resignation with good reason	$ 57,692[3]	$ —	$ 2,507[4]	$	$
	*Termination without cause or resignation with good reason	115,384[5]	—	5,014[6]		
	Change in control—awards assumed and termination without cause or resignation with good reason[7]	57,692[3]	—	2,507[4]		
	*Change in control—awards assumed and termination without cause or resignation with good reason[7]	115,384[5]	—	5,014[6]		
	Change in control—awards not assumed and termination without cause or resignation with good reason[8]	57,692[3]	—	2,507[4]		
	*Change in control—awards not assumed and termination without cause or resignation with good reason[8]	115,384[5]	—	5,014[6]		
	Change in control—awards not assumed and continued employment[9]	—	—	—		
	*Change in control—awards not assumed and continued employment[9]	—	—	—		
Sanjeev Kumar	Termination without cause or resignation for good reason	—	—	—		
	*Termination without cause or resignation for good reason	—	—	—		
	Change in control—awards assumed and termination without cause or resignation for good reason[7]	155,769[10]	—	7,346[11]		
	*Change in control—awards assumed and termination without cause or resignation for good reason[7]	103,846[5]	—	4,897[6]		
	Change in control—awards not assumed and termination without cause or resignation for good reason[8]	155,769[10]	—	7,346[11]		
	*Change in control—awards not assumed and termination without cause or resignation for good reason[8]	103,846[5]	—	4,897[6]		
	Change in control—awards not assumed and continued employment[9]	—	—	—		
	*Change in control—awards not assumed and continued employment[9]	—	—	—		
Martin Fornage	Constructive termination or termination without cause	103,846[5]	—[12]	4,906[6]		
	Termination for disability	103,846[5]	—[12]	4,906[6]		
	*Termination without cause or resignation for good reason	103,846[5]	—[12]	4,906[6]		
	Change in control—awards assumed and termination without cause or constructive termination[13]	103,846[5]	—[12]	4,906[6]		

Named Executive Officer	Termination or Change in Control Event[1]	Salary ($)	Bonus ($)	Benefits ($)	Equity Acceleration ($)[2]	Total ($)
	*Change in control—awards assumed and termination without cause or resignation for good reason[7]	103,846[5]	—[12]	4,906[6]		
	Change in control—awards not assumed and termination without cause or constructive termination[14]	103,846[5]	—[12]	4,906[6]		
	*Change in control—awards not assumed and termination without cause or resignation for good reason[8]	103,846[5]	—[12]	4,906[6]		
	Change in control—awards not assumed and continued employment[9]	—	—	—		
	*Change in control—awards not assumed and continued employment[9]	—	—	—		
Jeff Loebbaka	Termination without cause	58,750[3]	—	2,453[4]		
	*Termination without cause or resignation for good reason	—	—	—		
	Change in control—awards assumed and termination without cause[15]	58,750[3]	—	2,453[4]		
	*Change in control—awards assumed and termination without cause or resignation for good reason[7]	58,750[3]	—	2,453[4]		
	Change in control—awards not assumed and termination without cause[16]	58,750[3]	—	2,453[4]		
	*Change in control—awards not assumed and termination without cause or resignation for good reason[8]	58,750[3]	—	2,453[4]		
	Change in control—awards not assumed and continued employment[9]	—	—	—		
	*Change in control—awards not assumed and continued employment[9]	—	—	—		
Raghuveer R. Belur	Constructive termination or termination without cause	73,846[5]	—[12]	116[6]		
	Termination for disability	73,846[5]	—[12]	116[6]		
	*Termination without cause or resignation for good reason	73,846[5]	—[12]	116[6]		
	Change in control—awards assumed and termination without cause or constructive termination[13]	73,846[5]	—[12]	116[6]		
	*Change in control—awards assumed and termination without cause or resignation for good reason[7]	73,846[5]	—[12]	116[6]		
	Change in control—awards not assumed and termination without cause or constructive termination[14]	73,846[5]	—[12]	116[6]		
	*Change in control—awards not assumed and termination without cause or resignation for good reason[8]	73,846[5]	—[12]	116[6]		
	Change in control—awards not assumed and continued employment[9]	—	—	—		
	*Change in control—awards not assumed and continued employment[9]	—	—	—		

* Assumes that such named executive officer's executive severance or change in control and severance agreement dated June 14, 2011 was effective as of December 31, 2010.

(1) No compensation is payable where there is a change in control, awards are assumed and employment continues.

(2) The value realized is the gain that our named executive officers would receive, calculated as the difference between an assumed initial public offering price of $, the midpoint of the price range set forth on the cover page of this prospectus and the exercise price of the named executive officers' unvested options or awards subject to acceleration following a change in control event.

(3) Represents three months' base salary calculated at a rate in effect on December 31, 2010.

(4) Represents three months' of continued health insurance coverage for such named executive officer at the applicable benefit rate for 2010.

(5) Represents six months' base salary calculated at a rate in effect on December 31, 2010.

(6) Represents six months' of continued health insurance coverage for such named executive officer at the applicable benefit rate for 2010.

(7) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring entity elects to assume or substitute outstanding options or awards concurrent with the termination without cause of or resignation with good reason by such named executive officer.
(8) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring corporation elects not to assume or substitute outstanding options or awards concurrent with the termination without cause of or resignation with good reason by such named executive officer.
(9) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring corporation elects not to assume or substitute outstanding options or awards and such named executive officer's employment continues.
(10) Represents nine months' base salary calculated at a rate in effect on December 31, 2010.
(11) Represents nine months' of continued health insurance coverage for such named executive officer at the applicable benefit rate for 2010.
(12) Represents 50% of target bonus for such named executive officer for 2010.
(13) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring entity elects to assume or substitute outstanding options or awards concurrent with the termination without cause or constructive termination of such named executive officer.
(14) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring corporation elects not to assume or substitute outstanding options or awards concurrent with the termination without cause or constructive termination of such named executive officer.
(15) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring entity elects to assume or substitute outstanding options or awards concurrent with the termination without cause of such named executive officer.
(16) Represents benefits received by such named executive officer upon a change in control in which the surviving or acquiring corporation elects not to assume or substitute outstanding options or awards concurrent with the termination without cause of such named executive officer.

Employee Benefit Plans

2006 Equity Incentive Plan

Our board of directors adopted, and our stockholders approved, the 2006 Equity Incentive Plan, as amended, or 2006 Plan, in March 2006. The 2006 Plan provides for the grant of incentive stock options, nonstatutory stock options and rights to acquire restricted stock. Upon the execution and delivery of the underwriting agreement for this offering, no additional stock options or other stock awards will be granted under the 2006 Plan. All outstanding stock options and other stock awards previously granted under the 2006 Plan will remain subject to the terms of the 2006 Plan.

Share Reserve. There are 68,400,797 shares of common stock reserved for issuance under the 2006 Plan. As of June 30, 2011, 6,262,887 shares of common stock had been issued upon the exercise of stock options or pursuant to stock awards granted under the 2006 Plan, net of repurchases, options to purchase 53,885,595 shares of common stock were outstanding at a weighted-average exercise price of $0.13 per share and 8,252,315 shares remained available for future grant under the 2006 Plan. Following the completion of this offering, no further grants will be made under the 2006 Plan.

Administration. Our board of directors administers our 2006 Plan. Our board of directors, however, may delegate this authority to a committee created and appointed by the board of directors to administer the 2006 Plan. Our board of directors or the authorized committee, referred to as the plan administrator, has the authority to construe, interpret, amend and suspend the 2006 Plan, as well as to determine the terms of an option or amend the terms of an option. However, no amendment may materially and adversely affect the rights under any outstanding option unless the holder consents to that amendment.

Eligibility. The 2006 Plan provides for the grant of stock awards to our employees, directors and consultants. Incentive stock options may be granted only to employees. Nonstatutory stock options and stock awards may be granted to employees, directors and consultants.

Stock Option Provisions Generally. In general, the exercise price of a stock option cannot be less than 100% of the fair market value of our common stock on the date of grant. However, an incentive stock option granted to

a person who on the date of grant owns more than 10% of the voting power of all classes of our outstanding stock or any of our affiliates must have a term of no more than five years and an exercise price that is at least 110% of the fair market value on the date of grant.

Generally, an optionee may not transfer his or her stock option other than by will or by the laws of descent and distribution. Shares subject to options under the 2006 Plan generally vest and become exercisable in periodic installments. In general, the term of stock options granted under the 2006 Plan cannot exceed ten years. The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to which incentive stock options are exercisable for the first time by an optionee during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit generally will be treated as nonstatutory stock options. Subject to capitalization adjustments, no more than 10,000,000 shares of common stock may be issued under the 2006 Plan pursuant to the exercise of incentive stock options.

Unless otherwise provided by an optionee's stock option agreement, if an optionee's service relationship with us, or any of our affiliates, ceases for any reason other than disability, death, or for cause, the optionee generally may exercise the vested portion of any options for a period of three months following the cessation of service. If an optionee's service relationship with us, or any of our affiliates, ceases due to disability or death, or an optionee dies within three months following cessation of service, the optionee or a beneficiary may generally exercise any vested options for a period of twelve months after such disability or death. In the event of a termination for cause, options generally terminate immediately upon the termination of the optionee's service. In no event may an option be exercised beyond the expiration of its term.

Rights to Acquire Restricted Stock. Rights to acquire restricted stock may be granted pursuant to restricted stock purchase agreements adopted under the 2006 Plan. The purchase price for restricted stock awards may be paid using cash, cancellation of indebtedness, promissory note, past services provided to us or our affiliates, or other legal consideration permitted by our board of directors or the authorized committee in its discretion. The purchase price of restricted stock awards cannot be less than 100% of the fair market value of our common stock on the date of grant or the date the purchase is consummated, except in the case of a person who on the date of grant owns or is deemed to own more than 10% of the total combined voting power of all classes of our outstanding stock or any of our affiliates, in which case the purchase price must be at least 110% of the fair market value on the date of grant or the date the purchase is consummated. Shares of common stock acquired under restricted stock awards rights may, but need not, be subject to a share repurchase option in our favor in accordance with a vesting schedule to be determined by our board, in which case, if a participant's service relationship with us terminates, we may repurchase or otherwise reacquire any or all of the shares of common stock subject to the restricted stock award that has not vested as of the date of termination. A holder of a restricted stock award may not transfer his or her stock award other than by will or by the laws of descent and distribution.

Changes to Capital Structure. In the event that there is a specified type of change in our capital structure, such as a stock split or recapitalization, appropriate adjustments will be made to the number of shares subject to the 2006 Plan and to the number of shares and price per share of all outstanding options and stock awards.

Corporate Transactions. In the event of certain specified significant corporate transactions involving us, such as our liquidation or dissolution, a merger or consolidation that results in a material change in the ownership of our company, the sale of substantially all of our assets, or the sale of at least a majority of our outstanding capital stock, the surviving or acquiring corporation may assume or substitute equivalent options or stock awards for the outstanding stock options and awards granted under the 2006 Plan. If, in the event of such a corporate transaction (and in the case of a merger, consolidation, or sale of substantially all of our assets, our stockholders after such event cease to hold at least 80% of the shares of our capital stock held by them prior to such event), the surviving or acquiring corporation elects not to assume or substitute equivalent options or stock awards for outstanding options or stock awards, then the vesting of outstanding options and awards under the 2006 Plan will accelerate, prior to the consummation of such corporate transaction, by one calendar month for each calendar month the optionee or holder of stock awards has been employed by us, up to a maximum of twelve months, in

addition to any other applicable vesting. Options or stock awards not exercised prior to the consummation of such corporate transaction shall expire on the occurrence of such corporate transaction, as the board of directors or authorized committee shall determine.

2011 Equity Incentive Plan

Our board of directors adopted the 2011 Equity Incentive Plan, or 2011 Incentive Plan, in June 2011 as a successor to the 2006 Plan. Subject to stockholder approval, we expect the 2011 Incentive Plan will become effective immediately upon the execution and delivery of the underwriting agreement for this offering. The 2011 Incentive Plan will terminate ten years after the effective date of this offering, unless sooner terminated by our board of directors. Our board of directors may amend or suspend the 2011 Incentive Plan at any time, although no such action may impair the rights under any then-outstanding award without the holder's consent.

Stock Awards. The 2011 Incentive Plan provides for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, performance-based stock awards, and other forms of equity compensation, or collectively, stock awards, all of which may be granted to employees, including officers, and to non-employee directors and consultants. Additionally, the 2011 Incentive Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other awards may be granted to employees, including officers, and to non-employee directors and consultants.

Share Reserve. Initially, the aggregate number of shares of our common stock that may be issued pursuant to stock awards under the 2011 Incentive Plan after the 2011 Incentive Plan becomes effective is 24,000,000 shares. Then, the number of shares of our common stock reserved for issuance under the 2011 Incentive Plan will automatically increase on January 1st each year, starting on January 1, 2013 and continuing through January 1, 2021, by 4.5% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year, or such lesser number of shares of common stock as determined by our board of directors. The maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2011 Incentive Plan is 120,000,000 shares.

No person may be granted stock awards covering more than 2,000,000 shares of our common stock under our 2011 Incentive Plan during any calendar year pursuant to stock options, stock appreciation rights and other stock awards whose value is determined by reference to an increase over an exercise or strike price of at least 100% of the fair market value on the date the stock award is granted. Additionally, no person may be granted in a calendar year a performance stock award covering more than 1,000,000 shares or a performance cash award having a maximum value in excess of $1,000,000. Such limitations are designed to help assure that any deductions to which we would otherwise be entitled with respect to such awards will not be subject to the $1,000,000 limitation on the income tax deductibility of compensation paid to any covered executive officer imposed by Section 162(m) of the Code.

If a stock award granted under the 2011 Incentive Plan expires or otherwise terminates without being exercised in full, or is settled in cash, the expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of common stock that may be available for issuance under the 2011 Incentive Plan. In addition, the following types of shares under the 2011 Incentive Plan may become available for the grant of new stock awards under the 2011 Incentive Plan: (1) shares that are forfeited to or repurchased by us prior to becoming fully vested; (2) shares withheld to satisfy income or employment withholding taxes; or (3) shares used to pay the exercise price of an option. Shares issued under the 2011 Incentive Plan may be previously unissued shares or reacquired shares bought by us on the open market. As of the date hereof, no awards have been granted and no shares of our common stock have been issued under the 2011 Incentive Plan.

Administration. Our board of directors, or a duly authorized committee thereof, has the authority to administer the 2011 Incentive Plan. Our board of directors has delegated its authority to administer the 2011

Incentive Plan to our compensation committee under the terms of the compensation committee's charter. Our board of directors may also delegate to one or more of our officers the authority to (1) designate employees (other than other officers) to be recipients of certain stock awards, and (2) determine the number of shares of common stock to be subject to such stock awards, provided that our board of directors must specify the total number of shares of common stock that may be subject to stock awards granted by such officer and that such officer may not grant a stock award to himself or herself. Subject to the terms of the 2011 Incentive Plan, our board of directors or the authorized committee or officer, referred to as the plan administrator, determines recipients, dates of grant, the numbers and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and vesting schedule applicable to a stock award. Subject to the limitations set forth below, the plan administrator will also determine the exercise price, strike price or purchase price of awards granted and the types of consideration to be paid for the award.

The plan administrator has the authority to reduce the exercise price (or strike price) of any outstanding option or stock appreciation right, cancel and re-grant any outstanding option or stock appreciation right or take any other action that is treated as a repricing under U.S. generally accepted accounting principles, with the consent of any adversely affected participant.

Stock Options. Incentive and nonstatutory stock options are granted pursuant to stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, within the terms and conditions of the 2011 Incentive Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2011 Incentive Plan vest at the rate specified by the plan administrator.

The plan administrator determines the term of stock options granted under the 2011 Incentive Plan, up to a maximum of 10 years. Unless the terms of an optionee's stock option agreement provide otherwise, if an optionee's service relationship with us, or any of our affiliates, ceases for any reason other than disability, death or cause, the optionee may generally exercise any vested options for a period of three months following the cessation of service. The option term may be extended in the event that exercise of the option or sale of shares received upon exercise of the option following such a termination of service is prohibited by applicable securities laws or our insider trading policy. If an optionee's service relationship with us, or any of our affiliates, ceases due to disability or death, or an optionee dies within a certain period following cessation of service, the optionee or a beneficiary may generally exercise any vested options for a period of 12 months. In the event of a termination for cause, options generally terminate immediately upon the occurrence of the event giving rise to the right to terminate the individual for cause. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (1) cash, check, bank draft or money order, (2) a broker-assisted cashless exercise, (3) the tender of shares of our common stock previously owned by the optionee, (4) a net exercise of the option if it is a nonstatutory stock option, and (5) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options generally are not transferable except by will, the laws of descent and distribution, or pursuant to a domestic relations order. An optionee may designate a beneficiary, however, who may exercise the option following the optionee's death.

Tax Limitations on Incentive Stock Options. The aggregate fair market value, determined at the time of grant, of our common stock with respect to incentive stock options that are exercisable for the first time by an optionee during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as nonstatutory stock options. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (1) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (2) the term of the incentive stock option does not exceed five years from the date of grant.

Restricted Stock Awards. Restricted stock awards are granted pursuant to restricted stock award agreements adopted by the plan administrator. Restricted stock awards may be granted in consideration for (1) cash, check, bank draft or money order, (2) past services rendered to us or our affiliates, or (3) any other form of legal consideration (including future services) that may be acceptable to our board of directors and permissible under applicable law. Common stock acquired under a restricted stock award may, but need not, be subject to a share repurchase option in our favor in accordance with a vesting schedule to be determined by the plan administrator. Rights to acquire shares under a restricted stock award may be transferred only upon such terms and conditions as set by the plan administrator.

Restricted Stock Unit Awards. Restricted stock unit awards are granted pursuant to restricted stock unit award agreements adopted by the plan administrator. The plan administrator will determine the vesting terms of restricted stock unit awards. The plan administrator will determine the consideration to be paid, if any, by the participant upon delivery for each share subject to a restricted stock unit award, which may be paid in any form of legal consideration acceptable to the plan administrator. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock units that have not vested will be forfeited upon the participant's cessation of continuous service for any reason.

Stock Appreciation Rights. Stock appreciation units are granted pursuant to stock appreciation right agreements adopted by the plan administrator. The plan administrator determines the strike price for a stock appreciation right, which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Upon the exercise of a stock appreciation right, we will pay the participant an amount equal to the product of (1) the excess of the per share fair market value of our common stock on the date of exercise over the strike price, multiplied by (2) the number of shares of common stock with respect to which the stock appreciation right is exercised. A stock appreciation right granted under the 2011 Incentive Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator. The appreciation distribution with respect to a stock appreciation right may be paid in common stock, in cash, in any combination of the two or in any other form of consideration, as determined by our board of directors and specified in the stock appreciation right agreement.

The plan administrator determines the term of stock appreciation rights granted under the 2011 Incentive Plan, up to a maximum of ten years. Unless the terms of a participant's stock appreciation right agreement provides otherwise, if a participant's service relationship with us, or any of our affiliates, ceases for any reason other than cause, disability or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. The stock appreciation right term may be further extended in the event that exercise of the stock appreciation right or the sale of shares received upon exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months. In the event of a termination for cause, stock appreciation rights generally terminate immediately upon the occurrence of the event giving rise to the right to terminate the individual for cause. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. The 2011 Incentive Plan permits the grant of performance-based stock and cash awards that may qualify as performance-based compensation not subject to the $1,000,000 limitation on the income tax deductibility of compensation paid to a covered executive officer imposed by Section 162(m) of the Code. To help assure that the compensation attributable to performance-based awards will so qualify, our compensation committee can structure such awards so that stock or cash will be issued or paid pursuant to such award only after the achievement of certain pre-established performance goals during a designated performance period.

The performance criteria used to establish performance goals for a performance plan may be based on one or more of the following: (1) earnings (including earnings per share and net earnings); (2) earnings before interest, taxes and depreciation; (3) earnings before interest, taxes, depreciation and amortization; (4) total stockholder return; (5) return on equity or average stockholder's equity; (6) return on assets, investment, or capital employed; (7) stock price; (8) margin (including gross margin); (9) income (before or after taxes); (10) operating income; (11) operating income after taxes; (12) pre-tax profit; (13) operating cash flow; (14) sales or revenue targets; (15) increases in revenue or product revenue; (16) expenses and cost reduction goals; (17) improvement in or attainment of working capital levels; (18) economic value added (or an equivalent metric); (19) market share; (20) cash flow; (21) cash flow per share; (22) share price performance; (23) debt reduction; (24) implementation or completion of projects or processes; (25) customer satisfaction; (26) stockholders' equity; (27) capital expenditures; (28) debt levels; (29) operating profit or net operating profit; (30) workforce diversity; (31) growth of net income or operating income; (32) billings; and (33) to the extent that an award is not intended to comply with Section 162(m) of the Code, other measures of performance selected by our board of directors.

The performance goals may be based on a company-wide basis, with respect to one or more business units, divisions, affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise (1) in the award agreement at the time the award is granted or (2) in such other document setting forth the performance goals at the time the goals are established, the plan administrator will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated goals; (3) to exclude the effects of changes to U.S. generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; and (5) to exclude the effects of any "extraordinary items" as determined under generally accepted accounting principles. In addition, the plan administrator retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of the goals and to define the manner of calculating the performance criteria it selects to use for a performance period. The performance goals may differ from participant to participant and from award to award.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our common stock. The plan administrator will set the number of shares under the stock award and all other terms and conditions of such awards.

Changes to Capital Structure. In the event that there is a specified type of change in our capital structure, such as a stock split or recapitalization, the plan administrator shall appropriately and proportionately adjust: (a) the class(es) and maximum number of shares reserved for issuance under the 2011 Incentive Plan, (b) the class(es) and maximum number of shares that may be issued upon the exercise of incentive stock options, (c) the class(es) and maximum number of shares subject to stock awards that can be granted in a calendar year (as established under the 2011 Incentive Plan pursuant to Section 162(m) of the Code) and (d) the class(es) and number of shares and price per share of stock subject to outstanding stock awards.

Corporate Transactions. In the event of certain specified significant corporate transactions, unless otherwise provided in the instrument evidencing the stock award or any other written agreement between us or any affiliate and the holder of the stock award, the plan administrator has the discretion to take any of the following actions with respect to stock awards:

- arrange for the assumption, continuation or substitution of a stock award by a surviving or acquiring entity or parent company;
- arrange for the assignment of any reacquisition or repurchase rights held by us to the surviving or acquiring entity or parent company;
- accelerate the vesting of the stock award and provide for its termination prior to the effective time of the corporate transaction;

- arrange for the lapse of any reacquisition or repurchase right held by us;
- cancel or arrange for the cancellation of the stock award in exchange for such cash consideration, if any, as our board of directors may deem appropriate; or
- make a payment equal to the excess of (a) the value of the property the participant would have received upon exercise of the stock award over (b) the exercise price otherwise payable in connection with the stock award.

Our board of directors is not obligated to treat all stock awards, even those that are of the same type, in the same manner.

Change in Control. The plan administrator may provide, in an individual award agreement or in any other written agreement between a participant and us, that the stock award will be subject to additional acceleration of vesting and exercisability in the event of a certain specified change in control. However, in the absence of such a provision, no such acceleration of the stock award will occur.

2011 Employee Stock Purchase Plan

Our board of directors adopted the 2011 Employee Stock Purchase Plan, or ESPP, in June 2011. Subject to stockholder approval, we expect the ESPP will become effective immediately upon the execution and delivery of the underwriting agreement for this offering.

Share Reserve. The ESPP initially authorizes the issuance of 6,080,000 shares of our common stock pursuant to purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1 each year, starting January 1, 2013 and continuing through January 1, 2021, in an amount equal to the lower of (1) 1% of the total number of shares of our common stock outstanding on December 31 of the preceding calendar year, (2) 3,000,000 shares of our common stock or (3) a number of shares of common stock as determined by our board of directors. If a purchase right granted under the ESPP terminates without having been exercised, the shares of our common stock not purchased under such purchase right will be available for issuance under the ESPP.

Administration. Our board of directors, or a duly authorized committee thereof, has the authority to administer the ESPP. Our board of directors has delegated its authority to administer the ESPP to our compensation committee. Our board of directors or the authorized committee is referred to as the plan administrator.

Purchase Rights. The ESPP is implemented through a series of offerings of purchase rights to eligible employees. Purchase rights are generally not transferable. Under the ESPP, we may specify offerings with a duration of not more than 27 months, and may specify one or more shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for the employees who are participating in the offering. An offering may be terminated early under certain circumstances such as a material change in control of Enphase. The plan administrator has the discretion to structure an offering so that if the fair market value of the shares of our common stock on the first day of a new purchase period within such offering is less than or equal to the fair market value of the shares of our common stock on the first day of the offering, then (a) that offering shall terminate immediately, and (b) the participants in such terminated offering shall be automatically enrolled in a new offering beginning on the first day of such new purchase period.

Payroll Deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in the ESPP and may contribute, normally through payroll deductions, up to 15% of their earnings toward the purchase of our common stock under the ESPP. Unless

otherwise determined by the plan administrator, common stock will be purchased for participating employees at a price per share equal to the lower of (a) 85% of the fair market value of a share of our common stock on the first date of an offering, or (b) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in the ESPP, as determined by the plan administrator: (a) customary employment with us or one of our affiliates for more than 20 hours per week and more than five months per calendar year or (b) continuous employment with us or one of our affiliates for a minimum period of time prior to the first date of an offering, provided that such minimum period may not to exceed two years. No employee may purchase shares under the ESPP at a rate in excess of $25,000 worth of our common stock, based on the fair market value per share of our common stock at the beginning of an offering, for each calendar year in which such purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under the ESPP if, immediately after such rights are granted, such employee owns our stock possessing five percent or more of the total combined voting power or value of all classes of our outstanding capital stock.

Changes to Capital Structure. In the event that there is a specified type of change in our capital structure such as a stock split or recapitalization, appropriate adjustments will be made to (a) the class(es) and maximum number of shares reserved under the ESPP, (b) the class(es) and maximum number of shares by which the share reserve may increase automatically each year, (c) the class(es) and number of shares subject to, and purchase price applicable to, all outstanding purchase rights, and (d) any limits on the class(es) and number of shares that may be purchased in an ongoing offering.

Corporate Transactions. In the event of certain significant corporate transactions, such as an acquisition of the company that results in a material change in the ownership of the company, any then-outstanding purchase rights under the ESPP may be assumed, continued or substituted for by any surviving or acquiring entity or its parent company, provided that the rights of any participant under any such assumption, continuation or substitution will not be impaired. If the surviving or acquiring entity or its parent company elects not to assume, continue or substitute for such purchase rights, then the participants' accumulated contributions will be used to purchase shares of our common stock within 10 business days prior to such corporate transaction, and such purchase rights will terminate immediately thereafter.

Plan Amendments. The plan administrator has the authority to amend, suspend or terminate the ESPP, provided any such action will not be taken without the consent of an adversely affected participant except as necessary to comply with any laws, listing requirements or governmental regulations or to maintain favorable tax, listing or regulatory treatment. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law.

401(k) Plan

We offer a 401(k) plan to all employees who meet specified eligibility requirements. Eligible employees may contribute up to the lesser of 100% of their eligible compensation or the maximum amount as permitted each calendar year under the Code. We make a nonelective employer contribution each year equal to 3% of each participant's eligible compensation during the applicable plan year.

Indemnification of Directors and Officers and Limitation of Liability

Our certificate of incorporation includes a provision that eliminates, to the fullest extent permitted by law, the personal liability of a director for monetary damages resulting from breach of his fiduciary duty as a director.

Our bylaws, as in effect upon completion of this offering, provide that:

- we are required to indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions;

- we may indemnify our other employees and agents as provided in indemnification contracts entered into between us and our employees and agents;
- we are required to advance expenses, as incurred, to our directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law, subject to very limited exceptions; and
- the rights conferred in the bylaws are not exclusive.

In addition to the indemnification required in our certificate of incorporation and bylaws, we have entered into indemnity agreements with each of our current directors and officers. These agreements provide for the indemnification of our directors and officers for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought against them by reason of the fact that they are or were our agents. We have also obtained directors' and officers' insurance to cover our directors, officers and some of our employees for liabilities, including liabilities under securities laws. We believe that these indemnification provisions and agreements and this insurance are necessary to attract and retain qualified directors and officers.

A stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees regarding which indemnification by us is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Compensation Risk Assessment

In 2011, at the direction of our compensation committee, Compensia, assisted by management, conducted a review of our compensation policies and practices and their risk profiles. Compensia's findings were presented to our compensation committee for consideration, and then presented to the full board of directors. After consideration of the information presented, our board of directors concluded that our compensation programs are designed with an appropriate balance of risk and reward in relation to our overall business strategy and do not encourage excessive or unnecessary risk-taking behavior. These compensation plans and programs operate within our larger corporate governance and review structure that serves and supports risks mitigation.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions since January 1, 2008 to which we were or are a party in which the amount involved exceeded or exceeds $120,000 and in which any of our directors, executive officers, holders of more than 5% of any class of our voting securities or any member of the immediate family of any of the foregoing persons, had or will have a direct or indirect material interest, other than compensation arrangements with directors and executive officers, which are described where required under the “Executive Compensation” and “Management—Non-Employee Director Compensation” sections of this prospectus.

Private Placement Financings

Preferred Stock Financings

The following table summarizes purchases of our Series B preferred stock, Series C preferred stock, Series D Preferred Stock and Series E preferred stock since January 1, 2008 by holders of more than 5% of our capital stock and their affiliated entities and by certain of our directors and executive officers.

Name	Series B Preferred Stock	Aggregate Purchase Price of Series B Preferred Stock	Series C Preferred Stock	Aggregate Purchase Price of Series C Preferred Stock	Series D Preferred Stock	Aggregate Purchase Price of Series D Preferred Stock	Series E Preferred Stock	Aggregate Purchase Price of Series E Preferred Stock
Applied Ventures, LLC[1]	1,132,075	$ 750,000	1,076,905	$ 1,383,500	7,744,680	$ 1,820,000	2,250,520	$ 1,530,354
Funds affiliated with Third Point LLC[2]			3,846,812	4,941,999	16,513,442	3,703,260	6,876,823	4,676,240
RockPort Capital Partners II, L.P.[3]			5,837,939	7,500,000	21,665,232	5,002,630	6,490,751	4,413,711
Madrone Partners, L.P.[4]					29,787,234	7,000,000	5,320,085	3,617,658
Funds affiliated with Bay Partners[5]					4,255,320	1,000,000	8,823,530	6,000,000
KPCB Holdings, Inc., as nominee[6]							18,382,352	12,499,999
Robert Schwartz[7]			23,352	30,000	212,766	50,000	32,352	21,999
Paul B. Nahi[8]					212,766	50,000		
Martin Fornage[9]					425,532	100,000	14,706	10,000
Raghuveer R. Belur[10]					212,766	50,000	14,706	10,000
Approximate Price Per Share	$ 0.6625		$ 1.2847		$ 0.2350		$ 0.68	
Dates of Purchase	1/14/2008		4/16/2008		4/24/2009		3/15/2010; 4/5/2010 5/21/2010	

(1) These shares are held by Applied Ventures, LLC, and include Series E preferred stock purchased on March 15, 2010.

(2) Includes 2,546,512 shares of Series C preferred stock held by Third Point Offshore Master Fund L.P., 110,400 shares of Series C preferred stock held by Third Point Partners L.P., 705,500 shares of Series C preferred stock held by Third Point Partners Qualified L.P. and 484,400 shares of Series C preferred stock held by Third Point Ultra Master Fund L.P. Includes 10,761,163 shares of Series D preferred stock held by Third Point Offshore Master Fund L.P., 1,538,009 shares of Series D preferred stock held by Third Point Partners L.P., 2,943,443 shares of Series D preferred stock held by Third Point Partners Qualified L.P. and 1,270,827 shares of Series D preferred stock held by Third Point Ultra Master Fund L.P. Includes 4,637,526 shares of Series E preferred stock held by Third Point Offshore Master Fund L.P., 813,858 shares of Series E preferred stock held by Third Point Partners L.P., 781,471 shares of Series E preferred stock held by Third Point Partners Qualified L.P. and 643,968 shares of Series E preferred stock held by Third Point Ultra Master Fund L.P., purchased on March 15, 2010. Robert Schwartz, one of our directors, is Managing Partner of Third Point Ventures, but does not have any voting or dispositive power with respect to the shares of stock held by the funds affiliated with Third Point Ventures. Mr. Schwartz disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(3) These shares are held by RockPort Capital Partners II, L.P., and include Series E preferred stock purchased on March 15, 2010. Stoddard M. Wilson, one of our directors, is a General Partner of RockPort Capital Partners, and as such may be deemed to share voting and dispositive power with respect to all shares of stock held by RockPort Capital Partners II, L.P. Mr. Wilson disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(4) These shares are held by Madrone Partners, L.P., and include Series E preferred stock purchased on March 15, 2010. Jameson J. McJunkin is one of our directors and is a Managing Member of Madrone Capital Partners, and as such may be deemed to share voting and dispositive power with respect to all shares of stock held by Madrone Partners, L.P. Mr. McJunkin disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(5) Includes 4,234,044 shares of Series D preferred stock held by Bay Partners XI, L.P. and 21,276 shares of Series D preferred stock held by Bay Partners XI Parallel Fund, L.P. Includes 8,779,412 shares of Series E preferred stock held by Bay Partners XI, L.P. and 44,118 shares of Series E preferred stock held by Bay Partners XI Parallel Fund, L.P., purchased on March 15, 2010. Neal Dempsey is one of our directors and is a Managing Member with Bay Partners, and as such may be deemed to share voting and dispositive power with respect to all shares of stock held by funds affiliated with Bay Partners. Mr. Dempsey disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(6) Includes 17,523,896 shares of Series E preferred stock held by KPCB Green Growth Fund, LLC, 12,020 shares of Series E preferred stock held directly by Benjamin Kortlang and 846,436 shares of Series E preferred stock in the aggregate beneficially owned by individuals and entities affiliated with KPCB Green Growth Fund, LLC, purchased on May 21, 2010. The managing member for KPCB Green Growth Fund, LLC is KPCB GGF Associates, LLC. Benjamin Kortlang is one of our directors and is a member of the KPCB Green Growth Associates, LLC. The shares held by KPCB Green Growth Fund, LLC, Benjamin Kortlang and affiliated individuals and entities are held for convenience in the name of "KPCB Holdings, Inc. as nominee," for the accounts of the individual managers, Benjamin Kortlang and other individuals and entities that each exercise their own voting and dispositive control over the shares for their own accounts. KPCB Holdings, Inc. has no voting, dispositive or pecuniary interest in any such shares.

(7) These shares are held by Mr. Schwartz, a member of our board of directors and Managing Partner of Third Point Ventures, and include Series E preferred stock purchased on April 5, 2010.

(8) These shares are held by Mr. Nahi, our President, Chief Executive Officer and a member of our board of directors.

(9) These shares are held by Mr. Fornage, our Chief Technology Officer, and include Series E preferred stock purchased on April 5, 2010.

(10) These shares are held by Mr. Belur, our Vice President of Products and a member of our board of directors, and include Series E preferred stock purchased on April 5, 2010.

2009 Bridge Loan Financing

On March 31, 2009, we sold secured convertible promissory notes to purchase shares of our equity securities to five of our existing investors for an aggregate purchase price of $1.5 million. The notes accrued interest at a rate of 8% per year and were due and payable by December 31, 2009. On April 24, 2009, the notes, and accrued interest of $7,890.42, were converted into 7,548,886 shares of Series D convertible preferred stock, representing a purchase price discount of approximately 15% to such investors.

The following table summarizes the participation in the 2009 bridge financing by holders of more than 5% of our capital stock and their affiliated entities:

Name	Aggregate Principal Amount	Aggregate Shares of Series D Preferred Stock Issued Upon Conversion of 2009 Convertible Promissory Notes
Funds affiliated with Third Point LLC[1]	$ 1,000,000	5,032,590
RockPort Capital Partners II, L.P.[2]	500,000	2,516,296

(1) Consists of: (a) 3,268,049 shares of Series D preferred stock issued to Third Point Offshore Master Fund L.P. upon the conversion of a principal amount of $649,377 and $3,415.90 in interest; (b) 470,748 shares of Series D preferred stock issued to Third Point Partners L.P. upon the conversion of a principal amount of $93,540 and $492.05 in interest; (c) 908,362 shares of Series D preferred stock issued to Third Point Partners Qualified L.P. upon the conversion of a principal amount of $180,496 and $949.46 in interest; and (d) 385,431 shares of Series D preferred stock issued to Third Point Ultra Master Fund L.P. upon the conversion of a principal amount of $76,587 and $402.87 in interest. Robert Schwartz, a member of our board of directors, is Managing Partner of Third Point Ventures, but does not have any voting or dispositive power with respect to the shares of stock held by the funds affiliated with Third Point Ventures. Mr. Schwartz disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(2) Consists of 2,516,296 shares of Series D preferred stock issued to RockPort Capital Partners II, L.P. upon the conversion of a principal amount of $500,000 and $2,630.14 in interest. Stoddard M. Wilson, a member of our board of directors, is a General Partner of RockPort Capital Partners, and as such may be deemed to share voting and dispositive power with respect to all shares of stock held by RockPort Capital Partners II, L.P. Mr. Wilson disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

Material Rights of Preferred Stock

The following is a brief description of the material rights of each series of our preferred stock issued to holders of more than 5% of our capital stock and their affiliated entities and by certain of our directors and executive officers. We anticipate that all outstanding shares of our preferred stock will automatically convert into

shares of our common stock immediately prior to the closing of this offering pursuant to the terms of our certificate of incorporation. However, in the event that the requirements for such automatic conversion are not satisfied, we will solicit the requisite stockholder approval for the conversion of all outstanding shares of convertible preferred stock effective immediately prior to the closing of this offering.

Dividends—The holders of Series E, D, C, B and A convertible preferred stock are entitled to receive dividends, if, when and as declared by the board of directors, in an amount per share equal to the following (in order of right of payment):

	Dividend Per Share
Series E	$ 0.0544
Series D	0.0188
Series C	0.103
Series B	0.053
Series A	0.025

No dividends have been declared on the Series E, D, C, B and A convertible preferred stock.

Conversion—The Series E, D, C, B and A convertible preferred stock will be automatically converted into common stock: (a) immediately prior to the closing of a firmly underwritten public offering pursuant to the Securities Act if aggregate gross proceeds to the company in such offering equal or exceed $30,000,000 and the public offering price is not less than $0.68 per share, or a "Qualified Public Offering"; and (b) upon our receipt of the written consent of the holders of (i) 60% of the Series E convertible preferred stock voting as a separate series, with respect to the conversion of all outstanding shares of Series E convertible preferred stock, (ii) a majority of the Series E convertible preferred stock voting as a separate series in connection with an initial public offering that is not a Qualified Public Offering, or (iii) a majority of the holders of the Series A, B, C and D convertible preferred stock voting together on an as-converted basis with respect to the conversion of all outstanding shares of Series A, B, C and D convertible preferred stock. Upon such conversion, each share of Series E, D, C, B and A convertible preferred stock will be converted into the number of shares of common stock as set forth below:

	Shares of Common Stock
Series E	1
Series D	1
Series C	2.514
Series B	1.898
Series A	1.226

Redemption—The Series E, D, C, B, and A convertible preferred stock are not redeemable.

Liquidation Rights—In the event of any liquidation, dissolution, or winding-up of Enphase, holders of Series E, D, C, B and A convertible preferred stock are entitled to receive, in addition to all declared but unpaid dividends, an amount per share equal to the following (in order of right of payment):

	Liquidation Preference Per Share
Series E	$ 0.6800
Series D	0.5875
Series C	1.2847
Series B	0.6625
Series A	0.3200

Voting—The holders of Series E, D, C, B and A convertible preferred stock are entitled to the number of votes equal to the number of shares of common stock into which the preferred stock is convertible, subject to certain limitations. The primary holders of Series E, D, C and B convertible preferred stock are entitled to elect the following number of members to our board of directors:

	Number of Directors
Series E	2
Series D	1
Series C	1
Series B	1

Protective Provisions—We cannot, without the consent of at least 60% of the then outstanding convertible preferred stock voting together as a single class on an as-converted basis, (i) change the rights, preferences, or privileges of the convertible preferred stock or any series of convertible preferred stock so as to materially and adversely affect the convertible preferred stock or any series of convertible preferred stock, (ii) increase or decrease the total number of authorized shares of convertible preferred stock, (iii) authorize or issue any shares of a new class or series of capital stock (or rights to acquire such new class or series of capital stock) having rights, preferences or privileges senior or equivalent to the Series E, D, C, B or A convertible preferred stock, (iv) cause or effect a change of control, liquidation, dissolution or winding up of Enphase, (v) redeem any shares of common stock except for certain permitted repurchases, (vi) increase or decrease the authorized number of directors on our board of directors unless approved unanimously by our board of directors, (vii) declare or pay any dividends or declare or make any other distribution, purchase, redemption or acquisition on any of our capital stock, except for certain permitted repurchases (viii) amend or alter our certificate of incorporation or bylaws, or (ix) consummate a public offering of the common stock of Enphase.

In addition, we cannot, without the consent of (i) at least 60% of the then outstanding Series E convertible preferred stock voting as a separate series (a) change the rights, preferences, or privileges of the Series E convertible preferred stock or (b) authorize or issue more than 75 million shares of Series E convertible preferred stock, (ii) at least 60% of the then outstanding shares of Series D convertible preferred stock voting as a separate series, change the rights, preferences, or privileges of the Series D convertible preferred stock, (iii) at least 60% of the then outstanding shares of Series C convertible preferred stock voting as a separate series, change the rights, preferences, or privileges of the Series C convertible preferred stock, and (iv) at least a majority of the then outstanding shares of Series B convertible preferred stock voting as a separate series, change the rights, preferences, or privileges of the Series B convertible preferred stock.

The rights of each series of our preferred stock, including those describe above, will terminate upon the conversion of all outstanding shares of convertible preferred stock immediately prior to the closing of this offering.

Convertible Debt Facility

In June 2011, we entered into a junior secured convertible loan facility, or Convertible Facility, with certain existing preferred stockholders that provides for up to $50.0 million in borrowings. We borrowed $12.5 million upon signing and may borrow up to an additional $37.5 million prior to the earlier of (i) a subsequent equity financing of more than $10.0 million or (ii) June 14, 2013, subject to the attainment of certain financial and operating conditions. The Convertible Facility bears an interest rate of 9%, with interest payable in kind at maturity, which is the earlier to occur of the closing of (i) our initial public offering, (ii) a change in control or (iii) June 14, 2014. The initial $12.5 million loan and accrued interest is repayable in cash or convertible into common stock at the holders' option at a price of $0.98 per share. Additional borrowings and accrued interest are repayable at the holders' option as follows: up to 50% convertible into common stock at a price of $0.98 per share and the remainder in cash. The Convertible Facility is secured by substantially all of our assets except intellectual property and contains certain required covenants.

In consideration for the lenders' commitment under this facility, we issued 1,890,609 shares of common stock at a purchase price of $0.58 per share to fourteen of the lenders and issued to the remaining lenders warrants to purchase up to an aggregate amount of 695,586 shares of our common stock for an exercise price of $0.58 per share. The warrants are immediately exercisable and will expire on June 14, 2016, subject to earlier termination upon an acquisition of us in which the consideration payable to holders of our common stock consists of cash and/or a class of securities that are registered under the Securities Exchange Act of 1934, as amended.

The following table summarizes the initial amounts invested, as well as the aggregate commitment amounts, of one of our directors and of holders of more than 5% of our capital stock and their affiliated entities with respect to the Convertible Facility.

Name	Amount of Initial Note Investment	Aggregate Commitment Amount	Number of Common Shares Purchased	Number of Common Shares Underlying Warrant Issued
Applied Ventures, LLC	$ 610,525	$ 2,442,100	—	126,315
Funds affiliated with Third Point LLC(1)	1,986,035	7,944,139	—	410,902
Madrone Partners, L.P(2).	1,536,451	6,145,803	317,886	317,886
Funds affiliated with Bay Partners(3)	569,522	2,278,088	117,832	—
KPCB Holdings, Inc., as nominee(4)	6,250,000	25,000,000	1,293,103	—
Robert Schwartz(5)	12,500	50,000	—	2,586

(1) Includes initial note investments of $1,339,323.45 by Third Point Offshore Master Fund L.P., $173,535.27 by Third Point Partners L.P., $287,197.55 by Third Point Partners Qualified L.P. and $185,978.55 by Third Point Ultra Master Fund L.P. Also includes warrants to purchase 277,101 shares of Common Stock issued to Third Point Offshore Master Fund L.P., 35,903 shares of Common Stock issued to Third Point Partners L.P., 59,420 shares of Common Stock issued to Third Point Partners Qualified L.P. and 38,478 shares of Common Stock issued to Third Point Ultra Master Fund L.P. Robert Schwartz, one of our directors, is Managing Partner of Third Point Ventures, but does not have any voting or dispositive power with respect to the shares of stock held by the funds affiliated with Third Point Ventures.

(2) Jameson J. McJunkin is one of our directors and is a Managing Member of Madrone Capital Partners. Mr. McJunkin disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(3) Includes initial note investments of $566,674.05 by Bay Partners XI, L.P. and $2,848.00 by Bay Partners XI Parallel Fund, L.P. Also includes 117,242 shares of Common Stock purchased by Bay Partners XI, L.P. and 590 shares of Common Stock purchased by Bay Partners XI Parallel Fund, L.P. Neal Dempsey is one of our directors and is a Managing Member with Bay Partners. Mr. Dempsey disclaims beneficial ownership of such securities except to the extent of his pecuniary interest therein.

(4) KPCB Holdings, Inc. serves as agent to the lenders with respect to the Convertible Facility. Includes initial note investments of $5,958,125 by KPCB Green Growth Fund, LLC, $4,087 by Benjamin Kortlang and $287,788 by individuals and entities affiliated with KPCB Green Growth Fund, LLC. Also includes 1,232,715 shares of Common Stock issued to KPCB Green Growth Fund, LLC, 846 shares of Common Stock issued to Benjamin Kortlang and 59,542 shares of Common Stock issued to individuals and entities affiliated with KPCB Green Growth Fund, LLC. The managing member for KPCB Green Growth Fund, LLC is KPCB GGF Associates, LLC. Benjamin Kortlang is one of our directors and is a member of the KPCB Green Growth Associates, LLC. The securities held by KPCB Green Growth Fund, LLC, Benjamin Kortlang and affiliated individuals and entities are held for convenience in the name of "KPCB Holdings, Inc. as nominee," for the accounts of the individual managers, Benjamin Kortlang and other individuals and entities that each exercise their own voting and dispositive control over the securities for their own accounts. KPCB Holdings, Inc. has no voting, dispositive or pecuniary interest in any such securities.

(5) Robert Schwartz, a member of our board of directors, is a Managing Partner of Third Point Ventures.

Loan to Officer

In connection with the hiring of Sanjeev Kumar, our Chief Financial Officer, we extended a loan to him in the principal amount of $50,000, with an interest rate of 0.74% per annum, as an advance on his first-year performance bonus, which was evidenced by a full-recourse promissory note dated June 14, 2010. In November 2010, in light of Mr. Kumar's 2010 performance to date, including his substantial progress toward achieving his 2010 performance goals and the substantial progress made in improving our financial systems and controls, the outstanding principal and accrued interest under the loan was forgiven and the note was cancelled.

Investors' Rights Agreement

In connection with our preferred stock financings, we entered into an investors' rights agreement with certain purchasers of our preferred stock, including the following principal stockholders, directors and executive officers:

Funds affiliated with Third Point LLC
RockPort Capital Partners II, L.P.
Madrone Partners, L.P.
KPCB Holdings, Inc., as nominee
Applied Ventures, LLC
Funds affiliated with Bay Partners
Paul B. Nahi
Raghuveer R. Belur
Martin Fornage
Robert Schwartz

Pursuant to this agreement, we granted such stockholders certain registration rights with respect to certain shares of our common stock held or issuable upon conversion of the shares of preferred stock held by them. For a description of these registration rights, see "Description of Capital Stock—Registration Rights." In addition to the registration rights, the investors' rights agreement provides for certain rights to receive financial information and rights of first refusal to participate in subsequent equity financings. The provisions and covenants contained in the investors' rights agreement, including with respect to information rights, rights of first refusal and various other affirmative covenants by the company, and other than those relating to registration rights and general contract provisions, will terminate upon the completion of this offering.

Voting Agreement

Pursuant to our 2010 voting agreement that we entered into with certain holders of our common stock and certain holders of our preferred stock:

- KPCB Holdings, Inc., as nominee, has the right to designate a director to our board of directors, which is currently Mr. Kortlang;
- funds affiliated with Bay Partners have the right to designate a director to our board of directors, which is currently Mr. Dempsey;
- funds affiliated with Madrone Capital Partners have the right to designate a director to our board of directors, which is currently Mr. McJunkin;
- funds affiliated with RockPort Capital Partners have the right to designate a director to our board of directors, which is currently Mr. Wilson;
- funds affiliated with Third Point LLC have the right to designate a director to our board of directors, which is currently Mr. Schwartz;
- Messrs. Nahi, Belur and Fornage have the right to designate, by a majority of the voting shares of common stock then held by them, two members of our board of directors, one of which shall be our then-current Chief Executive Officer, currently Mr. Nahi, and one of which is currently Mr. Belur; and
- the then-serving members of our board of directors have the right to nominate, by unanimous agreement, one director to our board of directors, which directorship is currently held by Mr. Gomo.

This voting agreement will terminate upon the completion of this offering and there will be no further contractual arrangements regarding the election of our directors.

Indemnification of Officers and Directors

Our amended and restated certificate of incorporation and bylaws provide that we shall indemnify each of our directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Further, we have entered into indemnification agreements with each of our directors and officers. For further information, see the section entitled "Executive Compensation—Indemnification of Directors and Officers and Limitation of Liability."

Policies and Procedures for Related Party Transactions

We believe that we have executed all of the transactions set forth above on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates, are approved by the audit committee of our board of directors, and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Following this offering, all future related party transactions will be reviewed and approved by our audit committee. Pursuant to our written code of business conduct and ethics, the audit committee is responsible for approving, prior to our entry into any transaction involving related parties, all transactions in which we are a participant and in which any parties related to us has or will have a direct or indirect material interest.

In reviewing and approving these transactions, our audit committee will obtain, or will direct our management to obtain on its behalf, all information that the committee believes to be relevant and important to a review of the transaction prior to its approval. Following receipt of the necessary information, a discussion will be held of the relevant factors, if deemed to be necessary by the committee, prior to approval. If a discussion is not deemed to be necessary, approval may be given by written consent of the committee. No related party transaction will be entered into prior to the completion of these procedures.

Our audit committee will approve only those related party transactions that are determined to be in, or not inconsistent with, our best interests and those of our stockholders, taking into account all available facts and circumstances as the committee or the chairman determines in good faith to be necessary. No member of our audit committee will participate in any review, consideration or approval of any related party transaction with respect to which the member or any of his or her immediate family members is the related party.

Promoters

Raghuveer R. Belur and Martin Fornage, our co-founders and original stockholders, are deemed to be our “promoters” as these terms are defined under the federal securities laws. Messrs. Belur and Fornage have not received, and are not expected to receive, any compensation or consideration in their capacity as promoters.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding beneficial ownership of our common stock as of June 30, 2011 by:

- each person or group of affiliated persons known by us to be the beneficial owner of more than 5% of our common stock;
- each of our named executive officers;
- each of our directors; and
- all executive officers and directors as a group.

The percentage ownership information shown in the table below is based upon 241,996,235 shares of common stock outstanding as of June 30, 2011, assuming the conversion of all outstanding preferred stock into 228,552,739 shares of our common stock. The percentage ownership information indicated in the following table reflects the sale by us of shares of common stock in this offering.

Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our common stock. We have determined beneficial ownership in accordance with the rules of the SEC. These rules generally attribute beneficial ownership of shares to persons who possess sole or shared voting or investment power with respect to such shares. The information does not necessarily indicate beneficial ownership for any other purpose. Under these rules, the number of shares of common stock deemed outstanding includes shares issuable upon exercise of options, warrants or other convertible securities held by the respective person or group which may be exercised or converted within 60 days after June 30, 2011 and assumes the conversion of the principal and accrued interest outstanding under our junior convertible notes into shares of common stock immediately prior to the closing of this offering at a conversion price of $0.98 per share, assuming the conversion occurs on September 30, 2011. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person or entity, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person or entity. Unless otherwise indicated and subject to applicable community property laws, to our knowledge, each stockholder named in the following table possesses sole voting and investment power over the shares listed, except for those jointly owned with that person’s spouse. Unless otherwise indicated below, the address of each person listed on the table is c/o Enphase Energy, Inc., 201 1st Street, Suite 100, Petaluma, California 94952, USA.

	Number of Shares Beneficially Owned		Percentage of Common Stock Beneficially Owned	
	Prior to Offering	After Offering	Prior to Offering	After Offering
Name and Address of Beneficial Owner 5% Stockholders:				
Funds affiliated with Third Point LLC[1]	47,871,942	47,871,942	19.60%	
RockPort Capital Partners II, L.P.[2]	42,832,562	42,832,562	17.70	
Madrone Partners, L.P.[3]	37,034,966	37,034,966	15.20	
KPCB Holdings, Inc., as nominee[4]	26,223,668	26,223,668	10.60	
Applied Ventures, LLC[5]	15,617,187	15,617,187	6.40	
Funds affiliated with Bay Partners[6]	13,793,377	13,793,377	5.70	
Named executive officers and directors:				
Paul B. Nahi[7]	8,470,228	8,470,228	3.40	
Sanjeev Kumar[8]	1,088,693	1,088,693	*	
Jeff Loebbaka[9]	692,869	692,869	*	
Martin Fornage[10]	9,231,186	9,231,186	3.80	
Raghuveer R. Belur[11]	7,545,352	7,545,352	3.10	
Neal Dempsey[12]	13,793,377	13,793,377	5.70	
Steven J. Gomo[13]	31,250	31,250	*	
Benjamin Kortlang[14]	26,223,668	26,223,668	10.60	
Jameson J. McJunkin[15]	37,034,966	37,034,966	15.20	
Chong Sup Park	—	—	—	
Robert Schwartz[16]	48,334,693	48,334,693	19.80	
Stoddard M. Wilson[17]	42,832,562	42,832,562	17.70	
All executive officers and directors as a group (15 persons)[18]	196,345,428	196,345,428	72.50%	

* Represents less than 1%

(1) Consists of: (a)(i) 30,603,100 shares, (ii) 1,403,228 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, and (iii) warrants exercisable for 277,101 shares within 60 days of June 30, 2011, held by Third Point Offshore Master Fund L.P.; (b)(i) 3,965,225 shares, (ii) 181,815 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, and (iii) warrants exercisable for 35,903 shares within 60 days of June 30, 2011, held by Third Point Partners L.P.; (c)(i) 6,562,370 shares, (ii) 300,900 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, and (iii) warrants exercisable for 59,420 shares within 60 days of June 30, 2011, held by Third Point Partners Qualified L.P.; and (d)(i) 4,249,550 shares, (ii) 194,852 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, and (iii) warrants exercisable for 38,478 shares within 60 days of June 30, 2011, held by Third Point Ultra Master Fund L.P. Mr. Schwartz, a member of our board of directors, is a Managing Partner of Third Point Ventures, but does not have any voting or dispositive power with respect to the shares held by Third Point Ventures and its affiliated entities. Mr. Schwartz disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. Third Point LLC, and Daniel S. Loeb in his capacity as the Chief Executive Officer of Third Point LLC, have voting and dispositive power over shares held by Third Point Offshore Master Fund L.P., Third Point Partners L.P., Third Point Partners Qualified L.P. and Third Point Ultra Master Fund L.P. Mr. Loeb disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein. The address of Third Point Partners is 390 Park Avenue, 18th Floor, New York, NY 10022.

(2) Voting and dispositive powers are shared by the Managing Members of the General Partner of RockPort Capital Partners II, L.P. Its Managing Members are William James, David Prend, Alexander Ellis, III, Charles McDermott, Janet James and Stoddard Wilson, a member of our board of directors. Messrs. James, Prend, Ellis, McDermott and Wilson, and Ms. James, disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein. The address of RockPort Capital Partners is 160 Federal Street, 18th Floor, Boston, MA 02110-1700.

(3) Includes 1,609,761 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011. Greg Penner, Thomas Patterson and Jameson McJunkin, a member of our board of directors, share voting and dispositive power over shares held by Madrone Capital Partners; however, Messrs. Penner, Patterson and McJunkin disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein. The address of Madrone Partners is 3000 Sand Hill Road, Building 1, Suite 150, Menlo Park, CA 94025.

(4) Consists of: (a)(i) 18,756,611 shares and (ii) 6,242,411 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, held by KPCB Green Growth Fund, LLC; (b)(i) 12,868 shares and (ii) 4,283 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, held by Benjamin Kortlang, a member of our board of directors; and (c)(i) 905,976 shares and (ii) 301,519 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, in the aggregate beneficially owned by individuals and entities affiliated with KPCB Green Growth Fund, LLC. The managing member for KPCB Green Growth Fund, LLC is KPCB GGF Associates, LLC. Brook H. Byers, L. John Doerr, Joseph Lacob, Raymond J. Lane and Theodore E. Schlein, the Managing Directors of KPCB GGF Associates, LLC, and Ben Kortlang, a member of KPCB GGF Associates, LLC, exercise shared voting and dispositive control over the shares directly held by KPCB Green Growth Fund, LLC. The shares held by KPCB Green Growth Fund, LLC, Benjamin Kortlang and affiliated individuals and entities are held for convenience in the name of "KPCB Holdings, Inc. as nominee," for the accounts of the individual managers, Benjamin Kortlang and other individuals and entities that each exercise their own voting and dispositive control over the shares for their own accounts. KPCB Holdings, Inc. has no voting, dispositive or pecuniary interest in any such shares. The address of KPCB Green Growth Fund, LLC is 2750 Sand Hill Road , Menlo Park, CA 94025.

(5) Includes: (a) 639,655 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, and (b) warrants exercisable for 126,315 shares within 60 days of June 30, 2011. J. Christopher Moran, in his capacity as General Manager of Applied Ventures, LLC, has sole voting and dispositive power over shares held by Applied Ventures, LLC. J. Christopher Moran, Dr. Omkaran Nalamasu, Dr. Mark R. Pinto and Larry Sparks, in their capacity as members of the Venture Investment Committee of Applied Materials, Inc., have shared voting and dispositive power over shares held by Applied Ventures, LLC; however, Messrs. Moran and Sparks, and Drs. Nalamasu and Pinto disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein. The address of Applied Ventures, LLC is 3050 Bowers Avenue, Santa Clara, CA 95054.

(6) Consists of: (a)(i) 65,984 shares and (ii) 2,983 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, held by Bay Partners XI Parallel Fund, L.P.; and (b)(i) 13,130,698 shares and (ii) 593,712 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011, held by Bay Partners XI, L.P. Stuart G. Phillips and Neal Dempsey, a member of our board of directors, are Managers of Bay Management Company XI, LLC and share voting and dispositive power over shares held by Bay Partners XI Parallel Fund, L.P. and Bay Partners XI, L.P. Messrs. Phillips and Dempsey disclaim beneficial ownership of these shares except to the extent of their pecuniary interest therein. The address of Bay Partners is 490 South California Avenue, Suite 200, Palo Alto, CA 94306.

(7) Includes: (a) 250,000 shares of common stock held by Paul B. Nahi and Sheila B. Nahi, as Trustees of the Kayla Nahi Trust u/a/d December 21, 2009; (b) 250,000 shares of common stock held by Paul B. Nahi and Sheila B. Nahi, as Trustees of the Skylar Lisle Nahi Trust u/a/d December 21, 2009; and (c) stock options for 7,015,462 shares of our common stock exercisable within 60 days of June 30, 2011.

(8) Consists solely of stock options to purchase 1,088,693 shares of our common stock exercisable within 60 days of June 30, 2011.

(9) Consists solely of stock options to purchase 692,869 shares of our common stock exercisable within 60 days of June 30, 2011.

(10) Includes: (a) 1,000,000 shares held by The Martin Fornage Grantor Retained Annuity Trust; and (b) stock options to purchase 4,118,713 shares of our common stock exercisable within 60 days of June 30, 2011.

(11) Includes: (a) 2,500,000 shares held by The Raghuveer Belur Grantor Retained Annuity Trust; and (b) stock options to purchase 4,074,294 shares of our common stock exercisable within 60 days of June 30, 2011.

(12) Consists solely of the shares described in Note (6) above. Mr. Dempsey disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.

(13) Consists solely of stock options to purchase 31,250 shares of our common stock exercisable within 60 days of June 30, 2011.

(14) Consists solely of the shares described in Note (4) above. Mr. Kortlang disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.

(15) Consists solely of the shares described in Note (3) above. Mr. McJunkin disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.

(16) Includes: (a) the shares described in Note (1) above, which Mr. Schwartz disclaims beneficial ownership of, except to the extent of his pecuniary interest therein; (b) 13,096 shares issuable upon the conversion of principal and interest outstanding under a convertible promissory note as of September 30, 2011; and (c) warrants to purchase 2,586 shares within 60 days of June 30, 2011.

(17) Consists solely of the shares described in Note (2) above. Mr. Wilson disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein.

(18) Includes: (a) 156,957,218 shares; (b) 10,848,560 shares issuable upon the conversion of principal and interest outstanding under convertible promissory notes as of September 30, 2011; and (c) warrants exercisable for 413,488 shares within 60 days of June 30, 2011, held by entities affiliated with certain of our directors; and (b) 28,094,912 shares beneficially owned by our executive officers, of which stock options for 17,510,615 shares of common stock are exercisable within 60 days of June 30, 2011.

DESCRIPTION OF CAPITAL STOCK

Upon consummation of this offering, our authorized capital stock will consist of shares of common stock, $0.0001 par value per share, and shares of preferred stock, $0.0001 par value per share. A description of the material terms and provisions of our amended and restated certificate of incorporation and amended and restated bylaws affecting the rights of holders of our capital stock is set forth below. The description is intended as a summary, and is qualified in its entirety by reference to the form of our amended and restated certificate of incorporation and the form of our amended and restated bylaws to be adopted prior to the completion of this offering and filed with the registration statement of which this prospectus is a part.

As of June 30, 2011, and after giving effect to the automatic conversion of all outstanding shares of our preferred stock into 228,552,739 shares of our common stock, there were outstanding:

- 241,996,235 shares of common stock held by 110 stockholders;
- 53,885,595 shares of common stock issuable upon exercise of outstanding stock options; and
- 2,747,165 shares of common stock issuable upon exercise of outstanding warrants, assuming the automatic conversion of outstanding warrants to purchase shares of our convertible preferred stock into warrants to purchase our common stock immediately prior to the completion of this offering.

Common Stock

Dividend Rights. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights. Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. Our certificate of incorporation does not provide for the right of stockholders to cumulate votes for the election of directors. Our certificate of incorporation effective upon completion of this offering establishes a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights. Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of any series of our preferred stock that we may designate and issue in the future.

Right to Receive Liquidation Distributions. Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Fully Paid and Nonassessable. All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the completion of this offering, each outstanding share of preferred stock will be converted into common stock.

Each share of Series E, D, C, B and A convertible preferred stock is convertible at the option of the holder into the number of shares of common stock which results from dividing the original issue price for such series of convertible preferred stock by the conversion price for such series of convertible preferred stock, subject to certain adjustments, as set forth below:

	Original Issue Price	Conversion Price	Shares of Common Stock
Series E	$ 0.680	$ 0.680	1
Series D	0.235	0.235	1
Series C	1.2847	0.511	2.514
Series B	0.6625	0.349	1.898
Series A	0.3200	0.261	1.226

The Series E, D, C, B and A convertible preferred stock will be automatically converted into common stock: (a) immediately prior to the closing of a firmly underwritten public offering pursuant to the Securities Act if aggregate gross proceeds to the company in such offering equal or exceed $30,000,000 and the public offering price is not less than $0.68 per share, or a “Qualified Public Offering”; and (b) upon our receipt of the written consent of the holders of (i) 60% of the Series E convertible preferred stock voting as a separate series, with respect to the conversion of all outstanding shares of Series E convertible preferred stock, (ii) a majority of the Series E convertible preferred stock voting as a separate series in connection with an initial public offering that is not a Qualified Public Offering, or (iii) a majority of the holders of the Series A, B, C and D convertible preferred stock voting together on an as-converted basis with respect to the conversion of all outstanding shares of Series A, B, C and D convertible preferred stock.

Following this offering, we will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions. Our board of directors can also increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, discouraging or preventing a change in control of our company and may adversely affect the market price of our common stock and the voting and other rights of the holders of common stock. We have no current plan to issue any shares of preferred stock.

Warrants

As of June 30, 2011, 100,000 shares of our common stock were issuable upon exercise of an outstanding warrant to purchase common stock with an exercise price of $0.50 per share. This warrant was issued in connection with the execution of a supply and services agreement we entered into with a potential customer. This warrant fully vests on March 4, 2012 if certain product purchasing milestones have been satisfied by the customer as of such date, or upon an earlier change in control and partial satisfaction of such product purchasing milestones. This warrant will expire on the earlier of December 31, 2012, or upon such customer’s failure to meet such product purchasing milestones by (i) March 4, 2012, or (ii) an earlier change in control. The warrant contains provisions for the adjustment of the number of shares issuable upon the exercise of the warrant in the event of stock splits, recapitalizations, reclassifications and consolidations.

As of June 30, 2011, 100,000 shares of our Series C preferred stock were issuable upon exercise of an outstanding warrant to purchase Series C preferred stock with an exercise price of $1.2847 per share. This warrant was issued in connection with the execution of a strategic collaboration agreement we entered into with a potential distributor. This warrant becomes exercisable upon the completion of certain product qualification and

certification milestones, and will expire upon the earlier of (i) a change in control of Enphase, (ii) six months after becoming exercisable, or (iii) immediately prior to the closing of this offering. The warrant contains provisions for the adjustment of the exercise price and the number of shares issuable upon the exercise of the warrant in the event of stock dividends, stock splits, reorganizations and reclassifications. We do not expect that the exercise milestones will be met prior to the closing of this offering, and therefore we expect this warrant will expire.

As of June 30, 2011, an aggregate of 1,470,588 shares of our Series E preferred stock were issuable upon exercise of two outstanding warrants to purchase Series E preferred stock, each with an exercise price of $0.68 per share. These warrants were issued in connection with the execution of certain credit facilities we entered into with three lenders. These warrants are immediately exercisable and will expire upon the later of (i) ten years after the issuance date of each respective warrant, or (i) five years after the closing of this offering. These warrants have a net exercise provision under which the holder may, in lieu of payment of the exercise price in cash, surrender the warrants and receive a net amount of shares based on the fair market value of our common stock at the time of exercise of the warrants after deduction of the aggregate exercise price. The warrants contain provisions for the adjustment of the exercise price and the number of shares issuable upon the exercise of the warrants in the event of stock dividends, stock splits, reorganizations and reclassifications and consolidations. Following the closing of this offering, these warrants will be exercisable for an aggregate of 1,470,588 shares of our common stock.

As of June 30, 2011, an aggregate of 229,591 shares of our Series E preferred stock were issuable upon exercise of an outstanding warrant to purchase Series E preferred stock, each with an exercise price of $0.98 per share. These warrants were issued in connection with the execution of an equipment financing facility. These warrants are immediately exercisable and will expire upon the later of (i) ten years after the issuance date of each respective warrant, or (i) five years after the closing of this offering. The warrants contain provisions for the adjustment of the exercise price and the number of shares issuable upon the exercise of the warrants in the event of stock dividends, stock splits, reorganizations and reclassifications and consolidations. Following the closing of this offering, these warrants will be exercisable for an aggregate of 229,591 shares of our common stock.

As of June 30, 2011, an aggregate of 695,586 shares of our common stock were issuable upon exercise of outstanding warrants to purchase common stock with an exercise price of $0.58 per share. These warrants were issued to certain existing preferred stockholders in connection with our junior secured convertible loan facility. The warrants are immediately exercisable and will expire on June 14, 2016, subject to earlier termination upon an acquisition of Enphase in which the consideration payable to holders of our common stock consists of cash and/or a class of securities that are registered under the Securities Exchange Act of 1934, as amended. The warrants contain provisions for the adjustment of the exercise price and/or the number of shares issuable upon the exercise of the warrants in the event of stock dividends, stock splits, stock combinations, reorganizations, reclassifications, exchanges, substitutions and consolidations.

Registration Rights

Following the closing of this offering, certain holders of our common stock, or their transferees, will be entitled to the registration rights set forth below with respect to registration of the resale of such shares under the Securities Act pursuant to an investors' rights agreement by and among us and certain of our stockholders.

Demand registration rights. Following the closing of this offering, the holders of approximately 228,552,739 shares of our common stock will be entitled to certain demand registration rights. At any time after six months following completion of this offering, the holders of at least a majority of these shares have the right to request that we file up to two registration statements. We may postpone the filing of a registration statement for up to 90 days if we determine that the filing would be seriously detrimental to us and our stockholders, and the underwriters of an underwritten offering will have the right, subject to certain restrictions, to limit the number of shares registered by these holders for reasons relating to the marketing of the shares.

Piggyback registration rights. Following the closing of this offering, if we propose to register any of our securities for public sale, the holders of approximately 230,023,327 shares of our common stock will be entitled to certain "piggyback" registration rights allowing the holders to include their shares in such registration. However, this right does not apply to a registration relating to any of our employee benefit plans, the exchange of securities in certain corporate reorganizations or certain other transactions or the issuance of common stock upon conversion of debt securities, the offer and sale of which are also being registered. The underwriters of any underwritten offering will have the right to limit the number of shares registered by these holders for reasons relating to the marketing of the shares, but not below 30% of the total number of shares included in the registration statement.

Form S-3 registration rights. Following the closing of this offering, the holders of approximately 230,023,327 shares of our common stock will be entitled to certain Form S-3 registration rights. At any time after we are eligible to file a registration statement on Form S-3, holders of at least 25% of these shares have the right to request that we effect a registration on Form S-3 if the proposed aggregate offering price of the shares to be registered by the holders requesting registration is at least $1,000,000. We will not be required to effect such a registration if we have effected one such registration within the 24-month period preceding a request and we may postpone the filing of a registration statement on Form S-3 for up to 90 days if we determine that the filing would be seriously detrimental to us and our stockholders. The underwriters of any underwritten offering will have the right, subject to certain restrictions, to limit the number of shares registered by these holders for reasons relating to the marketing of the shares.

Registration expenses. We will pay all expenses incurred by holders of shares registered in connection with up to two demand registrations and all piggyback and Form S-3 registrations except, in each case, for fees and expenses of legal counsel in excess of $50,000, underwriting discounts, selling commissions and transfer taxes. However, subject to limited exceptions, we will not pay for any expenses of any demand registration if the request is subsequently withdrawn by the holders or if the net proceeds requirement of a demand registration is not met.

Expiration of registration rights. The registration rights described above will expire five years after the closing of this offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares pursuant to Rule 144 of the Securities Act or a similar exemption in any three-month period.

Holders of substantially all of our shares with these registration rights have signed agreements with the underwriters or us prohibiting the exercise of their registration rights for 180 days, subject to possible extension of up to 35 additional days beyond the end of such 180-day period, following the date of this prospectus. These agreements are described below under the section entitled "Underwriters."

Anti-Takeover Effects of Delaware Law and Our Charter Documents

Some of the provisions of Delaware law may have the effect of delaying, deferring, discouraging or preventing another person from acquiring control of our company.

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents some Delaware corporations from engaging, under some circumstances, in a business combination, which includes a merger or sale of at least 10% of the corporation's assets with any interested stockholder, meaning a stockholder who owns 15% or more of the corporation's outstanding voting stock, or is an affiliate or associate of the corporation and within three years prior to the determination of interested stockholder status, did own 15% or more of the corporation's outstanding voting stock, or is an affiliate or associate of such person unless:

- the transaction is approved by the board of directors prior to the time that the interested stockholder became an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- at or subsequent to such time that the stockholder became an interested stockholder the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate or incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We do not plan to "opt out" of these provisions. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Certain provisions in our amended and restated certificate of incorporation and our amended and restated bylaws that will be in effect upon the closing of this offering could have an effect of delaying, deferring or preventing a change in control. For a description of such provisions, see "Risk Factors—Our charter documents and Delaware law could prevent a takeover that stockholders consider favorable and could also reduce the market price of our stock."

Listing

We have applied for the listing of our common stock on the NASDAQ Global Market under the trading symbol "ENPH."

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has not been any public market for our common stock, and we make no prediction as to the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Nevertheless, sales of substantial amounts of our common stock in the public market, or the perception that such sales could occur, could adversely affect the market price of our common stock and could impair our future ability to raise capital through the sale of equity securities.

Based on the number of shares of common stock outstanding as of June 30, 2011, upon completion of this offering we will have an aggregate of shares of common stock outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. Of the outstanding shares, all of the shares sold in this offering, plus any additional shares sold upon exercise of the underwriters' over-allotment option, will be freely tradable, except that any shares purchased by "affiliates" (as that term is defined in Rule 144 under the Securities Act), may only be sold in compliance with the limitations described below. The remaining 241,996,235 shares of common stock will be deemed "restricted securities" as defined in Rule 144. Restricted securities may be sold in the public market only if the sale is registered or if the sale qualifies for an exemption from registration under Rule 144 or Rule 701, promulgated under the Securities Act, which rules are summarized below.

As a result of the contractual lock-up restrictions described below and the provisions of Rules 144 and 701, the restricted shares will be available for sale in the public market as follows:

- no shares will be eligible for sale immediately upon completion of this offering; and
- 241,996,235 shares will be eligible for sale upon the expiration of lock-up agreements, subject in some cases to volume and other restrictions of Rule 144 and Rule 701 under the Securities Act.

The number of shares eligible for sale upon expiration of lock-up agreements assumes the conversion of all outstanding shares of our preferred stock into an aggregate of 228,552,739 shares of common stock.

Lock-Up Agreements and Obligations

We, all of our directors and executive officers and substantially all of our stockholders have entered into lock-up agreements that generally provide that we and they will not (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exchangeable for shares of common stock, or (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any shares of common stock or such other securities, without the prior written consent of Morgan Stanley & Co. LLC for a period of 180 days from the date of this prospectus, subject to certain exceptions described under the heading "Underwriters."

The 180-day restricted period described above is subject to extension such that, in the event that either (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions described above will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material new or material event.

In addition, each grant agreement under our 2006 Equity Incentive Plan contains restrictions similar to those set forth in the lock-up agreements described above limiting the disposition of securities issuable pursuant to those plans for a period of at least 180 days following the date of this prospectus.

Rule 144

In general, under Rule 144 of the Securities Act as currently in effect, once we have been subject to public company reporting requirements for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then such person is entitled to sell such shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell, upon expiration of the lock-up agreements described above and under the section "Underwriters", within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering, based on shares of common stock outstanding on June 30, 2011 and the other assumptions set forth above; or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701. However, substantially all Rule 701 shares are subject to lock-up agreements as described above and under the section "Underwriters" and will become eligible for sale at the expiration of those agreements.

As of June 30, 2011, 6,262,887 shares of our outstanding common stock had been issued in reliance on Rule 701 as a result of exercises of stock options and stock awards. These shares will be eligible for resale in reliance on this rule upon the expiration of the lock-up agreements described above.

Stock Plans

We intend to file registration statements on Form S-8 under the Securities Act covering all of the shares of our common stock subject to options outstanding or reserved for issuance under our stock plans, including our 2011 Employee Stock Purchase Plan. We expect to file this registration statement as soon as practicable after this offering. Accordingly, shares registered under the registration statement on Form S-8 will be available for sale in the open market following its effective date, subject to the lock-up agreements described above and the Rule 144 limitations applicable to affiliates.

Registration Rights

Upon completion of this offering, the holders of an aggregate of 228,552,739 shares of our common stock, based on shares of common stock outstanding on June 30, 2011 and the other assumptions set forth above, or their transferees, will be entitled to rights with respect to the registration of their shares under the Securities Act. Registration of these shares under the Securities Act will result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of such registration. For a further description of these rights, see the section entitled "Description of Capital Stock—Registration Rights."

MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following summary describes the material U.S. federal income and estate tax consequences of the acquisition, ownership and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion does not address all aspects of U.S. federal income and estate taxes and does not deal with foreign, state and local consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, nor does it address U.S. federal tax consequences other than income and estate taxes. Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Internal Revenue Code of 1986, as amended, or the Code, such as financial institutions, insurance companies, tax-exempt organizations, broker-dealers and traders in securities, U.S. expatriates, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, persons that hold our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or integrated investment or other risk reduction strategy, partnerships and other pass-through entities, and investors in such pass-through entities or an entity that is treated as a disregarded entity for U.S. federal income tax purposes (regardless of its place of organization or formation). Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code, and Treasury regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, perhaps retroactively, so as to result in U.S. federal income and estate tax consequences different from those discussed below. We have not requested a ruling from the U.S. Internal Revenue Service, or IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion assumes that the Non-U.S. Holder holds our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment).

Persons considering the purchase of our common stock pursuant to this offering should consult their own tax advisors concerning the U.S. federal income and estate tax consequences of acquiring, owning and disposing of our common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local or foreign tax consequences.

For the purposes of this discussion, a "Non-U.S. Holder" is, for U.S. federal income tax purposes, a beneficial owner of common stock that is not a U.S. Holder, a partnership or other pass-through entity, or a disregarded entity. A "U.S. Holder" means a beneficial owner of our common stock that is for U.S. federal income tax purposes (a) an individual who is a citizen or resident of the United States, (b) a corporation or other entity treated as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source or (d) a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Distributions

Subject to the discussion below, distributions, if any, made on our common stock to a Non-U.S. Holder of our common stock to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will constitute dividends for U.S. tax purposes and will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN, or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. In the case of a Non-U.S. Holder that is an entity, Treasury

Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you should consult with your own tax advisor to determine if you are able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax, on a net income basis at the regular graduated rates generally in the same manner as a U.S. person. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments.

To the extent distributions on our common stock, if any, exceed our current and accumulated earnings and profits, they will constitute a non-taxable return of capital and will first reduce your adjusted basis in our common stock, but not below zero, and then will be treated as gain and taxed in the same manner as gain realized from a sale or other disposition of common stock as described in the next section.

Gain on Disposition of Our Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment that such holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (c) we are or have been a "United States real property holding corporation" within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder's holding period. In general, we would be a United States real property holding corporation if interests in U.S. real estate comprised (by fair market value) at least half of our business assets. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly and constructively, no more than five percent of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period and (2) our common stock is regularly traded on an established securities market. There can be no assurance that our common stock will continue to qualify as regularly traded on an established securities market.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on the net gain derived from the sale at regular graduated U.S. federal income tax rates generally in the same manner as a U.S. person, and corporate Non-U.S. Holders described in (a) above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are an individual Non-U.S. Holder described in (b) above, you will be required to pay a flat 30% tax on the gain derived from the sale, which gain may be offset by U.S. source capital losses (even though you are not considered a resident of the United States).

Information Reporting Requirements and Backup Withholding

Generally, we or certain financial middlemen must report information to the IRS with respect to any dividends we pay on our common stock including the amount of any such dividends, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the holder to whom any such dividends are paid. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Dividends paid by us (or our paying agents) to a Non-U.S. Holder may also be subject to U.S. backup withholding. U.S. backup withholding generally will not apply to a Non-U.S. Holder who provides a properly executed IRS Form W-8BEN or otherwise establishes an exemption. The current backup withholding rate is 28%.

Under current U.S. federal income tax law, U.S. information reporting and backup withholding requirements generally will apply to the proceeds of a disposition of our common stock effected by or through a U.S. office of any broker, U.S. or foreign, except that information reporting and such requirements may be avoided if the holder provides a properly executed IRS Form W-8BEN, satisfies documentary evidence requirements for establishing Non-U.S. Holder status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding requirements will not apply to a payment of disposition proceeds to a Non-U.S. Holder where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. Information reporting and backup withholding requirements may, however, apply to a payment of disposition proceeds if the broker has actual knowledge, or reason to know, that the holder is, in fact, a U.S. person. For information reporting purposes, certain brokers with substantial U.S. ownership or operations will generally be treated in a manner similar to U.S. brokers.

If backup withholding is applied to you, you should consult with your own tax advisor to determine if you are able to obtain a tax benefit or credit with respect to such backup withholding.

Recently Enacted Legislation Affecting Taxation of Our Common Stock Held by or Through Foreign Entities

Recently enacted legislation generally will impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid after December 31, 2012 to a foreign financial institution (as specifically defined for this purpose) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). The legislation also will generally impose a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid after December 31, 2012 to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding direct and indirect U.S. owners of the entity. Under certain circumstances, a Non-U.S. Holder might be eligible for refunds or credits of such taxes. Holders are encouraged to consult with their own tax advisors regarding the possible implications of the legislation on their investment in our common stock.

Federal Estate Tax

An individual Non-U.S. Holder who is treated as the owner of, or has made certain lifetime transfers of, an interest in our common stock will be required to include the value thereof in his or her gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise, even though such individual was not a citizen or resident of the United States at the time of his or her death.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAW.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Jefferies & Company, Inc.	
Lazard Capital Markets LLC	
ThinkEquity LLC	
Total	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' option to purchase additional shares described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representative.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The estimated offering expenses payable by us, in addition to the underwriting discounts and commissions, are approximately $ million.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

We have applied to list our common stock on the NASDAQ Global Market under the symbol “ENPH.”

We and all directors and officers and the holders of all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock; or
- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock.

Whether any such transaction described in the first two bullet points above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agree that, without the prior written consent of Morgan Stanley & Co. LLC on behalf of the underwriters, we and such persons will not, during the period ending 180 days after the date of this prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the two immediately preceding paragraphs do not apply to:

- the sale by us of shares of common stock pursuant to the underwriting agreement;
- the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus and as described in this prospectus;
- transactions by a director, officer or stockholder relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares; provided that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended, is required or voluntarily made in connection with subsequent sales of the common stock or other securities acquired in such open market transactions;
- transfers of shares of common stock or any securities convertible into common stock by a director, officer or stockholder (i) as a bona fide gift, (ii) by will or intestate succession or (iii) to any trust for the direct or indirect benefit of the director, officer, stockholder or an immediate family member, provided that it shall be a condition of the transfer that each transferee or donee shall sign and deliver a copy of the lock-up agreement prior to or upon such transfer and no filing under Section 16(a) of the Exchange Act reporting a disposition of shares of common stock or any other reduction in beneficial ownership of shares of common stock shall be required or shall be made voluntarily during the 180-day restricted period;
- transfers or distributions of shares of common stock or any securities convertible into common stock by a stockholder that is a corporation, partnership, limited liability company or other business entity (i) to any stockholder, partner or member of, or owner of a similar equity interest in, such stockholder, as the case may be, (ii) in connection with the sale or other bona fide transfer in a single transaction of all or substantially all of the stockholder’s capital stock, partnership interests, membership interests or other similar equity interests, as the case may be, or all or substantially all of the stockholder’s assets,

in any such case not undertaken for the purpose of avoiding the restrictions imposed by the lock-up agreement or (iii) to another corporation, partnership, limited liability company or other business entity so long as the transferee is an affiliate of the stockholder, provided that it shall be a condition of the transfer that each transferee or donee shall sign and deliver a copy of the lock-up agreement prior to or upon such transfer and no filing under Section 16(a) of the Exchange Act reporting a disposition of shares of common stock or any other reduction in beneficial ownership of shares of common stock shall be required or shall be made voluntarily during the 180-day restricted period;

- the establishment by a director, officer or stockholder of a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, for the transfer of shares of common stock, provided that such plan does not provide for the transfer of common stock during the restricted period and no public announcement or filing under the Securities Exchange Act of 1934, as amended, regarding the establishment of such plan shall be required or shall be voluntarily made;
- the exercise of options granted under our 2006 Equity Incentive Plan, 2011 Equity Incentive Plan, or 2011 Employee Stock Purchase Plan or warrants outstanding on the date of this prospectus, in each case by a director, officer or stockholder, provided that it shall be a condition of the transfer that shares received upon such exercise shall be subject to the lock-up restrictions and no filing under Section 16(a) of the Exchange Act reporting the disposition of shares of common stock or any other reduction in the beneficial ownership of shares is required or voluntarily made in connection with these transactions during this 180-day restricted period;
- the issuance by us of shares of common stock, or other securities convertible into or exercisable for common stock, stock pursuant to our equity incentive plans described in this prospectus, provided that the recipient of such shares or options shall sign and deliver a copy of the lock-up agreement to the extent such shares or options become vested within 180 days after the date of this prospectus;
- the entry by us into an agreement to issue shares of our common stock or any security convertible into or exercisable for shares of our common stock in connection with our acquisition of the securities, business, property or assets of another person, or in connection with joint ventures, commercial relationships or other strategic transactions, in an aggregate amount not to exceed 5% of the total number of shares of our common stock issued and outstanding immediately following the completion of the offering, *provided* that each recipient of these securities shall execute a lock-up agreement and we shall enter stop transfer instructions with our transfer agent and registrar, which we will not waive or amend without the prior written consent of Morgan Stanley & Co. LLC on behalf of the underwriters;
- transfers by a director, officer or stockholder to us of shares of common stock or other securities convertible into or exercisable or exchangeable for common stock (i) upon a vesting event of such securities or the exercise of options issued pursuant to our 2006 Equity Incentive Plan, 2011 Equity Incentive Plan, or 2011 Employee Stock Purchase Plan in full or partial payment of taxes or tax withholding obligations required to be paid or satisfied upon such vesting or exercise or (ii) in exercise of our right to repurchase or reacquire securities pursuant to agreements that permit us to repurchase or reacquire such securities upon termination of services to the company, provided that it shall be a condition of the transfer that no filing under Section 16(a) of the Exchange Act, reporting a disposition of shares of Common Stock or any other reduction in beneficial ownership of shares of Common Stock, shall be required or shall be voluntarily made during this 180-day restricted period;
- transfers by a director, officer or stockholder of shares of common stock acquired pursuant to our 2011 Employee Stock Purchase Plan, provided that it shall be a condition of the transfer that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with such transfer during this 180-day restricted period;
- transfers by a director, officer or stockholder pursuant to a sale or an offer to purchase 100% of our outstanding common stock, whether pursuant to a merger, tender offer or otherwise, to a third party or group of third parties; and

- the filing by us of a registration statement on Form S-8 in respect of any shares issued under or the grant of any award pursuant to an employee benefit plan described in this prospectus.

The 180-day restricted period described in the immediately preceding paragraph will be extended if:

- during the last 17 days of the 180-day restricted period we issue an earnings release or material news or a material event relating to us occurs, or
- prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period or provide notification to Morgan Stanley & Co. LLC of any earnings release or material news or material event that may give rise to an extension of the initial 180-day restricted period,

in which case the restrictions described in the immediately preceding paragraph will continue to apply until the expiration of the 18 day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

Morgan Stanley & Co. LLC, in its sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Morgan Stanley & Co. LLC will consider, among other factors, the holder's reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the option to purchase additional shares of common stock. The underwriters can close out a covered short sale by exercising the option to purchase additional shares of common stock or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the option to purchase additional shares of common stock. The underwriters may also sell shares in excess of the option to purchase additional shares of common stock, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory,

investment management, principal investment, hedging, financing and brokerage activities. None of the underwriters have performed financial advisory or investment banking services for us other than in connection with this offering. However certain of the underwriters and their respective affiliates may in the future perform various financial advisory and investment banking services for us, for which they may receive customary fees and expenses. In February 2010, we entered into a commercial supply agreement and a related services agreement with MS Solar Solutions Corp., or MSSS, an affiliate of Morgan Stanley & Co. LLC, an underwriter in this offering. Under these agreements, MSSS purchases microinverters from us and then resells them to MSSS project companies in connection with the installation of solar PV systems in the United States. In connection with these agreements, MSSS received a three-year warrant to purchase 100,000 shares of our common stock. This warrant was issued in March 2010 and is exercisable contingent on MSSS purchasing at least 200,000 microinverters from us by March 2012. Morgan Stanley, an affiliate of Morgan Stanley & Co. LLC, has guaranteed the payment obligations of MSSS under the supply agreement. Morgan Stanley's liability under the guarantee is limited to $100,000.

Lazard Frères & Co. LLC referred this transaction to Lazard Capital Markets LLC and will receive a referral fee from Lazard Capital Markets LLC in connection therewith.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority, or FINMA, as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended, or CISA, and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended, or CISO, such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for us by Cooley LLP, Palo Alto, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

The consolidated financial statements as of December 31, 2009 and 2010, and for each of the three years in the period ended December 31, 2010 included in this prospectus have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the registration statement. Such consolidated financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and our common stock. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. The rules and regulations of the SEC allow us to omit from this prospectus certain information included in the registration statement.

For further information about us and our common stock, you may inspect a copy of the registration statement and the exhibits and schedules to the registration statement without charge at the offices of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of the registration statement from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549 upon the payment of the prescribed fees. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at *www.sec.gov* that contains reports, proxy and information statements and other information regarding registrants like us that file electronically with the SEC. You can also inspect our registration statement on this website.

Upon completion of this offering, we will become subject to the reporting and information requirements of the Exchange Act, and we will file reports, proxy statements and other information with the SEC.

ENPHASE ENERGY, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND THE SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED) AND JUNE 30, 2011 (UNAUDITED)

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets	F-3
Consolidated Statements of Operations	F-4
Consolidated Statements of Stockholders' Equity	F-5
Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Enphase Energy, Inc.:

We have audited the accompanying consolidated balance sheets of Enphase Energy, Inc. and subsidiaries (the "Company") as of December 31, 2009 and 2010, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Enphase Energy, Inc. and subsidiaries as of December 31, 2009 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California
April 29, 2011
(June 15, 2011 as to Note 15)

ENPHASE ENERGY, INC.

Consolidated Balance Sheets
(in thousands, except per share data)

	December 31,		June 30,	Pro Forma June 30, 2011 (Note 2)
	2009	2010	2011	
			(unaudited)	
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 8,642	$ 39,993	$ 35,568	$ 35,568
Accounts receivables, net of allowances of $50, $16 and $97 as of December 31, 2009, December 31, 2010 and June 30, 2011, respectively	6,369	8,024	15,634	15,634
Inventory	1,483	4,521	6,189	6,189
Prepaid expenses and other	189	418	522	522
Total current assets	16,683	52,956	57,913	57,913
Property and equipment, net	3,894	6,103	11,951	11,951
Other assets	370	445	2,755	2,755
Total assets	$ 20,947	$ 59,504	$ 72,619	$ 72,619
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 4,595	$ 6,521	$ 14,329	$ 14,329
Accrued liabilities	799	2,910	5,054	5,054
Deferred revenues	107	595	314	314
Current portion of term loan	178	2,567	2,829	2,829
Convertible preferred stock warrant liability	—	610	1,459	—
Total current liabilities	5,679	13,203	23,985	22,526
Long-term liabilities:				
Deferred revenues	175	1,044	2,118	2,118
Warranty obligations	1,087	2,328	2,997	2,997
Other liabilities	146	112	224	224
Term loan	233	4,336	8,986	8,986
Convertible note	—	—	11,336	11,336
Total long-term liabilities	1,641	7,820	25,661	25,661
Total liabilities	7,320	21,023	49,646	48,187
Commitments and contingencies				
Stockholders' equity:				
Convertible preferred stock, $0.00001 par value; 213,913 shares authorized; 134,294, 201,765 and 201,765 shares issued and outstanding at December 31, 2009, December 31, 2010 and June 30, 2011, respectively; aggregate liquidation preference of $87,262, $133,142 and $133,142 at December 31, 2009, December 31 2010 and June 30, 2011, respectively; no shares authorized, issued or outstanding pro forma	47,859	93,596	93,596	—
Common stock, $0.00001 par value; 376,000 shares authorized; 6,653, 7,662 and 13,443 shares issued and outstanding at December 31, 2009, December 31, 2010 and June 30, 2011, respectively	—	—	—	2
Additional paid-in capital	509	1,403	4,751	99,804
Accumulated deficit	(34,741)	(56,518)	(75,384)	(75,384)
Accumulated other comprehensive income	—	—	10	10
Total stockholders' equity	13,627	38,481	22,973	24,432
Total liabilities and stockholders' equity	$ 20,947	$ 59,504	$ 72,619	$ 72,619

See notes to consolidated financial statements.

ENPHASE ENERGY, INC.

Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Net revenues	$ 1,668	$ 20,194	$ 61,661	$22,356	$ 48,082
Cost of revenues	7,475	23,223	55,159	20,095	39,916
Gross profit (loss)	(5,807)	(3,029)	6,502	2,261	8,166
Operating expenses:					
Research and development	5,354	8,411	14,296	5,896	11,488
Sales and marketing	1,809	2,651	6,558	2,134	7,275
General and administrative	1,727	2,603	6,365	2,486	7,139
Total operating expenses	8,890	13,665	27,219	10,516	25,902
Loss from operations	(14,697)	(16,694)	(20,717)	(8,255)	(17,736)
Other income (expense), net:					
Interest income	206	125	39	25	4
Interest expense	(9)	(356)	(914)	(357)	(740)
Other income (expense)	(1)	—	(185)	(63)	(394)
Total other income (expense), net	196	(231)	(1,060)	(395)	(1,130)
Net loss	$(14,501)	$(16,925)	$ (21,777)	$ (8,650)	$ (18,866)
Net loss attributable to common stockholders	$(14,501)	$(16,925)	$ (21,777)	$ (8,650)	$ (18,866)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.72)	$ (2.85)	$ (3.19)	$ (1.32)	$ (2.21)
Shares used in computing net loss per share attributable to common stockholders, basic and diluted	5,333	5,932	6,829	6,546	8,546
Pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)			$ (0.10)		$ (0.08)
Pro forma shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted (unaudited)			216,536		237,099

See notes to consolidated financial statements.

ENPHASE ENERGY, INC.
Consolidated Statements of Stockholders' Equity
(in thousands, except per share amounts)

	Convertible Preferred Stock										Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Comprehensive Loss
	Series A		Series B		Series C		Series D		Series E								
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount					
BALANCE — December 31, 2007	1,875	$ 584	8,540	$ 5,625	—	$ —	—	$ —	—	$ —	5,962	$ —	$ 81	$ (3,315)	$ —	$ 2,975	
Issuance of common stock at $0.00001 per share											290					—	
Issuance of Series B convertible preferred stock at $0.6625 per share, net of issuance costs of $33			1,132	750												750	
Issuance of Series C convertible preferred stock at $1.2847 per share, net of issuance costs of $88					11,676	14,912										14,912	
Exercise of stock options											63		9			9	
Stock-based compensation													208			208	
Net loss and total comprehensive loss														(14,501)		(14,501)	$ (14,501)
BALANCE — December 31, 2008	1,875	584	9,672	6,375	11,676	14,912	—	—	—	—	6,315	—	298	(17,816)	—	4,353	
Issuance of Series D convertible preferred stock at $0.235 per share, net of issuance costs of $114							103,522	24,214								24,214	
Issuance of Series D convertible preferred stock and beneficial conversion feature upon conversion of promissory notes							7,549	1,774								1,774	
Exercise of stock options											338		31			31	
Stock-based compensation													180			180	
Net loss and total comprehensive loss														(16,925)		(16,925)	$ (16,925)
BALANCE — December 31, 2009	1,875	584	9,672	6,375	11,676	14,912	111,071	25,988	—	—	6,653	—	509	(34,741)	—	13,627	
Issuance of Series E convertible preferred stock at $0.68 per share, net of issuance costs of $145									67,471	45,737						45,737	
Exercise of stock options											1,009		65			65	
Stock-based compensation													829			829	
Net loss and total comprehensive loss														(21,777)		(21,777)	$ (21,777)
BALANCE — December 31, 2010	1,875	584	9,672	6,375	11,676	14,912	111,071	25,988	67,471	45,737	7,662	—	1,403	(56,518)	—	38,481	
Issuance of common stock at $0.58 per share (unaudited)											1,890		1,097			1,097	
Exercise of stock options (unaudited)											3,891		162			162	
Stock-based compensation (unaudited)													856			856	
Fair value of warrants and common stock issued in connection with Convertible Facility (unaudited)													1,233			1,233	
Net loss (unaudited)														(18,866)		(18,866)	$ (18,866)
Other comprehensive income:																	
Cumulative translation adjustment (unaudited)															10	10	10
Total comprehensive loss (unaudited)																	$ (18,856)
BALANCE — June 30, 2011 (unaudited)	1,875	$ 584	9,672	$ 6,375	11,676	$ 14,912	111,071	$ 25,988	67,471	$ 45,737	13,443	$ —	$ 4,751	$(75,384)	$ 10	$ 22,973	

See notes to consolidated financial statements.

ENPHASE ENERGY, INC.

Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Cash flows from operating activities:					
Net loss	$(14,501)	$(16,925)	$(21,777)	$ (8,650)	$(18,866)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization	332	803	1,550	650	1,212
Net loss on disposal of assets	—	—	24	23	—
Provision for doubtful accounts	—	50	—	—	81
Noncash interest expense	—	274	90	30	216
Stock-based compensation	208	180	829	147	856
Change in fair value of convertible preferred stock warrant	—	—	189	63	381
Changes in operating assets and liabilities:					
Accounts receivable	(728)	(5,691)	(1,655)	1,569	(7,691)
Inventory	(695)	(700)	(3,038)	(7,253)	(1,668)
Prepaid expenses and other assets	(87)	(71)	(298)	(269)	(1,967)
Accounts payable, accrued and other liabilities	3,064	3,085	4,877	4,657	10,452
Deferred revenue	174	108	1,357	383	793
Net cash used in operating activities	(12,233)	(18,887)	(17,852)	(8,650)	(16,201)
Cash flows from investing activities:					
Purchases of property and equipment	(2,313)	(2,134)	(3,262)	(1,702)	(6,610)
Purchases of intangible assets	(160)	(36)	—	—	—
Deposits	(43)	(55)	—	—	—
Restricted cash	(103)	103	—	—	—
Net cash used in investing activities	(2,619)	(2,122)	(3,262)	(1,702)	(6,610)
Cash flows from financing activities:					
Proceeds from issuance of convertible preferred stock	15,750	24,328	45,882	45,882	—
Costs related to issuance of convertible preferred stock	(88)	(114)	(145)	(131)	—
Proceeds from issuance of convertible notes	—	1,500	—	—	12,500
Proceeds from sale of common stock	—	—	—	—	1,097
Borrowings under capital lease obligations	198	—	—	—	—
Principal payments under capital leases	—	(70)	(65)	(34)	(91)
Proceeds from term loan and debt	571	—	7,000	7,000	5,635
Term loan and debt issuance costs	—	—	(90)	(90)	(189)
Repayments of term loan	—	(160)	(178)	(81)	(500)
Proceeds from the exercise of stock options	9	31	61	17	162
Deferred offering costs	—	—	—	—	(238)
Net cash provided by financing activities	16,440	25,515	52,465	52,563	18,376
Effect of exchange rate changes on cash	—	—	—	—	10
Net increase (decrease) in cash and cash equivalents	1,588	4,506	31,351	42,211	(4,425)
Cash and cash equivalents — Beginning of period	2,548	4,136	8,642	8,642	39,993
Cash and cash equivalents — End of period	$ 4,136	$ 8,642	$ 39,993	$50,853	$ 35,568
Supplemental disclosures of cash flow information:					
Cash paid for interest	$ 9	$ 82	$ 695	$ 306	$ 506
Noncash financing and investing activities:					
Assets acquired under capital lease	$ 223	$ —	$ —	$ —	$ 295
Purchases of property and equipment included in accounts payable	$ —	$ —	$ 521	$ 135	$ 675
Conversion of promissory note to Series D preferred stock	$ —	$ 1,500	$ —	$ —	$ —
Deferred offering costs not yet paid	$ —	$ —	$ —	$ —	$ 1,212
Other financing costs not yet paid	$ —	$ —	$ —	$ —	$ 286

See notes to consolidated financial statements.

ENPHASE ENERGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008, 2009 AND 2010 AND THE
SIX MONTHS ENDED JUNE 30, 2010 (UNAUDITED) AND JUNE 30, 2011 (UNAUDITED)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Enphase Energy, Inc. and subsidiaries (the "Company") designs, develops, and sells microinverter systems for the solar photovoltaic industry. The Company was incorporated in 2006 and began selling its products in June 2008. The Company's microinverter system consists of (i) an Enphase microinverter that attaches to the racking beneath solar modules and converts direct current (DC) power to grid-compliant alternating current (AC) power; (ii) an Envoy communications gateway device that collects and transmits performance information from each solar module to the Company's hosted data center; and (iii) the Enlighten web-based software platform that collects and processes this information to enable customers to monitor and manage their solar power systems. The Company sells microinverter systems primarily to distributors who resell them to solar installers. The Company also sells directly to large installers as well as through original equipment manufacturers ("OEMs") and strategic partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Information—The accompanying interim consolidated balance sheet as of June 30, 2011, the interim consolidated statements of operations and cash flows for the six months ended June 30, 2010 and 2011, and the interim consolidated statement of shareholders' equity for the six months ended June 30, 2011 are unaudited. The unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 2011 and its results of operations and cash flows for the six months ended June 30, 2010 and 2011. The financial data and other information disclosed in these notes to the consolidated financial statements related to the three month periods are unaudited. The results for the six months ended June 30, 2011 are not necessarily indicative of the results to be expected for the year ending December 31, 2011 or for any other interim period or other future year.

Unaudited Pro Forma Consolidated Balance Sheet—Upon the consummation of the initial public offering contemplated by the Company, all of the outstanding shares of convertible preferred stock will automatically convert into shares of common stock. In addition, all of the outstanding warrants to purchase convertible preferred stock will automatically convert into warrants to purchase common stock. The June 30, 2011 unaudited pro forma consolidated balance sheet data has been prepared assuming the conversion of the convertible preferred stock outstanding into 228,552,739 shares of common stock and the reclassification of the convertible preferred stock warrants from liabilities to stockholders' equity.

Use of Estimates—The preparation of the Company's consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as of the date of the financial statements; therefore, actual results could differ materially from management's estimates using different assumptions or under different conditions.

Risks and Uncertainties—The Company is subject to the risks inherent in a business with a limited operating history, including, but not limited to, new and rapidly evolving markets, reliance on additional equity or debt issuances at appropriate terms for funding of operations, advances and trends in the development of new technology and services, unfavorable economic and market conditions, competition from larger and more established companies, limited management resources and dependence on a limited number of contract manufacturers and suppliers. Failure by the Company to anticipate or to respond adequately to technological developments in its industry, changes in customer or supplier requirements, or changes in regulatory requirements or industry standards, could have a material adverse effect on the Company's business and operating results.

Revenue Recognition—The Company generates revenue from sales of its microinverter systems, which include microinverter units, an Envoy communications gateway device, and an Enlighten web-based monitoring service, to distributors, large installers, OEMs and strategic partners. Enlighten service revenue represented less than 1% of the total revenues for all periods presented.

Revenues from the sales of microinverters and communication gateways are recognized when: (i) persuasive evidence of an arrangement exists; (ii) delivery of the products has occurred in accordance with the terms of the sales agreement and title of and risk of loss have passed to the customer; (iii) the sale price is fixed or determinable; and (iv) collection is reasonably assured. Provisions for rebates, sales incentives, and discounts to customers are accounted for as reductions in revenue in the same period the related sales are recorded. Revenues from web-based monitoring services are recognized ratably over the term of the service period that is either one or five years. Customer billings and payments received in advance for services not yet rendered are deferred and recognized as revenue as the services are rendered.

Cost of Revenues—The Company includes the following in cost of revenues: product costs consisting of purchases from contract manufacturers and other suppliers, warranty, personnel and logistics costs, hosting services costs related to the Company's Enlighten service offering, and depreciation and amortization of test equipment.

Fair Value of Financial Instruments—The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their relatively short-term nature. The carrying amount of the Company's term loan approximates its fair value.

Fair Value Measurements—The accounting guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An asset's or liability's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Three levels of inputs may be used to measure fair value:

- *Level 1* — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of such assets or liabilities do not entail a significant degree of judgment.
- *Level 2* — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- *Level 3* — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

On a recurring basis, the Company measures its convertible preferred stock warrant liabilities at fair value based on Level 3 inputs, which requires a higher degree of judgment (see Note 9 and Note 15).

Cash and Cash Equivalents—The Company considers all highly liquid investments, such as certificates of deposit and money market instruments with maturities of six months or less at the time of acquisition to be cash equivalents. For all periods presented, the Company's cash balances consist of amounts held in interest-bearing money market accounts.

Allowances for Doubtful Accounts—The Company maintains allowances for doubtful accounts for uncollectible accounts receivable. The Company estimates anticipated losses from doubtful accounts based on days past due, collection history and other factors. The allowance for doubtful accounts was $50,000, $16,000 and $97,000 (unaudited) at December 31, 2009, December 31, 2010 and June 30, 2011, respectively.

Inventory—Inventory is valued at the lower of cost or market. The Company determines cost on a first-in first-out basis. Certain factors could affect the realizable value of its inventory, including customer demand and market conditions. The Company considers historical usage, expected demand, anticipated sales price, effect of new product introductions, product obsolescence, customer concentrations, product merchantability and other factors when evaluating the value of inventory. Inventory write-downs are equal to the difference between the cost of inventories and their estimated fair market value. Inventory write-downs are recorded as cost of revenues in the accompanying consolidated statements of operations and were $242,000, $50,000 and $108,000 in 2008, 2009 and 2010, respectively, and $100,000 (unaudited) and $374,000 (unaudited) in the six months ended June 30, 2010 and 2011, respectively.

Property and Equipment—Property and equipment are stated at cost less accumulated depreciation. Cost includes the price paid to acquire or construct the asset as well as any expenditure that substantially adds to the value of or significantly extends the useful life of an existing asset. Repair and maintenance costs are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Leasehold improvements are amortized over the shorter of the lease term or expected useful life of the improvements.

Capitalized Software Costs—Costs related to internal-use software are capitalized when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. Such costs are amortized on a straight-line basis over their estimated useful lives. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred.

Indefinite-Lived Intangible Assets—Indefinite-lived intangible assets of $266,000 are included in other assets at December 31, 2009, December 31, 2010 and $286,000 (unaudited) at June 30, 2011, respectively. Such intangible assets consist of acquired intellectual property rights that currently have been determined to have indefinite lives and therefore are not amortized. The carrying values are assessed at least annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Long-Lived Assets—The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Warranty Obligations—The Company's microinverters include a 15-year or 25-year warranty. The Company maintains reserves to cover the expected costs that could result from these warranties. The potential liability is generally in the form of product replacement. Warranty reserves are computed on a per unit sold basis

and are based on the Company's best estimate of such costs and are included in cost of revenues. The reserve for the related warranty expenses is based on various factors including historical warranty claims, assumptions about the frequency of warranty claims, and assumptions about the frequency of product failures, derived from results of accelerated lab testing, field monitoring and the Company's reliability estimates. The Company's estimated costs of warranty for previously shipped products may change to the extent future products are not compatible with earlier generation products under warranty.

Product failure rates are estimated by using field monitoring of the actual failure rates of the microinverters the Company has shipped to date. The Company has established reliability as represented by a Mean Time Between Failures (MTBF) rate of approximately 0.3% per year. MTBF is the predicted elapsed time between inherent failures of a system during operation. In addition, due to the Company's limited operating history, it also utilizes third party data collected on similar equipment deployed in outdoor environments similar to those in which its microinverters are installed, as well as accelerated lab testing, which simulates the entire service life of the product in a short period of time using standard tests used by solar module vendors to determine the period over which the modules and microinverters may wear out. Replacement costs are updated periodically to reflect changes in the actual and estimated production costs for the Company's microinverters. Further, changes to the warranty provision as a percentage of microinverter units sold will vary based on the replacement cost of the specific generation of microinverter unit under warranty. In addition, different generations of microinverters may have different warranty terms which further contributes to changes in the warranty provision as a percentage of microinverter units sold. For example, the Company's first and second generation microinverters have a 15-year warranty while the Company's third generation microinverter has a 25-year warranty.

In addition, the Company supports its microinverters with its Entrust program. The Company reimburses the system owner for any lost energy for up to one month if a microinverter unit should fail, which is referred to as a "100% uptime guarantee". The Company estimates that its microinverter systems achieve system uptimes of over 99.8%. Historically, disbursements under the Entrust program have been insignificant, and therefore no accruals have been recorded for any such future obligations.

Research and Development Costs—The Company expenses research and development costs as incurred.

Stock-Based Compensation—Share-based payments are required to be recognized in the Company's consolidated statements of operations based on their fair values and the estimated number of shares expected to vest. The Company measures stock-based compensation expense for all share-based payment awards, including stock options made to employees and directors, based on the estimated fair values on the date of the grant. The fair value of each stock option granted is estimated using the Black-Scholes option valuation model. Stock-based compensation, net of estimated forfeitures, is recognized on a straight-line basis over the requisite service period, which is typically four years.

Comprehensive Loss—Total comprehensive loss and the components of accumulated other comprehensive income are presented in the consolidated statements of stockholders' equity. Accumulated other comprehensive income consists of foreign currency translation effects.

Convertible Preferred Stock Warrants—The Company records its freestanding warrants to purchase its convertible preferred stock as liabilities at their fair value upon issuance by utilizing a Monte Carlo simulation model that takes into account estimated probabilities of possible outcomes. The fair value of the warrants is subject to remeasurement at each balance sheet date with any change in value being reflected as other income (expense), net. Upon the earlier of the exercise of the warrants or the completion of a liquidation event, including the completion of an initial public offering, the liability will be reclassified to stockholders' equity, at which time it will no longer be subject to fair value accounting.

Income Taxes—The Company records income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected tax consequences of temporary differences between the tax bases of assets and liabilities for financial reporting purposes and amounts recognized for income

tax purposes. In estimating future tax consequences, generally all expected future events other than enactments or changes in the tax law or rates are considered. Valuation allowances are provided when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities. The Company follows accounting for uncertainty in income taxes which requires that the tax effects of a position be recognized only if it is "more likely than not" to be sustained based solely on its technical merits as of the reporting date. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

Deferred Offering Costs—Deferred offering costs consisted primarily of accounting and legal fees related to the Company's proposed initial public offering of its common stock. Approximately $1.5 million (unaudited) of deferred offering costs is included in other assets on the Company's consolidated balance sheet as of June 30, 2011. Upon completion of the initial public offering contemplated herein, these amounts will be offset against the proceeds of the offering. If the offering is terminated, the deferred offering costs will be expensed.

3. INVENTORY

Inventory as of December 31, 2009 and 2010 and June 30, 2011, consists of the following (in thousands):

	December 31,		June 30,
	2009	2010	2011 (unaudited)
Raw materials	$ 35	$ 761	$ 1,752
Finished goods	1,448	3,760	4,437
Total inventory	$1,483	$4,521	$ 6,189

4. PROPERTY AND EQUIPMENT, NET

As of December 31, 2009 and 2010 and June 30, 2011, property and equipment, net consists of the following (in thousands):

	Estimated Useful Life (Years)	December 31, 2009	December 31, 2010	June 30, 2011 (unaudited)
Equipment and machinery	5	$ 3,120	$ 4,777	$ 9,078
Furniture and fixtures	3–5	302	530	795
Computer equipment	3	360	721	990
Capitalized software	1–3	894	1,709	2,047
Leasehold improvements	Shorter of lease term or useful life	60	483	485
Construction in progress		341	590	2,474
Total		5,077	8,810	15,869
Less accumulated depreciation and amortization		(1,183)	(2,707)	(3,918)
Property and equipment, net		$ 3,894	$ 6,103	$ 11,951

Depreciation and amortization was $332,000, $803,000 and $1,550,000 in 2008, 2009 and 2010, respectively, and $650,000 (unaudited) and $1,211,000 (unaudited) in the six months ended June 30, 2010 and 2011, respectively.

Included in property and equipment are assets acquired under capital lease obligations with an original cost of $223,000 and $199,000 and $494,000 (unaudited) as of December 31, 2009, December 31, 2010 and June 30, 2011, respectively. Accumulated amortization was $95,000, $149,000 and $177,000 (unaudited) as of December 31, 2009, December 31, 2010 and June 30, 2011, respectively.

Capitalized Internal Use Software—The Company capitalized $237,000, $815,000 and $338,000 (unaudited) internal use software costs in fiscal 2009, 2010 and the six months ended June 30, 2011, respectively. The capitalized software costs are being amortized ratably over the estimated useful lives and are included within amortization expense in the amount of $165,000, $423,000 and $341,000 (unaudited) for fiscal 2009, 2010 and the six months ended June 30, 2011, respectively.

5. WARRANTY OBLIGATIONS

Product warranty activity during 2009, 2010 and for the six months ended June 30, 2011 was as follows (in thousands):

	December 31, 2009	December 31, 2010	June 30, 2011 (unaudited)
Balance, at beginning of year	$ 424	$1,087	$ 2,668
Warranty expense	973	1,896	1,591
Settlements and other reductions	(310)	(315)	(719)
Balance, at end of year	1,087	2,668	3,540
Less current portion		(340)	(543)
Long-term portion	$1,087	$2,328	$ 2,997

Warranty expense in the six months ended June 30, 2011 includes a change in estimate of $(443,000) (unaudited) to reflect reduced expected replacement costs to fulfill certain warranty obligations.

6. LONG-TERM DEBT

The Company's long-term debt was comprised of the following at December 31, 2009 and 2010 and June 30, 2011 (in thousands):

	December 31, 2009	December 31, 2010	June 30, 2011 (unaudited)
Total debt, net of unamortized discount of $0, $330 and $536 at December 31, 2009, December 31, 2010 and June 30, 2011, respectively	$ 411	$ 6,903	$ 11,815
Less current portion	(178)	(2,567)	(2,829)
Long-term portion	$ 233	$ 4,336	$ 8,986

As of December 31, 2010, the amount of future principal repayments due on the total debt is as follows (in thousands):

2011	$2,567
2012	2,800
2013	1,866
Total	$7,233

Term Loans—On March 11, 2010, the Company entered into a venture loan agreement pursuant to which the Company borrowed $7.0 million ("Original Term Loan") to be used for general business purposes. The loan has an interest rate of 12.6% and a 42-month term, maturing on October 1, 2013. Monthly payments for the first 12 months will be interest only. Monthly payments beginning the thirteenth month will include interest and principal based on a 30-month remaining amortization period. The loan provides for penalties for early repayment, is secured by all assets of the Company except intellectual property and prohibits any dividend payments. As part of the agreement, the Company issued a warrant to purchase the Company's Series E

convertible preferred stock. The fair value of the warrant of $421,000 was recorded as a liability and a debt discount and is being amortized to interest expense over the loan term, or 42 months (see Note 9). As of June 30, 2011, the Original Term Loan had an outstanding principal balance of $7.0 million.

On March 25, 2011 and on subsequent dates, the Company entered into an amendment to the Original Term Loan to provide for an additional $2.0 million term loan, which was fully drawn upon at execution of the amendment and an additional $3.0 million term loan available to be drawn upon through September 30, 2011 (the "Additional Term Loans"), both of which mature on the first calendar day of the month that follows the 42-month anniversary of the date of advance. As of June 30, 2011, the outstanding principal balance under the Additional Term Loans was $2.0 million, which matures on October 1, 2014.

The Additional Term Loans have an interest rate of 10.75% and all borrowings have a 42-month term. Monthly payments for the first 12 months are interest only; subsequent monthly payments include interest and principal, based on a 30-month remaining amortization period. The other terms and conditions of the Original Term Loan remain substantially unchanged.

In connection with Additional Term Loans, the Company issued a warrant to purchase up to $300,000 of the Company's convertible preferred stock. The warrant is exercisable until the later of (i) 10 years, or (ii) five years after an initial public offering as follows:

- If the Company completes an additional round of financing in convertible preferred stock of at least $15.0 million in aggregate ("Qualified Financing") by April 8, 2011, the holder is entitled to purchase up to $300,000 of the preferred stock sold in the Qualified Financing at an exercise price that equals the same price paid per share in the Qualified Financing.
- If the Company completes a Qualified Financing between April 8, 2011 and June 23, 2011, the holder is entitled to purchase 220,588 shares of Series E preferred stock at an exercise price of $0.68 per share and up to $150,000 of the preferred stock sold in the Qualified Financing at an exercise price that equals the same price paid per share in the Qualified Financing.
- If the Company does not complete a Qualified Financing by June 23, 2011, the holder is entitled to purchase 441,177 shares of the Company's Series E preferred stock at an exercise price of $0.68 per share.

The fair value of the warrant of $286,000 (unaudited) was recorded as a liability and a debt discount and is being amortized to interest expense over the loan term, or 42 months (see Note 9).

Revolving Line of Credit Facility—On January 19, 2010, the Company entered into a revolving line of credit agreement that provides for up to $10.0 million in borrowings, based on a percentage of eligible receivables. The line of credit has a variable interest rate set at 1% above the bank's prime lending rate and expires January 19, 2012, with interest payable monthly and principal due at maturity. The loan is secured by all of the Company's assets except intellectual property. The agreement requires the Company to maintain minimum asset coverage ratios. As of December 31, 2010 and June 30, 2011, the Company was in compliance with this covenant and had not drawn any amounts under the facility.

On March 24, 2011, the Company amended the revolving line of credit facility to provide for an increase from $10.0 million to a maximum of $25.0 million revolving credit facility, including a $5.0 million letter of credit subfacility, and extended the term of the credit commitments to March 24, 2013. Available borrowings are based on 80% of eligible receivables and 50% of inventory (up to $10.0 million). The line of credit has a variable interest rate set at 1.25% above the bank's prime lending rate, with interest payable monthly and principal due on March 24, 2013. Any advance is collateralized by the underlying receivable or inventory and secured by all of the Company's assets except intellectual property. The agreement requires the Company to maintain minimum asset coverage and tangible net worth requirements. As of June 30, 2011, the Company has not drawn any amounts under the amended facility.

Convertible Promissory Notes—On June 30, 2009, the Company borrowed a total of $1.5 million under five secured convertible promissory notes with several of its key investors. The notes carried an interest rate of 8% per year and were due and payable by December 31, 2009. On April 24, 2009, the notes, and accrued interest of $8,000, were converted into 7,548,886 shares of Series D convertible preferred stock, representing a discount of approximately 15% to such investors (see Note 9). The resulting beneficial conversion feature of $266,000 and the related accrued interest of $8,000 were charged to interest expense.

Line of Credit Agreement—The Company entered into a line of credit agreement on December 15, 2008, which provided for borrowings of up to $1 million. Amounts drawn under the line of credit are payable over 36 months (through December 15, 2011) with interest at a rate of approximately 14% annually. Specific assets were pledged as collateral for any amounts drawn under the line of credit. Any amounts drawn under the line of credit are subject to penalties for early repayment. The line of credit agreement does not include financial covenants or other material covenant requirements. As of December 31, 2010 and June 30, 2011, the line of credit had an outstanding principal balance of $233,000 and $118,000 (unaudited), respectively.

7. DEFINED CONTRIBUTION PLAN

The Company sponsors a defined contribution 401(k) savings plan covering substantially all of its U.S. employees, subject to certain eligibility requirements. Annually, the Company contributes 3% of an employee's salary earned in that given year, excluding commissions and bonuses, to the plan, regardless of whether the employee contributes. Any contributions made by the Company vest immediately to the participant. Costs related to the plan recognized by the Company for fiscal 2008, 2009, and 2010 were $140,000, $190,000, and $388,000, respectively, and $160,000 (unaudited) and $302,000 (unaudited) for the six months ended June 30, 2010 and 2011, respectively.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases—The Company leases its office facilities under an operating lease agreement that expires in 2013. The terms of the lease agreement provide for rental payments on a graduated basis. The Company recognizes rent expense on a straight-line basis over the lease period.

Rent expense for 2008, 2009 and 2010 was $180,000, $339,000 and $582,000, respectively, and $255,000 (unaudited) and $489,000 (unaudited) for the six months ended June 30, 2010 and 2011, respectively.

The Company's minimum payments under noncancelable operating leases as of December 31, 2010, are as follows (in thousands):

2011	$ 595
2012	619
2013	430
2014	2
Total minimum lease payments	$1,646

Purchase Obligations—The Company has contractual obligations to purchase goods and services, which specify fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Purchase obligations do not include contracts that may be canceled without penalty.

The Company utilizes third parties to manufacture its products. It acquires raw materials or other goods and services, including product components, by issuing to suppliers authorizations to purchase based on its projected demand and manufacturing needs.

As of December 31, 2010, the Company had noncancelable purchase obligations totaling approximately $20.4 million.

Contingencies—From time to time, the Company may become involved in litigation. Management is not currently aware of any litigation matters or other contingencies that could have a material adverse effect on the financial position, results of operations, or cash flows of the Company.

9. STOCKHOLDERS' EQUITY AND WARRANTS

Series A, B, C, D and E Convertible Preferred Stock

Series A—In June 2006, the Company issued 1,875,000 shares of Series A convertible preferred stock at $0.32 per share. The Company received proceeds of $584,000, net of $16,000 in issuance costs.

Series B—In February and March 2007, the Company issued 8,540,367 shares of Series B convertible preferred stock at $0.6625 per share. The Company received proceeds of $5,625,000, net of $33,000 in issuance costs. In January 2008, the Company issued an additional 1,132,075 shares of Series B convertible preferred stock at $0.6625 per share. The Company received proceeds of $750,000. Primary investors in the Series B convertible preferred stock have the right to elect a member to the Company's Board of Directors.

Series C—In April 2008, the Company issued 11,675,878 shares of Series C convertible preferred stock at $1.2847 per share. The Company received proceeds of $14,912,000, net of $88,000 in issuance costs. Primary investors in the Series C convertible preferred stock have the right to elect a member to the Company's Board of Directors.

Series D—In April and June 2009, the Company issued 103,522,345 shares of Series D convertible preferred stock at $0.235 per share. The Company received proceeds of $24,214,000, net of $114,000 in issuance costs. Primary investors in the Series D preferred stock have the right to elect a member to the Company's Board of Directors. In April 2009, the Company issued 7,548,886 shares of Series D convertible preferred stock upon conversion of $1,508,000 in principal and accrued interest under convertible promissory notes (see Note 6).

Series E—In March, April and May 2010, the Company authorized 75,000,000 shares and issued 67,471,300 shares of Series E convertible preferred stock at $0.68 per share. The Company received proceeds of $45,737,000, net of $145,000 in issuance costs. Primary investors in the Series E convertible preferred stock have the right to elect two members to the Company's Board of Directors. On April 5, 2010, as part of the issuance of Series E convertible preferred stock, the Company's primary inventory manufacturer and supplier purchased 7,352,941 shares of the Company's Series E convertible preferred stock at $0.68 per share or $5 million in total. This represents an ownership interest in the Company of approximately 3%.

Voting—The holders of Series A, B, C, D and E convertible preferred stock are entitled to the number of votes equal to the number of shares of common stock into which the preferred stock is convertible, subject to certain limitations.

Dividends—Subject to the prior dividend rights of the Series E, D, C, and B convertible preferred stock, the holders of the Series A convertible preferred stock are entitled to receive, if, when and as declared by the Board of Directors, cash dividends at the rate of $0.025 per share per annum (as adjusted for any stock splits, stock dividends, combinations or reorganizations). Such dividends are not mandatory or cumulative.

Subject to the prior dividend rights of the Series E, D, and C convertible preferred stock, the holders of the Series B convertible preferred stock are entitled to receive, if, when and as declared by the Board of Directors, cash dividends at the rate of $0.053 per share per annum (as adjusted for any stock splits, stock dividends, combinations or reorganizations). Such dividends are not mandatory or cumulative.

Subject to the prior dividend rights of the Series E and D convertible preferred stock, the holders of the Series C convertible preferred stock are entitled to receive, if, when and as declared by the Board of Directors, cash dividends at the rate of $0.103 per share per annum (as adjusted for any stock splits, stock dividends, combinations or reorganizations). Such dividends are not mandatory or cumulative.

Subject to the prior dividend rights of the Series E convertible preferred stock, the holders of the Series D convertible preferred stock are entitled to receive, if, when and as declared by the Board of Directors, cash dividends at the rate of $0.0188 per share per annum (as adjusted for any stock splits, stock dividends, combinations or reorganizations). Such dividends are not mandatory or cumulative.

The holders of the Series E convertible preferred stock are entitled to receive, if, when and as declared by the Board of Directors, cash dividends at the rate of $0.0544 per share per annum (as adjusted for any stock splits, stock dividends, combinations or reorganizations). Such dividends are not mandatory or cumulative.

No dividends have been declared on the Series A, B, C, D or E convertible preferred stock.

Conversion—Each share of Series A, B, C, D and E convertible preferred stock is convertible at the option of the holder into the number of shares of common stock which results from dividing the original issue price for such series of convertible preferred stock by the conversion price for such series of convertible preferred stock.

The conversion price of each series of convertible preferred stock is as follows, subject to certain adjustments:

Series A	$0.261
Series B	0.349
Series C	0.511
Series D	0.235
Series E	0.680

The Series A, B, C, D and E convertible preferred stock will be automatically converted into common stock: (a) immediately prior to the closing of a firmly underwritten public offering pursuant to the Securities Act of 1933, if aggregate gross proceeds to the Company in such offering equal or exceed $30,000,000 and the public offering price is not less than $0.68 per share (a “Qualified Public Offering”); and (b) upon receipt of the written consent of the holders of (i) 60% of the Series E convertible preferred stock voting as a separate series, with respect to the conversion of all outstanding shares of Series E convertible preferred stock, (ii) a majority of the Series E convertible preferred stock voting as a separate series in connection with an initial public offering that is not a Qualified Public Offering, or (iii) a majority of the holders of the Series A, B, C and D convertible preferred stock voting together on an as-converted basis with respect to the conversion of all outstanding shares of Series A, B, C and D convertible preferred stock.

Redemption—The Series A, B, C, D and E convertible preferred stock are not redeemable.

Liquidation Rights—In the event of any liquidation, dissolution, or winding-up of the Company, holders of Series E convertible preferred stock are entitled to receive an amount per share equal to the original issue price of the Series E convertible preferred stock plus all declared but unpaid dividends on the Series E convertible preferred stock, before any distributions of payments are made to the holders of any Series A, B, C, or D convertible preferred stock or common stock.

In the event of any liquidation, dissolution, or winding-up of the Company, and subject to payment in full of the liquidation preferences of the Series E convertible preferred stock, holders of Series D convertible preferred stock are entitled to receive an amount per share equal to two and one-half times the original issue price of the Series D convertible preferred stock plus all declared but unpaid dividends on the Series D convertible preferred stock, before any distributions of payments are made to the holders of any Series A, B, or C convertible preferred stock or common stock.

In the event of any liquidation, dissolution, or winding-up of the Company, and subject to payment in full of the liquidation preferences of the Series E and D convertible preferred stock, holders of Series C convertible preferred stock are entitled to receive an amount per share equal to the original issue price of the Series C convertible preferred stock plus all declared but unpaid dividends on the Series C convertible preferred stock, before any distributions of payments are made to the holders of any Series A or B convertible preferred stock or common stock.

In the event of any liquidation, dissolution, or winding-up of the Company, and subject to payment in full of the liquidation preferences of the Series E, D, and C convertible preferred stock, holders of Series B convertible
preferred stock are entitled to receive an amount per share equal to the original issue price of the Series B convertible preferred stock plus all declared but unpaid dividends on the Series B convertible preferred stock, before any distributions of payments are made to the holders of any Series A convertible preferred stock or common stock.

In the event of any liquidation, dissolution, or winding-up of the Company, and subject to payment in full of the liquidation preferences of the Series E, D, C, and B convertible preferred stock, holders of Series A convertible preferred stock are entitled to receive an amount per share equal to the original issue price of the Series A convertible preferred stock plus all declared but unpaid dividends on the Series A convertible preferred stock, before any distributions of payments are made to the holders of any common stock.

The following table summarizes various terms of the different classes of convertible preferred stock and related warrants as of December 31, 2010 (in thousands, except per share data):

Convertible Preferred Stock	Outstanding at December 31, 2010	Warrants Outstanding	Common Stock Equivalent Shares	Liquidation Preference per Share	Aggregate Liquidation Preference	Participating (per Share)	Annual Dividend per Share
Series A	1,875		2,299	$ 0.3200	$ 600	No	0.0250
Series B	9,672		18,358	0.6625	6,408	Yes	0.0530
Series C	11,676	100	29,604	1.2847	15,000	Yes	0.1030
Series D	111,071		111,071	0.5875	65,254	No	0.0188
Series E	67,471	1,029	68,500	0.6800	45,880	Yes	0.0544
	201,765	1,129	229,832		$ 133,142		

Warrants

Warrant to Purchase Series C Convertible Preferred Stock—In September 2008, the Company entered into a strategic collaboration agreement with a third party, under which the third party would test and evaluate the Enphase microinverter for European certification. As part of the agreement, the third party was granted a warrant to purchase 100,000 shares of Series C convertible preferred stock at a price of $1.2847 per share. Exercisability of the warrant is contingent upon completion of several milestones, none of which have been completed. The warrant terminates upon the earlier of (i) an initial public offering, (ii) a sale of the Company, or (iii) six months after it becomes exercisable. The Company concluded that the warrant will not ultimately vest, as the Company has not been actively working with the third party. Accordingly, no expense has been recorded in the accompanying consolidated financial statements.

Warrant to Purchase Common Stock—On February 16, 2010, the Company entered into a supply and services agreement with a potential customer. As part of the agreement, the Company issued a warrant to purchase up to 100,000 common shares of the Company at a price of $0.50 per share. The potential customer is required to meet certain minimum purchase volumes within 24 months of the contract date in order for the warrant to become exercisable. The agreement also allows the potential customer to participate in future equity financings by the Company (prior to an initial public offering), on the same terms and conditions as other investors. As of December 31, 2010, the Company has not recorded any reductions to revenue for the warrant

issued as a sales incentive to the customer as the Company concluded it was not probable that the minimum purchase volumes would be reached. The Company will assess the probability of the achievement of the minimum purchase volumes at the end of each reporting period.

Warrant to Purchase Series E Convertible Preferred Stock—In connection with the March 2010 financing transaction (see Note 6), the Company issued a warrant to purchase 1,029,411 shares of the Company's Series E convertible preferred stock at a price of $0.68 per share. The warrant is immediately exercisable and expires at the later of (i) 10 years, or (ii) five years after an initial public offering and includes provisions for down-round and anti-dilution protection. The Company accounts for the freestanding warrant as a derivative financial instrument liability. Changes in fair value are recognized as either a gain or loss in the consolidated statement of operations within other income (expense), net. In the event of a liquidation event, including the completion of an initial public offering, the warrant, if not exercised, will be converted into a warrant to purchase common stock, and accordingly, the liability will no longer be subject to fair value remeasurement and the liability will be reclassified to stockholders' equity. The fair value of the warrant at issuance and at December 31, 2010 was $421,000 (recorded as debt discount and amortized to interest expense over the loan term) and $610,000 (the increase in fair value recorded as other expense), respectively, and was calculated using the Monte Carlo simulation model with the following weighted-average assumptions:

Expected term (in years)	6.0
Expected volatility	60.5%
Annual risk-free rate of return	2.6%
Dividend yield	0%

Warrant to Purchase Convertible Preferred Stock—In connection with the March 25, 2011 Additional Term Loans (see Note 6), the Company issued a warrant to purchase up to $300,000 of convertible preferred stock sold by the Company in a Qualified Financing by June 23, 2011, or if a Qualified Financing does not occur, 441,177 shares of the Company's Series E convertible preferred stock at an exercise price of $0.68 per share. Both the specific number of shares that can be purchased and the exercise price will not be known prior to June 23, 2011. The warrant is immediately exercisable and expires at the later of i) 10 years, or ii) five years after an initial public offering and includes provisions for down-round and anti-dilution protection. The Company accounts for the freestanding warrant as a derivative financial instrument liability. Changes in fair value are recognized as either a gain or loss in the consolidated statement of operations within other income (expense). In the event of a liquidation event, including the completion of an initial public offering, the warrant, if not exercised, will be converted into a warrant to purchase common stock, and accordingly, the liability will no longer be subject to fair value remeasurement and the liability will be reclassified to stockholders' equity. The fair value of the warrant at issuance was $286,000 (unaudited) (recorded as debt discount and amortized to interest expense over the loan term) and was calculated using the Monte Carlo simulation model with the following weighted-average assumptions:

Expected term (in years)	4.4
Expected volatility	73.1%
Annual risk-free rate of return	2.0%
Dividend yield	0%

Shares Reserved for Issuance

The Company has reserved the shares of common stock for future issuances as of December 31, 2010, as follows (in thousands):

Series A convertible preferred stock	2,299
Series B convertible preferred stock	18,358
Series C convertible preferred stock	29,353
Series D convertible preferred stock	111,071
Series E convertible preferred stock	67,471
Warrant to purchase Series C convertible preferred stock	251
Warrant to purchase Series E convertible preferred stock	1,029
Warrant to purchase common stock	100
Stock option plan:	
Options outstanding	52,682
Options available for future grants	5,347
Total common shares reserved for issuance	287,961

10. STOCK-BASED COMPENSATION

Stock Option Plan—Under the 2006 Equity Incentive Stock Option Plan (the “Plan”), equity awards permitted to be issued include incentive stock options (ISOs), nonstatutory stock options (NSOs), and restricted stock. ISOs may be granted only to employees (including officers and directors who are also employees) of the Company, and NSOs and restricted stock awards may be granted to employees, officers, directors and non-employees of the Company. At December 31, 2010 and June 30, 2011, the maximum aggregate number of shares that may be awarded is 60.4 million and 68.4 million (unaudited), respectively. ISOs and NSOs may be granted at a price per share not less than the fair market value at the date of grant. Options granted generally vest over a four-year period from the date of grant with a contractual term of up to 10 years. Common shares purchased under the Plan are subject to certain restrictions, including the right of first refusal by the Company for sale or transfer of these shares to outside parties. The Company’s right of first refusal terminates upon completion of an initial public offering of common stock.

A summary of the Company's stock option activity for 2008, 2009, and 2010 and the six months ended June 30, 2011 is as follows (in thousands, except per share data):

	Shares	Weighted-Average Exercise Price per Share
Options outstanding — December 31, 2007	1,181	$ 0.09
Granted (weighted-average fair value of $0.15 per share)	2,164	0.23
Exercised	(63)	0.13
Canceled	(135)	0.23
Options outstanding — December 31, 2008	3,147	0.18
Granted (weighted-average fair value of $0.02 per share)	30,254	0.03
Exercised	(338)	0.09
Canceled	(426)	0.11
Options outstanding — December 31, 2009	32,637	0.04
Granted (weighted-average fair value of $0.19 per share)	23,139	0.17
Exercised	(1,009)	0.07
Canceled	(2,085)	0.06
Options outstanding — December 31, 2010	52,682	0.10
Granted (weighted-average fair value of $0.47 per share) (unaudited)	5,674	0.39
Exercised (unaudited)	(3,891)	0.04
Canceled (unaudited)	(579)	0.24
Options outstanding — June 30, 2011 (unaudited)	53,886	0.13

At December 31, 2010 and June 30, 2011, there were 5.3 million and 8.3 million (unaudited) shares available for future grant issuance under the Plan.

Information about currently outstanding and vested stock options as of December 31, 2010, is as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Shares (in thousands)	Weighted-Average Remaining Life (in years)	Weighted-Average Exercise Price	Number of Shares (in thousands)	Weighted-Average Exercise Price
$0.03–$0.03	27,658	8.5	$ 0.03	11,360	$ 0.03
0.06–0.07	2,870	8.9	0.07	814	0.07
0.10–0.10	793	6.7	0.10	664	0.10
0.18–0.26	21,361	9.4	0.19	3,142	0.21
0.03–0.26	52,682	8.9	0.10	15,980	0.07

As of December 31, 2010, there were 50.9 million options outstanding that were vested, exercisable and expected to vest. Such options have a weighted-average exercise price of $0.10 and a weighted-average remaining contractual term of 8.9 years. At December 31, 2010, the aggregate intrinsic value was $5.8 million for the 16.0 million exercisable shares. For the 50.9 million options vested, exercisable and expected to vest, the aggregate intrinsic value was $16.8 million. The intrinsic value is based on the Company's estimated common stock price of $0.43 as of December 31, 2010, which would have been received by the option holders had all in-the-money options been exercised as of that date.

Stock-Based Compensation Expense—The fair value of options granted to employees for purposes of calculating stock-based compensation expense is estimated on the grant date using the Black-Scholes option valuation model. This valuation model requires the Company to make assumptions and judgments about the inputs 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, a risk-free interest rate, and expected dividend yield. The Company uses the simplified method to calculate the expected term, and 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. 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. The Company's expected dividend yield input was zero as it has not historically paid, nor does it expect in the future to pay, cash dividends on its common stock.

The following table summarizes the components of total stock-based compensation expense included in the consolidated statement of operations for the periods presented (in thousands):

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Cost of revenues	$ 4	$ 17	$ 9	$ 3	$ 14
Research and development	27	62	286	56	313
Sales and marketing	7	36	256	38	301
General and administrative	170	65	278	50	228
Total stock-based compensation expense	$208	$180	$829	$147	$856

The fair value of each option granted during the periods presented was estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Year Ended December 31,			Six months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Expected term (in years)	5.6	5.9	6.0	6.0	6.0
Expected volatility	73.3%	76.4%	73.3%	74.2%	72.1%
Annual risk-free rate of return	3.0%	2.8%	2.2%	2.6%	2.3%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%

As of December 31, 2010 and June 30, 2011, there was approximately $3.8 million and $5.2 million (unaudited), respectively, of total unrecognized compensation cost related to unvested stock options, net of expected forfeitures, which is expected to be recognized over a weighted-average period of 3.3 and 3.1 years (unaudited), respectively.

No income tax benefit has been recognized relating to stock-based compensation expense and no tax benefits have been realized from exercised stock options.

11. INCOME TAXES

The Company did not provide any current or deferred United States federal or state income tax provision or benefit for any of the years presented because it has experienced operating losses since inception.

A reconciliation of total income tax expense and the amount computed by applying the federal statutory income tax rate of 34% to loss before income taxes for 2008, 2009 and 2010 is as follows (in thousands):

	Year Ended December 31,		
	2008	2009	2010
Income tax benefit at statutory rate	$(4,930)	$(5,755)	$(7,283)
Section 382 limitation		2,349	5,229
Change in valuation allowance	4,893	3,341	1,772
Stock-based compensation	27	55	138
Nondeductible/nontaxable items	10	10	144
Total tax expense	$ —	$ —	$ —

A summary of significant components of the Company's deferred tax assets and liabilities, as of December 31, 2010 and 2009, is as follows (in thousands):

	December 31,	
	2009	2010
Net operating loss carryforwards	$ 10,806	$ 11,175
Accruals and reserves	658	1,711
Deferred tax assets	11,464	12,886
Less valuation allowance	(11,212)	(12,765)
Deferred tax assets	252	121
Deferred tax liability	(252)	(121)
Net deferred tax assets	$ —	$ —

Due to the history of losses the Company has generated since inception, the Company believes that it is more-likely-than-not that all of the deferred tax assets will not be realized as of December 31, 2010. Therefore, the Company has recorded a full valuation allowance on its deferred tax assets.

The Company has net operating loss carryforwards for federal and California income tax purposes of approximately $50.7 million and $48.6 million, respectively, as of December 31, 2010. The federal and state net operating loss carryforwards, if not utilized, will expire beginning in 2026 and 2016, respectively. Utilization of the net operating loss carryforwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

The accounting for uncertain tax positions prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is required to recognize in the financial statements the impact of a tax position, if that position is more-likely-than-not of being sustained on audit, based on the technical merits of the position. There were no significant unrecognized tax benefits recorded upon adoption and there was no change to the unrecognized tax benefits during 2010.

The Company does not have any tax positions for which it is reasonably possible the total amount of gross unrecognized tax benefits will increase or decrease over the next year. The unrecognized tax benefits may increase or change during the next year for items that arise in the ordinary course of business. The Company records interest related to uncertain tax positions as interest and any penalties as other expense.

The Company's tax return years 2006 through 2010 remain open to examination by the major domestic taxing jurisdictions to which the Company is subject.

12. CONCENTRATIONS OF CREDIT RISK AND MAJOR CUSTOMERS

The Company is potentially subject to financial instrument concentration of credit risk through its cash equivalents and trade accounts receivable. The Company places its cash and cash equivalents with major financial institutions, which management assesses to be of high credit quality, in order to limit the exposure of each investment. Credit risk with respect to accounts receivable is relatively concentrated, as three customers represented 21%, 12% and 10% of the total accounts receivable balance as of December 31, 2009. At December 31, 2010, three customers accounted for approximately 14%, 13% and 10% of the total accounts receivable of the Company. In 2009, three customers, in the aggregate, accounted for approximately 39% of the Company's net sales. In 2010, two customers, in the aggregate, accounted for approximately 25% of the Company's net sales.

13. NET LOSS PER SHARE ATTRIBUTABLE TO COMMON STOCKHOLDERS

Basic and diluted net loss per share attributable to common stockholders are presented in conformity with the two-class method required for participating securities. Under the two-class method, net loss is allocated between common shares and other participating securities to the extent that the securities are required to share in the losses. The Company's convertible preferred stock does not meet the definition of a participating security in periods of net losses as the convertible preferred stockholders do not have a contractual obligation to share in the Company's losses. Accordingly, net losses are attributable to common stockholders.

Basic net loss per share attributable to common stockholders is calculated by dividing net loss attributable to common stockholders by the weighted average number of shares outstanding for the period.

Diluted net loss per share attributable to common stockholders is calculated by dividing net loss attributable to common stockholders by the weighted average number of common shares and potential dilutive common share equivalents outstanding during the period if the effect is dilutive. The Company's potential dilutive common share equivalents consist of incremental common shares issuable upon the exercise of options and warrants to purchase common shares and upon conversion of its convertible preferred stock and convertible note.

The following table presents the potential common shares outstanding that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive (in thousands):

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
Convertible preferred stock	50,010	161,081	228,553	228,553	228,553
Stock options to purchase common stock	3,147	32,637	52,682	39,415	53,886
Convertible note	—	—	—	—	12,809
Convertible preferred stock warrants	251	251	1,280	1,280	1,952
Common stock warrants	—	—	100	100	796
	53,408	193,969	282,615	269,348	297,996

Unaudited Pro Forma Net Loss Per Share Attributable to Common Stockholders—Pro forma basic and diluted net loss per share attributable to common stockholders have been computed to give effect to the conversion of the Company's convertible preferred stock and convertible note (using the if-converted method) into common stock and the conversion of all outstanding warrants to purchase convertible preferred stock into warrants to purchase common stock as though the conversion had occurred on the original dates of issuance.

The following table sets forth the computation of unaudited pro forma basic and diluted net loss per share attributable to common stockholders for the periods indicated:

	Year Ended December 31, 2010	Six Months Ended June 30, 2011
	(unaudited) (in thousands, except per share data)	
Net loss	$ (21,777)	$ (18,866)
Pro forma amounts related to the fair value adjustments for warrants to purchase convertible preferred stock	189	381
Pro forma net loss used in computing pro forma basic and diluted net loss attributable to common stockholders	$ (21,588)	$ (18,485)
Pro forma net loss per share attributable to common stockholders, basic and diluted	$ (0.10)	$ (0.08)
Pro forma shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted	216,536	237,099

14. GEOGRAPHIC INFORMATION

The Company considers operating segments to be components of the Company in which separate financial information is available that is evaluated regularly by the Company's chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker for the Company is the Chief Executive Officer. The Chief Executive Officer reviews financial information presented on a consolidated basis. The Company has one business activity, which entails the design, development, manufacture and sale of microinverter systems for the solar photovoltaic industry. There are no segment managers who are held accountable for operations, operating results or plans for levels or components below the consolidated unit level. Accordingly, the Company has determined that it has a single reporting segment and operating unit structure.

The following tables present net revenues (based on the destination of the shipments) and long-lived assets by geographic region as of and for the periods presented, (in thousands):

Net Revenues

	Year Ended December 31,			Six Months Ended June 30,	
	2008	2009	2010	2010	2011
				(unaudited)	
United States	$1,668	$19,530	$53,383	$20,084	$38,682
Canada	—	664	8,278	2,272	9,400
Total	$1,668	$20,194	$61,661	$22,356	$48,082

Long-Lived Assets

	December 31,			June 30,
	2008	2009	2010	2011
				(unaudited)
United States	$2,312	$3,232	$5,330	$ 7,274
Other	251	662	773	4,677
Total property and equipment, net	$2,563	$3,894	$6,103	$ 11,951

15. SUBSEQUENT EVENTS

On June 3, 2011, the Company entered into an agreement to lease approximately 96,000 square feet of office space for its new corporate headquarters. The Company's minimum obligation under this agreement is approximately $13.5 million, payable over the ten-year term of the lease.

On June 13, 2011, the Company entered into a $5 million equipment financing facility with Hercules Technology Growth Capital, Inc. The equipment financing facility has a variable interest rate set at the higher of 5.75% above the prime lending rate or 9.0% annually and expires July 1, 2014. This facility is secured by the financed equipment and restricts the Company's ability to pay dividends and take on certain types of additional liens.

In connection with the equipment financing facility, the Company issued warrants to purchase 229,591 shares of Series E convertible preferred stock at $0.98 per share. The warrant is immediately exercisable and expires at the later of (i) 10 years, or (ii) five years after an initial public offering and includes provisions for down-round and anti-dilution protection. The warrant is recorded at its estimated fair value utilizing the Monte Carlo simulation model with changes in the fair value of this preferred stock warrant liability reflected in other income (expense), net. Upon the earlier of the exercise of the warrants or the completion of a liquidation event, including the completion of an initial public offering, the liability will be reclassified to stockholders' equity, at which time it will no longer be subject to fair value accounting. The fair value of the warrant at issuance was $0.2 million and is recorded as deferred financing costs and is being amortized to interest expense over the term of any related borrowings. As of June 30, 2011, the Company had borrowed $3.6 million (unaudited) from the equipment financing facility.

On June 14, 2011, the Company entered into a junior secured convertible loan facility with certain existing preferred stockholders that provides for up to $50.0 million in borrowings ("Convertible Facility"). The Company borrowed $12.5 million upon signing and may borrow up to an additional $37.5 million prior to the earlier of (i) a subsequent equity financing of more than $10.0 million or (ii) June 14, 2013, subject to the attainment of certain financial and operating conditions. The Convertible Facility bears interest at a rate of 9%, with interest payable in-kind at maturity which is the earlier to occur of the closing of (i) the initial public offering, (ii) a change in control or (iii) June 14, 2014. The initial $12.5 million loan and accrued interest is repayable in cash or convertible into common stock at the holders' option at a price of $0.98 per share. Additional borrowings and accrued interest are repayable at the holders' option as follows: up to 50% convertible into common stock at a price of $0.98 per share and the remainder in cash. Because of the pay-in-kind feature, the Company expects to record interest expense in excess of the stated rate. The Convertible Facility is secured by all of the assets of the Company except intellectual property, prohibits dividend payments and restricts prepayment of the convertible portion of any outstanding loans under the facility. The agreement also requires the Company to meet certain minimum gross profit metrics and maximum warranty claim rates in order to be eligible for further advances under the facility.

In connection with the Convertible Facility, the Company (i) issued 1,890,609 shares of common stock at $0.58 per share and received proceeds of $1,096,553, and (ii) issued warrants to purchase 695,586 shares of the Company's common stock at $0.58 per share that are immediately exercisable with a contractual term of 5 years. The Company allocated the $13.6 million total proceeds received from the transaction based on the respective fair values of the convertible notes, common stock and warrants to purchase common stock as follows:

- $11.3 million to convertible notes ($12.5 million less $1.2 million debt discount representing the fair value of the common stock and warrants);
- $1.1 million to additional paid-in capital representing the proceeds from the issuance of common stock;
- $1.2 million to additional paid-in capital representing the relative fair values of the common stock and warrants.

The Company was in compliance with existing covenants at June 30, 2011.

On June 14, 2011, the Company increased the number of authorized shares of common stock from 308,000,000 to 376,000,000.

The Company has evaluated subsequent events through August 23, 2011, the date on which these consolidated financial statements were available to be issued.

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Table of Contents

ENPHASE MICROINVERTER SYSTEM

Overview

Enphase offers microinverter technology for solar energy systems.

Our Microinverter

Our Enphase Microinverters are connected to solar modules on the roof and convert electricity.

Our Communications Gateway

Our Envoy Communications Gateway monitors the performance of each microinverter and solar module.

Our Software

Our Enlighten web-based software provides system owners and installers with performance information about the solar energy system.

[e] enphase ENERGY

Table of Contents

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, to be paid by the registrant in connection with the sale of the shares of common stock being registered hereby. All amounts are estimates except for the SEC registration fee and the FINRA filing fee.

	Amount Paid or to be Paid
SEC registration fee	$ 11,610
FINRA filing fee	$ 10,500
Initial NASDAQ Global Market listing fee	$ 25,000
Printing and engraving	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue sky fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

We are incorporated under the laws of the State of Delaware. Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the Delaware General Corporation Law are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

As permitted by Section 102(b)(7) of the Delaware General Corporation Law, our certificate of incorporation includes a provision that eliminates, to the fullest extent permitted by law, the personal liability of a director for monetary damages resulting from breach of his fiduciary duty as a director.

As permitted by the Delaware General Corporation Law, our bylaws provide that:

- we are required to indemnify our directors and officers to the fullest extent permitted by the Delaware General Corporation Law;
- we may indemnify our other employees and agents as provided in indemnification contracts entered into between us and our employees and agents;
- we are required to advance expenses, as incurred, to our directors and officers in connection with a legal proceeding to the fullest extent permitted by the Delaware General Corporation Law; and
- the rights conferred in the bylaws are not exclusive.

Our policy is to enter into separate indemnification agreements with each of our directors and officers that provide the maximum indemnity allowed to directors and executive officers by Section 145 of the Delaware General Corporation Law and also provide for certain additional procedural protections. We currently carry liability insurance for our directors and officers. At present, there is no pending litigation or proceeding involving a director or officer of Enphase Energy, Inc. regarding which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

These indemnification provisions and the indemnification agreements entered into between us and our officers and directors may be sufficiently broad to permit indemnification of our officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

The Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the underwriters of us, and our directors and officers for certain liabilities under the Securities Act, or otherwise.

Item 15. Recent Sales of Unregistered Securities.

Since January 1, 2008, we have made sales of the following unregistered securities:

(a) Issuances of Capital Stock

1. From January 1, 2008 through August 23, 2011, we issued and sold an aggregate of 5,394,416 shares of our common stock to our employees and consultants at prices ranging from $0.03 to $0.45 per share to an aggregate of 63 individuals, pursuant to exercises of options granted under our 2006 Equity Incentive Plan.
2. In January 2008, we issued and sold 1,132,075 shares of our Series B preferred stock to an accredited investor at $0.6625 per share for an aggregate purchase price of $750,000. Upon completion of this offering, these shares of Series B preferred stock will convert into 2,148,678 shares of our common stock.
3. In April 2008, we issued and sold an aggregate of 11,675,878 shares of our Series C preferred stock to 13 accredited investors at $1.2847 per share for an aggregate purchase price of $15,000,000. Upon completion of this offering, these shares of Series C preferred stock will convert into 29,353,159 shares of our common stock.
4. On September 16, 2008, we issued and sold 290,000 shares of our common stock to our Chief Executive Officer at a price of $0.0001 per share pursuant to a restricted stock purchase agreement.
5. On March 31, 2009, we sold secured convertible promissory notes to purchase shares of our equity securities to five of our existing accredited investors for an aggregate purchase price of $1.5 million. On April 24, 2009, the notes and accrued interest of $7,890.42 were converted into 7,548,886 shares of Series D convertible preferred stock.
6. From April 2009 through June 2009, we issued and sold an aggregate of 111,071,231 shares of our Series D preferred stock to 34 accredited investors at $0.235 per share for an aggregate purchase price of $25,835,641. Upon completion of this offering, these shares of Series D preferred stock will convert into 111,071,231 shares of our common stock.
7. From March 2010 through May 2010, we issued and sold an aggregate of 67,471,300 shares of our Series E preferred stock to 27 accredited investors at $0.68 per share for an aggregate purchase price of $45,880,484. Upon completion of this offering, these shares of Series E preferred stock will convert into 67,471,300 shares of our common stock.

(b) Stock Option Grants and Warrant Issuances

1. From January 1, 2008 through August 23, 2011, we granted stock options to purchase an aggregate of 64,344,961 shares of our common stock at exercise prices ranging from $0.03 to $1.05 per share to a total of 289 employees, consultants and directors under our 2006 Equity Incentive Plan, of which options to purchase 3,641,335 shares were cancelled without being exercised.
2. In September 2008, in connection with the execution of a strategic collaboration agreement, we issued a warrant to purchase 100,000 shares of our Series C preferred stock to a potential distributor for an exercise price of $1.2847 per share. This warrant becomes exercisable upon the completion of certain product qualification and certification milestones, and will expire upon the earlier of (i) a change in control of us, (ii) six months after becoming exercisable, or (iii) immediately prior to the closing of this offering.

3. In March 2010, in connection with the execution of a supply and services agreement, we issued a warrant to purchase 100,000 shares of our common stock to a potential customer for an exercise price of $0.50 per share. This warrant will expire on the earlier of December 31, 2012, or upon such customer's failure to meet such product purchasing milestones by (i) March 4, 2012, or (ii) an earlier change in control of Enphase.
4. In March 2010, in connection with our borrowing of an aggregate of $7.0 million, we issued a warrant to purchase up to an aggregate of 1,029,412 shares of our Series E preferred stock to the lender for an exercise price of $0.68 per share. This warrant is immediately exercisable and will expire upon the earlier of March 11, 2020, or five years after the closing of this offering.
5. In March 2011, in connection with our borrowing of an aggregate of $5.0 million, we issued a warrant to purchase up to an aggregate amount of 441,177 shares of our Series E preferred stock to the lender for an exercise price of $0.68 per share. This warrant is immediately exercisable and will expire upon the earlier of March 25, 2021, or five years after the closing of this offering.
6. In June 2011, in connection with our borrowing of an aggregate of $5.0 million, we issued a warrant to purchase up to an aggregate amount of 229,591 shares of our Series E preferred stock to the lender for an exercise price of $0.98 per share. This warrant is immediately exercisable and will expire upon the earlier of June 13, 2021, or five years after the closing of this offering.

(c) Issuances of Convertible Notes, Common Stock and Warrants

1. In June 2011, we entered into a junior secured convertible loan facility, or Convertible Facility, with 25 of our preferred stockholders, who are all accredited investors, that provides for up to $50.0 million in borrowings. We borrowed $12.5 million upon signing and may borrow up to an additional $37.5 million prior to the earlier of (i) a subsequent equity financing of more than $10.0 million or (ii) June 14, 2013, subject to the attainment of certain financial and operating conditions. The Convertible Facility bears interest at a rate of 9%, with interest payable in kind at maturity, which is the earlier to occur of the closing of (i) our initial public offering, (ii) a change of control or (iii) June 14, 2014. The initial $12.5 million loan and accrued interest is repayable in cash or convertible into common stock at the holders' option at a price of $0.98 per share. Additional borrowings and accrued interest are repayable at the holders' option as follows: up to 50% convertible into common stock at a price of $0.98 per share and the remainder in cash. In consideration for the lenders' commitment under this facility, we issued 1,890,609 shares of common stock at a purchase price of $0.58 per share to fourteen of the lenders and received proceeds of $1,096,553 and issued to the remaining lenders warrants to purchase up to an aggregate amount of 695,586 shares of our common stock for an exercise price of $0.58 per share. The warrants are immediately exercisable and will expire on June 14, 2016, subject to earlier termination upon an acquisition of us in which the consideration payable to holders of our common stock consists of cash and/or a class of securities that are registered under the Securities Exchange Act of 1934, as amended.

No underwriters were involved in the foregoing sales of securities.

The offers, sales and issuances of the securities described in Item 15(a)(1) and 15(b)(1) were deemed to be exempt from registration under the Securities Act under either (1) Rule 701 promulgated under the Securities Act as offers and sale of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701 or (2) Section 4(2) of the Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationships with us, to information about us.

The offers, sales, and issuances of the securities described in Items 15(a)(2)-(5) and 15(b)(2)-(6) were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. The offers, sales and issuances of the securities described in Items 15(a)(6)-(7) and 15(c) were deemed to be exempt from registration under the Securities Act in reliance on Regulation D promulgated under the Securities Act, and in connection therewith we filed with the Securities and Exchange Commission: (i) a Form D on May 6, 2009, as subsequently amended on June 25, 2009 with respect to Item 15(a)(5); (ii) a Form D on April 7, 2010, as subsequently amended on June 4, 2010 with respect to Item 15(a)(6); and (iii) a Form D on June 24, 2011 with respect to Item 15(c). The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited or sophisticated person and had adequate access, through employment, business or other relationships, to information about us.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit No.	Description of Exhibit
1.1*	Form of Underwriting Agreement.
3.1#	Amended and Restated Certificate of Incorporation of Enphase Energy, Inc., as amended, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of Enphase Energy, Inc. to be filed with the Delaware Secretary of State prior to closing of this offering to effect a reverse stock split.
3.3*	Form of Amended and Restated Certificate of Incorporation of Enphase Energy, Inc., to be effective immediately upon the closing of the offering.
3.4#	Bylaws of Enphase Energy, Inc., as amended, as currently in effect.
3.5*	Form of Amended and Restated Bylaws of Enphase Energy, Inc., to be effective upon the closing of this offering.
4.1*	Specimen Common Stock Certificate of Enphase Energy, Inc.
4.2#	2010 Amended and Restated Investors' Rights Agreement by and between Enphase Energy, Inc. and the investors listed on Exhibit A thereto, dated March 15, 2010, as amended.
4.3#	Common Stock Purchase Warrant, between the Company and MS Solar Solutions Corp, dated March 4, 2010.
4.4#	Warrant to Purchase Shares of Series Preferred Stock, between the Company and Compass Horizon Funding Company LLC, dated March 11, 2010.
4.5#	Warrant to Purchase Shares of Series Preferred Stock, between the Company and Horizon Technology Finance Corporation, dated March 25, 2011.
4.6#	Warrant Agreement to Purchase Shares of Preferred Stock, between the Company and Hercules Technology Growth Capital, Inc., dated June 13, 2011.
4.7	Form of Warrant to Purchase Common Stock of Enphase Energy, Inc., pursuant to that certain Subordinated Convertible Loan Facility and Security Agreement (filed as Exhibit 10.22 hereto).
5.1*	Opinion of Cooley LLP.
10.1	Form of Indemnification Agreement to be entered into by and between Enphase Energy, Inc. and each of its directors and officers.
10.2#	2006 Equity Incentive Plan, as amended, and related documents.
10.3#	2011 Equity Incentive Plan and forms of agreement thereunder to be in effect upon the completion of this offering.
10.4#	2011 Employee Stock Purchase Plan to be in effect upon the completion of this offering.

Exhibit No.	Description of Exhibit
10.5#	Offer Letter by and between Enphase Energy, Inc. and Paul B. Nahi, dated January 1, 2007, as amended.
10.6#	Offer Letter by and between Enphase Energy, Inc. and Sanjeev Kumar, dated November 12, 2009.
10.7#	Employment Agreement by and between Enphase Energy, Inc. and Martin Fornage, dated March 21, 2006, as amended.
10.8#	Offer Letter by and between Enphase Energy, Inc. and Jeff Loebbaka, dated April 19, 2010.
10.9#	Employment Agreement by and between Enphase Energy, Inc. and Raghuveer R. Belur, dated March 21, 2006, as amended.
10.10#	Amended and Restated Venture Loan and Security Agreement by and between Enphase Energy, Inc., Horizon Technology Finance Corporation and Horizon Credit I LLC, dated March 25, 2011, as amended.
10.11#	Amended and Restated Loan and Security Agreement by and between Enphase Energy, Inc., Bridge Bank, National Association and Comerica Bank, dated March 24, 2011.
10.12	Loan and Security Agreement by and between Enphase Energy, Inc. and Hercules Technology Growth Capital, Inc., dated June 13, 2011, as amended.
10.13#	Waterfront Office Building Full Service Lease by and between Enphase Energy, Inc. and Petaluma Theatre District, LLC, dated February 3, 2008, as amended.
10.14#	Redwood Business Park NNN Lease by and between Enphase Energy, Inc. and Sequoia Center LLC, dated June 3, 2011 (1400 North McDowell Boulevard).
10.15#	Redwood Business Park NNN Lease by and between Enphase Energy, Inc. and Sequoia Center LLC, dated June 3, 2011 (1420 North McDowell Boulevard).
10.16†	Cooperation Agreement “AC cabling system for solar micro-inverter” by and among Enphase Energy, Inc., and Phoenix Contact GmbH & Co. KG and Phoenix Contact USA, Inc., dated December 7, 2010.
10.17†	Flextronics Logistics Services Agreement by and between Enphase Energy, Inc. and Flextronics America, LLC, dated May 1, 2009.
10.18†	Flextronics Manufacturing Services Agreement by and between Enphase Energy, Inc. and Flextronics Industrial, Ltd., dated March 1, 2009, as amended.
10.19†	Master Development and Production Agreement by and between Enphase Energy, Inc. and Fujitsu Microelectronics America, Inc., dated August 19, 2009.
10.20†	License and Technology Transfer Agreement by and between Enphase Energy, Inc. and Ariane Controls, Inc., dated December 21, 2007.
10.21†	Software License Agreement by and between PVI Solutions, Inc. (subsequently known as Enphase Energy, Inc.) and DCD, Digital Core Design, dated May 8, 2007, as amended.
10.22†	Subordinated Convertible Loan Facility and Security Agreement dated as of June 14, 2011 by and between KPCB Holdings, Inc. as nominee (as agent and lender), certain other lenders, and Enphase Energy, Inc., as amended.
10.23#	Executive Severance Agreement by and between Enphase Energy, Inc. and Paul B. Nahi, dated June 14, 2011.
10.24#	Change in Control and Severance Agreement by and between Enphase Energy, Inc. and Sanjeev Kumar, dated June 14, 2011.
10.25#	Executive Severance Agreement by and between Enphase Energy, Inc. and Martin Fornage, dated June 14, 2011.

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10.26#	Change in Control and Severance Agreement by and between Enphase Energy, Inc. and Jeff Loebbaka, dated June 14, 2011.
10.27#	Executive Severance Agreement by and between Enphase Energy, Inc. and Raghuveer R. Belur, dated June 14, 2011.
10.28	Non-employee Director Compensation Policy to be in effect upon completion of this offering.
10.29#	Offer Letter by and between Enphase Energy, Inc. and Greg Steele, dated November 15, 2007.
10.30#	Offer Letter by and between Enphase Energy, Inc. and Bill Rossi, dated August 23, 2010.
10.31#	Offer Letter by and between Enphase Energy, Inc. and Dennis Hollenbeck, dated December 14, 2010.
10.32#	Change in Control and Severance Agreement by and between Energy, Inc. and Greg Steele, dated June 14, 2011.
10.33#	Change in Control and Severance Agreement by and between Energy, Inc. and Bill Rossi, dated June 14, 2011.
10.34#	Change in Control and Severance Agreement by and between Energy, Inc. and Dennis Hollenbeck, dated June 14, 2011.
10.35	Amended and Restated Voting Agreement by and between Enphase Energy, Inc., the investors listed on Exhibit A thereto and the stockholders listed on Exhibit B thereto, dated March 15, 2010, as amended.
23.1*	Consent of Cooley LLP (included in Exhibit 5.1).
23.2	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
24.1#	Power of Attorney.

* To be filed by amendment.
† Material in the exhibit marked with a "***" has been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. Omitted portions have been filed separately with the Securities and Exchange Commission.
# Previously filed.

(b) Financial Statement Schedules.

Financial statement schedules have been omitted, as the information required to be set forth therein is included in the Consolidated Financial Statements or Notes thereto appearing in the prospectus made part of this registration statement.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing, specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the undersigned has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 2 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Petaluma, State of California, on the 23rd day of August, 2011.

Enphase Energy, Inc.

By: /s/ Paul B. Nahi
Paul B. Nahi
President and Chief Executive Officer

Table of Contents

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 2 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Paul B. Nahi Paul B. Nahi	President and Chief Executive Officer (Principal Executive Officer)	August 23, 2011
/s/ Sanjeev Kumar Sanjeev Kumar	Chief Financial Officer (Principal Financial and Accounting Officer)	August 23, 2011
* Raghuveer R. Belur	Director	August 23, 2011
* Neal Dempsey	Director	August 23, 2011
* Steven J. Gomo	Director	August 23, 2011
* Benjamin Kortlang	Director	August 23, 2011
* Jameson J. McJunkin	Director	August 23, 2011
* Chong Sup Park	Director	August 23, 2011
* Robert Schwartz	Director	August 23, 2011
* Stoddard M. Wilson	Director	August 23, 2011

*By /s/ Paul B. Nahi
Paul B. Nahi
Attorney-in-Fact

Table of Contents

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10.18†	Flextronics Manufacturing Services Agreement by and between Enphase Energy, Inc. and Flextronics Industrial, Ltd., dated March 1, 2009, as amended.
10.19†	Master Development and Production Agreement by and between Enphase Energy, Inc. and Fujitsu Microelectronics America, Inc., dated August 19, 2009.
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Table of Contents

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23.1*	Consent of Cooley LLP (included in Exhibit 5.1).
23.2	Consent of Deloitte & Touche LLP, independent registered public accounting firm.
24.1#	Power of Attorney.

* To be filed by amendment.

† Material in the exhibit marked with a "***" has been omitted pursuant to a request for confidential treatment filed with the Securities and Exchange Commission. Omitted portions have been filed separately with the Securities and Exchange Commission.

\# Previously filed.

Exhibit 4.7

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT TO PURCHASE COMMON STOCK
OF
ENPHASE ENERGY, INC.

Issue Date: June [ ], 2011 Warrant No. [ ]

Holder:	[ ] ("**Holder**")
Class of Stock:	Common Stock, $0.00001 par value per share ("**Common Stock**")
Number of Shares:	[ ]
Exercise Price:	$0.58 per share
Expiration Date:	June [ ], 2016 (the "**Expiration Date**")

This Warrant (this "**Warrant**") certifies that, for good and valuable consideration, Holder is entitled to purchase from Enphase Energy, Inc., a Delaware corporation (the "**Company**"), until 5:00 p.m. Pacific time on the Expiration Date, up to the number of fully paid and nonassessable shares of Common Stock set forth above (the "**Shares**") at the exercise price per share set forth above (the "**Exercise Price**"), in each case as may be adjusted pursuant to Section 2 of this Warrant.

This Warrant has been issued to Holder pursuant to that certain Subordinated Convertible Loan Facility and Security Agreement dated as of June [ ], 2011 by and among the Company, Holder and certain other parties named as "Lenders" thereunder (such agreement, as amended, amended and restated, joined, supplemented or otherwise modified from time to time, the "**Loan Facility Agreement**") and constitutes one of the "Warrants" as defined therein. Any capitalized terms used in this Warrant but not otherwise defined herein shall have the meanings ascribed in the Loan Facility Agreement.

1. **EXERCISE**.

1.1 Method of Exercise. Subject to the terms and conditions of this Warrant, the Holder may exercise this Warrant in whole or in part, at any time prior to the Expiration Date, by delivering a duly executed Notice of Exercise in substantially the form attached as Exhibit A to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check for the aggregate Exercise Price for the Shares being purchased

1.2 Net Exercise Election. Subject to the terms and conditions of this Warrant, the Holder may elect to convert all or a portion of this Warrant, without the payment by the Holder of any additional consideration, at any time prior to the Expiration Date, by the surrender of this Warrant or such portion of this Warrant to the Company, with the net exercise election selected in the Notice of Exercise attached hereto as Exhibit A duly executed by the Holder, into up to the number of Shares that is obtained under the following formula:

$$X = \frac{Y\,(A-B)}{A}$$

Where: X = the number of Shares to be issued to the Holder pursuant to this Section 1.2.

Y = the number of Shares as to which this Warrant is then being net exercised.

A = the fair market value of one Share.

B = the Exercise Price.

For purposes of the above calculation, the fair market value of one Share shall be determined by the Company's Board of Directors in good faith; provided, however, that where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per Share shall be equal to the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the Nasdaq Global Market or on any exchange on which the Common Stock is listed, whichever is applicable, as published in the Western Edition of The Wall Street Journal for the five (5) trading days prior to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrant is exercised in connection with the Company's initial public offering of its Common Stock, the fair market value per share shall be equal to the per share offering price to the public of the Company's initial public offering. The Company will promptly respond in writing to an inquiry by the Holder as to the then current fair market value of one Share.

1.3 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, this Warrant shall automatically be reduced by the number of Shares issued and remain exercisable for such remaining Shares not so acquired, and all other terms of the Warrant shall otherwise remain in full force and effect as so adjusted. Upon final exercise of this Warrant for any such remaining number of Shares, this Warrant shall be surrendered by the Holder to the Company for cancellation.

1.4 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.5 Effect of Sale, Merger, Consolidation or Liquidation of the Company. In the event the Company proposes to effect (a) a merger, consolidation or other event that would constitute a deemed liquidation, dissolution or winding up of the Company pursuant to Article V, Section 3.7 of the Company's restated certificate of incorporation, as currently in effect (any such event, an "***Acquisition***") or (b) a liquidation and dissolution of the Company, the Company shall give Holder at least ten (10) days advance written notice of such event (the "***Company Notice***"), which notice shall include the Company's best estimate of the value of the Shares receivable upon exercise or conversion of this Warrant and the proposed date upon which such event is expected to occur. During such notice period, Holder may exercise this Warrant in accordance with its terms, whether or not exercise is contingent upon the happening of such event and/or existence of a minimum value of the Shares receivable upon exercise as provided on Holder's exercise notice. If this Warrant has not been exercised prior to the happening or consummation of the event described in a Company Notice, then upon the happening or consummation of such event the following provisions will apply:

(a) if the consideration payable to holders of the Exercise Stock as a result of the Acquisition consists of cash and/or a class of securities that are registered under the Securities Exchange Act of 1934, as amended, then (1) if the fair market value of one Share immediately prior to such event (determined based on the cash proceeds payable to holders of the Exercise Stock, or determined pursuant to Section 1.2, as applicable) is greater than the Exercise Price, then this Warrant will automatically be deemed to be net exercised in full pursuant to Section 1.2 as of immediately prior to such event and (2) if the fair market value of one Share immediately prior to such event (determined based on the cash proceeds payable to holders of the Exercise Stock, or determined pursuant to Section 1.2, as applicable) is less than or equal to the Exercise Price, then this Warrant will (unless, in the event of an Acquisition, and the acquiring entity has affirmatively agreed to assume this Warrant) terminate immediately prior to the happening or consummation of the event; and

(b) if the consideration payable to holders of the Exercise Stock as a result of the Acquisition consists of consideration other than the forms of consideration described in paragraph "(a)" above, then (1) lawful and adequate provisions shall be made by the Company whereby the Holder of this Warrant shall thereafter have the right to purchase and receive (in lieu of the shares of Exercise Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Exercise Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of this Warrant in full, and (2) appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the outstanding shares of the Company's Common Stock payable in shares of the Company's

Common Stock or other securities of the Company or subdivides or combines the outstanding shares of the Company's Common Stock, then upon exercise or conversion of this Warrant, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend, subdivision or combination occurred.

2.2 Reclassification, Exchange or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant (other than an Acquisition described in Section 1.5 above or a stock dividend, split, etc. described in Section 2.1 above), Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution or other event. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 2 including, without limitation, appropriate adjustments to the Exercise Price and to the number of securities or property issuable upon exercise or conversion of the new Warrant.

2.3 Adjustments of Exercise Price. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased. If the outstanding Shares are divided, by reclassification or otherwise, into a greater number of shares, the Exercise Price shall be proportionately decreased.

2.4 Adjustment is Cumulative. The provisions of this Section 3 shall similarly apply to successive, stock dividends, stock splits or combinations, reclassifications, exchanges, substitutions, or other events.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder an amount by check computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof, and the number of Shares and the amount, if any, of other securities, cash or property receivable upon exercise or conversion hereof, and the series of adjustments leading to such Exercise Price and the number of Shares and the amount, if any, of other securities, cash or property receivable upon exercise or conversion hereof.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder that all Shares which may be issued upon the exercise of the purchase right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.2 Reservation of Stock. The Company covenants and agrees that the Company will at all times during the term of this Warrant, have authorized and reserved a sufficient number of shares of its capital stock to provide for the exercise of the rights represented by this Warrant. If at any time during the term of this Warrant the number of authorized but unissued shares of capital stock shall not be sufficient to permit exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of capital stock to such number of shares as shall be sufficient for such purposes.

4. REPRESENTATIONS OF HOLDER. Holder acknowledges that this Warrant and the Shares issuable hereunder constitute "Securities" as defined in Schedule II of the Loan Facility Agreement and are subject to the representations, warranties and covenants set forth in Section 5 of such Schedule II.

5. GENERAL PROVISIONS.

5.1 Notices. All notices and other communications given or made pursuant to this Warrant shall be given and deemed effective in accordance with Section 11 of the Loan Facility Agreement, the terms of which are incorporated herein by reference.

5.2 Counterparts; Facsimile. This Warrant may be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.3 Titles and Subtitles. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Warrant.

5.4 Governing Law. This Warrant will be governed by and construed in accordance with the laws of the State of California, without giving effect to that body of laws pertaining to conflict of laws.

5.5 Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Warrant.

5.6 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

5.7 Amendment and Waivers. This Warrant may be amended, and any provision hereof may be waived, only by a written agreement executed by each of the Company and the Required Lenders (as defined in the Loan Facility Agreement). Any amendment or

waiver effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Warrant shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Warrant as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

5.8 Entire Agreement. This Warrant and the documents referred to herein, including but not limited to the Loan Facility Agreement, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Warrant, and supersede all prior understandings and agreements, whether oral or written, between or among the parties hereto with respect to the specific subject matter hereof.

[*Remainder of page intentionally left blank*]

In Witness Whereof, the parties hereto have executed this Warrant as of the Issue Date set forth above.

WARRANT HOLDER:	**COMPANY:**
[Name of Holder]	**Enphase Energy, Inc.**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT A

NOTICE OF EXERCISE

(TO BE SIGNED ONLY UPON EXERCISE OF WARRANT)

1. The undersigned hereby elects to purchase shares of the Common Stock (the ***"Shares"***) of Enphase Energy, Inc., a Delaware corporation (the "***Company***"), pursuant to the terms of the attached Warrant to Purchase Common Stock of the Company with an issue date of June [ ], 2011 (the ***"Warrant"***) (capitalized terms used but not otherwise defined in this Notice of Exercise shall have the meaning ascribed to such terms in the Warrant), as follows:

(Initial applicable method:)

a. The undersigned tenders herewith payment of the total purchase price of such Shares in full, pursuant to a check or wire transfer, in the amount of $.

b. This exercise or conversion **[is]** **[is not]** contingent upon the closing of the Acquisition or other event specified in the Company Notice to Holder in accordance with Section 2.6 of the Warrant received by Holder on and **[is]** **[is not]** contingent upon a sale price or fair market value for the Company's Common Stock in the Acquisition or other event of no less than the lesser of (a) $ per share or (b) the per share price set forth in the Company Notice.

c. The undersigned hereby elects to convert the Warrant into Shares by the net exercise election pursuant to Section 2.3 of the Warrant. This conversion is exercised with respect to [ ] **[all of the]** shares of Common Stock covered by the Warrant resulting in a net total of Shares being issued to the undersigned.

2. Please issue a certificate or certificates representing said Shares in the name of the undersigned. The undersigned represents that it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws and hereby repeats the representations and warranties of the undersigned that are set forth in Section 5.1 of the attached Warrant.

_____
(Name)

_____
(Address)

_____
(City, State, Zip Code)

_____
(Federal Tax Identification Number)

_____
(Signature of Holder and, if applicable, Title)

Exhibit 10.1

INDEMNITY AGREEMENT

THIS INDEMNITY AGREEMENT (this "**Agreement**") dated as of , 2011, is made by and between **ENPHASE ENERGY, INC.,** a **Delaware** corporation (the "**Company**"), and ("**Indemnitee**").

RECITALS

A. The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.

B. The Company's Amended and Restated Bylaws (the "**Bylaws**") require that the Company indemnify its directors, and empowers the Company to indemnify its officers, employees and agents, as authorized by the Delaware General Corporation Law, as amended (the "**Code**"), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.

C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

D. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.

E. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

F. This Agreement supersedes and replaces in its entirety any previous Indemnity Agreement entered into between the Company and the Indemnitee.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Agent. For purposes of this Agreement, the term "agent" of the Company means any person who: (i) is or was a director, officer, employee or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request or for the convenience of, or representing the interests of, the Company or a subsidiary of the Company, as

a director, officer, employee or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise.

(b) Expenses. For purposes of this Agreement, the term "expenses" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys', witness, or other professional fees and related disbursements, and other out-of-pocket costs of whatever nature), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise, and amounts paid in settlement by or on behalf of Indemnitee, but shall not include any judgments, fines or penalties actually levied against Indemnitee for such individual's violations of law. The term "expenses" shall also include reasonable compensation for time spent by Indemnitee for which he is not compensated by the Company or any subsidiary or third party (i) for any period during which Indemnitee is not an agent, in the employment of, or providing services for compensation to, the Company or any subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which expenses are incurred, for Indemnitee while an agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

(c) Proceedings. For purposes of this Agreement, the term "proceeding" shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact that any action taken by Indemnitee or of any action on Indemnitee's part while acting as director, officer, employee or agent of the Company; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses may be provided under this Agreement.

(d) Subsidiary. For purposes of this Agreement, the term "subsidiary" means any corporation or limited liability company of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and any other corporation, limited liability company, partnership, 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, officer, employee, agent or fiduciary.

(e) Independent Counsel. For purposes of this Agreement, the term "independent counsel" means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, 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.

2. Agreement to Serve. Indemnitee will serve, or continue to serve, as a director, officer, employee or agent of the Company or any subsidiary, as the case may be, faithfully and to the best of his or her ability, at the will of such corporation (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of such corporation, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the bylaws or other applicable charter documents of such corporation, or until such time as Indemnitee tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as a director, officer, employee or agent of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Company.

3. Indemnification.

(a) Indemnification in Third Party Proceedings. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, for any and all expenses, actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding.

(b) Indemnification in Derivative Actions and Direct Actions by the Company. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings.

(c) Fund Indemnitors. The Company hereby acknowledges that Indemnitee has or may have in the future certain rights to indemnification, advancement of expenses and/or insurance provided by other entities and/or organizations (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its

obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Company's Amended and Restated Certificate of Incorporation, as amended (the "**Certificate of Incorporation**") or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 3(c).

4. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any proceeding or in defense of any claim, issue or matter therein, including the dismissal of any action without prejudice, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred in connection with the investigation, defense or appeal of such proceeding.

5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses actually and reasonably incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. Advancement of Expenses. To the extent not prohibited by law, the Company shall advance the expenses incurred by Indemnitee in connection with any proceeding, and such advancement shall be made within twenty (20) days after the receipt by the Company of a statement or statements requesting such advances (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 expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice) and upon request of the Company, an undertaking to repay the advancement of expenses if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the expenses. Advances shall include any and all expenses actually and reasonably incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement, or otherwise and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed.

Indemnitee acknowledges that the execution and delivery of this Agreement shall constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. This Section 6 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 10(b).

7. Notice and Other Indemnification Procedures.

(a) Notification of Proceeding. Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

(b) Request for Indemnification and Indemnification Payments. Indemnitee shall notify the Company promptly in writing upon receiving notice of any demand, judgment or other requirement for payment that Indemnitee reasonably believes to be subject to indemnification under the terms of this Agreement, and shall request payment thereof by the Company. Indemnification payments requested by Indemnitee under Section 3 hereof shall be made by the Company no later than sixty (60) days after receipt of the written request of Indemnitee. Claims for advancement of expenses shall be made under the provisions of Section 6 herein.

(c) Application for Enforcement. In the event the Company fails to make timely payments as set forth in Sections 6 or 7(b) above, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of expenses pursuant to this Agreement. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove that indemnification or advancement of expenses to Indemnitee is not required under this Agreement or permitted by applicable law. Any determination by the Company (including its Board of Directors, stockholders or independent counsel) that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of expenses hereunder.

(d) Indemnification of Certain Expenses. The Company shall indemnify Indemnitee against all expenses incurred in connection with any hearing or proceeding under this Section 7 unless the Company prevails in such hearing or proceeding on the merits in all material respects.

8. Assumption of Defense. In the event the Company shall be requested by Indemnitee to pay the expenses of any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be

liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not, in fact, have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the fees and expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of expenses provisions of this Agreement.

9. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any subsidiary ("**D&O Insurance**"), Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

10. Exceptions.

(a) Certain Matters. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to (i) remuneration paid to Indemnitee if it is determined by final judgment or other final adjudication that such remuneration was in violation of law (and, in this respect, both the Company and Indemnitee have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication, as indicated in Section 10(d) below); (ii) a final judgment rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company against Indemnitee pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or other provisions of any federal, state or local statute or rules and regulations thereunder; (iii) a final judgment or other final adjudication that Indemnitee's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee is not legally entitled. For purposes of the foregoing sentence, a final judgment or other adjudication may be reached in either the underlying proceeding or action in connection with which indemnification is sought or a separate proceeding or action to establish rights and liabilities under this Agreement.

(b) Claims Initiated by Indemnitee. Any provision herein to the contrary notwithstanding, the Company shall not be obligated to indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought by Indemnitee against the Company or its directors, officers, employees or other agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification under this Agreement or under any other agreement, provision in the Bylaws or Certificate of Incorporation or applicable law, or (ii) with respect to any other proceeding initiated by Indemnitee that is either approved by the Board of Directors or Indemnitee's participation is required by applicable law. However, indemnification or advancement of expenses may be provided by the Company in specific cases if the Board of Directors determines it to be appropriate.

(c) Unauthorized Settlements. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. Neither the Company nor Indemnitee shall unreasonably withhold consent to any proposed settlement; provided, however, that the Company may in any event decline to consent to (or to otherwise admit or agree to any liability for indemnification hereunder in respect of) any proposed settlement if the Company is also a party in such proceeding and determines in good faith that such settlement is not in the best interests of the Company and its stockholders.

(d) Securities Act Liabilities. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee or otherwise act in violation of any undertaking appearing in and required by the rules and regulations promulgated under the Securities Act of 1933, as amended (the "Act"), or in any registration statement filed with the SEC under the Act. Indemnitee acknowledges that paragraph (h) of Item 512 of Regulation S-K currently generally requires the Company to undertake in connection with any registration statement filed under the Act to submit the issue of the enforceability of Indemnitee's rights under this Agreement in connection with any liability under the Act on public policy grounds to a court of appropriate jurisdiction and to be governed by any final adjudication of such issue. Indemnitee specifically agrees that any such undertaking shall supersede the provisions of this Agreement and to be bound by any such undertaking.

11. Nonexclusivity and Survival of Rights. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may at any time be entitled under any provision of applicable law, the Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an agent of the Company, in any court in which a proceeding is brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with its terms. The Company shall require 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, 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.

No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict 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. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of expenses than would be afforded currently under the Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

12. Term. This Agreement shall continue until and terminate upon the later of: (a) five (5) years after the date that Indemnitee shall have ceased to serve as a director or and/or officer, employee or agent of the Company; or (b) one (1) year after the final termination of any proceeding, including any appeal then pending, in respect to which Indemnitee was granted rights of indemnification or advancement of expenses hereunder.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of five (5) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

13. Subrogation. In the event of 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, at the request and expense of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

14. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

15. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement

containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 14 hereof.

16. Amendment and Waiver. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. Notice. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by telegram, telecopy or telex, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three (3) business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the Secretary of the Company.

18. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

19. 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 but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

21. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the date first above written.

COMPANY

By: _____

Name: _____

Title: _____

INDEMNITEE

_____

Signature of Indemnitee

_____

Print or Type Name of Indemnitee

Exhibit 10.12

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of June 13, 2011 and is entered into by and between ENPHASE ENERGY, INC., a Delaware corporation ("Parent"), and each of Parent's other subsidiaries joined hereto ("Joined Subsidiaries", together with Parent hereinafter collectively referred to as the "Borrower"), and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation ("Lender").

RECITALS

A. Borrower has requested Lender to make available to Borrower an equipment loan in an aggregate principal amount of up to Five Million ($5,000,000) (the "Loan");

B. Lender is willing to make the Loan on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, Borrower and Lender agree as follows:

SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"ACH Authorization" means the ACH Debit Authorization Agreement in substantially the form of Exhibit F.

"Advance(s)" means any Equipment Advance and/or Secondary Equipment Advance.

"Advance Date" means the funding date of any Advance.

"Advance Request" means a request for an Advance submitted by Borrower to Lender in substantially the form of Exhibit A.

"Agreement" means this Loan and Security Agreement, as amended from time to time.

"Assignee" has the meaning given to it in Section 11.13.

"Bailee Agreement" means a bailee agreement or warehouse agreement in form and substance reasonably acceptable to Lender.

"Borrower Products" means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by Borrower or which Borrower intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings,

technical data or technology that have been sold, licensed or distributed by Borrower since its incorporation.

"Cash" means all cash and liquid funds.

"Change in Control" means any (i) reorganization, recapitalization, consolidation or merger (or similar transaction or series of related transactions) of Borrower or any Subsidiary, sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower or any Subsidiary in which the holders of Borrower or Subsidiary's outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, retain shares representing more than fifty percent (50%) of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower or Subsidiary is the surviving entity, or (ii) sale or issuance by Borrower of new shares of Preferred Stock of Borrower to investors, none of whom are current investors in Borrower, and such new shares of Preferred Stock are senior to all existing Preferred Stock and Common Stock with respect to liquidation preferences, and the aggregate liquidation preference of the new shares of Preferred Stock is more than fifty percent (50%) of the aggregate liquidation preference of all shares of Preferred Stock of the Company; provided, however, an Initial Public Offering shall not constitute a Change in Control.

"Claims" has the meaning given to it in Section 11.10.

"Closing Date" means the date of this Agreement.

"Collateral" means the property described in Section 3.

"Confidential Information" has the meaning given to it in Section 11.12.

"Consent Letters" means letters from each of the Incumbent Lenders pursuant to which such Incumbent Lender agrees to deliver to Lender a Release Letter with respect to any Eligible Equipment prior to Lender making an Advance for such Eligible Equipment, in each case, in form and substance acceptable to Lender.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the

stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Copyrights" means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof, or of any other country.

"Copyright License" means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Effective Date" has the meaning given to it in Section 4.1.

"Eligible Equipment" is (a) Equipment used by Borrower in the ordinary course of business and (b) Secondary Equipment.

"Equipment Advance" means any Loan funds advanced under this Agreement that are not Secondary Equipment Advances.

"ERISA" is the Employee Retirement Income Security Act of 1974, and its regulations.

"Event of Default" has the meaning given to it in Section 9.

"Facility Charge" means $50,000.

"Financed Equipment" means Eligible Equipment purchased by Borrower with Advances pursuant to Section 2.1.

"Financial Statements" has the meaning given to it in Section 7.1.

"GAAP" means generally accepted accounting principles in the United States of America, as in effect from time to time.

"Incumbent Lenders" means Atel Ventures, Inc., Compass Horizon Funding Company Inc. and Bridge Bank, National Association.

"Indebtedness" means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

"Initial Public Offering" means the initial underwritten offering of Borrower's common stock pursuant to a registration statement under the Securities Act of 1933 filed with and declared effective by the Securities and Exchange Commission.

"Insolvency Proceeding" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means all of Borrower's Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; mask works; Borrower's applications therefor and reissues, extensions, or renewals thereof; and Borrower's goodwill associated with any of the foregoing, together with Borrower's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Interest Rate" means the higher of (i) the Prime Rate plus 5.75% and (ii) 9.0%.

"International Based Financed Equipment" means Financed Equipment to be located, upon completion of transit, at (i) Flextronics International Ltd.'s (or its affiliates') locations in (a) Canada and (b) China, or (ii) such other location outside of the United States approved in writing by Lender, in each case of subsection (i) and (ii), so long as such Financed Equipment is subject to a Bailee Agreement or a Landlord Consent, as applicable.

"Investment" means any beneficial ownership (including stock, partnership or limited liability company interests) of or in any Person, or any loan, advance or capital contribution to any Person.

"Investors" means existing investors in Borrower and certain affiliates of such investors.

"Investors' Indebtedness" means subordinated convertible Indebtedness of Borrower in favor of Investors in an aggregate principal amount not to exceed $50,000,000; provided, that the same is subject to the Investors Subordination Agreement.

"Investors Subordination Agreement" means that certain subordination agreement between the Investors and Lender, with respect to the Investors' Indebtedness, in form and content acceptable to Lender in its sole discretion; provided, that without limiting the foregoing, the Investors Subordination Agreement shall provide, among other things, that (i) the Investors' Indebtedness cannot be repaid before the Secured Obligations are indefeasibly repaid in full, in cash, and the Lender's commitments to lend hereunder have been terminated, (ii) interest payable on account of the Investors' Indebtedness may not be paid currently, or in cash, but must be accrued, if at all, as PIK (payment in kind; non-cash) interest, and (iii) no Investor or any agent or any representative of Investors may declare a default of the Investors' Indebtedness or otherwise attempt to accelerate payment of the Investors' Indebtedness (or otherwise pursue any rights or remedies with respect thereto, including with respect to any liens on any collateral) unless and until the Secured Obligations are indefeasibly repaid in full, in cash, and the Lender's commitments to lend hereunder have been terminated.

"Joined Subsidiaries" has the meaning given to it in the preamble to this Agreement.

"Joinder Agreements" means for each Subsidiary, a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit E.

"Landlord Consent" means a landlord or mortgagee letter acceptable in form and substance acceptable to Lender.

"Lender" has the meaning given to it in the preamble to this Agreement.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, and any lease in the nature of a security interest.

"Loan" means the Advances made under this Agreement.

"Loan Documents" means this Agreement, the Notes, the ACH Authorization, the Joinder Agreements, all UCC Financing Statements, Landlord Consents, Bailee Agreements, Consent Letters, Release Letters, the Warrant and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated.

"Material Adverse Effect" means a material adverse effect upon: (i) the business, operations, properties, assets, or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole; or (ii) the ability of Borrower to perform the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Lender to enforce any of its rights or remedies with respect to the Secured Obligations; or (iii) the Collateral, or Lender's Liens on the Collateral or the priority of such Liens.

"Maturity Date" means July 1, 2014.

"Maximum Loan Amount" means Five Million and No/100 Dollars ($5,000,000).

"Maximum Rate" shall have the meaning assigned to such term in Section 2.3.

"Note(s)" means a Promissory Note in substantially the form of Exhibit B.

"Patent License" means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

"Patents" means all letters patent of, or rights corresponding thereto, in the United States or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States or any other country.

"Permitted Indebtedness" means: (i) Indebtedness of Borrower in favor of Lender arising under this Agreement or any other Loan Document; (ii) Indebtedness existing on the Closing Date which is disclosed in Schedule 1A; (iii) Indebtedness to trade creditors incurred in the ordinary course of business, including Indebtedness incurred in the ordinary course of business with corporate credit cards; (iv) Indebtedness that also constitutes a Permitted Investment; (v) Subordinated Indebtedness; (vi) reimbursement obligations in connection with letters of credit that are secured by cash or cash equivalents and issued on behalf of the Borrower or a Subsidiary thereof in an amount not to exceed $200,000 at any time outstanding, (vii) other Indebtedness in an amount not to exceed $150,000 in the aggregate at any time outstanding, (viii) the Investors' Indebtedness, and (ix) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"Permitted Investment" means: (i) Investments existing on the Closing Date which are disclosed in Schedule 1B; (ii) (a) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (b) commercial paper maturing no more than one year from the date of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (c) certificates of deposit issued by any bank with assets of at least $500,000,000 maturing no more than one year from the date of investment therein, (d) money market accounts, and (e) Investments made in accordance with Borrower's short-term investment policy as approved by Borrower's Board of Directors, as submitted to Lender prior to the Closing Date; (iii) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; (iv) repurchases of stock from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities in an aggregate amount not to exceed $250,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases; (v) Investments accepted in connection with Permitted Transfers; (vi) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower's business; (vii) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions to, customers and suppliers who are not affiliates, in the ordinary course of business, provided that this clause (vii) shall not apply to Investments of Borrower in any Subsidiary; (viii) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of capital stock of Borrower pursuant to employee stock purchase plans or other similar agreements approved by Borrower's Board of Directors; (ix) Investments consisting of travel advances and employee relocation loans and other employee loans which are made in the ordinary course of business and which do not exceed $250,000 in the aggregate in any fiscal year; (x) Investments in newly-formed Subsidiaries organized in the United States, provided that such Subsidiaries enter into a Joinder Agreement promptly after their formation by Borrower and execute such other documents as shall be reasonably requested by Lender; (xi) Investments in Subsidiaries organized outside of the United States in an amount not to exceed $4,500,000 in the aggregate in any fiscal year; (xii)

(A) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided, that any cash Investments by Borrower pursuant to this clause (xii)(A) do not exceed $250,000 in the aggregate in any fiscal year, and (B) strategic alliances with particular customers in which such customers will share in the research and development expenses of Borrower associated with the incorporation by such customers of microconverters purchased from Borrower into solar panels produced by such customers; (xiii) Investments in connection with mergers or acquisitions permitted by Section 7.10; (xiv) Investments made pursuant to the conversion or settlement of any convertible securities or Indebtedness of Borrower permitted by Section 7.5; (xv) deposits and deposit accounts maintained with commercial banks organized under the laws of the United States or a state thereof to the extent (A) such deposits and deposit accounts are insured by the Federal Deposit Insurance Corporation up to the legal limit and (B) each such commercial bank has an aggregate capital and surplus of not less than $100,000,000; and (xvi) additional Investments that do not exceed $150,000 in the aggregate at any time outstanding.

"Permitted Liens" means any and all of the following: (i) Liens in favor of Lender; (ii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided, that Borrower maintains adequate reserves therefor in accordance with, and to the extent required by, GAAP; and (iii) Liens securing claims or demands of carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower's business and imposed without action of such parties; provided, that (a) the payment of the obligation secured by such Lien is not overdue and (b) such Collateral is subject to a Landlord Consent or a Bailee Agreement, as applicable;

"Permitted Transfers" means (i) sales of Inventory in the normal course of business, (ii) non-exclusive licenses and similar arrangements for the use of Intellectual Property in the ordinary course of business and other licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States, (iii) dispositions of worn-out, obsolete or surplus Equipment (other than Financed Equipment) at fair market value (as determined by Borrower in its reasonable discretion) in the ordinary course of business, (iv) dispositions expressly permitted under Section 7.7, 7.8 or 7.10, and (v) other Transfers of assets having a fair market value of not more than $250,000 in the aggregate in any fiscal year.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

"Preferred Stock" means at any given time any equity security issued by Borrower that has any rights, preferences or privileges senior to Borrower's common stock.

"Prime Rate" means for any day the prime rate as reported in The Wall Street Journal.

"Receivables" means (i) all of Borrower's Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

"Release Letters" means letters from each of the Incumbent Lenders pursuant to which such Incumbent Lender agrees to release any interest in the Financed Equipment, in each case, in form and substance acceptable to Lender.

"Secondary Equipment" is leasehold improvements, intangible property including computer software and software licenses, equipment specifically designed or manufactured for Borrower, limited use property and other similar property (it being understood that, for purposes of this definition, equipment that is not specifically designed or manufactured for Borrower, but which is utilized by Borrower to assemble equipment that is specific to its business, shall not be deemed to be Secondary Equipment).

"Secondary Equipment Advance" means any Loan funds advanced under this Agreement to finance Secondary Equipment.

"Secured Obligations" means Borrower's obligations under this Agreement and any Loan Document, including any obligation to pay any amount now owing or later arising; provided, however, that Borrower's obligations under the Warrant shall not constitute Secured Obligations.

"Subordinated Indebtedness" means Indebtedness subordinated to the Secured Obligations in amounts and on terms and conditions satisfactory to Lender in its sole discretion.

"Subsidiary" means an entity, whether corporate, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls 50% or more of the outstanding voting securities, including each entity listed on Schedule 1 hereto.

"Trademark License" means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

"Trademarks" means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof.

"UCC" means the Uniform Commercial Code as the same is, from time to time, in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender's Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of California, then the term "UCC" shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"Warrant" means the warrant entered into in connection with the Loan.

Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a "Section," "subsection," "Exhibit," "Annex," or "Schedule" shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied. Unless otherwise defined herein or in the other Loan Documents, terms that are used herein or in the other Loan Documents and defined in the UCC shall have the meanings given to them in the UCC.

SECTION 2. THE LOAN

2.1 Loan.

(a) Advances. Subject to the terms and conditions of this Agreement, commencing on the Effective Date and continuing until December 13, 2011, Borrower may request Advances in the aggregate principal amount of the Maximum Loan Amount; provided, however, that the minimum amount of each Advance shall be $100,000. If the aggregate amount of the Advances outstanding exceeds the Maximum Loan Amount at any time, Borrower must immediately pay Lender the excess. When repaid, the Advances may not be re-borrowed. The proceeds of each Advance may only be used to finance new Eligible Equipment or Eligible Equipment purchased within the immediately preceding 90 days (determined based upon the applicable invoice date of such Eligible Equipment); provided, however, that on the Effective Date, Borrower may draw an Advance of up to $5,000,000 for Eligible Equipment purchased within the immediately preceding one eighty (180) days. No Advance may exceed one hundred percent (100%) of the invoice(s) for the applicable Eligible Equipment; provided, that the Advance made on the Effective Date will not exceed fifty percent (50%) of the invoice(s) for any Eligible Equipment with invoices in excess of one hundred twenty (120) days. Notwithstanding the foregoing, unless otherwise agreed to by Lender, (i) not more than 10% of each Advance shall be Secondary Equipment Advances, (ii) Secondary Equipment Advances shall not exceed $500,000, in the aggregate, and (iii) Advances for International Based Financed Equipment shall not exceed $3,750,000, in the aggregate.

(b) Advance Request. To obtain an Advance, Borrower shall complete, sign and deliver an Advance Request, Note, copies of invoices for the Financed Equipment, and such additional information as Lender may reasonably request at least five (5) business days prior to the requested Advance Date. Lender shall fund an Advance in the manner requested by the Advance Request provided that each of the conditions precedent to such Advance is satisfied as of the requested Advance Date.

(c) Interest. The principal balance of each Advance shall bear interest thereon from such Advance Date at the Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days elapsed. The Interest Rate will float and change on the day the Prime Rate changes from time to time.

(d) Payment. Borrower will pay interest on each Advance on the first day of each month, beginning the month after the Advance Date of such Advance. Borrower shall repay the aggregate principal balance of all Advances that are outstanding on June 13, 2012 in 25 equal monthly installments of principal and interest beginning on July 1, 2012 and continuing on the first business day of each month thereafter through the Maturity Date. The entire Loan principal balance and all accrued but unpaid interest hereunder, shall be due and payable on the Maturity Date. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense. Lender will initiate debit entries to the Borrower's account as authorized on the ACH Authorization on each payment date of all periodic obligations payable to Lender under each Note or Advance.

2.2 Maximum Interest. Notwithstanding any provision in this Agreement, the Notes, or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lender an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate, then such excess interest actually paid by Borrower shall be deemed retroactively applied as of the date of receipt of such payment as follows: first, to the payment of principal outstanding on the Notes; second, after all principal is repaid, to the payment of Lender's accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.3 Default Interest. In the event any payment is not paid on the scheduled payment date, an amount equal to five percent (5%) of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations, including principal, interest, compounded interest, and Lender's fees and expenses set forth in Section 11.11, shall bear interest at a rate per annum equal to the rate set forth in Section 2.1(c) plus five percent (5%) per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the rate set forth in Section 2.1(c) or Section 2.4, as applicable.

2.4 Prepayment. At its option upon at least 7 business days prior notice to Lender, Borrower may prepay all, but not less than all, of the outstanding Advances by paying the entire principal balance and all accrued and unpaid interest. Borrower shall prepay the outstanding amount of all principal and accrued and unpaid interest upon the earlier to occur of a Change in Control or within 90 days of the completion of an Initial Public Offering which results in aggregate gross proceeds to Parent of less than $30,000,000.

2.5 End of Term Charge. On the earliest to occur of (i) the Loan Maturity Date, (ii) the date that Borrower prepays the outstanding Secured Obligations, or (iii) the date

that the Secured Obligations become due and payable, Borrower shall pay Lender a charge of $50,000. Notwithstanding the required payment date of such charge, it shall be deemed earned by Lender as of the Closing Date.

SECTION 3. SECURITY INTEREST

3.1 As security for the prompt, complete and indefeasible payment when due (whether on the payment dates or otherwise) of all the Secured Obligations, Borrower grants to Lender a security interest in all Financed Equipment and all of Borrower's books and records relating to the Financed Equipment, and any and all claims, rights and interests in any of the Financed Equipment and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, Proceeds and insurance proceeds of any or all of the foregoing (collectively, the "Collateral").

SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligations of Lender to make the Loan hereunder are subject to the satisfaction by Borrower of the following conditions:

4.1 Initial Advance. Borrower shall have delivered to Lender each of the following, in form and substance satisfactory to Lender (the date on which each of the following shall have been so delivered is referred to herein as the "Effective Date"):

(a) executed originals of the Loan Documents and all other documents and instruments reasonably required by Lender to effectuate the transactions contemplated hereby or to create and perfect the Liens of Lender with respect to all Collateral, in all cases in form and substance reasonably acceptable to Lender;

(b) certified copy of resolutions of Borrower's board of directors evidencing approval of (i) the Loan and other transactions evidenced by the Loan Documents; and (ii) the Warrant and transactions evidenced thereby;

(c) certified copies of the Certificate of Incorporation and the Bylaws, as amended through the Closing Date, of Borrower;

(d) a certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified would have a Material Adverse Effect;

(e) a certificate of incumbency as to each officer of Borrower who is authorized to execute the Loan Documents, the Warrant, and all other documents and instruments to be delivered pursuant to the Loan Documents and the Warrant on behalf of Borrower, including, without limitation, the chief financial officer of Borrower;

(f) payment of the Facility Charge and reimbursement of Lender's current expenses reimbursable pursuant to this Agreement, which amounts may be deducted from the initial Advance;

(g) Landlord Consents or Bailee Agreements, as applicable, for the premises where the Financed Equipment will, upon completion of transit, be located; provided, that up to $3,750,000 of the initial Advance may be used for the purchase of International Based Financed Equipment without delivering to Lender, prior to the disbursement of such Advance, any Landlord Consents in respect of the premises in the continental United States where such International Based Financed Equipment may be located temporarily, so long as (i) prior to the disbursement of such Advance, one or more Bailee Agreements, as applicable, are delivered in respect of the foreign premises where such International Based Financed Equipment will be located upon completion of transit, and (ii) within 90 days of the Effective Date (or any subsequent Advance Date with respect to any International Based Financed Equipment not financed on the Effective Date), such International Based Financed Equipment is relocated to such foreign premises;

(h) a Consent Letter from each Incumbent Lender;

(i) a Release Letter from each Incumbent Lender with respect to the Financed Equipment purchased with the proceeds of the initial Advance; and

(j) such other documents as Lender may reasonably request.

4.2 All Advances. On each Advance Date:

(a) Lender shall have received (i) an Advance Request and a Note for the relevant Advance as required by Section 2.1(b) each duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, (ii) invoices for the Eligible Equipment and related other documentation as required by Section 2.1(b), (iii) to the extent not previously delivered but subject to Section 4.1(g) above, Landlord Consents or Bailee Agreements, as applicable, for the premises where the Financed Equipment will, upon completion of transit, be located, and (iv) a Release Letter from each Incumbent Lender with respect to the Financed Equipment purchased with the proceeds of such Advance.

(b) The representations and warranties set forth in this Agreement and in Section 5 and in the Warrant shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in paragraph (b) of this Section 4.2 and Section 4.3 and as to the matters set forth in the Advance Request.

4.3 No Default. As of the Closing Date and each Advance Date, (i) no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default and (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants that:

5.1 Corporate Status. Borrower is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit C, as may be updated by Borrower in a written notice (including any Compliance Certificate) provided to Lender after the Closing Date.

5.2 Collateral. Borrower owns the Collateral, free of all Liens, except for Permitted Liens. Borrower has the power and authority to grant to Lender a Lien in the Collateral as security for the Secured Obligations.

5.3 Consents. Borrower's execution, delivery and performance of the Notes, this Agreement and all other Loan Documents, and Borrower's execution of the Warrant, (i) have been duly authorized by all necessary corporate action of Borrower, (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents, (iii) do not violate any provisions of Borrower's Certificate or Articles of Incorporation (as applicable), bylaws, or any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (iv) except as described on Schedule 5.3, do not violate any contract or agreement or require the consent or approval of any other Person. The individual or individuals executing the Loan Documents and the Warrant are duly authorized to do so.

5.4 Material Adverse Effect. Since December 31, 2010, no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

5.5 Actions Before Governmental Authorities. Except as described on Schedule 5.5, there are no actions, suits or proceedings at law or in equity or by or before any governmental authority (a) as of the Closing Date, pending or, to the knowledge of Borrower, threatened against or affecting Borrower or its property, and (b) following the Closing Date, which could reasonably be expected to have a Material Adverse Effect.

5.6 Laws. Borrower is not in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default is reasonably expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any agreement or instrument evidencing indebtedness, or any other material agreement to which it is a party or by which it is bound.

5.7 Information Correct and Current. No information, report, Advance Request, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Lender in

connection with any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading at the time such statement was made or deemed made. Additionally, any and all financial or business projections provided by Borrower to Lender shall be (i) provided in good faith and based on the most current data and information available to Borrower, and (ii) the most current of such projections approved by Borrower's Board of Directors.

5.8 Tax Matters. Except as described on Schedule 5.8, (a) Borrower has filed all federal and material state and local tax returns that it is required to file and all such tax returns are true and correct in all material respects, (b) Borrower has duly paid or fully reserved for all taxes or installments thereof (including any interest or penalties) as and when due, which have or may become due pursuant to such returns, and (c) Borrower has paid or fully reserved for any tax assessment received by Borrower for the three (3) years preceding the Closing Date, if any (including any taxes being contested in good faith and by appropriate proceedings).

5.9 Intellectual Property Claims. Borrower is the sole owner of, or otherwise has the right to use, the Intellectual Property. Except as described on Schedule 5.9, (i) each of the material Copyrights, Trademarks and Patents is valid and enforceable, (ii) no material part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and (iii) no claim has been made to Borrower that any material part of the Intellectual Property violates the rights of any third party.

5.10 Intellectual Property. Except as described on Schedule 5.10, Borrower has all material rights with respect to Intellectual Property necessary in the operation or other utilization of the Collateral. Without limiting the generality of the foregoing, and in the case of Licenses, except for restrictions that are unenforceable under Division 9 of the UCC, Borrower has the right, to the extent required to grant a security interest in and operate or otherwise utilize the Collateral, to freely transfer, license or assign the related Intellectual Property without condition, restriction or payment of any kind (other than license payments in the ordinary course of business) to any third party.

5.11 [Reserved.]

5.12 [Reserved.]

5.13 Employee Loans. (i) Except as expressly permitted by Sections 7.7 and 7.8, Borrower has no outstanding loans to any employee, officer or director of the Borrower, and (ii) Borrower has not guaranteed the payment of any loan made to an employee, officer or director of the Borrower by a third party.

5.14 Capitalization and Subsidiaries. Borrower's capitalization as of the Closing Date is set forth on Schedule 5.14 annexed hereto. Borrower does not own any stock, partnership interest or other securities of any Person, except for Permitted Investments.

Attached as Schedule 5.14, as may be updated by Borrower in a written notice provided after the Closing Date, is a true, correct and complete list of each Subsidiary.

SECTION 6. INSURANCE; INDEMNIFICATION

6.1 Coverage. Borrower shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability per the terms of the indemnification agreement found in Section 6.3. Borrower must maintain a minimum of $1,000,000 of commercial general liability insurance for each occurrence. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral, provided that such insurance may be subject to standard exceptions and deductibles. Borrower shall also carry and maintain a fidelity insurance policy in an amount not less than $100,000.

6.2 Certificates. Borrower shall deliver to Lender certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 and the obligations contained in this Section 6.2. Borrower's insurance certificate shall state Lender is an additional insured for commercial general liability, an additional insured and a loss payee for all risk property damage insurance, subject to the insurer's approval, a loss payee for property insurance. Attached to the certificates of insurance will be additional insured endorsements, or copies of policy forms evidencing Lender is an additional insured, for liability and lender's loss payable endorsements for all risk property damage insurance. All certificates of insurance will provide for advance written notice to Lender of cancellation. Promptly upon Lender's request, Borrower shall provide evidence of current payment of insurance premiums in form and substance reasonably satisfactory to Lender. Any failure of Lender to scrutinize such insurance certificates or such evidence of payment of premiums for compliance is not a waiver of any of Lender's rights, all of which are reserved.

6.3 Indemnity. Borrower agrees to indemnify and hold Lender and its officers, directors, employees, agents, in-house attorneys, representatives and shareholders harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees and disbursements and other costs of investigation or defense (including those incurred upon any appeal), that may be instituted or asserted against or incurred by Lender or any such Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases claims resulting solely from Lender's gross negligence or willful misconduct. Borrower agrees to pay, and to save Lender harmless from, any and all

liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes (excluding taxes imposed on or measured by the net income of Lender) that may be payable or determined to be payable with respect to any of the Collateral or this Agreement.

SECTION 7. COVENANTS OF BORROWER

Borrower agrees as follows:

7.1 Financial Reports. Borrower shall furnish to Lender the Compliance Certificate in the form of Exhibit D monthly within 30 days after the end of each month and the financial statements listed hereinafter (the "Financial Statements"):

(a) as soon as practicable (and in any event, within 30 days after the end of each of the first two months of each fiscal quarter, and within 45 days after the end of the last month of each fiscal quarter), unaudited interim and year-to-date financial statements as of the end of such month (prepared on a consolidated basis), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, (ii) that they are subject to normal year end adjustments, and (iii) they do not contain certain non-cash items that are customarily included in quarterly and annual financial statements;

(b) as soon as practicable (and in any event within 45 days) after the end of each calendar quarter, unaudited interim and year-to-date financial statements as of the end of such calendar quarter (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, certified by Borrower's Chief Executive Officer or Chief Financial Officer to the effect that they have been prepared in accordance with GAAP, except (i) for the absence of footnotes, and (ii) that they are subject to normal year end adjustments; as well as the most recent capitalization table for Borrower, including the weighted average exercise price of employee stock options;

(c) as soon as practicable (and in any event within 180 days) after the end of each fiscal year (beginning with the 2011 fiscal year of Parent), unqualified audited financial statements as of the end of such year (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Lender (it being

understood that Deloitte & Touch LLP is acceptable to Lender), accompanied by any management report from such accountants;

(d) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports that Borrower has made available to holders of its stock and copies of any regular, periodic and special reports or registration statements that Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange;

(e) [Reserved]; and

(f) financial and business projections promptly following their approval by Borrower's Board of Directors, as well as operating plans and other financial information reasonably requested by Lender; provided, that annual budget projections approved by the Borrower's Board of Directors with respect to any fiscal year shall be delivered to Lender no later than 30 days after the end of the immediately preceding fiscal year of Borrower.

The executed Compliance Certificate may be sent via facsimile to Lender at (650) 473-9194 or via e-mail to tfissori@herculestech.com. All Financial Statements required to be delivered pursuant to clauses (a), (b) and (c) shall be sent via e-mail to financialstatements@herculestech.com with a copy to tfissori@herculestech.com provided, that if e-mail is not available or sending such Financial Statements via e-mail is not possible, they shall be sent via facsimile to Lender at: (866) 468-8916, attention Chief Credit Officer.

7.2 Collateral Audits; Management Rights. Borrower shall permit any representative that Lender authorizes, including its attorneys and accountants, to inspect the Collateral and examine and make copies and abstracts of the books of account and records of Borrower relating to the Collateral at reasonable times and upon reasonable notice during normal business hours; provided, that such inspections will be conducted no more than once every 6 months unless an Event of Default has occurred and is continuing. In addition, any such representative shall have the right to meet with management and officers of Borrower to discuss Borrower's books of account and records. In addition, Lender shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Lender shall constitute "management rights" within the meaning of 29 C.F.R Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Lender with respect to any business issues shall not be deemed to give Lender, nor be deemed an exercise by Lender of, control over Borrower's management or policies.

7.3 Further Assurances. Borrower shall from time to time execute, deliver and file, alone or with Lender, any financing statements, security agreements, collateral assignments, notices, control agreements, or other documents to perfect or give the highest priority to Lender's Lien on the Collateral. Borrower shall from time to time procure any

instruments or documents as may be requested by Lender, and take all further action that may be necessary or desirable, or that Lender may reasonably request, to perfect and protect the Liens granted hereby and thereby. In addition, and for such purposes only, Borrower hereby authorizes Lender to execute and deliver on behalf of Borrower and to file such financing statements, collateral assignments, notices, security agreements and other documents without the signature of Borrower either in Lender's name or in the name of Lender as agent and attorney-in-fact for Borrower. Borrower shall protect and defend Borrower's title to the Collateral and Lender's Lien thereon against all Persons claiming any interest adverse to Borrower or Lender other than Permitted Liens. Borrower shall specify in writing the location where each item of Collateral is located promptly upon the request of Lender.

7.4 [Reserved.]

7.5 Indebtedness. Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness or take any actions which impose on Borrower an obligation to prepay any Indebtedness (other than Indebtedness described in clause (ii) or, subject to the Investors Subordination Agreement, (viii) of the definition of Permitted Indebtedness, in each case as modified by clause (ix) of such definition), except for the conversion of Indebtedness into equity securities and the payment of cash in lieu of fractional shares in connection with such conversion.

7.6 Collateral. Borrower shall at all times keep the Collateral free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender prompt written notice of any legal process affecting the Collateral or any Liens thereon. Borrower shall not affix, or allow the affixing of, any of the Financed Equipment to any real property in such a manner, or with such intent, as to become a fixture.

7.7 Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.

7.8 Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of stock or other equity interest other than (i) pursuant to employee, director or consultant stock purchase or repurchase plans or other similar agreements, and (ii) in connection with conversions of its convertible securities (including warrants) into other securities pursuant to the terms of such convertible securities, or (b) declare or pay any cash dividend or make a cash distribution on any class of stock or other equity interest, except that a Subsidiary may pay dividends or make distributions to Parent, or (c) lend money to any employees, officers or directors except as expressly permitted by clause (viii), (ix) or (xvi) of the definition of Permitted Investments, or (d) waive, release or forgive any indebtedness owed by any employees, officers or directors in excess of $500,000 in the aggregate.

7.9 Transfers. Except for Permitted Transfers, Borrower shall not voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of their assets.

7.10 Mergers or Acquisitions. Borrower shall not merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower), or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock, assets or property of another Person without the prior written consent of Lender.

7.11 Taxes. Borrower and its Subsidiaries shall pay when due all material taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed by applicable law against Borrower, Lender (assessed in connection with the making of the Loan hereunder but excluding any taxes on Lender's net income), or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom. Borrower shall file on or before the due date therefor all personal property tax returns in respect of the Collateral, if necessary or appropriate. Notwithstanding the foregoing, Borrower may contest, in good faith and by appropriate proceedings, taxes for which Borrower maintains adequate reserves therefor in accordance with GAAP.

7.12 Corporate Changes; Changes in Location of Collateral. Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days' prior written notice to Lender. Neither Borrower nor any Subsidiary shall relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Lender; and (ii) such relocation shall be within the continental United States. Neither Borrower nor any Subsidiary shall relocate any item of Collateral unless (y) in the case of Equipment other than International Based Financed Equipment, such relocation is within the continental United States, and (z) such Collateral at all times remains subject to a Landlord Consent or a Bailee Agreement, as applicable, which is valid and enforceable against the Person in possession of such Collateral or the premises where such Collateral is located.

7.13 [Reserved.]

7.14 Subsidiaries. Borrower shall notify Lender of each Subsidiary formed subsequent to the Closing Date and, within 30 days of formation, shall cause any such domestic Subsidiary so formed to execute and deliver to Lender a Joinder Agreement.

7.15 Post-Closing Matters. If any International Based Financed Equipment is not located at a permitted foreign location, or is not in transit thereto, within 90 days following the Advance Date applicable to such International Based Financed Equipment, then Borrower shall deliver, or cause to be delivered, promptly to Lender fully-executed Landlord Consents for any premises where such International Based Financed Equipment is located.

SECTION 8. [RESERVED.]

SECTION 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall be an Event of Default:

9.1 Payments. Borrower fails to pay any amount due under this Agreement, the Notes or any of the other Loan Documents on the due date; or

9.2 Covenants. Borrower breaches or defaults in the performance of any covenant or Secured Obligation under this Agreement, the Notes, or any of the other Loan Documents, and (a) with respect to a default under any covenant under this Agreement (other than under Sections 6, 7.5, 7.6, 7.7, 7.8 or 7.9) which is capable of being cured by Borrower, such default continues for more than twenty (20) days after the earlier of the date on which (i) Lender has given notice of such default to Borrower and (ii) Borrower has actual knowledge of such default, or (b) with respect to a default under any of Sections 6, 7.5, 7.6, 7.7, 7.8 or 7.8 or 7.9, the occurrence of such default; or

9.3 Material Adverse Effect. A circumstance has occurred that would reasonably be expected to have a Material Adverse Effect; or

9.4 Other Loan Documents. The occurrence of any default under any Loan Document not otherwise specifically referenced in this Section 9 or any other agreement between Borrower and Lender, and if such default is capable of being cured by Borrower, such default continues for more than twenty (20) days after the earlier of the date on which (a) Lender has given notice of such default to Borrower, or (b) Borrower has actual knowledge of such default; or

9.5 Representations. Any representation or warranty made by Borrower in any Loan Document or in the Warrant shall have been false or misleading in any material respect; or

9.6 Insolvency. Borrower (A) (i) shall make an assignment for the benefit of creditors; or (ii) shall be unable to pay its debts as they become due, or be unable to pay or perform under the Loan Documents, or shall otherwise become insolvent; or (iii) shall file a voluntary petition in bankruptcy; or (iv) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (v) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any substantial part (i.e., 33-1/3% or more) of the assets or property of Borrower; or (vi) shall cease operations of its business as its business has normally been conducted, or terminate substantially all of its employees; or (vii) Borrower or its directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (i) through (vi); or (B) either (i) forty-five (45) days shall have expired after the commencement of an involuntary action against Borrower seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or

regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of Borrower being stayed; or (ii) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (iii) Borrower shall file any answer admitting or not contesting the material allegations of a petition filed against Borrower in any such proceedings; or (iv) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or (v) forty-five (45) days shall have expired after the appointment, without the consent or acquiescence of Borrower, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower without such appointment being vacated; or

9.7 Attachments; Judgments. Any portion of Borrower's assets is attached or seized, or a levy is filed against any such assets, or a judgment or judgments is/are entered for the payment of money, individually or in the aggregate, of at least $250,000 and such judgment remains unstayed for a period of ten (10) days, or Borrower is enjoined or in any way prevented by court order from conducting any part of its business; or

9.8 Other Obligations. The occurrence of any default under any agreement or obligation of Borrower involving any Indebtedness which results in a right by a third party or parties, whether or not exercised, to accelerate the maturity of such Indebtedness in excess of $250,000, or the occurrence of any default under any agreement or obligation of Borrower that could reasonably be expected to have a Material Adverse Effect.

SECTION 10. REMEDIES

10.1 General. Upon and during the continuance of any one or more Events of Default, (i) Lender may, at its option, accelerate and demand payment of all or any part of the Secured Obligations and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.6, the Notes and all of the Secured Obligations shall automatically be accelerated and made due and payable, in each case without any further notice or act), and (ii) Lender may notify any of Borrower's account debtors to make payment directly to Lender, compromise the amount of any such account on Borrower's behalf and endorse Lender's name without recourse on any such payment for deposit directly to Lender's account. Lender may exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Lender's rights and remedies shall be cumulative and not exclusive.

10.2 Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Lender may, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Lender may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower.

Lender may require Borrower to assemble the Collateral and make it available to Lender at a place designated by Lender that is reasonably convenient to Lender and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Lender in the following order of priorities:

First, to Lender in an amount sufficient to pay in full Lender's costs and professionals' and advisors' fees and expenses as described in Section 11.11;

Second, to Lender in an amount equal to the then unpaid amount of the Secured Obligations (including principal, interest, and the Default Rate interest), in such order and priority as Lender may choose in its sole discretion; and

Finally, after the full, final, and indefeasible payment in Cash of all of the Secured Obligations, to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Lender shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3 No Waiver. Lender shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Lender to marshal any Collateral.

10.4 Cumulative Remedies. The rights, powers and remedies of Lender hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Lender.

SECTION 11. MISCELLANEOUS

11.1 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2 Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by facsimile or hand delivery or delivery by an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Lender:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer and Todd Jaquez-Fissori
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

(b) If to Borrower:

ENPHASE ENERGY, INC.
Attention: Chief Financial Officer
201 First Street, Suite 300
Petaluma, CA 94952

or to such other address as each party may designate for itself by like notice.

11.3 Entire Agreement; Amendments. This Agreement, the Notes, and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Lender's revised proposal letter dated March 30, 2011). None of the terms of this Agreement, the Notes or any of the other Loan Documents may be amended except by an instrument executed by each of the parties hereto.

11.4 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5 No Waiver. The powers conferred upon Lender by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. No omission or delay by Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Lender is entitled, nor shall it in any way affect the right of Lender to enforce such provisions thereafter.

11.6 Survival. All agreements, representations and warranties contained in this Agreement, the Notes and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Lender and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

11.7 Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement, the Notes or any of the other Loan Documents without Lender's express prior written consent, and any such attempted assignment shall be void and of no effect. Lender may assign, transfer, or endorse its rights hereunder and under the other Loan Documents without prior notice to Borrower, and all of such rights shall inure to the benefit of Lender's successors and assigns.

11.8 Governing Law. This Agreement, the Notes and the other Loan Documents have been negotiated and delivered to Lender in the State of California, and shall have been accepted by Lender in the State of California. Payment to Lender by Borrower of the Secured Obligations is due in the State of California. This Agreement, the Notes and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11.9 Consent to Jurisdiction and Venue. All judicial proceedings (to the extent that the reference requirement of Section 11.10 is not applicable) arising in or under or related to this Agreement, the Notes or any of the other Loan Documents may be brought in any state or federal court located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, the Notes or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.2, and shall be deemed effective and received as set forth in Section 11.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.10 Mutual Waiver of Jury Trial / Judicial Reference.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. EACH OF BORROWER AND LENDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY BORROWER AGAINST LENDER OR ITS ASSIGNEE OR BY LENDER OR ITS ASSIGNEE AGAINST BORROWER. This waiver extends to all such Claims, including Claims that involve Persons other than

Borrower and Lender; Claims that arise out of or are in any way connected to the relationship between Borrower and Lender; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) If the waiver of jury trial set forth in Section 11.10(a) is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(c) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 11.9, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

11.11 Professional Fees. Borrower promises to pay Lender's fees and expenses necessary to finalize the loan documentation, including but not limited to reasonable attorneys fees, UCC searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable attorneys' and other professionals' fees and expenses (including fees and expenses of in-house counsel) incurred by Lender after the Closing Date in connection with or related to: (a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Lender in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof.

11.12 Confidentiality. Lender acknowledges that certain items of Collateral and information provided to Lender by Borrower are confidential and proprietary information of Borrower, if and to the extent such information either (x) is marked as confidential by Borrower at the time of disclosure, or (y) should reasonably be understood to be confidential (the "Confidential Information"). Accordingly, Lender agrees that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Lender's security interest in the Collateral shall not be disclosed to any other person or entity in any manner whatsoever, in whole or in part, without the prior written consent of Borrower, except that Lender may disclose any such information: (a) to its own directors, officers, employees, accountants, counsel and other professional advisors and to

its affiliates if Lender in its sole discretion determines that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is otherwise generally available to the public through no fault of Lender; (c) if required or appropriate in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Lender; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Lender's counsel; (e) to comply with any legal requirement or law applicable to Lender; (f) to the extent reasonably necessary in connection with the exercise of any right or remedy under any Loan Document, including Lender's sale, lease, or other disposition of Collateral after default; (g) to any participant or assignee of Lender or any prospective participant or assignee; provided, that such participant or assignee or prospective participant or assignee agrees in writing to be bound by this Section prior to disclosure; or (h) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its affiliates or any guarantor under this Agreement or the other Loan Documents.

11.13 Assignment of Rights. Borrower acknowledges and understands that Lender may sell and assign all or part of its interest hereunder and under the Note(s) and Loan Documents to any person or entity (an "Assignee"). After such assignment the term "Lender" as used in the Loan Documents shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Lender hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Lender shall retain all rights, powers and remedies hereby given. No such assignment by Lender shall relieve Borrower of any of its obligations hereunder. Lender agrees that in the event of any transfer by it of the Note(s), it will endorse thereon a notation as to the portion of the principal of the Note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.14 Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Lender. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Lender, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Lender or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan

Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Lender in Cash.

11.15 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.16 No Third Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any person other than Lender and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely between the Lender and the Borrower.

11.17 Publicity. Lender may use Borrower's name and logo, and include a brief description of the relationship between Borrower and Lender, in Lender's marketing materials.

11.18 Joint and Several Liability. Each of Parent and the Joined Subsidiaries is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by Lender under this Agreement, for the mutual benefit, directly and indirectly, of each of Parent and the Joined Subsidiaries and in consideration of their undertakings to accept joint and several liability for the Secured Obligations. Each of Parent and the Joined Subsidiaries, jointly and severally, hereby irrevocably, absolutely and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with respect to the payment and performance of all of the Secured Obligations (including, without limitation, any Secured Obligations arising under this Section 11.18), it being the intention of Parent and the Joined Subsidiaries that all the Secured Obligations shall be the joint and several obligations of Parent and the Joined Subsidiaries without preferences or distinction among them. If and to the extent that any of Parent or the Joined Subsidiaries shall fail to make any payment with respect to any of the Secured Obligations as and when due or to perform any of the Secured Obligations in accordance with the terms thereof, then in each such event, the other Persons composing Borrower will make such payment with respect to, or perform, such Secured Obligation. Each of Parent and the Joined Subsidiaries hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Persons composing Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to Lender with respect to any of the Secured Obligations or any collateral security therefor until such time as all of the Secured Obligations have been paid in full in cash. Any claim which any of Parent or the Joined Subsidiaries may have against any other Persons composing Borrower with respect to any payments to Lender hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Secured Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Secured Obligations and, in the event of any insolvency, bankruptcy,

receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any of Parent or the Joined Subsidiaries, their respective debt or assets, whether voluntary or involuntary, all such Secured Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Persons composing Borrower therefor.

11.19 Administrative Borrower. Each of the Joined Subsidiaries irrevocably appoints Parent as the borrowing agent and attorney-in-fact for all Persons composing Borrower which appointment shall remain in full force and effect unless and until Lender shall have received prior written notice signed by each of the Joined Subsidiaries that such appointment has been revoked and that another Person has been so appointed.

(SIGNATURES TO FOLLOW)

IN WITNESS WHEREOF, Borrower and Lender have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

ENPHASE ENERGY, INC.,
a Delaware corporation

By: /s/ Sanjeev Kumar
Name: Sanjeev Kumar
Title: Chief Financial Officer

Accepted in Palo Alto, California:

LENDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.,
a Maryland corporation

By: /s/ K. Nicholas Martitsch
Name: K. Nicholas Martitsch
Its: Associate General Counsel

Table of Exhibits and Schedules

Exhibit A:	Advance Request Attachment to Advance Request
Exhibit B:	Term Note
Exhibit C:	Name, Locations, and Other Information for Borrower
Exhibit D:	Compliance Certificate
Exhibit E:	Joinder Agreement
Exhibit F:	ACH Debit Authorization Agreement
Schedule 1	Subsidiaries
Schedule 1A	Existing Permitted Indebtedness
Schedule 1B	Existing Permitted Investments
Schedule 1C	Existing Permitted Liens
Schedule 5.3	Consents, Etc.
Schedule 5.5	Actions Before Governmental Authorities
Schedule 5.8	Tax Matters
Schedule 5.9	Intellectual Property Claims
Schedule 5.10	Intellectual Property
Schedule 5.14	Capitalization

EXHIBIT A

ADVANCE REQUEST

To: Lender: Date: [ ] [ ], 2011

Hercules Technology Growth Capital, Inc.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile:
Attn:

Enphase Energy, Inc. ("Borrower") hereby requests from Hercules Technology Growth Capital, Inc. ("Lender") an Advance in the amount of [ ] Dollars ($[ ],000,000) on [ ] [ ], 2011 (the "Advance Date") pursuant to the Loan and Security Agreement between Borrower and Lender (the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower _____

or

(b) Wire Funds to Borrower's account _____

Bank: _____
Address: _____
_____
ABA Number: _____
Account Number: _____
Account Name: _____

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing; (ii) that the representations and warranties set forth in the Agreement and in the Warrant are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under the Loan Documents. Borrower understands and acknowledges that Lender has the right to review the financial information supporting this representation and, based upon such review in its sole discretion, Lender may decline to fund the requested Advance.

Borrower hereby represents that Borrower's corporate status and locations have not changed since the date of the Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

To secure the prompt payment by Borrower of all amounts from time to time outstanding under the Agreement, and the performance by Borrower of all the terms contained in the Agreement, Borrower grants Lender, a first priority security interest in each item of equipment and other property described in Annex A hereto, which equipment and other property shall be deemed to be additional Financed Equipment and Collateral. The Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

Borrower agrees to notify Lender promptly before the funding of the Loan if any of the matters which have been represented above shall not be true and correct on the Borrowing Date and if Lender has received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

[Remainder of page intentionally left blank; signature page follows]

Executed as of _____, 201[ ].

BORROWER:

ENPHASE ENERGY, INC.

SIGNATURE: _____

TITLE: _____

PRINT NAME: _____

ATTACHMENT TO ADVANCE REQUEST

Dated: _____

Borrower hereby represents and warrants to Lender that Borrower's current name and organizational status is as follows:

Name:	Enphase Energy, Inc.
Type of organization:	Corporation
State of organization:	Delaware
Organization file number:	4118583

Borrower hereby represents and warrants to Lender that the street addresses, cities, states and postal codes of its current locations are as follows:

Annex A to Advance Request

The Financed Equipment being financed with the Advance which this Advance Request is being executed is listed below (such list may be re-formatted as a spreadsheet). Upon the funding of such Advance, this schedule and the property described below automatically shall be deemed to be a part of the Collateral.

FINANCED EQUIPMENT

Description of Equipment

Make

Serial # (if applicable)

Quantity

PO #

Invoice Date

Invoice #

Cost

Location

Title holder

TOTAL COST:

EXHIBIT B

SECURED TERM PROMISSORY NOTE

$[ ],000,000 Advance Date: [ ] [ ], 20[ ]

Maturity Date: July 1, 2014

FOR VALUE RECEIVED, ENPHASE ENERGY, INC., a Delaware corporation ("Parent") and each of Parent's other subsidiaries joined to the Loan Agreement ("Joined Subsidiaries", together with Parent hereinafter collectively referred to as the "Borrower") hereby promise to pay to the order of Hercules Technology Growth Capital, Inc., a Maryland corporation or the holder of this Note (the "Lender") at 400 Hamilton Avenue, Suite 310, Palo Alto, CA 94301 or such other place of payment as the holder of this Secured Term Promissory Note (this "Promissory Note") may specify from time to time in writing, in lawful money of the United States of America, the principal amount of [ ] Million Dollars ($[ ],000,000) or such other principal amount as Lender has advanced to Borrower, together with interest at a floating rate equal to the Interest Rate (as defined in the Credit Agreement (as defined below)) per annum based upon a year consisting of 360 days, with interest computed daily based on the actual number of days in each month.

This Promissory Note is the Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement dated June 13, 2011, by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "Loan Agreement"), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All payments shall be made in accordance with the Loan Agreement. All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein. An Event of Default under the Loan Agreement shall constitute a default under this Promissory Note.

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law. Borrower agrees to make all payments under this Promissory Note without setoff, recoupment or deduction and regardless of any counterclaim or defense. This Promissory Note has been negotiated and delivered to Lender and is payable in the State of California. This Promissory Note shall be governed by and construed and enforced in accordance with, the laws of the State of California, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

[Remainder of page intentionally left blank; signature page follows]

BORROWER FOR ITSELF AND
ON BEHALF OF ITS SUBSIDIARIES:

ENPHASE ENERGY, INC.

Signature: _____

Print Name: _____

Title: _____

EXHIBIT C

NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER

1. Borrower represents and warrants to Lender that Borrower's current name and organizational status as of the Closing Date is as follows:

Name:	Enphase Energy, Inc.
Type of organization:	Corporation
State of organization:	Delaware
Organization file number:	4118583

Borrower's fiscal year ends on December 31

Borrower's federal employer tax identification number is: 20-4645388

2. Borrower represents and warrants to Lender that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form except the following:

Name: PVI Solutions, Inc.
Used during dates of: March 2006 - July 2007
Type of organization: Corporation
State of organization: Delaware
Organization file number: 4118583

3. Borrower represents and warrants to Lender that its chief executive office is located at 201 First Street, Suite 100, Petaluma, CA 94952.

EXHIBIT D

COMPLIANCE CERTIFICATE

Hercules Technology Growth Capital, Inc.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated June 13, 2011 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time, (hereinafter referred to collectively as the "Loan Agreement") between Hercules Technology Growth Capital, Inc. ("Hercules") as Lender and Enphase Energy, Inc. (with each of the Joined Subsidiaries, the "Company") as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of the Company, knowledgeable of all Company financial matters, and is authorized to provide certification of information regarding the Company; hereby certifies that in accordance with the terms and conditions of the Loan Agreement, the Company is in compliance for the period ending _____ of all covenants, conditions and terms and hereby reaffirms that all representations and warranties contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that these are prepared in accordance with GAAP (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year end adjustments) and are consistent from one period to the next except as explained below.

REPORTING REQUIREMENT	REQUIRED	CHECK IF ATTACHED
Interim Financial Statements	Monthly within 30 days (45 days for the last month in any fiscal quarter)	
Interim Financial Statements	Quarterly within 45 days	
Audited Financial Statements	FYE within 180 days	

Very Truly Yours,

ENPHASE ENERGY, INC.,
as Borrower

Signature: _____
Print Name: _____
Title: _____

EXHIBIT E

FORM OF JOINDER AGREEMENT

This Joinder Agreement (the "Joinder Agreement") is made and dated as of [ ], 20[ ], and is entered into by and between_____., a _____ corporation ("Subsidiary"), and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation, as a Lender.

RECITALS

A. Subsidiary's affiliate, Enphase Energy, Inc. ("Company") has entered into that certain Loan and Security Agreement dated June 13, 2011, with Lender, as such agreement may be amended (the "Loan Agreement"), together with the other agreements executed and delivered in connection therewith;

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from Company's execution of the Loan Agreement and the other agreements executed and delivered in connection therewith;

AGREEMENT

NOW THEREFORE, Subsidiary and Lender agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.

2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were the Borrower (as defined in the Loan Agreement) under the Loan Agreement, mutatis mutandis, provided however, that Lender shall have no duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith. Rather, to the extent that Lender has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith, those duties, responsibilities or obligations shall flow only to Company and not to Subsidiary or any other person or entity. By way of example (and not an exclusive list): (a) Lender's providing notice to Company in accordance with the Loan Agreement or as otherwise agreed between Company and Lender shall be deemed provided to Subsidiary; (b) a Lender's providing an Advance to Company shall be deemed an Advance to Subsidiary; and (c) Subsidiary shall have no right to request an Advance or make any other demand on Lender.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

SUBSIDIARY:

_____.

By:
Name:
Title:

Address:

Telephone: _____
Facsimile: _____

HERCULES TECHNOLOGY GROWTH
CAPITAL, INC.,
a Maryland corporation

By: _____
Name: K. Nicholas Martitsch
Its: Associate General Counsel

Address:
400 Hamilton Ave., Suite 310
Palo Alto, CA 94301
Facsimile:
Telephone:

EXHIBIT F

ACH DEBIT AUTHORIZATION AGREEMENT

Hercules Technology Growth Capital, Inc.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Re: Loan and Security Agreement dated June 13, 2011 between Enphase Energy, Inc.
(the "Borrower") and Hercules Technology Growth Capital, Inc. ("Company") (the "Agreement")

In connection with the above referenced Agreement, the Borrower hereby authorizes the Company to initiate debit entries for the periodic payments due under the Agreement to the Borrower's account indicated below. The Borrower authorizes the depository institution named below to debit to such account.

DEPOSITORY NAME	BRANCH
CITY	STATE AND ZIP CODE
TRANSIT/ABA NUMBER	ACCOUNT NUMBER

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

_____
(Borrower)(Please Print)

By: _____

Date: _____

[Signature Page to ACH Debit Authorization Agreement]

Schedule 1
Subsidiaries

Enphase Energy SAS (organized under the laws of France)

Enphase Energy SRL (organized under the laws of Italy)

Enphase Energy New Zealand Limited (organized under the laws of New Zealand)

Schedule 1A
Permitted Indebtedness

Indebtedness to Atel Ventures, Inc. in an aggregate principal amount outstanding on the Closing Date of approximately $120,000 pursuant to that certain Master Loan and Security Agreement No. ENPHX, dated as of December 15, 2008, and any and all Loan Schedules, exhibits, riders and supplements thereto, and which is secured by the equipment financed with the proceeds thereof.

Indebtedness under the AEL Financial Lease Agreement, dated as of September 2008, in an aggregate principal amount outstanding on the Closing Date of approximately $21,000, and which is secured by the equipment financed with the proceeds thereof.

Indebtedness under two leases with GE Capital, dated as of August 2008, totaling approximately $3,000 on the Closing Date.

Indebtedness under three leases with Wells Fargo, dated between April 2008 and February 2010, totaling approximately $5,000 on the Closing Date.

Indebtedness not to exceed $25.0 million (none of which is outstanding on the Closing Date) under that certain Amended and Restated Loan and Security Agreement, dated as of March 24, 2011, by and among Enphase Energy, Inc., Bridge Bank, National Association, and Comerica Bank, and which is secured by a blanket lien on Borrower’s assets.

Indebtedness not to exceed $12.0 million (approximately $8.4 million of which is outstanding as of the Closing Date) under that certain Amended and Restated Venture Loan and Security Agreement, dated as of March 25, 2011, by and between Horizon Technology Finance Corporation, Horizon Credit LLC and Enphase Energy, Inc., and which is secured by a blanket lien on Borrower’s assets.

Indebtedness to Oracle Credit Corporation and its affiliates in an aggregate principal amount of approximately $275,000 outstanding as of the Closing Date under that certain Term License Lease Schedule No. 42667, dated February 28, 2011, Payment Plan Agreement, dated February 28, 2011, and any other related documents entered into in connection with the foregoing.

Schedule 1B
Permitted Investments

Investments consisting of capital stock of the subsidiaries disclosed on Schedule 1 and Schedule 5.14.

Schedule 5.3
Consents

The Consent Letters (as defined in Section 1.1) .

Schedule 5.5
Actions, Suits or Proceedings

None

Schedule 5.8
Tax Matters

None.

Schedule 5.9
Intellectual Property Claims

None.

Schedule 5.10
Intellectual Property

None.

Schedule 5.14
Capitalization

Enphase Energy, Inc.	See Attached.
Enphase Energy SAS	Authorized: 3,500 shares of Common Issued and Outstanding: 3,500 shares of Common
Enphase Energy SRL	Authorized: 35,000 Euro Nominal Shares Issued and Outstanding: 35,000 Euro Nominal Shares
Enphase Energy New Zealand Limited	Authorized: 100 shares of Common Issued and Outstanding: 100 shares of Common

Enphase Energy, Inc.
Fully Diluted Capitalization Table - Summary
As of 05/18/2011

	CSE Shares*	Total Fully Diluted Shares
COMMON STOCK (Authorized: 308,000,000)		
Issued and Outstanding	8,344,784	8,344,784
PREFERRED STOCK (Authorized: 213,912,542)		
SERIES A Preferred Stock (Authorized: 1,875,000)	2,298,753	
SERIES B Preferred Stock (Authorized: 9,672,442)	18,358,296	
SERIES C Preferred Stock (Authorized: 12,065,100)	29,353,159	
SERIES D Preferred Stock (Authorized: 115,300,000)	111,071,231	
SERIES E Preferred Stock (Authorized: 75,000,000)	67,471,300	228,552,739
WARRANTS		
COMMON Stock	100,000	
SERIES C Stock	251,400	
SERIES E Stock	1,470,588	1,821,988
2006 Plan (Reserved: 68,400,797)		
Shares Issuable Under Plan:		
Options and SPRs Issued and Outstanding	56,551,700	
Options and SPRs Committed for Issuance	0	
Shares Remaining for Issuance Under Plan	8,794,313	65,346,013
Reserved in Plan	68,400,797	
less: Options Exercised	(2,102,784)	
less: SPRs Exercised	(952,000)	
	65,346,013	
NON PLAN SPRS		
Common Stock	0	0
Total shares issued & outstanding, including shares committed for issuance and employee reserves, assuming conversion of all convertible securities and exercise of all outstanding options		304,065,524

Footnote(s):

CSE Shares* Common Stock Equivalent (CSE) shares reflects the Common Stock issuable for the security type (option, stock, warrant, CPN) after the appropriate conversion ratio is applied to each individual outstanding security for the applicable security type, using standard rounding.

Enphase Energy, Inc.
Fully Diluted Capitalization Table - Summary
As of 05/18/2011

Fully-Diluted Ownership

	Number of Shares	Percent (%)
Common Stock	8,344,784	2.74
SERIES A Preferred Stock	2,298,753	0.76
SERIES B Preferred Stock	18,358,296	6.04
SERIES C Preferred Stock	29,353,159	9.65
SERIES D Preferred Stock	111,071,231	36.53
SERIES E Preferred Stock	67,471,300	22.19
COMMON Warrants	100,000	0.03
SERIES C Warrants	251,400	0.08
SERIES E Warrants	1,470,588	0.48
Options and SPRs issued and outstanding under plan - 2006 Plan	56,551,700	18.60
Committed for Issuance - 2006 Plan	0	0.00
Unissued Reserve - 2006 Plan	8,794,313	2.89
Non Plan Common SPR	0	0.00
TOTAL	304,065,524	100.00

AMENDMENT NO. 1
TO
LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 1 TO LOAN AND SECURITY AGREEMENT (this "**Amendment**") is entered into this 20th day of June, 2011 by and between **ENPHASE ENERGY, INC.**, a Delaware corporation ("**Parent**"), and each of Parent's subsidiaries joined thereto (the "**Joined Subsidiaries**"; the Joined Subsidiaries and Parent are hereinafter referred to collectively as the "**Borrower**"), and **HERCULES TECHNOLOGY GROWTH CAPITAL, INC.**, a Maryland corporation (the "**Lender**"). Capitalized terms used herein without definition shall have the same meanings given them in the Loan Agreement (as defined below).

RECITALS

A. The Borrower and the Lender have entered into that certain Loan and Security Agreement dated as of June 13, 2011 (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), pursuant to which the Lender has agreed to extend and make available to the Borrower certain extensions of credit.

B. The Borrower and the Lender have agreed to amend the Loan Agreement upon the terms and conditions more fully set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and intending to be legally bound, the parties hereto agree as follows:

1. AMENDMENTS.

1.1 Section 1.1 (Definitions). Section 1.1 of the Loan Agreement is hereby amended in the following respects:

(a) Section 1.1 of the Loan Agreement is hereby amended by deleting the definition of "Investors' Subordination Agreement" in its entirety therefrom.

(b) Section 1.1 of the Loan Agreement is hereby amended by inserting the following new definition therein in alphabetical order:

"Convertible Lenders" has the meaning given to it in the definition of "Investors' Indebtedness".

"First Amendment Effective Date" means the "Effective Date" as defined in Amendment No. 1 to Loan and Security Agreement, dated as of June 20, 2011, by and between Borrower and Lender.

"KPCB" has the meaning given to it in the definition of "Investors' Indebtedness".

"Subordinated Loan Agreement" has the meaning given to it in the definition of "Investors' Indebtedness".

(c) Section 1.1 of the Loan Agreement is hereby amended by amending and restating the following definitions in their entirety as follows:

"Investors' Indebtedness" means the Indebtedness of Borrower in favor of the Investors in an original aggregate principal amount not to exceed $50,000,000 pursuant to that certain Subordinated Convertible Loan Facility and Security Agreement, dated as of June 14, 2011 (together, with the other ancillary and collateral security documents entered into by Borrower in connection therewith, the "Subordinated Loan Agreement"), by and among Borrower, the lenders from time to time parties thereto or other Persons who from time to time may become parties thereto (collectively, the "Convertible Lenders"), and KPCB Holdings, Inc., as nominee, in its capacity as agent for itself as a Convertible Lender and the other Convertible Lenders (in such capacity, "KPCB"), as the same may be amended, restated, supplemented or otherwise modified from time to time; provided, that, prior to the indefeasible payment in full of all Secured Obligations (in an aggregate principal amount not to exceed $5,000,000), any amendment, restatement, refinancing, supplement or other modification of the Subordinated Loan Agreement that (i) shortens the fixed date component of the Maturity Date definition in the Subordinated Loan Agreement from three (3) years after the effective date of the Subordinated Loan Agreement, or (ii) creates or provides for the scheduling of regular cash payments of principal or interest or requires any prepayment of the obligations of Borrower under the Subordinated Loan Agreement, other than payment in full upon the Maturity Date (as such term is defined in the Subordinated Loan Agreement) (for the avoidance of doubt, the foregoing shall not affect KPCB's ability to effect remedies, in each case, as provided for in the Subordinated Loan Agreement as in effect on the First Amendment Effective Date), in each case, shall be approved in advance in writing by Lender in its sole discretion.

"Maturity Date" means June 1, 2014.

"Release Letters" means letters from each of the Incumbent Lenders and KPCB, in its capacity as agent for the Convertible Lenders, pursuant to which each of the Incumbent Lenders and KPCB, on behalf of the Convertible Lenders, agrees to release any interest in the Financed Equipment, in each case, in form and substance acceptable to Lender.

1.2 Section 2.1 (Loan). Section 2.1(d) of the Loan Agreement is hereby amended by replacing the number "25" with the number "24" in the fourth line of such section.

1.3 Section 7.5 (Indebtedness). Section 7.5 of the Loan Agreement is hereby amended by replacing the phrase "subject to the Investors Subordination Agreement" with the following phrase: "so long as any such prepayment of the Investors' Indebtedness is expressly required by the terms and provisions of the Subordinated Loan Agreement as in effect on the First Amendment Effective Date or as such agreement is amended in accordance with this Agreement".

1.4 Exhibit B (Form of Secured Term Promissory Note). Exhibit B attached to the Loan Agreement is hereby amended by replacing the date of "July 1, 2014", which appears immediately following the phrase "Maturity Date:" in the upper right-hand corner of such Exhibit, with the date of "June 1, 2014".

2. BORROWER'S REPRESENTATIONS AND WARRANTIES. The Borrower represents and warrants that:

(a) immediately upon giving effect to this Amendment (i) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (ii) no Event of Default has occurred and is continuing;

(b) The Borrower has the corporate power and authority to execute and deliver this Amendment and to perform its obligations under the Loan Agreement, as amended by this Amendment;

(c) the certificate or articles of incorporation, bylaws and other organizational documents of the Borrower delivered to the Lender on the Closing Date remain true, accurate and complete and have not been amended, restated, supplemented or otherwise modified and continue to be in full force and effect;

(d) the execution and delivery by the Borrower of this Amendment and the performance by the Borrower of its obligations under the Loan Agreement, as amended by this Amendment, have been duly authorized by all necessary corporate action on the part of the Borrower;

(e) this Amendment has been duly executed and delivered by the Borrower and is the binding obligation of the Borrower, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights generally; and

(f) as of the date hereof, the Borrower has no defenses against the obligations to pay any amounts under the Obligations. The Borrower acknowledges that the Lender has acted in good faith and has conducted in a commercially reasonable manner its relationships with the Borrower in connection with this Amendment and in connection with the Loan Documents.

The Borrower understands and acknowledges that the Lender is entering into this Amendment in reliance upon, and in partial consideration for, the above representations and warranties, and agrees that such reliance is reasonable and appropriate.

3. LIMITATION. The amendments set forth in this Amendment shall be limited precisely as written and shall not be deemed (a) to be a waiver or modification of any other term or condition of the Loan Agreement or of any other instrument or agreement referred to therein or to prejudice any right or remedy which the Lender may now have or may have in the future under or in connection with the Loan Agreement or any instrument or agreement referred to

therein; or (b) to be a consent to any future amendment or modification or waiver to any instrument or agreement the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof. Except as expressly amended hereby, the Loan Agreement shall continue in full force and effect.

4. EFFECTIVENESS. This Amendment shall become effective upon the satisfaction of all of the following conditions precedent in form and substance satisfactory to the Lender (the "**Effective Date**"):

4.1 Amendment. The Lender shall have received duly executed counterparts of this Amendment signed by the parties hereto.

4.2 Release Letter. The Lender shall have received a duly executed Release Letter from KPCB signed by the parties thereto.

5. EXPENSES. The Borrower agrees to pay the Lender's costs and expenses (including the fees and expenses of the Lender's counsel, advisors and consultants) accrued and incurred in connection with the transactions contemplated by this Amendment in an amount not to exceed $7,500 without Borrower's consent, and all other Lender expenses (including the fees and expenses of Lender's counsel, advisors and consultants) payable in accordance with Section 11.11 of the Loan Agreement.

6. COUNTERPARTS. This Amendment may be signed originally or by facsimile or other means of electronic transmission in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment.

7. INTEGRATION. This Amendment and any documents executed in connection herewith or pursuant hereto contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, offers and negotiations, oral or written, with respect thereto and no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Amendment; except that any financing statements or other agreements or instruments filed by the Lender with respect to the Borrower shall remain in full force and effect.

8. GOVERNING LAW; VENUE. THIS AMENDMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. The Borrower and the Lender each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have duly authorized and caused this Amendment to be executed as of the date first written above.

BORROWER:

ENPHASE ENERGY, INC.

By: /s/ Sanjeev Kumar
Name: Sanjeev Kumar
Title: CFO

LENDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By:
Name: K. Nicholas Martitsch
Title: Associate General Counsel

IN WITNESS WHEREOF, the parties have duly authorized and caused this Amendment to be executed as of the date first written above.

BORROWER:

ENPHASE ENERGY, INC.

By: _____
Name: _____
Title: _____

LENDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: /s/ K. Nicholas Martitsch
Name: K. Nicholas Martitsch
Title: Associate General Counsel

[Signature Page to Amendment No. 1 to Loan and Security Agreement]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Cooperation Agreement
“AC cabling system for solar micro-inverter”

between

Phoenix Contact GmbH & Co. KG
Flachsmarktstraße 8
32825 Blomberg
Germany

as well as

Phoenix Contact USA, Inc.
586 Fulling Mill Road
Middletown, PA 17057
HARRISBUG, PA. 17111-0100
USA

-hereinafter “Phoenix Contact”-

and

Enphase Energy Inc.
201 1st Street Suite 11
Petaluma, CA 94952 USA

-hereinafter “ENPHASE”-

-hereinafter singly or jointly referred to as “CONTRACTUAL PARTIES”-

on

the development of an AC cabling system for solar micro-inverter
as well as the tools needed for the manufacture of products and the supply of the developed products

Content

Article 1 - Preamble	2
Article 2 - Definitions	2
Article 3 - Cooperation between the CONTRACTUAL PARTIES	3
Article 4 - Development costs	5
Article 5 - Changes	5
Article 6 - Rights to RESULT	6
Article 7 - Tools	8
Article 8 - Delivery/Purchase quantities, Pricing and Delivery Schedule	8
Article 9 - Secrecy	9
Article 10 - Promotion	10
Article 11 - Quality defects	10
Article 12 - Material Breach	11
Article 13 - Deficiencies in title	12
Article 14 - Limitation of Liability	13
Article 15 - Force Majeure	13
Article 16 - Coming into effect, duration, other	14
Article 17 - Applicable Law/Place of Jurisdiction	15

Article 1 - Preamble

Phoenix Contact is a company with worldwide operations in the field of electrical connection technology, automation, surge voltage protection and electronic interface systems. ENPHASE is a company specializing in design, manufacturing, and distribution of solar micro-inverter and associated products.

The CONTRACTUAL PARTIES agree to work together to develop and produce unique connectors and cable assemblies to create an AC cabling system for use by ENPHASE for its solar micro-inverter products. In addition the CONTRACTUAL PARTIES agree that ENPHASE shall be generally free to appoint any third parties as supplier for AC cabling systems for use in solar micro-inverter products in terms of a second source supply chain.

Article 2 - Definitions

2.1 “SUBJECT MATTER OF THE AGREEMENT” and/or any activities and development work to be realized by Phoenix Contact in connection with its creation to fulfill this Agreement are specified and/or defined in detail in **Annex 1** attached to this Agreement as integral part of the Agreement and mutually agreed between the CONTRACTUAL PARTIES (based on concepts and specifications provided by ENPHASE); the specification shall include details regarding the prototypes and detailed test requirements. These requirements may be added by a detailed specification of the pre serial products.

2.2 “RESULT” are the SUBJECT MATTER OF THE AGREEMENT as well as any working and development results, ideas, know-how, findings and experiences, protectable and non-protectable, in any form as well as all corresponding documents that are created during the realization of the development work on the SUBJECT MATTER OF THE AGREEMENT.

2.3 “INFORMATION” is findings and experiences, protectable and non-protectable, in the field of the SUBJECT MATTER OF THE AGREEMENT, which existed at ENPHASE or at Phoenix Contact before the coming into effect of this Agreement or is created outside the realization of the development work on the “SUBJECT MATTER OF THE AGREEMENT”.

2.4 “CONTRACTUAL PRODUCTS” are the products that are delivered by Phoenix Contact to ENPHASE in series after the acceptance of the SUBJECT MATTER OF THE AGREEMENT by ENPHASE.

2.5 “PREPRODUCTION PROTOTYPES” means parts which will only be used for testing by Phoenix, by ENPHASE, or by independent approval laboratories. The details of the use of the prototypes and what kind of prototypes Phoenix Contact shall deliver to ENPHASE are set forth in Annex 7.

Article 3 - Cooperation between the CONTRACTUAL PARTIES

3.1 Phoenix Contact shall perform the development work on the SUBJECT MATTER OF THE AGREEMENT in accordance with the time schedule listed in Annex 2 as well as by observing any possible roadmap also laid down there.

Should any deviations from the time schedule and/or the roadmap become apparent, Phoenix Contact shall notify ENPHASE promptly by Email or other written communication.

The development work to be performed on the SUBJECT MATTER OF THE AGREEMENT may be assigned to third parties by Phoenix Contact. Phoenix Contact shall bind the third parties to secrecy to an extent that corresponds to the requirements of Article 7. Phoenix Contact shall remain fully responsible to ENPHASE under the terms set forth in this Agreement. Phoenix Contact shall be fully responsible to ENPHASE for any acts of such third parties in violation of the terms of this Agreement.

3.2 ENPHASE shall provide Phoenix Contact with INFORMATION, which from ENPHASE’s point of view is necessary for the development of the SUBJECT MATTER OF THE AGREEMENT and not accessible to Phoenix Contact in any other way, for the duration and the purposes of the development work. The provision of the aforementioned INFORMATION shall be free of charge. Phoenix Contact shall notify ENPHASE in time and in writing if it considers the provided INFORMATION for the performance of the development work on SUBJECT MATTER OF THE AGREEMENT as not sufficient and when which INFORMATION is needed at Phoenix Contact.

3.3 ENPHASE will be entitled to receive all product design information except details of the internal design which is not related to the connector interface in combination with the latching mechanism of the CONTRACTUAL PRODUCT/RESULT and the manufacturing methods used to produce the CONTRACTUAL PRODUCT/RESULT except as provided in section 3.3.4 below. This product design information according to sentence 1 of 3.3 shall specifically include:

3.3.1 A customer drawing that describes the overall features and dimensions of the cable assemblies to be purchased by ENPHASE.

3.3.2 3D models of the external features and dimensions (the envelope) of the trunk cable splice box and of the drop cable connector, in such detail that ENPHASE will be able to import these models into their own design software to do assembly designs and analysis.

3.3.3 2D drawings and 3D models of both connector interfaces, including the contact in combination with the latching mechanism, with basic dimensions and tolerances in sufficient detail that ENPHASE can analyze the connector design for reliability and such that ENPHASE could have another supplier produce connectors that interface with the Phoenix supplied products.

3.3.4 A list of materials used in the construction of the CONTRACTUAL PRODUCTS in such detail, and for the sole purposes of enabling ENPHASE to determine the reliability of the CONTRACTUAL PRODUCTS and to obtain certification of the CONTRACTUAL PRODUCTS from regulatory and approval agencies. ENPHASE shall share all knowledge and experience on materials with Phoenix Contact.

3.4 Phoenix Contact shall provide all information as required by regulatory agencies e.g. CSA.

3.5 The requirements on the SUBJECT MATTER OF THE AGREEMENT can only be modified by mutual agreement of the CONTRACTUAL PARTIES. Any resulting changes in deadlines, milestones and/or remuneration shall also be mutually agreed. Agreements pursuant to this article 3.5 shall be in writing.

3.6 Upon request, Phoenix Contact shall inform ENPHASE of the status of the development work on the SUBJECT MATTER OF THE AGREEMENT and enable an exchange of information with its operators of the SUBJECT MATTER OF THE AGREEMENT at a place to be arranged.

Phoenix Contact shall undertake to explain the RESULT verbally – upon request of ENPHASE also once at ENPHASE site.

When creating the SUBJECT MATTER OF THE AGREEMENT, Phoenix Contact shall apply state of the art science and technology. ENPHASE shall not be entitled to issue instructions to the employees of Phoenix Contact.

3.7 ENPHASE shall execute the acceptance of the RESULT after presentation of the RESULTS by Phoenix Contact in accordance with the Handover and Acceptance Protocol enclosed as **Annex 3.**

3.8 The CONTRACTUAL PARTIES shall appoint the following persons that will be the contact person for the other CONTRACTUAL PARTY during the performance of the development work on the SUBJECT MATTER OF THE AGREEMENT:

for Phoenix Contact: **Ansgar Engel**
Phoenix Contact GmbH & Co. KG
Flachsmarktstr. 8
32825 Blomberg
Germany

for ENPHASE: **Jack Powell**
Enphase Energy, Inc.
201 1st Street, Suite 300
Petaluma, California 94952
USA

If the contact person of either CONTRACTUAL PARTY changes, it shall inform the other CONTRACTUAL PARTY in writing.

All queries, reports, etc. shall be directed by one CONTRACTUAL PARTY to the other through the respective contact persons.

Article 4 - Development costs

For performing the development work on the SUBJECT MATTER OF THE AGREEMENT, Phoenix Contact shall pay for all design, tooling and production equipment expenses, except as such expenses may be recovered by Phoenix Contact through the remuneration provision in section 8.3.

Article 5 - Changes

5.1 If ENPHASE or Phoenix Contact requires changes to the CONTRACTUAL PRODUCT or the SUBJECT MATTER OF THE AGREEMENT including costs, prices and time schedule, these changes shall be mutually agreed between the CONTRACTUAL PARTIES in writing.

5.2 If Phoenix Contact believes that requirements of ENPHASE or other circumstances, for which ENPHASE is responsible, lead to increased work and have effects on the agreed deadlines and/or the roadmap and/or the remuneration, Phoenix Contact shall notify ENPHASE. If Phoenix Contact requires such an adjustment, the CONTRACTUAL PARTIES shall then agree on adequate adjustment of the remuneration and/or an adjustment of the deadlines and/or the roadmap in writing, if any.

Article 6 - Rights to RESULT

6.1 For knowledge including property rights and copyrights that already were available at ENPHASE before the beginning of the development, and that are needed for the performance of the development, ENPHASE shall grant Phoenix Contact a non exclusive, irrevocable, cost-free right of use. This right of use shall only be for the design and manufacturing of CONTRACTUAL PRODUCTS for ENPHASE.

6.2 Upon its creation, namely during the development or planning in the respective processing stage, the non-protectable inventions or ideas that are contained in the RESULT in its embodied form and the corresponding documents shall become the property of Phoenix Contact with the right to any worldwide use and exploitation. If the RESULT is embodied in drawings, models, reports, data carriers, samples and any other objects, these shall pass into the sole and unlimited ownership of Phoenix Contact upon their creation, namely in the respective processing state. The foregoing shall apply for all of the non-protectable inventions or ideas except the non-protectable inventions or ideas that are contained in the design connector interface in combination with the latching mechanism according to Annex 8 and the trunk and drop wiring design according to Annex 8. The CONTRACTUAL PARTIES agree that the overall wiring concept according to Annex 8 shall be available in any case for both CONTRACTUAL PARTIES without any limitations.

Phoenix Contact may not make the design connector interface according to Annex 8 available to any customer other than ENPHASE.

For this aforementioned non-protectable inventions or ideas (design connector interface in combination with the latching mechanism according to Annex 8 and the trunk and drop wiring design according to Annex 8) ENPHASE shall have all ownership rights, including the right to any worldwide use and exploitation. If this is embodied in drawings, models, reports, data carriers, samples and any other objects, these shall pass into the sole and unlimited ownership of ENPHASE upon their creation, namely in the respective processing state.

6.3 If the RESULT is protected by copyrights or any other non-transferable property rights of ENPHASE or third party the real author of ENPHASE or the third party shall irrevocably grant Phoenix Contact the exclusive right upon creation of the RESULT, solely to be assigned by Phoenix Contact and unlimited in time, context and location, to use and exploit the RESULT itself in unchanged or changed form in all known kinds of use and without any territorial restrictions. This right shall especially include the rights of use to copy the RESULT itself. This right shall only be for the design, manufacturing and selling of CONTRACTUAL PRODUCTS to ENPHASE.

6.4 As far as protectable inventions or ideas are contained in the RESULT, Phoenix Contact shall be entitled to apply for property rights at its own discretion and in its name - by mentioning the inventor of ENPHASE in accordance with the respectively effective statutory provisions - in any countries, to maintain them or to abandon them at any time - except the protectable inventions or ideas that are contained in the design connector interface in combination with the latching mechanism according to Annex 8 and the trunk and drop wiring design according to Annex 8 and the overall wiring concept. For this aforementioned protectable inventions or ideas (design connector interface and the trunk and drop wiring design according to Annex 8 and the overall wiring concept according to Annex 8) that are contained in the RESULT ENPHASE shall be entitled to apply for property rights at its own discretion and in its name - by mentioning the inventor of Phoenix Contact in accordance with the respectively effective statutory provisions - in any countries, to maintain them or to abandon them at any time. The CONTRACTUAL PARTIES shall promptly inform each other of an invention created in connection with the realization of the development work on the SUBJECT MATTER OF THE AGREEMENT. As far as one of the CONTRACTUAL PARTIES needs explanations, documents or any other support from the other party for the application, processing and protection of property rights due to such inventions, the respective CONTRACTUAL PARTY shall promptly provide them and/or grant them to the other party upon request. Each CONTRACTUAL PARTY shall bear its own costs and expenses in this case.

6.5 As far as Phoenix Contact and/or a partner of Phoenix Contact necessarily makes use of INFORMATION or protectable or non-protectable inventions or ideas of ENPHASE when using and exploiting (including manufacture and sale) the RESULT, ENPHASE shall herewith grant Phoenix Contact a cost-free right of use, unlimited in time and location, to the corresponding INFORMATION to the extent necessary for the use of the RESULT as well as for the manufacture and delivery of CONTRACTUAL PRODUCTS for ENPHASE. Part of the INFORMATION are in particular comprehensive rights of use to already generated property rights of third parties, which are needed by Phoenix Contact within this project and which have to be granted by ENPHASE. This right of use contains the right to grant sublicenses for the INFORMATION. This right of use shall only be for the design, manufacturing and selling of CONTRACTUAL PRODUCTS for ENPHASE.

6.6 The CONTRACTUAL PARTIES shall duly take care that it acquires the rights to the inventions or ideas of its employees contained in the RESULT as far as necessary pursuant to the provisions that apply to respective CONTRACTUAL PARTY, and to assign them to the respective CONTRACTUAL PARTY.

6.7 Furthermore, the respective CONTRACTUAL PARTY shall ensure through corresponding contractual provisions with its employees that the rights to the RESULT in accordance with Article 6 exclusively and unlimited in location, context and time and without any additional costs pertain to the respective CONTRACTUAL PARTY, and that these rights will not be affected by the termination of agreements between the respective CONTRACTUAL PARTY and its employee.

6.8 The use of any Intellectual Property (including but not limited to Patents or design patents) of Phoenix Contact to create the RESULT or to produce the CONTRACTUAL PRODUCTS shall not constitute any kind of license or right of use to ENPHASE except to the extent necessary for ENPHASE to make use of the CONTRACTUAL PRODUCTS.

Article 7 - Tools

7.1 ENPHASE and Phoenix Contact agree that Phoenix Contact directly retains sole ownership of the manufactured tools and production equipment upon their creation, namely in the respective processing state.

7.2 Phoenix Contact agrees that it shall never use ENPHASE tooling or specialized equipment to manufacture products similar to the CONTRACTUAL PRODUCTS for any other customer. Any usage of ENPHASE tooling or specialized equipment by Phoenix Contact to manufacture any products for any customer other than ENPHASE shall constitute a material breach of this Agreement and will entitle ENPHASE to terminate this Agreement without the payment of any remuneration to Phoenix Contact and without incurring any other liability.

Article 8 - Delivery/Purchase quantities, Pricing and Delivery Schedule

8.1 After acceptance of the development, Phoenix Contact shall provide ENPHASE with the CONTRACTUAL PRODUCTS.

8.2 The series delivery of CONTRACTUAL PRODUCTS is effected pursuant to the provisions of this Agreement according to the provisions for RESULTS and SUBJECT MATTERS OF THE AGREEMENT (especially Article 11, 12, 13). The CONTRACTUAL PARTIES agree that no General Business Terms will be applied.

8.3 The prices for the CONTRACTUAL PRODUCTS as well as the delivery conditions are defined in **Annex 6.** Price changes shall be according to the provisions in **Annex 6.** The CONTRACTUAL PARTIES agree on a minimum purchase quantity of **[***]** connectors and **[***]** splice boxes during 5 years after acceptance of the RESULT. If the minimum purchase quantity is not purchased by ENPHASE within such time, then Phoenix Contact shall be entitled to claim for the following remuneration not purchased:

[***] (US $**[***]**) for **[*]** to **[***]** pieces (connector and splice box) per part.

[***] (US $**[***]**) for **[***]** to **[***]** pieces (connector and splice box) per part.

ENPHASE shall inform Phoenix Contact promptly of its intent to cease purchasing under this Agreement. In such case, ENPHASE shall additionally purchase finished or semi finished CONTRACTUAL PRODUCTS and raw material to use up any raw material purchased for ENPHASE CONTRACTUAL PRODUCTS. This shall not exceed three (3) months of forecasted quantities, if not otherwise agreed between the CONTRACTUAL PARTIES.

8.4 The CONTRACTUAL PARTIES agree herewith on a specific price for PREPRODUCTION PROTOTYPES including the costs of prototype tools as agreed by the parties as stipulated in **Annex 7.**

8.5 The CONTRACTUAL PARTIES have agreed on a schedule that includes dates for specification definition, design, design approval, prototype design, prototype construction, production tooling, and approval for production and which is attached as **Annex 2.**

8.6 Phoenix Contact agrees that the prices which Phoenix Contact charges ENPHASE shall always be no greater than those which Phoenix Contact charges any other customer for similar products.

Article 9 - Secrecy

The non-disclosure agreement (**Annex 5**) between the CONTRACTUAL PARTIES effective as of 16 April 2010 is an integral part of this Agreement. Notwithstanding the term set forth in the non-disclosure agreement, the CONTRACTUAL PARTIES agree that it shall remain valid until the end of five (5) years after termination or expiration of this Agreement. Secrecy obligation will be applicable in particular to INFORMATION and product design information.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Article 10 - Promotion

With the prior written approval of ENPHASE, Phoenix Contact shall be entitled to advertise the CONTRACTUAL PRODUCT as customer-specific product in all areas after the series release (flyer, press release, catalogs, brochures, exhibition panels, etc.) as well as exhibit the CONTRACTUAL PRODUCT at trade fairs, amongst others. In addition, with the prior written approval of ENPHASE, Phoenix Contact shall be entitled to promote this cooperation.

Article 11 - Quality defects

11.1 Phoenix Contact warrants that the CONTRACTUAL PRODUCTS shall be free of any quality defects in design, materials and workmanship for a period of **[***]** months. The warranty period shall begin with the acceptance and/or, in case of the CONTRACTUAL PRODUCTS, with the transfer of risk. Phoenix Contact shall not be held liable regarding the PREPRODUCTION PROTOTYPES and pre serial products for Quality defects. This limitation of liability shall not apply, if Phoenix Contact acts with intent and for especially agreed quality guarantees as well as for damages to the body or material damages to privately used objects in accordance with the Product Liability Act.

11.2 If quality defects appear during the period of limitation, Phoenix Contact shall at its discretion either remedy them or re-deliver the RESULT free of defects (subsequent performance). If in this connection quality defects are again detected, ENPHASE shall be entitled to

first, demand another remedy of defects or re-delivery from Phoenix Contact at its discretion and only after a renewed unsuccessful remedy of defects or re-delivery

(i) withdraw from the Agreement or

(ii) reasonably reduce the remuneration agreed in accordance with Article 4 or

(iii) effect the remedy of defects itself or have it effected or

(iv) demand compensation for damages.

Any further or other claims or rights of ENPHASE due to quality defects do not exist.

11.3 The CONTRACTUAL PARTIES agree on a Quality assurance Agreement as set forth in **Annex 4.**

11.4 Epidemic Failure: In the event that CONTRACTUAL PRODUCTS under warranty have the same or similar functional defect during a time period of three (3) months and the number of defected CONTRACTUAL PRODUCTS exceed **[***]** of the quantity delivered within this time period, this

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shall be an “Epidemic Failure” as mentioned in the following. The term “Epidemic Failure” shall exclusively apply to delivered CONTRACTUAL PRODUCTS with a number of pieces of more than ten thousand (>10.000) during three (3) months. If either CONTRACTUAL PARTY learns of the existence or likely existence of an Epidemic Failure, then such CONTRACTUAL PARTY will inform the other CONTRACTUAL PARTY as soon as possible. The CONTRACTUAL PARTIES shall then work together to jointly devise a containment action plan. As soon thereafter as reasonably possible, the CONTRACTUAL PARTIES will develop a corrective action plan to remedy the Epidemic Failure. Phoenix Contact shall use its best efforts to implement such remedy as quickly as possible at Phoenix Contact’s own expense, which efforts shall include receiving all shipments of affected Product back (freight collect), repairing or replacing all such affected Products in accordance with the agreed remedy devised by the Parties, shipping the repaired or replaced Products back to ENPHASE at Phoenix Contact’s expense, and implementing the agreed remedy in all newly manufactured Products. Phoenix Contact shall be responsible for the reasonable following costs and expenses actually incurred and substantiated as a result of all aspects of implementing the agreed remedy on the affected Products: reasonable costs of the retrieval, packing, shipping and transportation of such Products, and the re-deployment of repaired or replacement Products (including all labor, consulting, contractor and the like charges, incurred by ENPHASE, only if Phoenix Contact has agreed in writing that ENPHASE is allowed to do the aforementioned activities). For the avoidance of doubt all damages defined in Article 11.4 shall be direct damages and shall be subject to Article 14.2.

Article 12 - Material Breach

In the event of any material breach of its obligations hereunder committed by either of the CONTRACTUAL PARTIES, the other CONTRACTUAL PARTY shall promptly provide written notice to breaching CONTRACTUAL PARTY as to the existence and nature of such material breach. If the breaching CONTRACTUAL PARTY fails to remedy the material breach within sixty (60) days following its receipt of such notice from the other CONTRACTUAL PARTY (or fails to reasonably commence such remedy within sixty (60) days in the event that a complete remediation during such time is not possible), then the other CONTRACTUAL PARTY may immediately terminate this Agreement without any further liability to the other CONTRACTUAL PARTY, including but not limited to ENPHASE’s obligation to purchase the minimum purchase quantities as noted herein, in the event of a material breach by Phoenix Contact.

Article 13 - Deficiencies in title

Phoenix Contact warrants that the RESULT developed by it as well as the CONTRACTUAL PRODUCTS are free of any rights of third parties and that the use of the CONTRACTUAL PRODUCTS as well as the RESULT and/or the information of Phoenix Contact does not infringe rights of third parties, especially property rights. Phoenix Contact shall, at its own expense, defend, indemnify, and hold ENPHASE, its employees and agents harmless against all claims, actions and suits for all reasonable and verifiable losses, costs, expenses, damages (including reasonable and verifiable costs and expenses incurred by ENPHASE subcontractors and customers of ENPHASE, to the extent that ENPHASE is responsible for such amounts), claims, demands and/or liabilities (including but not limited to reasonable attorneys' fees) that result from any actual or alleged (i) infringement or misappropriation of any patent, trademark, copyright, trade secret or other proprietary right by the CONTRACTUAL PRODUCT. For the sake of clarification any costs, expenses and damages that are assessed by a court of law shall be deemed reasonable. For the sake of clarification Phoenix Contact shall have sole authority to retain counsel and defend against such claim, except in the event that ENPHASE subcontractors or customers require legal representation and Phoenix Contact does not agree to counsel and defend such parties. If the use of such CONTRACTUAL PRODUCT is (or in Phoenix Contact's opinion, is reasonably likely to be) enjoined or otherwise encumbered by such claim, then Phoenix Contact shall at its own discretion either: (a) procure for ENPHASE the right to use such CONTRACTUAL PRODUCT; which allows ENPHASE the right to sell the CONTRACTUAL PRODUCTS to its customers, or, (b) modify such CONTRACTUAL PRODUCT in a manner mutually agreed between the CONTRACTUAL PARTIES so as to avoid any claim of infringement; or, if neither of the foregoing options (a) or (b) is available after using best efforts, then (c) replace such CONTRACTUAL PRODUCT with an equally suitable replacement that is acceptable to ENPHASE and that is free of any infringement. If none of the foregoing options (a), (b) or (c) is available after using best efforts, then Phoenix Contact shall refund to ENPHASE all amounts paid by ENPHASE for such CONTRACTUAL PRODUCTS. The foregoing remedies are nonexclusive.

Phoenix Contact will have no obligation to indemnify ENPHASE, its employees and agents for claims under Sections 11 or 13 to the extent such claims arise due to: (i) ENPHASE's combination of CONTRACTUAL PRODUCTS or Services with other products; or (ii) the application of the CONTRACTUAL PRODUCT itself, or (iii) ENPHASE's unauthorized modification of the CONTRACTUAL PRODUCTS; or (iv) ENPHASE's usage of the CONTRACTUAL PRODUCT in other than the mutually intended use.

Article 14 - Limitation of Liability

14.1 WITH THE EXCEPTION OF ANY BREACH OF ITS SECRECY OBLIGATIONS HEREUNDER, NEITHER OF THE CONTRACTUAL PARTIES SHALL BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE, INDIRECT, OR SPECIAL DAMAGES OR LIABILITIES OF ANY KIND, INCLUDING BUT NOT LIMITED TO BUSINESS INTERRUPTION, LOST PROFITS, LOSS OF USE, LOSS OF OPPORTUNITIES OR LOSS OF DATA, UNDER ANY THEORY OF LIABILITY AND EVEN IF SUCH PARTY WERE ADVISED OF THE LIKELIHOOD OF SUCH DAMAGES OR LIABILITIES.

14.2 PHOENIX CONTACT'S LIABILITY FOR DAMAGES RELATING TO INDEMNIFICATION, INCLUDING THAT OF DEFICIENCIES IN TITLE, SHALL BE LIMITED TO THE MAXIMUM AMOUNT OF **[***]** UNITED STATES DOLLARS (US $**[***]**) PER CALENDAR YEAR.

PHOENIX CONTACT'S LIABILITY FOR DAMAGES RELATING TO EPIDEMIC FAILURE SHALL BE LIMITED TO THE MAXIMUM AMOUNT OF **[***]** UNITED STATES DOLLARS (US $**[***]**) PER CALENDAR YEAR.

FOR ALL OTHER DAMAGES, ESPECIALLY BUT NOT LIMITED TO DAMAGES DUE TO QUALITY DEFECTS AND DELAY, EACH CONTRACTUAL PARTY'S AGGREGATE LIABILITY UNDER THIS AGREEMENT IS LIMITED TO THE AMOUNT OF **[***]** UNITED STATES DOLLARS (US $**[***]**) PER DAMAGE CASE, UP TO A MAXIMUM AMOUNT OF **[***]** UNITED STATES DOLLARS (US $**[***]**) PER CALENDAR YEAR.

THIS SECTION DOES NOT LIMIT EITHER CONTRACTUAL PARTY'S LIABILITY FOR BODILY INJURY OF A PERSON, DEATH, PHYSICAL DAMAGE TO PROPERTY, INTENTIONAL ACTS AND CLAIMS ACCORDING TO THE PRODUCT LIABILITY ACT.

14.3 AS FAR AS THE LIABILITY OF EACH CONTRACTUAL PARTY IS EXCLUDED OR LIMITED, THE PROVISIONS OF THIS ARTICLE 14 SHALL ALSO APPLY TO EMPLOYEES, WORKERS, REPRESENTATIVES AND PERFORMING AGENTS OF EACH CONTRACTUAL PARTY.

Article 15 - Force Majeure

15.1 Neither party shall be liable for the non-fulfillment of one of its contractual duties to the extent that the non-fulfillment is based on a circumstance beyond its control, including but not limited to one of the following reasons:

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operational disruptions, strikes, lockouts, official regulations, shortages of raw materials, difficulties in energy supply, mobilization, riots, etc, even if they occur at suppliers of Phoenix Contact or their sub-suppliers.

15.2 In case of an event of force majeure as described in Section 15.1, the CONTRACTUAL PARTIES are entitled to postpone the delivery and/or the performance by the duration of the obstruction plus an adequate start-up time, if necessary and they shall resume performance as soon as possible. If the CONTRACTUAL PARTIES are not be able to resume performance during one hundred (100) days after the occurrence of the force majeure event, either of the CONTRACTUAL PARTIES may terminate the Agreement fully or partly due to the not yet performed part.

Article 16 - Coming into effect, duration, other

16.1 This Agreement shall come into effect upon its signature and be effective for five (5) years. It shall then always be extended for an additional year if it is not cancelled by written notice provided not less than three (3) months prior to the end of the then current term of the Agreement.

16.2 This Agreement can be terminated by either CONTRACTUAL PARTY without prior notice by registered letter if a composition proceeding, bankruptcy or insolvency proceeding is brought by or against the other CONTRACTUAL PARTY, if such proceedings are not dismissed within sixty (60) days.

16.3 The provisions in Article 6, 7, 8 (except volume commitment), 9, 10, 11, 13 and 14 shall continue to be effective even after the expiration or termination of this Agreement regardless of the cause of such expiration or termination.

16.4 Any modifications, supplements, amendments and termination notices in respect to this Agreement shall be in writing. The obligation of a written form can only be renounced in writing.

16.5 As far as an explication according to 16.4 has to be made “in writing” or “in written form” pursuant to this Agreement, this explication must be signed by the person or persons authorized for the due and proper representation of the respective CONTRACTUAL PARTY by his own hand in his own name or by notarially certified initials or notarized and be transmitted to the other CONTRACTUAL PARTY as original as pdf-scan or fax. Any other explication, that has to be in writing in respect to this Agreement, may be made also in electronic form e.g. Email.

16.6 If a provision of this Agreement is or becomes invalid, it shall not affect the validity of the other provisions of this Agreement. The provision shall rather be replaced by a regulation that is permitted by law and comes closest to the original provision in its economic content.

Article 17 - Applicable Law/Place of Jurisdiction

17.1 For this Agreement, the laws of Switzerland shall apply exclusively. The provisions of the Vienna UN Convention for Contracts on International Sale of Goods of 11 April 1980 (UN Purchase Law) are excluded.

17.2 All disputes arising from or in connection with this Agreement, including all questions regarding its creation, its validity and its termination, shall be finally decided according to the rules of arbitration of the International Chamber of Commerce (ICC) by three (3) arbitrators pursuant to the mediation and arbitration body of the ICC. Each party shall appoint an arbitrator for confirmation at the organisation in charge according to the applicable rules (appointment authority). The two appointed arbitrators shall appoint the third arbitrator within 30 days. In the event the two arbitrators cannot agree on a third arbitrator within this period, the organisation shall appoint him. If several defendants are involved in the legal dispute, the appointment of an arbitrator through the defendants has to be coordinated among the defendants. In the event the defendants cannot agree on such a common appointment within the period determined by the organisation, the legal proceedings against them shall be separated. The place of jurisdiction shall be Harrisburg, Pennsylvania, USA. Court language shall be English.

Phoenix Contact GmbH & Co. KG

Blomberg, 19.10.2010

ppa. H. Friedrich

Helmut Friedrich
Vice President Head of Business Unit Device Connection Technology

Phoenix Contact USA, Inc.

Harrisburg, 26-10-2010

Jack Nehlig
President

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

Specification (annex 1)

Enphase AC Wiring System

This technical Specification includes the Enphase ERD Rev 16 and CSA-Testplan Rev 0.7

Change Historie PxC:

Name	Historie / Comments	Version	Date
Ansgar Engel	Start with ERD Rev12 / CSA Testplan Rev 0.7	V01	29.07.2010
Ansgar Engel	New ERD EE Rev 13	V02	29.07.2010
Ansgar Engel	New ERD EE Rev 16; Canncel EE cost target in this document.	V03	19.10.2010
Ansgar Engel	Chapter 4.3 Add. Information for primarily shipping cap Chapter 4.8 Add. Information for SpliceKit	V04	21.10.2010

Table of Contents

Table of Contents		2
Table of Tables		3
Table of Figures		3
Revision History EE ERD		4
Revision History EE ERD		4
Revision History, Continued		5
1	Premise	6
2	References	6
2.1	Internal	6
2.2	External	7
2.2.1	US standards	7
2.2.2	EN/IEC Standards	8
2.2.3	Other	8
3	Application	9
3.1	Overview	9
3.2	Product line up	10
3.2.1	Trunk Cable Assemblies	10
3.2.2	Drop Cable Assembly	13
4	Specifications	14
4.1	Generic Requirements, High Level Goals	14
4.1.1	Lifetime expectancy	14
4.1.2	Environmental Conditions	14
4.1.3	RoHS	14
4.1.4	Defect rate	14
4.2	Common Requirements for Splice Box and Drop Connectors	15
4.2.1	Splice Box, Trunk Welds, and Drop Connector Contact Resistance	16
4.3	Splice Box Connector	17
4.3.1	Splice Box Marking, Molded into Splice Box, Visible from Outside	19
4.3.2	Splice Box Labeling	20
4.3.3	Splice Box Sealing Cap Labeling, Molded into Sealing Cap	20
4.4	Drop Connector Requirements	21
4.4.1	Racking System Compatibility	22
4.4.2	Drop Connector Labeling	23
4.5	Drop Cable Assembly, Chassis Penetration Overmold	24
4.6	Cable requirements	25
4.6.1	Trunk and Drop Cable Jacket Labeling	26
4.7	Accessories	27
4.7.1	Cord Grip	27
4.7.2	Trunk Cable Termination	27
4.8	Splice Kit	28
5	Cost	29
6	CSA Test Elements	29
6.1	CSA Test Elements and Standards	29
6.2	Required Enphase Test Cases	29
6.3	Acronyms	30
7	Signatures PxC and EE	31

Table of Tables

Table 1 - Revision History 4
Table 2 - Revision History, Continued 5
Table 3 - Trunk Cable Configuration 10
Table 4 - Splice Box Pitch dimensions 18
Table 5 - NA and EU Color Code 25
Table 6 - Splice Box and Drop Connector Pin Assignment 25
Table 7 - Required Enphase Test Cases 29

Table of Figures

Figure 1 - Enphase Energy System 9
Figure 2 - Rotating Phase Application 11
Figure 3 - Non-Rotating Phase Application 11
Figure 4 - Single Phase Trunk and Drop Application 12
Figure 5 - Three Phase Trunk, Single Phase Drop Application 12
Figure 6 - Contract Resistance Schematic 16
Figure 7 - Splice Box Dimensions 17
Figure 8 - Splice Box Pitch Along Trunk Cable 17
Figure 9 - Drop Connector Dimensions 21
Figure 10 - Drop Cable Dimensions 24

Revision History EE ERD

Version	Date	Author	Comments
1.0	1/7/10	Martin Fornage	Original Draft
1.1	2/18/10	Mark Baldassari	Updated per review
1.2	2/23/10	Mark Baldassari	Updated vendor distribution
1.3	4/18/10	Mark Baldassari	Synchronize revision with Knowledge Tree
1.4	4/18/10	Mark Baldassari	Update following discussions with Phoenix Contact
1.5	4/27/10	Mark Baldassari	Update UL version numbers, removing all references to press-fit, correct creepage/clearance specification, change mW to milliohms, and remove references to strain relief boots.
1.6	5/3/10	Mark Baldassari	Update voltage descriptions in Table 2, updated Drop Cable length specification, updated HiPot requirements in Section 4.2, added date code spec to Section 4.3.2, updated CSA Test Elements to agree with PV document.
1.7	5/10/10	Mark Baldassari	Added UL 2238. Table 2; changed voltage rating to 480 V, deleted “future”. Updated 4.1.2, 4.1.4, 4.2, 4.3, 4.5. Added 4.2.1
1.8	5/19/10	Mark Baldassari	2.2.1 Removed UL 498, kept UL 1703. 2.2.2 Removed IEC61730. Updated 4.2 UL 1977 Type 1A and Type 2, left pull test alone pending discussion with CSA. Keeping Galvanic index, need input from PxC on actual number. Updated 4.2.1 resistances. Left figure 8 unchanged. Kept 4.7.1. Deleted quantity requirement in section 5. Updated connector dimensions
1.9	6/4/10	Mark Baldassari	3.2.1 - Removed 277/480 V 3-Phase from first row. Changed rated voltage to 600 V. 4.2 - Increased HiPot test voltages in compliance with 600 V rated voltage.
1.10	6/9/10	Mark Baldassari	Added more Internal Reference Documents. Updated section 6 to match CSA test plan. Updated 4.3 include different pitch dimensions, added cable tie specs, added biodegradable IP54 sealing cap.
1.11	7/7/10	Mark Baldassari	Updated Table 3. Added section 4.4.1 Racking Systems. Added Figure 6. Section 4.3 updated cable tie dimensions. Added requirement for Biodegradable Material. Updated CSA and Enphase Test Elements to match PV/CSA test plan
1.12	7/22/10	Mark Baldassari	Removed Tie-Wrap requirements under 4.3. Added more requirements for Biodegradable sealing cap. Option to add vendor logo to splice box, drop connector, and splice kit. Section 6.3 added IEC 61215 paragraph 10.13.

Continued Next Table

Table 1 - Revision History

Revision History, Continued

Version	Date	Author	Comments
1.13	7/28/10	Mark Baldassari	Section 4.2 only one HiPot Voltage/Time combination needs to be tested. Added Figure 12 Drop Cable Dimensions to Section 4.6. Removed full load requirement for IEC61215 Sect. 10.13. Clarify 155.7 N on cables, 89 N on connectors. Removed Country of Origin requirement. Added tests for the terminator and splice kit
1.14	10/06/10	Mark Baldassari	Modified the following sections; 3.2.1, Table 2, all the figures is section 3.2.1, section 3.2.2, section 4.3, section 4.3.1, section 4.4, section 4.4.1, section 4.5, section 4.6, section 4.6.1, section 4.7.2, section 4.7.2.1, section 4.8, section 6. Added insertion/extraction forces to section 4.4
1.15	10/15/10	Mark Baldassari	Updated Table 3, Removed requirement for text or picture on how to disconnect Drop from Splice, Simplified cable labeling requirements in section 4.6.1.
1.16	10/18/10	Mark Baldassari	Updated Section 4.4, changed insertion force requirement. Changed “shall” to “should”. Found corrupted link for “Drop Cable Drawing.” Recreated graphic.

Table 2 - Revision History, Continued

1 Premise

The AC wiring system is required to connect AC modules or Microinverters (single or TwinPacks) to the grid. This document provides requirements for this cable system.

2 References

2.1 Internal

Marketing Requirements Document (MRD) for the Enphase Trunk and Drop Cabling
Link to Knowledge Tree; SystemAC Wiring System MRD.doc

This Document: ETD Enphase Trunk and Drop AC wiring system ERD
Link to Knowledge Tree; EnphaseAcWiringSystemErd.doc

Product Verification Team, CSA Test plan
Link to Knowledge Tree; ETD CSA Testplan.doc

Hardware Engineering Test Plan
Link to Knowledge Tree; EtdHwTestPlan.doc

2.2 External

2.2.1 US standards

NEC 2008	ANSI/ NFPA 70 National Electric Code
UL 94	Tests for Flammability of Plastic Materials for Parts in Devices and Appliances
UL 486, A, B, 1st Edition	Standard for Wire Connectors and Soldering Lugs for Use with Copper Conductors
UL 514 B, C, 3rd Edition	Non Metallic Outlet Boxes, Flush Device Boxes, and Covers
UL746 A	Polymeric Materials - Short Term Property Evaluations
UL746 B	Polymeric Materials - Long Term Property Evaluations
UL746 C	Polymeric Materials - Used in Electrical Equipment Evaluations
UL746 D	Polymeric Materials - Fabricated Parts
UL 1703, 3rd Edition	Flat Plate Photovoltaic Modules and Panels
UL 1741, 2nd Edition	Inverters, Converters, Controllers and Interconnection System Equipment for Use with Distributed Energy Resources
UL 1977, 2nd Edition	Component Connectors for use in Data, Signal, Control and Power Applications
UL 1277, Nov 14, 2001	Standard for Electrical Power and Control Tray Cables with Optional Optical-Fiber Members
UL 2238	Cable Assemblies and Fitting for Industrial control and Signal Distribution
UL 6703	Connectors for use in Photovoltaic Systems

2.2.2 EN/IEC Standards

IEC 60529, Edition 2.1	International Standard, Degree of Protection Provided by Enclosures
IEC 60664-1	Insulation coordination for equipment within low-voltage systems
IEC 61215	Crystalline silicon terrestrial photovoltaic (PV) modules - Design qualification and type approval
IEC 61727	Terrestrial Photovoltaic [PV] Power Generation Systems - General and Guide
EN 62109	Safety of Power Converters for use in Photovoltaic Power Systems

2.2.3 Other

Annex 4 Quality Test Plan

3 Application

3.1 Overview

The AC wiring system is used to connect PCUs or ACMs to branch circuit wiring. This 3rd generation wiring system works on a ‘trunk and drop’ system. This system contrasts with the previous ‘in-line’ cabling in that the AC flow for a branch no longer flows through each PCU, but instead is connected via a separate inverter cable which is then ‘tee’d’ to the branch.

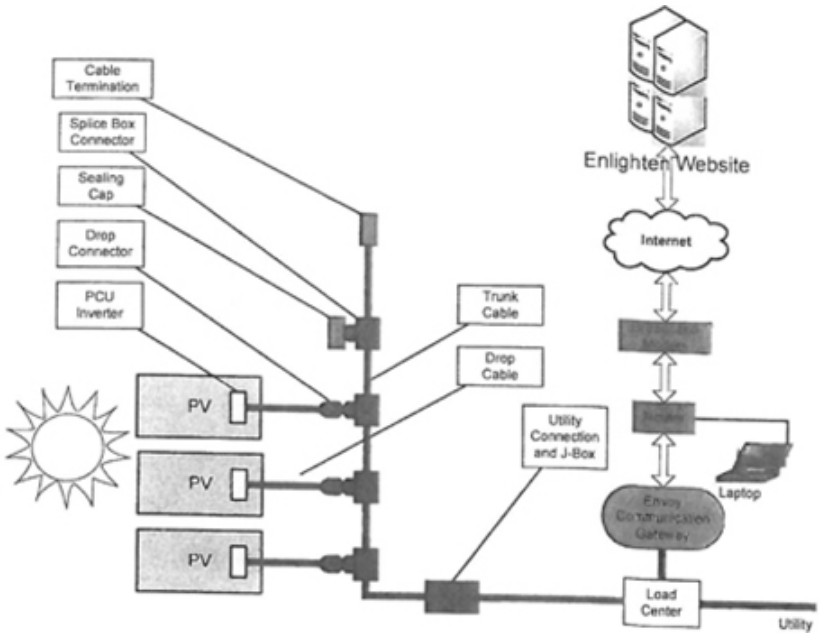

Figure 1 - Enphase Energy System

In addition to Neutral and Ground, trunks carry one, two or three phases depending upon the application. Trunk sections will be built using a long ‘reel’ of trunk cabling – this will be a cable with drop connectors installed at regular intervals. This will allow an installer to simply cut a length of trunking cable to the appropriate length for the installation.

The trunk is ultimately connected to a junction box at the upstream side by cutting back the exterior insulator, stripping the wires bare for field termination, and running them through a strain relief and into a junction box for termination.

The last element to the AC wiring system is the cable terminator, which provides a means to safely, reliably and easily terminate a cut length of trunk cable in the outdoor environment.

3.2 Product line up

3.2.1 Trunk Cable Assemblies

The product range is described below:

			Trunk		Drop		
Application	**Market**	**Connections**	Current Rating	Voltage Rating	Current Rating	Voltage Rating	Connector Keying
120/208 V 3-Phase	NA	Figure 2	**[***]**	**[***]**	**[***]**	600 V	**[***]**
120/240 V Split Phase 120/208 V 3-Phase	NA	Figure 3	**[***]**	**[***]**	**[***]**	600 V	**[***]**
230 V Single Phase Trunk and Drop	EU	Figure 4	**[***]**	**[***]**	**[***]**	600 V	**[***]**
230/400 V 3-Phase Trunk, Single Phase Drop	EU	Figure 5	**[***]**	**[***]**	**[***]**	600 V	**[***]**

Table 3 - Trunk Cable Configuration

Notes:

- NA is North America, EU is Europe
- The compatibility levels show compatibility of different connectors

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

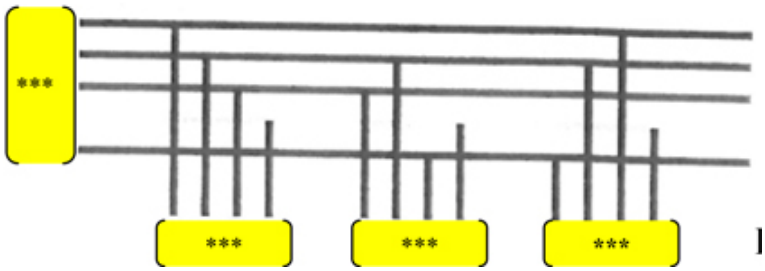

Figure 2 - Rotating Phase Application

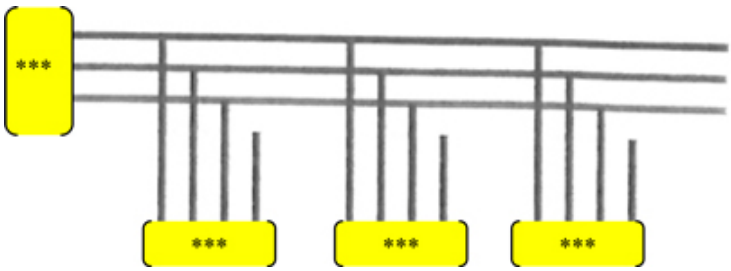

Figure 3 - Non-Rotating Phase Application

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

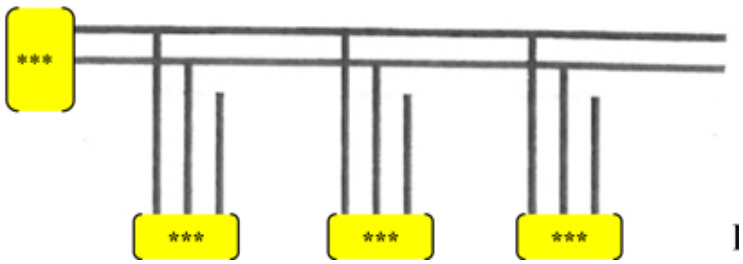

Figure 4 - Single Phase Trunk and Drop Application

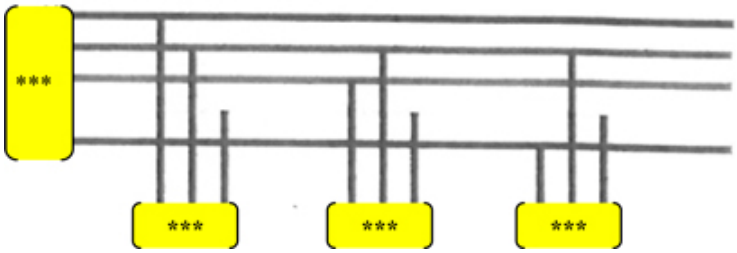

Figure 5 - Three Phase Trunk, Single Phase Drop Application

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3.2.2 Drop Cable Assembly

The drop cable assemblies are attached to the inverter. The length of the Drop Cable can vary from 400 mm to 1050 mm depending on the application. For a Microinverter application, the length is 400 mm long. For the ACM application the length is 1050 mm long. The assembly includes a Drop Connector, Drop Cable, Chassis penetration Overmold, and PCB solder pins or wires. The wires shall be prepared solder tinned. Stripped or semi-stripped is not acceptable. The length of the PCB solder pins, or wires, may vary in length depending on the application.

4 Specifications

4.1 Generic Requirements, High Level Goals

4.1.1 Lifetime expectancy

The product shall be designed for a 25 year, targeted lifetime.

4.1.2 Environmental Conditions

The product will be used in an outdoor situation, subjected to direct UV radiation, wide temperature ranges, humidity, wind driven rain, salt fog, and other tests as defined in the Test Plan

- The temperature range is from -40 C to +65 C.
- All cable shall be rated to +90 C dry and +75 C wet
- All externally exposed components shall be rated for direct UV exposure as specified under UL 746 C, F1 Rating
- The mated connector pairs and splice box with sealing cap shall be rated to IEC 60529, protection class, IP 67.

4.1.3 RoHS

All components and material shall be RoHS compliant.

4.1.4 Defect rate

See Quality Plan – Annex 4 as part of the contract

4.2 Common Requirements for Splice Box and Drop Connectors

- The connector shall be locking
- A tool shall be required for disconnection.
- A single handed release is required
- Connectors shall be polarized
- The Protective Earth contact shall be “make first, break last.”
- Connectors of different circuits shall not be capable of being mated (keyed.)
- The connectors shall meet the relevant touch safe requirement per UL 1977, Section 10.2
- The connectors shall meet the creepage/clearance distances per UL 1977, Type 1A for interface between the Splice Box and Drop Connector. And Type 2 for the Splice Box.
- The connectors shall meet the creepage/clearance distances per IEC 60664-1, Overvoltage Category III, Rated Impulse Voltage 4 kV, and Pollution Degree II.
- The connector pins shall be numbers or pin 1 indicated with a unique, visible marking
- The connectors shall be water proof per IEC 60529 IP67 when mated and during the pull tests at any angle
- The connector shall pass the IEC 61215 tests paragraphs 10.11, 10.12 and 10.13
  - IEC 61215 paragraph 10.11, Thermal Cycling Test, may be substituted with TC200
  - IEC 61215 paragraph 10.12, Humidity Freeze Test, may be substituted with HF10
  - IEC 61215 paragraph 10.13, Damp Heat Test, shall be performed
- The connector shall pass the HiPot testing from each wire to each wire per Enphase Energy requirements, based on 600 V working volts, plus 10%. All four test voltage and time below are equivalent. Therefore, only one test voltage/time combination needs to be validated.

600V*(1.1)*2+1000 =	2320 VAC for 60 seconds
(600V*(1.1)*2+1000)*sqrt (2) =	3281 VDC for 60 seconds
(600V*(1.1)*2+1000)*1.2 =	2784 VAC for 1 second
(600V*(1.1)*2+1000)*sqrt (2)*1.2 =	3937 VDC for 1 second

- The connectors shall be constructed with materials that meet the flammability requirements UL 94 V0.
- The connectors shall be rated for “disconnect under load” per UL 1977, Section 15, using Enphase Energy inverters for a minimum of 250 cycles.
- The wires shall be connected permanently to the contacts with a welded, crimped or insulation displacement non reversible method
- The contact resistances between the Splice Box and Drop Connector shall be less than 5 milliohms at the maximum rated current and temperature
- The galvanic index of metal to metal interfaces shall be less than 0.15V
- All cables shall be protected by strain relief features

4.2.1 Splice Box, Trunk Welds, and Drop Connector Contact Resistance

- The contact resistance shall be measured across various points in the circuit. Refer to Figure 6.
- The resistance shall be less than **[***]** milliohms from A to B
- The resistance shall be less than **[***]** milliohms from C to D, from C to B, or from D to B
- The resistance shall be less than **[***]** milliohms from A to D or from A to C

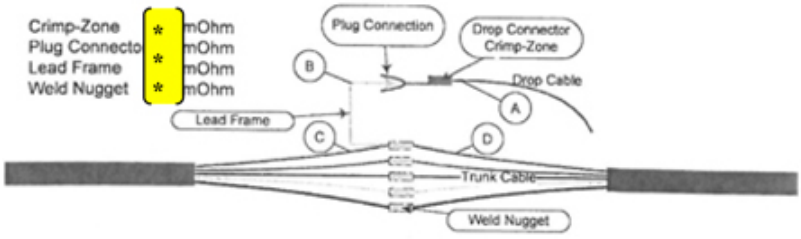

Figure 6 - Contract Resistance Schematic

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4.3 Splice Box Connector

- The maximum Splice Box Connector dimension shall be 118 mm long x 60 mm tall x 20 mm thick. Including the IP67 Sealing Cap, 32 mm thick.

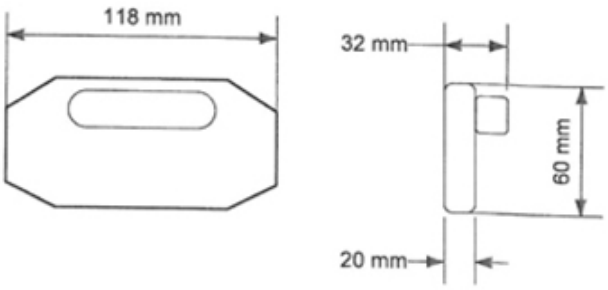

Figure 7 - Splice Box Dimensions

- The pitch between Splice Box Connectors shall be made for the following applications; 300 mm pitch, 1025 mm pitch, and 1700 mm pitch.

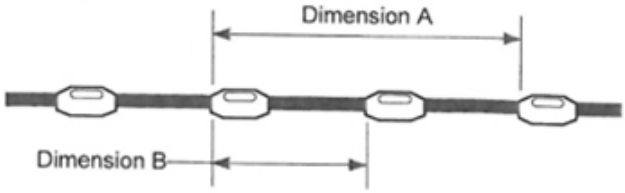

Figure 8 - Splice Box Pitch Along Trunk Cable

Pitch Type	Typical Application	Dimension A	Dimension B
300 mm	Manufacturing Test	600 mm +/- 30 mm	300 mm +/- 30 mm
1025 mm	ACM or PCU	2050 mm +/- 45 mm	1025 mm +/- 45 mm
1700 mm	Dually	3400 mm +/- 45 mm	1700 mm +/- 45 mm

Table 4 - Splice Box Pitch dimensions

- The Cable running through the Splice box shall meet a mechanical stress (pull test) with **[***].**
- On some cables there shall be a periodic built-in phase rotation to the drop. See Table 3 - Trunk Cable Configuration
- An IP67 Sealing Cap shall be provided for the Splice Box Connector.
- A Shipping Cap shall also be provided and be made out of Biodegradable materials. Series Production in 2011 shall start with a primalery shipping cap until the Biodegradable Cap is complete for the Series Production beginning 2012.
    - The material shall be usable for up to one year, as installed, in a high humidity environment, up to **[***]** to **[***]**, out of direct contact with water.
- Series Production in 2011 shall start with a primarily shipping cap until the development of a Biodegradable Shipping Cap is completed. This development requires extensive materials investigation as well as prototyping and design approval from ENPHASE. Therefore, it is not possible to determine a definite date that the biodegradable solution will be ready for series production. After design approval from ENPHASE, test pre-production samples would be available in 12 calendar weeks.

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4.3.1 Splice Box Marking, Molded into Splice Box, Visible from Outside

- Text: IP67
- Enphase Energy logo, CSA US Logo, and CE Mark. No color is required.

- Optionally, vendor logo is permitted.
- Text: “WARNING: Use only with Enphase Energy products in accordance with Enphase Energy Installation Manual”
- Date Code indicating when connector was made; YYMM
- Tool identification number for injection mold
- Text or a unique symbol shall be present to indicate pin one.
- The housing shall display a mark indicating the material type used. This information will be used to indicate how to recycle the material.

4.3.2 Splice Box Labeling

- Date code for when the assembly was built, year and week, YYWW
- Full Enphase Part number, base number plus revision, xxx-xxxxx-xx.
- For rotating phase applications, i.e. 120/208 V three phase, the connector shall have a three distinct letter marking for each phase connection; A, B, and C.
- For non-rotating phase application, i.e. 120/240V split phase, a distinctive letter mark is not required. If one is provided, the letter shall be the same.
- Voltage rating for the cable shall be marked, either;
    - (1) 120/208 and 277/480 V 3-Phase
    - (2) 120/240 V Split Phase
    - (3) 230/400 V 3-Phase

4.3.3 Splice Box Sealing Cap Labeling, Molded into Sealing Cap

The following labels shall be molded into the housing and visible when mated to the Splice Connector.

- Enphase Energy Logo. No color is required.

The following labels shall be molded into the housing. It is not required to be visible when mated to the Spice Connector

- Date Code indicating when the part was created
- Tool identification number for injection mold
- The housing shall display a mark indicating the material type used. This information will be used to indicate how to recycle the material.

4.4 Drop Connector Requirements

- The insertion and extraction forces of the drop connector, while mating and un-mating the splice box should be less than **[***]**.
- The maximum Drop Connector dimension shall be 61 mm deep x 62 mm wide x 20 mm thick including the connector and the drop cable.

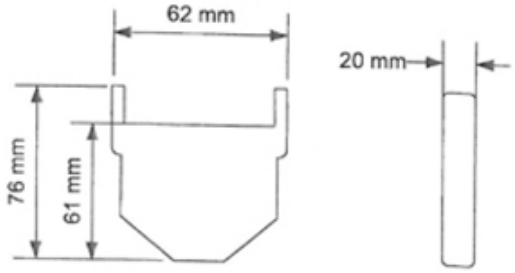

Figure 9 - Drop Connector Dimensions

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4.4.1 Racking System Compatibility

The cabling system shall be easily mounted in rack systems that the Enphase Microinverter is compatible with. Please reference the racking compatibility list at http://www.enphaseenergy.com/downloads/EnphaseAppNote RackingCompatibility.pdf

4.4.2 Drop Connector Labeling

- The following labels shall be molded into the housing and visible when mated to the Splice Connector.
- Text: IP67
- Enphase Energy logo, CSA US Logo, and CE Mark. No color is required.

- Optionally, vendor logo is permitted.
- Tool identification number for injection mold
- Text or a unique symbol shall be present to indicate pin one.
- The housing shall display a mark indicating the material type used. This information will be used to indicate how to recycle the material.

4.5 Drop Cable Assembly, Chassis Penetration Overmold

- The Overmold shall provide a seal to the chassis to eliminate potting compound from leaking during the assembly process.
- Overmold size and shape may vary depending on the final application.
- The Drop Connector when mated to the Splice Box shall meet the mechanical stress (pull test) requirements per UL 1741
- The Cable connected to the Drop Connector and Chassis Penetration Overmold shall meet a mechanical stress (pull test) with 155.7 N.
- The length of the Drop Cable shall vary from 400 mm to 1050 mm depending on the application. For a Microinverter application, the length is 400 mm long. For the ACM application the length is 1050 mm long.

Figure 10 - Drop Cable Dimensions

- The Chassis Penetration Overmold shall support the PCB connections or wire leads to be soldered into the board.
- The Drop Cable shall make an electrical connection to the PCB using solder techniques.

4.6 Cable requirements

- The cables shall comply with the relevant standard and bear the relevant rating such as TC-ER for the North American version.
- The trunk cable conductors shall be color coded appropriately:

Market	L1	L2	L3	N	PE
US	Black	Red	Blue	White	Green or Green/Yellow
EU	Brown	Black	Grey	Blue	Green/Yellow

Table 5 - NA and EU Color Code

- The Drop cable can optionally use the same color code as the Trunk cable. If uniform color is used, such as all black, markings shall be added to identify the conductor number
- The cable shall be flexible. The minimum bend radius shall be 10 times the cable outside diameter.
- The wire arrangement shall be as such:

Wire position	1	2	3	4
4 conductor (future)	L1	PE	L2	N
3 conductor (future)	—	PE	L2	N

Table 6 - Splice Box and Drop Connector Pin Assignment

- Minimum wire gauges shall be 12 AWG and 18 AWG for the trunk and drop wires respectively.

4.6.1 Trunk and Drop Cable Jacket Labeling

- The following is an example of the text that shall be present on the cable jacket. Label is per UL and CSA requirements.

4.7 Accessories

4.7.1 Cord Grip

An off-the-shelf cord grip is required to provide IEC60529 IP67 protection at the user provided junction box.

4.7.2 Trunk Cable Termination

A device to terminate a cut length of trunk cable is required which will meet electrical, environmental and lifespan requirements for the system. This device must be installable without use of specialized or power tools (i.e. screwdriver, wrench is acceptable, custom crimp tool or power drill is not).

The Trunk Cable Terminator must meet the same test levels as the Splice Box for the timve pertinent specifications listed below.

- Mechanical Stress Test (pull test) of 155.7 N.
- 445 N Crush Test
- HiPot
- Cold Impact
- IP67

4.7.2.1 Trunk Cable Termination Connector Labeling

- Text shall be molded into Cable Termination body
- Enphase Energy logo, CSA US Logo, and CE Mark. No color is required

- Optionally, vendor logo is permitted.
- Other descriptive labeling may be provide on the packaging.

4.8 Splice Kit

A device or system to splice the trunk cable in the event of damage or provide length extension shall be provided. The spliced cable will still meet relevant standards and code. The trunk cable will be cut to fit and installed into a customer site, and it will not be acceptable to remove the whole cable in the event of damage.

In addition, it is highly desired that the repair device/system provide the capability to connect two lengths of trunk and drop cable while still adhering to relevant standards and code.

The Splice Kit must meet the same test levels as the Splice Box for the five pertinent specifications listed below.

- Mechanical Stress Test (pull test) **[***]**
- **[***]**
- HiPot
- Cold Impact
- IP67

Splice Kit concepts utilizing two different termination methods were provided by PHOENIX CONTACT and are being evaluated by ENPHASE. One method utilizes screw termination and the second design uses a spring contact. After design approval from ENPHASE, testable pre-production samples would be available according the following estimated schedules

Splice Kit with screw contacts requires **[***]** calendar weeks for first pre-production parts (series grade tooling but not fully tested by the PHOENIX test labs)

Splice Kit with spring contacts requires **[***]** calendar weeks for first pre-production parts (series grade tooling but not fully tested by the PHOENIX test labs)

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5 Cost

See the Prices in the Annex 6 Document “Annex 6 Products, Pricing and Delivery Conditions”

6 CSA Test Elements

Below is an example of the test elements, and is for reference only. The actual test requirements are specified in the following document;

6.1 CSA Test Elements and Standards

See the CSA Testplan Rev 0.7

6.2 Required Enphase Test Cases

Tests Conducted by Enphase	Standard/Requirement	Notes
Leakage Current Test	UL 1703 Sec 21	Splice, connectors
Bonding Path Resistance Test	UL 1703 Sec 25	Splice, connectors
IP 67 Environmental tests	IP 67	Splice, connectors
IEC 61215, Damp Heat	IEC 61215, Section 10.13, Damp Heat Test, +85 °C, 85% RH, 1000 Hrs.	Splice, connectors

Table 7 - Required Enphase Test Cases

6.3 Acronyms

AC	Alternating Current
ACM	AC module
AVG	Average
CEC	California Energy Commission
CSA	Canadian Standards Association
DC	Direct Current
EFT	Electric Fast Transient
EMI	Electro Magnetic Interference
ERD	Engineering Requirements Document
ESD	Electro Static Discharge
ESR	Equivalent Series Resistance
ETD	Enphase Trunk and Drop Cabling System
EU	Europe
L1	Line 1
L2	Line 2
L3	Line 3
MRD	Marketing Requirements Document
MPPT	Maximum Power Point Tracking
N	Neutral
N	Newtons
NA	North America
NRTL	Nationally Recognized Testing Laboratory
PCB	Printed Circuit Board
PCU	Power Conversion Unit
PE	Protective Earth
PV	Photo-Voltaic
PV	Product Verification
PV Module	Photo Voltaic Module (colloquially, a ‘solar panel’)
RMS	Root Mean Square
RoHS	Restriction of Hazardous Substances
STC	Standard Test Conditions
TBD	to Be Determined

7 Signatures PxC and EE

Phoenix Contact GmbH & Co. KG

Blomberg, 2010-10-29

i.V.

Karl-Paul Tölke

Chief Spezialist Laboratory Quality and Process Technology Business Unit Device Connection Technology

Phoenix Contact GmbH & Co. KG

Blomberg, 2010-11-02

i.V.

Dr. Thomas Beier

Head of DCT Development Department

Phoenix Contact ..

Harrisburg, Oct. 26, 2010

Name Michael Peppler

Function Business Unit Director

Phoenix Contact ...

Harrisburg, Oct. 26, 2010

Name

Function

Enphase Energy Inc.

Petaluma, 7 Dec 10

Name Paul Nahi

Function President & CEO

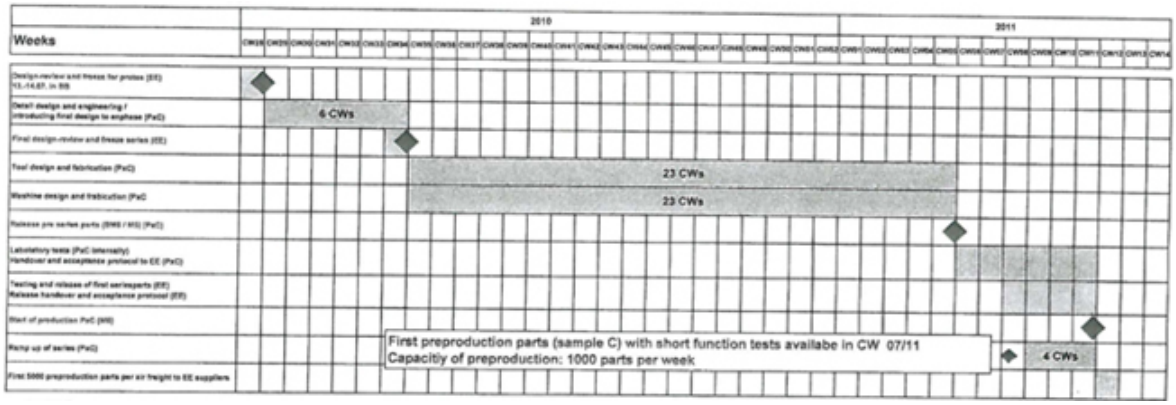
Enphase Energy Inc.

Petaluma,

Name

Function

PxC Project Schedule “AC wiring system”



Comments:

EE order and EE design freeze series is completed in KW34
UL-listing be done by enphase
shipping time per air freight = 1 week
shipping time per container: Flex USA = 39 days and Flex China = 45 days
Detailed descriptions for preproduction parts in the contract annex 6 and PP-slide “20100719_suncal_description pre production”
ramp up of series production will start in CW12/2011
project schedule is updated with EE team in design review meeting (13.07.2010)
Enphase acknowledges schedule, but schedule does not meet needs.
Enphase needs first series parts by no later than CW01/11 (1/7/2011)
Enphase needs CSA ready prototypes by no later than CW38/10 (9/23/2010)

Description of preproduction parts (Sample C)

Functionality and safety of parts is tested
An additional label on each part with “Sample C” and “manufacture date”
Trunk cable with four and five conductors possible
Cables will be shipped in series packaging

Following exceptions are possible:

Products will not be fully qualified per CSA testplan by PxC. Note: full tested prototypes require additional 5 weeks of test time
Production processes are not fully validated per process capability studies.
Deviations of the specification are possible

Phoenix Contact GmbH & Co. KG

Blomberg, 19.10.2010

ppa. H. Friedrich

Helmut Friedrich
Vice President Head of Business Unit Device Connetion Technology

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

EE = Enphase
PxC = Phoenix Contact

Phoenix Contact GmbH Co. KG
DCT. projects. A. Engel

Annex 4

Quality Assurance Agreement

I. Scope of Agreement

1. This Agreement shall apply exclusively to the CONTRACTUAL PRODUCTS outlined in the Cooperation Agreement (Annex 6), which are delivered by Phoenix Contact on the basis of the orders Phoenix Contact receives and accepts from ENPHASE during the term of this Agreement.
2. The products shall be in compliance with the mutually agreed descriptions (specifications, Supplier data sheets, drawings).

II. Quality Assurance and Environmental Management

1. Phoenix Contact shall maintain a quality management system which meets ISO 9001 and ISO 14001. Phoenix Contact shall also manufacture and test the products in accordance with the stipulations of such quality management system.
2. If Phoenix Contact receives production or test equipment, software, services, materials or other supplies from third parties for the manufacture or quality assurance of its products, Phoenix Contact shall ensure that these are in compliance with its quality management system, whether it be by contract with these parties or through carrying out itself such tests as are necessary to assure compliance with its quality management system.
3. Phoenix Contact shall keep records of aforementioned quality assurance procedures and especially those relating to measured values and test results. Phoenix Contact shall maintain these records in an appropriate manner and for a period of not less than three (3) years. Phoenix Contact shall allow ENPHASE, upon request, to inspect the records and product samples for the CONTRACTUAL PRODUCTS.
4. Phoenix Contact shall mark all CONTRACTUAL PRODUCT with a date code label and version number. Additionally, Phoenix Contact shall mark each plastic component with the date code of manufacture.
5. The CONTRACTUAL PRODUCTS shall exhibit a FIT’s rate not to exceed that which is calculated in accordance with SR-332 or equivalent industry standard. Phoenix Contact shall perform a reliability analysis and submit calculated results to ENPHASE within 60 days of design completion.
6. Product DPPM shall not exceed the following agreed-upon targets during all phases of the product lifecycle including inspection, installation, deployment and operation. The quality targets are listed in Annex A.
7. Materials, Processes, and Design shall be selected to support the service life of at least **[***]**, and Phoenix Contact acknowledges that it must be able to demonstrate empirical data that validates this requirement, upon request. This requirement is met by performing a product-specific quality inspection and test plan agreed upon with ENPHASE.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Annex 4

III. Phoenix Contact's Obligation to Provide Proof and Information to ENPHASE

1. Phoenix Contact shall, upon reasonable request, allow ENPHASE to inspect and verify its compliance with the quality assurance measures set forth in Section II above. Phoenix Contact shall therefore, after prior agreement of the Parties on the date of such an inspection, grant ENPHASE reasonable access to its business premises of the CONTRACTUAL PRODUCTS and shall make available a member of its staff for the duration of the inspection visit. Phoenix Contact may deny access to and inspection of classified manufacturing methods and other industrial secrets.
2. Phoenix Contact shall make no changes to the CONTRACTUAL PRODUCTS, Specifications, manufacturing process, or testing procedures or criteria used in manufacturing of the CONTRACTUAL PRODUCTS, if such changes would affect, or would likely affect, the CONTRACTUAL PRODUCT'S form, fit, or function, unless ENPHASE has provided its prior written approval of such change, with such approval not to be unreasonably withheld or delayed.
3. Should Phoenix Contact note an increase in deviations in the real quality of CONTRACTUAL PRODUCTS already delivered or in the process of being delivered from the mutually agreed specifications (i.e. a reduction in quality), Phoenix Contact shall immediately notify ENPHASE thereof and of the measures Phoenix Contact plans to take to remedy such a problem.
4. Phoenix Contact shall ensure, whether by identification of the CONTRACTUAL PRODUCTS, or, if such is impossible or impractical, by other suitable means, that, in case defects are detected in a CONTRACTUAL PRODUCT, Phoenix Contact can readily determine whether any other CONTRACTUAL PRODUCTS have been affected and identify them. Phoenix Contact shall inform ENPHASE about its identification system or other measures which it has taken in order to enable the latter to carry out its own investigations, if necessary. In doing so, the traceability can only be ensured if ENPHASE provides the corresponding information as regards the material number, order, delivery slip number and/or the corresponding batch and/or serial number. ENPHASE is obliged to provide these data. If these details cannot be provided Phoenix Contact shall be released from its duty for traceability.

IV. Receiving Inspection by ENPHASE

1. Upon delivery of the CONTRACTUAL PRODUCTS, ENPHASE or its representative shall promptly confirm that they accurately correspond to the purchase order quantity and type and whether there is any apparent damage resulting from their transport or any other visible defect.
2. If, during such inspection, ENPHASE or its representative notes any apparent damage or defect or any non-conformity with the ordered quantity and type, it shall promptly notify Phoenix Contact thereof. If ENPHASE or Buyer's representative notes some damage or defect at a later date, it shall also promptly report this to Phoenix Contact. Upon receiving notice of such damage, defect or non-conformity, Phoenix Contact shall promptly remedy such.

Annex 4

3. No failure by ENPHASE to detect any defect or damage to the CONTRACTUAL PRODUCTS and notify Phoenix Contact as described in this Section IV shall serve to release Phoenix Contact from its warranty obligations as set forth in this Agreement.

V. Quality Assurance Representative

Each of the CONTRACTUAL PARTIES hereby designates its quality assurance representative below, who shall represent it on quality assurance matters related to this Agreement. This representative shall make any decisions relating to such quality assurance issues. Should either of the CONTRACTUAL PARTIES replace its quality assurance representative, it shall promptly notify the other CONTRACTUAL PARTY of such replacement in writing. The quality assurance representatives are listed in Annex A.

Phoenix Contact GmbH & Co. KG

Blomberg, 25.10.2010

i.V. K.P. Tölke

Karl-Paul Tölke
Chief Spezialist Laboratory Quality and Process Technology Business Unit
Device Connection Technology

Phoenix Contact GmbH & Co. KG

Blomberg, 2010-10-19

i.V. Dirk Drühe

Dirk Drühe
Head of QW-PI

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

Annex 4

Annex A

1. DPPM Targets

2011 – **[***]**

2012 – **[***]**

2013 – **[***]**

2014 – **[***]**

2. Quality Assurance Representatives

		Buyer		Seller
Quality agreement	Name	Don Cassity	Name	Dirk Drühe
	Department:		Department:	Head of QW-PI
	Telefon:	(707) 763-4784 x-7108	Telefon:	+49-5235 / 3-41860
	Telefax:		Telefax:	+49-5235 / 3-41829
	E-Mail:	dcassity@enphaseenergy.com	E-Mail:	ddruehe@phoenixcontact.com
Complaint management	Name	Don Cassity	Name	Bernd Hoppe
	Department:		Department:	Head of QW-BM
	Telefon:	(707) 763-4784 x-7108	Telefon:	+49-5235 / 3-41674
	Telefax:		Telefax:	+49-5235 / 3-40541
	E-Mail:	dcassity@enphaseenergy.com	E-Mail:	bhoppe@phoenixcontact.com
BU Technician	Name	Don Cassity	Name	Karl-Paul Tölke
	Department:		Department:	Department: Director Quality Assurance BU DCT
	Telefon:	(707) 763-4784 x-7108	Telefon:	+49-5235 / 3-41314
	Telefax:		Telefax:	+ 49-5235 / 3-40002
	E-Mail:	dcassity@enphaseenergy.com	E-Mail:	kptoelke@phoenixcontact.com

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Annex 4

Phoenix Contact GmbH & Co. KG

Blomberg, 2010-10-25

Karl-Paul Tölke
Chief Spezialist Laboratory Quality and Process Technology Business Unit Device Connection Technology

Phoenix Contact GmbH & Co. KG

Blomberg, 2010-10-19

Dirk Drühe
Head of QW-PI

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

NON-DISCLOSURE AGREEMENT

Between

Enphase Energy
201 1st Street
Petaluma, CA 94952
United States of America

*- hereinafter referred to as **"Enphase "**-*

and

Phoenix Contact GmbH & Co. KG
Flachsmarktstraße 8
32825 Blomberg
Germany

Phoenix Contact Holdings, Inc.
586 Fulling Mill Road
Middletown, PA 17057
HARRISBURG, PA. 17111-0100
United States of America

*- both hereinafter referred to as **"Phoenix Contact"**-*

- hereinafter singly or jointly referred to as "Contractual Partners" -

the following Agreement is concluded:

Preamble

The Phoenix Contact Group develops, produces and sells innovative products and systems of electrical connection and automation technology worldwide.

The company has long-term and comprehensive process know-how for in-house development and manufacturing.

In connection with talks on the project "Enphase AC wiring system ERD" ("Purpose"), the contractual partners shall provide each other with information.

Within this Purpose it is necessary that Phoenix Contact and/or an affiliated company as well as/or subsidiaries of Phoenix Contact and Enphase pass on information to the other contractual partner. To guarantee an open cooperation within this Purpose the following shall be agreed as regards the imparted information:

1. Confidential are all information, documents, data and/or knowledge, especially technical and/or economic information, construction documents, specifications, drawings, samples, prototypes, test results and/or any other know how (hereinafter "*Confidential Information*") that is made available by one contractual partner to the other contractual partner within the aforementioned Purpose and that refer to former, present or future activities of the contractual partner or any affiliated company in the area of research, development, production methods, procedures, technologies, products, company management and trade for this purpose. *Confidential Information* can be conveyed or provided for inspection verbally or in writing; as sample, prototype, electronic or visual data formats of any kind or in any other embodiment. *Confidential Information* comprise also all copies, all material generated by themselves and summaries made hereof.

The disclosing contractual partner is not obligated to confidentiality as regards his own *Confidential Information* imparted to the receiving contractual partner. The *Confidential Information* is confidential solely for the receiving contractual partner, in fact only as regards the *Confidential Information* imparted by the disclosing contractual partner. This *Confidential Information* may be passed on without restrictions to third parties by the disclosing contractual partner.

2. *Confidential Information* is and remains property of the disclosing contractual partner.

3. The contractual partners have to properly keep all Confidential Information passed on by the other contractual partner and shall not disclose it to any third partner. Confidential Information, however, may be passed on to third parties if the fulfilment of contractual obligations by one contractual partner makes this imperative. Before Confidential Information is distributed by the receiving contractual partner the written consent to the distribution has to be obtained from the disclosing contractual partner. With such a necessary disclosure to third parties, this third party is committed to secrecy to the same extent as the contractual partners under this Agreement. The information may not be used for any other objective than for achieving the Purpose of the cooperation. Third parties in terms of this Agreement are not the affiliated companies and subsidiaries of Phoenix Contact pursuant to the preamble. A distribution of *Confidential Information* through Phoenix Contact to these companies is permitted.

4. The contractual partners undertake to return all received *Confidential Information* on request of the respective disclosing contractual partner, or to destroy it on written request after the termination of this Agreement. The same also applies to *Confidential Information* stored, processed electronically or visually, copied or duplicated. The above mentioned regulations only apply to routinely compiled backup copies of *Confidential Information*, which was exchanged electronically, as well as *Confidential Information* or copies thereof, which have to be retained and/or stored by the receiving contractual partner or their advisors in compliance with the terms of applicable law or internationally accepted accounting guidelines, insofar that this *Confidential Information* has to be returned or destroyed on written request of the disclosing contractual partner at the end of the respective compulsory retention period.

5. *Confidential Information* is not information that

a. at the time of it's transmission was already common knowledge;

b. at the time of it's transmission was already known to the other contractual partner;

c. became common knowledge after it's transmission without the assistance of the other contractual partner;

d. was made accessible by third parties to the other contractual partner legally and without any restriction regarding non-disclosure or usage after it's transmission;

e. may be disclosed upon written approval of the other contractual partner;

f. have been developed by the receiving contractual partner independently and without recourse to Confidential Information or in accordance with the exceptions stipulated under paragraph 5 a – e.

The contractual partner who refers to the exception has to prove the existence of its prerequisites.

The contractual partners may disclose *Confidential Information* from the other contractual partner as far as the receiving contractual partner is obligated to do so due to an official or judicial directive or any mandatory legal regulations provided the contractual partner obliged to the disclosure immediately informs the other contractual partner about it beforehand for the purpose of exercising his rights, and the contractual partner committed to the disclosure makes any reasonable effort to ensure that the *Confidential Information* is dealt with confidentially. *Confidential Information* disclosed in such a way has to be marked as "confidential" by the contractual partner obliged to the disclosure.

6. Licences and/or rights for using and/or transferring any patents, rights of use, brands, samples, intellectual property or any other property rights shall not be granted neither expressly nor implied by this Agreement. The receiving contractual partner shall especially not be entitled to file an application for patents or other property rights with and/or on the basis of *Confidential Information* he obtained. In the event the receiving party was granted patents or other property rights contrary to the aforesaid these must be transferred to the issuing contractual partner free of charge upon the initial request. Furthermore, the assignment of *Confidential Information* does not constitute any rights for prior use for the receiving contractual partner.

7. The contractual partners shall make sure that the confidential material is only made available to those employees who are indispensable for fulfilling the Purpose. The appointed employees are also committed to a corresponding equivalent secrecy obligation unless there has already been a basic obligation to secrecy within the employment contract.

8. A warranty or liability as regards accuracy, freedom from errors, absence of property rights of third parties, completeness and/or usability of the *Confidential Information* shall be excluded as far as legally permitted.

9. This Agreement becomes effective upon signature by both contractual partners and ends after one year without needing notice of termination. This Agreement will be prolonged by another year if the contractual partners have not concluded their cooperation at the end of the respective one-year term in accordance with the preamble. The provisions of this Agreement shall remain effective even after the termination of this Agreement for a period of 5 years. A cancellation of this Agreement is not possible.

10. If a contractual partner gets insight into production processes or any other company secrets of the other contractual partner that should not be disclosed and which were made known to him within audits or through business relations, the non-disclosure agreement shall be valid for audit results, documents and other company findings unlimited in time beyond the term of this Agreement.

11. No ancillary verbal agreements have been made. Any amendments and/or supplements to this Agreement must be made in writing to become legally effective. This formal requirement can only be waived in mutual agreement and in writing. None of the contractual partners can transfer this Agreement or individual rights or duties under this Agreement to third parties without the written consent of the other contractual partner, unless otherwise agreed between the contractual partners in this Agreement.

12. All disputes arising in connection with this Agreement or its validity shall be finally settled in accordance with the Arbitration Rules of the German Institute for Arbitration e.V. (DIS) without recourse to the ordinary courts of the law. The Arbitration Tribunal may also decide on the validity of this Arbitration Agreement with binding effect for the state-run courts. The place of arbitration is Paderborn, Germany. The Arbitration Tribunal consists of three arbitrators. The applicable law is German Law. The language of the arbitral proceedings is English.

13. Should individual provisions of this Agreement be ineffective or non-feasible or contain any regulatory gaps this will not affect the validity of the other provisions. Instead of the ineffective or non-feasible provision, that effective and feasible provision will be considered as agreed that comes closest to the meaning and purpose of the ineffective or non-feasible provision.

Petaluma, 7 APRIL 2010

/s/ Mark Baldassari
Enphase Energy

Mark Baldassari
(Signer in printed letters)

Blomberg, 18-3-2010

/s/ H. Friedrich
Phoenix Contact GmbH & Co. KG

H. Friedrich
(Signer in printed letters)

Middletown, April 16, 2010

/s/ Mike Peppler
Phoenix Contact Holdings, Inc.

Mike Peppler
(Signer in printed letters)

Annex 6 Products, Pricing and Delivery Conditions (Rev. 05.11.2010)

1. CONTRACTUAL PRODUCTS and Pricing

The following prices will be used to determine cable assembly prices. All prices do not include packaging or shipping costs.

a) Cable Connector and Splice Box	**Photo**	**Price**
Drop Cable Connector with Grommet and wire organizer		$**[***]** (only valid by buying an equivalent number of splice boxes)
Four-conductor Drop Cable AWG 18/4		$**[***]**/meter
Splice Box for Four-Conductor Cable; without cable		$**[***]** (only valid by buying an equivalent number of drop cables)
Splice Box for Five-Conductor Cable; without cable		$**[***]** (only valid by buying an equivalent number of drop cables)
Four-conductor Trunk Cable AWG 12/4		$**[***]**/meter
Five-Conductor Trunk Cable AWG 12/5		$**[***]**/meter
Temporary / shipping cap for splice box. This will be applied to all splice boxes. a) soft cap (not biodegradable) b) polyamide cap (not biodegradable)		 $**[***]** $**[***]**

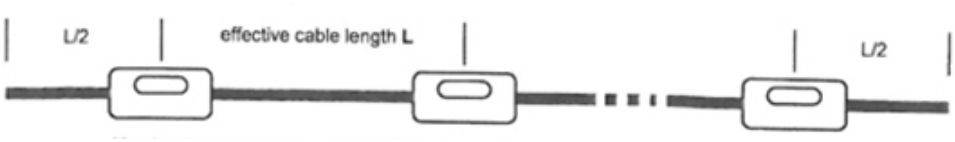
b) Accessory	**Photo**	**Price**
5 Pole Cable Terminator		$**[***]**
5 Pole Splice Kit for Trunk Cable (present design status)	**TBD**	$ **[***]**
Disconnect Tool / Handtool a) color code 3000 (standard red) b) color code 4004 (EE orange)		 $ **[***]** $ **[***]**
IP67 Sealing Cap for Trunk Cable Splice Boxes		$ **[***]**

Enphase is obligated to buy all accessories for the installation of the CONTRACTUAL PRODUCTS from Phoenix Contact. This liability will cease as soon as the relevant specified minimum purchase quantities as listed below has been reached or surpassed

5 Pole Cable Terminator	400,000 pcs.
5 Pole Splice Kit for Trunk Cable	220,000 pcs.
Disconnect Tool / Handtool	200,000 pcs.
IP67 Sealing Cap for Trunk Cable Splice Boxes	200,000 pcs.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

c) Sample cable assembly calculations:



Trunk cable AWG 12/4 or AWG 12/5 with **n** splice (total eff. cable length = n × L)

Cable	No. of Splice boxes	eff. cable length L [m]	total eff. cable length [m]	Cable price per m	price Splice box	total price Trunk cable
AWG 12/4	**[***]**	**[***]**	**[***]**	$ **[***]**	$ **[***]**	$ **[***]**
AWG 12/5	**[***]**	**[***]**	**[***]**	$ **[***]**	$ **[***]**	$ **[***]**

2. Pricing Assumptions

The pricing in the table above was established using the following assumptions:

a) cable cost of $**[***]** per meter for the **[***]** assembly (including **[***]**% handling charge)

b) cable cost of $**[***]** per meter for the **[***]** assembly (including **[***]**% handling charge)

c) cable cost of $**[***]** per meter for the **[***]** assembly (including **[***]**% handling charge)

d) Exchange rate of $**[***]** US Dollars per Euro

At the time of production release and on Jan 1 and July 1 of each calendar year thereafter the price of the trunk and drop cable assemblies will be adjusted in the event that the total amount of the cable cost (a-c) and exchange rate (d) cost changes to Phoenix Contact are greater than +/- 5% compared to the figures a) – d). Any changes either up or down that are less than that magnitude will be absorbed by Phoenix Contact.

The price of the AC Drop cable will be reduced based upon the volume commitment reductions as listed below (non accumulative)

[***] to **[***]** sets	**[***]**$
[***] to **[***]** sets	**[***]**$
[***] to **[***]** sets	**[***]**$
[***] sets or greater sets	**[***]**$

Phoenix Contact shall have the responsibility to select the cable vendor based upon drawing specifications. This selection will be made by Phoenix Contact with respect to price, product quality and delivery performance. Phoenix Contact shall inform ENPHASE of its vendor selection once determined, however ENPHASE shall have the right to reject such selection and replace it with a different vendor promptly in writing, due to better pricing and/or product quality.

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3. Delivery Terms

FCA Poland or Germany facility (Incoterms 2000).

4. Forecast and raw material liability

ENPHASE accepted purchase orders and forecast will constitute authorization for Phoenix Contact to procure inventory to manufacture the CONTRACTUAL PRODUCTS covered by such purchase orders and forecast based on the lead time of the raw materials required to build the CONTRACTUAL PRODUCTS. Phoenix Contact will not make purchases of NCNR (non-cancellable, non-returnable) raw material inventory in excess of 90 days in lead time without the express written consent of ENPHASE. This written consent may take the form of a blanket authorization for certain commodities or raw material for ease of management.

5. Delivery Performance

On time delivery shall be measured and reported to ENPHASE on a monthly basis as measured against the original commitment date provided to ENPHASE by Phoenix Contact. Orders shall be considered on time if they are shipped from one week earlier than the scheduled shipment date up to one day after the scheduled shipment date. On-time delivery shall be the sole responsibility of Phoenix Contact except in cases where ENPHASE has requested delivery inside of mutually agreed lead times. In this instance, Phoenix Contact shall make all reasonable efforts to support the mutually agreed delivery times. The target for on-time delivery of product shall be 95% on time. If Phoenix drops below this percentage for two months in a row or drops below 70% for one month, Phoenix Contact shall provide ENPHASE with a written corrective action plan. If, after 60 days from this written plan delivery performance has not improved to the target, Phoenix Contact shall be considered in material breach of the contract.

6. Payment terms

45 days net after date of invoice.

7. Currency

US dollar ($)

8. Exchange rate

Invoicing shall be in US dollars. The exchange rates of US dollars into Euros shall be recalculated every six months according the following procedure: The basis for calculation the exchange rates with the reference rate US dollar is formed by the average rate of the national currency in question during the past 6 months. The basis for this calculation shall be obtained from http://www.oanda.com/convert/classic.

9. Delivery Procedure

In case delivery (especially but not limited to orders and order confirmation) and payment shall be done for ENPHASE by a Flextronics Entity (this means company divisions), Flextronics entity shall be only acting as agent for ENPHASE. For the sake of clarification the individual Agreement shall only be concluded between Phoenix Contact and ENPHASE.

Phoenix Contact GmbH & Co. KG

Blomberg, 12.11.2010

ppa. H. Friedrich

Helmut Friedrich
Vice President Head of Business Unit Device
Connection Technology

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

Prototypes

As mentioned in the Cooperation Agreement Article 2.5 PREPRODUCTION PROTOTYPE shall mean any Prototype that is listed on the Roadmap/schedule Annex 7. For the Sake of clarification PREPRODUCTION PROTOTYPES are not CONTRACTUAL PRODUCTS, so that especially the regulations of Quality Defects, Epidemic Failure and Limitation of Liability are not applicable.

As agreed in the Cooperation Agreement ENPHASE will receive the PREPRODUCTION PROTOTYPES for testing purposes only.

The PREPRODUCTION PROTOTYPES have the restrictions as described in Roadmap/schedule Annex 7.

The PREPRODUCTION PROTOTYPES are a pure laboratory version and thus a hardware that has only been partly tested and is provided to ENPHASE for test purposes only. The PREPRODUCTION PROTOTYPES and the documentation of parts thereof shall not be used in life operations, because Phoenix Contact cannot warrant a faultless operation. The included information does not absolve ENPHASE from their own responsibility of checking the suitability in each individual case, and may not be used untested nor be generalized.

ONLY IN CASE OF WILFUL ACT PHOENIX CONTACT IS LIABLE FOR DEFECTS; BUT NOT FOR CONSEQUENCES OF DEFECTS OR MALFUNCTION OR ANY DAMAGES CAUSED BY ENPHASE OR A THIRD PARTY BY USING OR DISTRIBUTING THE PREPRODUCTION PROTOTYPES. IN NO CASE SHALL PHOENIX CONTACT BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, PUNITIVE, INDIRECT, OR SPECIAL DAMAGES OR LIABILITIES OF ANY KIND INVOLVING CLAIMS THAT WERE CAUSED BY THE USE OR THE IMPOSSIBILITY OF USE OF THE PREPRODUCTION PTOTOTYPES INCLUDING BUT NOT LIMITED TO BUSINESS INTERRUPTION, LOST PROFITS, LOSS OF USE, LOSS OF OPPORTUNITIES OR LOSS OF DATA, UNDER ANY THEORY OF LIABILITY AND EVEN IF SUCH PARTY WERE ADVISED OF THE LIKELIHOOD OF SUCH DAMAGES OR LIABILITIES.

ENPHASE agrees to use the provided hardware at its own risk and not in safety-related areas and/or for safety function purpose.

Circulation of the provided PREPRODUCTION PROTOTYPES and documentation as a whole, in excerpts or as copy to a third party and the export to other countries is forbidden. In case of infringement of the above obligations ENPHASE has the obligation to indemnify Phoenix Contact completely upon first request especially for any claims of a third party resulting from the operation of the PREPRODUCTION PROTOTYPES.

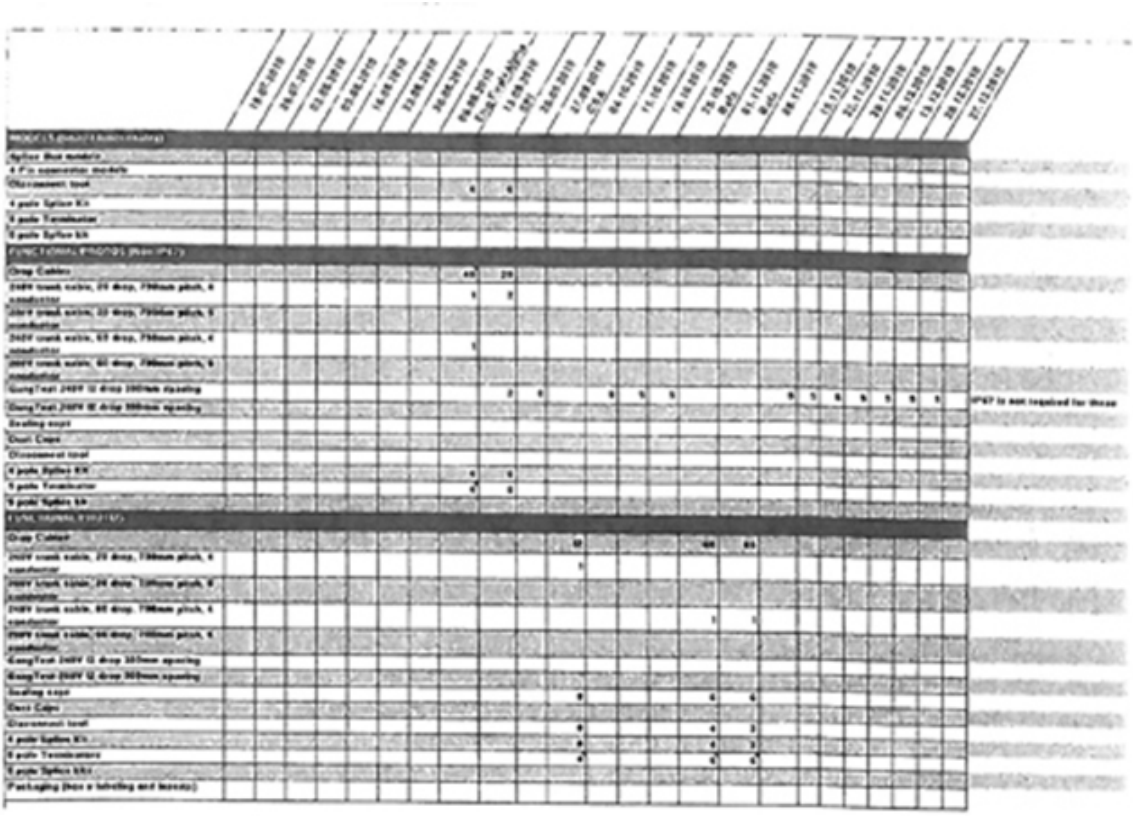
ENPHASE agrees to return all “Sample B” PREPRODUCTION PROTOTYPES if requested by Phoenix Contact. Should this occur Phoenix Contact will exchange those PREPRODUCTION PROTOTYPES with series products at no cost for ENPHASE.

For this Agreement, the laws of Switzerland shall apply exclusively. The provisions of the Vienna UN Convention for Contracts on International Sale of Goods of 11 April 1980 (UN Purchase Law) are excluded.

All disputes arising from or in connection with this Agreement, including all questions regarding its creation, its validity and its termination, shall be finally decided according to the rules of arbitration of the International Chamber of Commerce (ICC) by three (3) arbitrators pursuant to the mediation and arbitration body of the ICC. Each party shall appoint an

arbitrator for confirmation at the organisation in charge according to the applicable rules (appointment authority). The two appointed arbitrators shall appoint the third arbitrator within 30 days. In the event the two arbitrators cannot agree on a third arbitrator within this period, the organisation shall appoint him. If several defendants are involved in the legal dispute, the appointment of an arbitrator through the defendants has to be coordinated among the defendants. In the event the defendants cannot agree on such a common appointment within the period determined by the organisation, the legal proceedings against them shall be separated. The place of jurisdiction shall be Harrisburg, Pennsylvania, USA. Court language shall be English.

Enphase Request list Rev. 11 for Prototypes



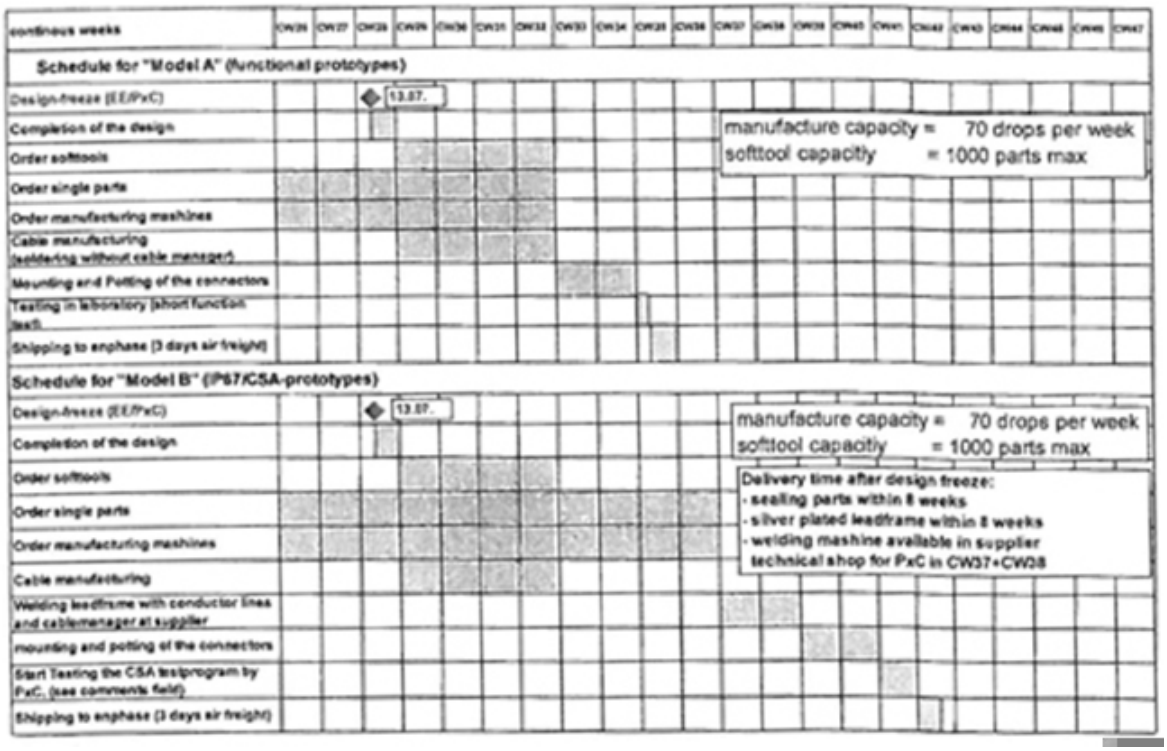
Phoenix Contact Pricelist for Prototypes

Prototypes	Prices soft-tools 30.07.2010	Prices per Protos 30.07.2010	design today 30.07.2010	SLA parts 30.07.2010
drop-connector with 4 pole cable (0,40 meter)	**$ [***]**	**$ [***]**		**$ [***]**
splicebox-connectors with four contacts and power-cable with 4 conductors (0,80 meter)	**$ [***]**	**$ [***]**		**$ [***]**
splicebox-connectors with four contacts and power-cable with 6 conductors (0,80 meter)				**$ [***]**
sealing cap splice-box	**$ [***]**	**$ [***]**		**$ [***]**
5 pole cable terminator. (new design)	**$ [***]**	**$ [***]**		**$ [***]**
4 pole repair kit for cable	**tbd**	**tbd**	**tbd**	**tbd**
5 pole repair kit for cable	**tbd**	**tbd**	**tbd**	**tbd**
hand tool for disconnection splice box and drop connector	**not**	**not**		**$ [***]**
Packaging (in clarification with EE - PxC)	**tbd.**	**tbd.**	**tbd.**	**tbd**

Prototypes per air-freight to EE: 9,75 $/kg and shipping-time door to door 3 days. Shipping cost (air-freight) payed by EE.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Roadmap/Schedule



Comments:

EE Order to PC is released. 2D prototype drawings are signed by EE in CW29/10
Technical and test-specification (UL/CSA) is released in CW29/10
Prototypes are not manufacturing according the series production process, capacity of softtools = 1000 parts
No major changes of the preliminary design
Only short functiontests, CSA-test needs [***] weeks.
Deatiled prototypes description written in the contract annex 7

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Descriptions of "Model A" (Functional Prototypes non-IP 67)

Functionality is ensured, safety of parts is tested and specifications requirements are not completely implemented.

- Intended use: EE marketing activities, internal analysis and testing
- Each Sample tested for electrical properties by PxC test laboratory (tested for continuity and rated current / voltage)
- No IP 67 protection
- Single parts are produced from soft tools
- Components are produced largely with production grade materials
- Color of connector housing is black
- Label on splice box and drop connector not usable for outdoor
- No compliance with the drawing tolerances, surface deviations possible (shrink and knock out marks)
- Trunkcable and Dropcable are potted but not tested to cable pull requirements.
- Soldering of conductores on leadframe
- Contacts tin plated
- Mating of connectors possible
- Drop cable without inverter interface grommet
- Drop cable ends are tinned flying leads.
- Five conductor trunkcable used for both 208 V and 240 V cables
- Trunk cable ends to be blunt cut
- Handtool produced by SLA
- Cables and parts will be shipped in standard boxes without instructions
- Marked with "Model A" and manufacture date on each label.

Descriptions of "Model B" (Functional Prototypes)

Functionality is ensured, safety of parts is tested and specifications requirements should be complete implemented.

- Intended use: for primilary CSA submission
- Prototypes will not be fully tested per CSA testplan and without guarantee to meet the CSA-requirements from PxC.
- Note: fully tested prototypes require additional **[***]** weeks of test time
- IP 67 protection
- Components are produced from soft tools and include no time for tool optimizing. Technical problems in parts will be removed from PxC quickly.
- Components are produced largely with production grade materials
- Color of connector housing is black
- Label on splice box and drop connector usable for outdoor.
- No compliance with the drawing tolerances, surface deviations possible (shrink and knock out marks)
- Welding of conductors on leadframe possible.
- Mating of connectors possible
- Drop cable includes inverter interface grommet and wire organizer when EE design freeze is in CW32
- Five conductor trunkcable used for both 208 V and 240 V cables
- Trunk cable ends to be blunt cut
- Handtool produced by SLA

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- Cables and parts will be shipped in standard boxes without instructions

- Marked with “Model B” and manufacture date on each label

Phoenix Contact GmbH & Co. KG

Blomberg 19.10.2010

ppa. H. Friedrich

Helmut Friedrich
Vice President Head of Business Unit Device
Connection Technology

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

Annex 8 Definition acc to Article 6

Overall Wiring Concept:

A flexible amount of wires

Multiple connection points on the wire-set with a free choice of positions and amounts of connection points.

Trunk and Drop wiring design:

[***]

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Annex 8 Definition acc to Article 6

Design Connector Interface in Combination with the Latching System:

[***]

The locking of the Trunk and Drop Connector system is achieved through two external Latching Pins on the Drop Connector and two Locking Springs assembled inside the Splice Box. When the Drop Connector is fully mated to the Splice Box, the Locking Springs snap close over ledge features on the two latching pins, securing the Drop Connector in the proper mated position.

Phoenix Contact GmbH & Co. KG

Blomberg, 19.10.2010

ppa. H. Friedrich

Helmut Friedrich
Vice President Head of Business Unit Device
Connection Technology

Enphase Energy Inc.

Petaluma, 7 Dec 10

Paul Nahi
CEO

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Flextronics Logistics Services Agreement

This Logistics Services Agreement ("Agreement") is entered into this 1st day of May 2009 (the "**Effective Date**"), by and between Enphase Energy, Inc. having its place of business at 201 lst Street, Suite 300, Petaluma, CA 94952 ("**Customer**") and Flextronics America, LLC having a place of business at 260 South Milpitas Blvd, Milpitas, California 95035 ("**Flextronics**").

The Customer has entered into an ongoing sales agreement with its customers (the "**Purchaser**") for the sale by Customer of certain goods. Flextronics has developed processes and practices for the purchasing, receipt, kitting, storage, and movement including the management of transportation of goods and the provision of visibility into the status of the supply of such goods through electronic communications and otherwise. The Customer desires to engage Flextronics to perform logistics services, including storing Customer's goods and value-added logistics services at locations managed by Flextronics (the "**Services**"). Customer acknowledges that Flextronics's expertise is in providing these Services and that Flextronics's responsibility related to the Customer's goods is limited to this extent.

1. SERVICES

Flextronics will perform the Services as set forth in Exhibit A to this Agreement with regard to the goods identified on Exhibit B to this Agreement (the "**Goods**"). Any Services related to the management and storage of Goods will be provided at Flextronics facilities situated at the locations identified in Exhibit A (each a "**Flextronics Facility**"). Flextronics shall perform the Services in a professional manner in accordance with the Customer's instructions, using a commercially reasonable degree of diligence, care and skill.

2. TERM AND TERMINATION

2.1. **Term.** The term of this Agreement shall commence on the Effective Date and shall continue for one (1) year thereafter until terminated as provided in Section 2.2 or 8.8. After the expiration of the initial term hereunder (unless this Agreement has been terminated), this Agreement shall be automatically renewed for separate but successive one-year terms unless either party provides written notice to the other prior to the date that is ninety (90) days prior to the end of any term that it does not intend to renew this Agreement.

2.2. **Termination.** This Agreement may be terminated by either party (a) for any reason upon ninety (90) days written notice to the other party, or (b) if the other party defaults in the performance of any material term or condition of this Agreement (including defaulting in any payment due) and such default continues unresolved for a period of thirty (30) days after the delivery of written notice thereof by the terminating party to the other party, or (c) pursuant to Section 8.8 below. Expiration or termination of this Agreement under any of the foregoing provisions shall not affect the amounts due under this Agreement by either party that exist as of the date of expiration or termination. Except as provided in Section 7, termination of this Agreement and settling of accounts shall be the exclusive remedy of the parties for breach of this Agreement.

2.3. **Consequences of Termination.** Upon payment of all sums due under this specific agreement, the Customer shall remove the Goods from the Facility within five (5) business days of the date of termination. Notwithstanding termination or expiration of this Agreement, Sections 2.3, 3.4(b) and (c), 7 and 8 shall survive the termination or expiration of this Agreement, In addition, the obligation to pay any amounts due or which may become due as a result of termination shall survive.

3. CHARGES AND PAYMENT TERMS

3.1. **Charges.** In consideration for the Services, Customer will pay Flextronics the charges set forth in Exhibit C. The charges may be increased or decreased by Flextronics as part of the quarterly cost review if (a) the market price of equipment, labor or other costs related to the provision of the Services, increase or decrease beyond normal

variations in pricing as demonstrated by Flextronics or identified during the quarterly cost review, and (b) the parties agree to the increase or decrease. At either party's request, the parties will meet and review the charges. Any changes to the charges, including the effective date such changes, shall be agreed to in writing by the parties.

3.2. **Taxes and Duties.** Unless otherwise agreed to by the parties in Exhibit C all charges quoted are exclusive of federal, state and local excise, sales, use and similar taxes, and any duties, and Customer shall be responsible for all such items.

3.3. **Payment.** Payment for any charges or other cost to be paid by Customer hereunder is due **[***]** days net from the date of invoice and shall be made in lawful U.S. currency. Customer agrees to pay one and one- half percent (1.5%) monthly interest on all late payments. All payments shall be made without any deductions or set- off of any amounts due.

3.4. **Additional Terms Related to Payment.**

(a) Prepayment: Stop Work. If Customer is late with payments under this specific agreement, or Flextronics has reasonable cause to believe Customer may not be able to pay, Flextronics may require prepayment or delay shipments or suspend work until assurances of payment satisfactory to Flextronics are received. Customer agrees to provide all necessary financial information required by Flextronics from time to time in order to make a proper assessment of the creditworthiness of Customer.

(b) Retention and Lien Rights. In addition to (a) above, Flextronics shall have the right without prejudice to its other rights and remedies against the Customer to retain, as of the date of the written notice, to retain the Goods the wholesale value of which is roughly equivalent to the amount of all sums due from Customer under this specific agreement, at the Customer's expense and risk. Prior to exercising these retention and lien rights, Flextronics will notify Customer that it has exercised these rights and that Customer has thirty (30) days from date of the notice to pay the outstanding amounts. Any storage charges described in Exhibit C shall continue to accrue on any Goods detained in accordance with this subsection (b). Flextronics will release the retained Goods immediately upon receipt of the amounts due if Customer makes payment within the thirty (30) day period. If Customer does not pay within the thirty (30) day period, Flextronics, without prejudice to its other rights and remedies against the Customer, shall be entitled to sell or otherwise dispose of the retained goods at the Customer's sole risk and expense by a commercially reasonable method, and the proceeds of any sale or disposal shall be remitted to the Customer after deduction there from of all expenses and all amounts due to Flextronics from Customer on any account.

(c) Letter of Credit. Within forty-five (45) days of Flextronics's request during the term of this Agreement, Customer agrees to obtain and maintain a stand-by letter of credit (LOC) on behalf of Flextronics to minimize the financial risk to Flextronics for its performance of the Services under this Agreement, The LOC shall be for a minimum period of time of three (3) months and shall be for a total amount that is equal to the total value of the risks associated with the accounts receivable from Customer for this specific agreement. The calculation shall be based upon the average monthly Customer accounts receivable for the prior three (3) months. The drawdown procedures under the LOC shall be determined solely by Flextronics. Flextronics will, in good faith, review Customer's creditworthiness periodically and may provide more favorable terms once it feels it is prudent to do so. In addition, Flextronics agrees that no letter of credit shall be required from Customer as long as Customer has promptly paid all invoices in accordance with section 3.3 above.

4. TITLE TO GOODS AND RISK OF LOSS: INSPECTION

Unless otherwise mutually agreed to by the parties in writing, Flextronics shall never take title to the Goods. Flextronics's sole liability for risk of loss is as set forth in Section 7.1 below. Customer will hold title to the Goods and shall bear risk of loss while the Goods are under Flextronics's care, control and custody. Upon twenty-four (24) hours' prior notice, Customer will have the right to enter and access any Flextronics Facility where the Goods are located during normal business hours to verify Flextronics' compliance with this Agreement. Customer may

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perform an inspection, inventory, or quality review of the Goods at the Flextronics Facility. No charge will be made for any such visits.

5. INSURANCE

5.1. **Customer's Obligations.** Customer will insure the full value of the Goods against all risks while they are under Flextronics's care, control and custody.

5.2. **Flextronics's Obligations.** Flextronics shall, at its own expense, provide and keep in full force and effect during the term of this Agreement at least the following kinds of insurance covering the Services: Worker's Compensation Insurance; Commercial General Liability Insurance; Comprehensive Automobile Liability Insurance (including, property damage for owned, non-owned, and hired vehicles used by Flextronics while performing the Services in connection with this Agreement. Flextronics will not provide, or obtain on behalf of Customer, any insurance on the Goods. Flextronics shall be liable, however, for any damage to the Goods caused by Flextronics's employees' negligence in handling.

6. WARRANTIES

6.1. **Owner of the Goods.** The Customer warrants that it is either the owner or the authorized agent of the owner of the Goods and that it is accepting the terms and conditions of this Agreement for itself and as agent for and on behalf of the owner.

6.2. **Description of the Goods.** The Customer warrants that the description and particulars of any goods furnished by or on behalf of the Customer to Flextronics are true, correct and complete.

6.3. **Condition of the Goods.** Flextronics warrants that it will properly inspect the shipment (outer boxes and pallets only) of all Goods, whether manufactured by Flextronics or a third party, upon arrival and verify that it is in suitable condition for storage at Flextronics's facility and shipment to Customer or Customer's customers. Flextronics will perform inspection of the non-PCBA product as agreed to by the parties. If Goods are damaged or otherwise not shippable, Flextronics shall immediately notify Customer. If Flextronics finds damage to a Good that is manufactured by Flextronics, then Flextronics shall notify its manufacturing facility of such damage, in writing. Flextronics shall also ensure that Goods are securely and properly stowed, labeled and/or marked, and that the preparation, packing, stowage, labeling and marking are appropriate to any operations or transactions affecting the Goods and the characteristics of the Goods, in compliance with any statutory regulations or official or recognized standards and in such condition as not to cause damage or injury or the likelihood of damage or injury to the Facility or other property (real or personal) of Flextronics or to any other goods, whether by spreading of damp, infestation, leakage or the escape of fumes or substances or otherwise.

6.4. **Special Precautions.** The Customer warrants that before presentation of any Customer supplied Goods to Flextronics (or its subcontractor) for warehousing or for collection, the Customer will inform Flextronics in writing of any special precautions necessitated by the nature, weight or condition of the Goods and of any statutory duties specific to the Goods with which Flextronics may need to comply. In addition, The Customer warrants that unless prior to receipt of the Goods by Flextronics, Flextronics receives written notice containing all appropriate information, none of the Goods are or contain substances the storage which would require the obtaining of any consent or license or which, if they escaped from their packaging, would or may cause pollution of the environment or harm to human health.

6.5. **Flextronics Warranties.** Flextronics warrants that (i) Flextronics will warehouse, store, and handle the Goods in a safe and secure storage area with due care; (ii) all Services will be performed promptly, in a competent and professional manner in accordance with industry standards; and (iii) Flextronics will use commercially reasonable efforts to prevent any theft or damage to the Goods.

7. LIABILITY AND INDEMNIFICATION

7.1. **Flextronics's Liability and Indemnification of Customer.**

(a) **Flextronics Liability and Certain Limitations.** Except as described below in Section 7.1.b through 7.1.d, Flextronics shall not be liable for any loss or damage which is discovered after Customer has accepted

the Goods without noting tampering, damage or loss nor shall Flextronics be liable for any loss or damage to the Goods while they are under Flextronics's care, custody and control, including without limitation any deterioration of the Goods, any delay or any failure to comply with Customer's instructions, however caused.

(b) Flextronics will maintain a minimum of **[***]**% inventory accuracy (by dollar value of inventory). Any shortages beyond **[***]**% in any given period shall be the responsibility of Flextronics unless the shortages are the direct result of actions of the Customer. Shortages up to **[***]**% will be the responsibility of the Customer except to the extent that such shortages arise as a result of Flextronics negligence or willful misconduct or breach of this Agreement.

(c) Any claims made to Flextronics as a result of inventory losses in any given twelve month period may not exceed the total amount invoiced to Customer by Flextronics during that same period unless such claims arise as a result of Flextronics gross negligence or willful misconduct.

(d) Any presumption of conversion imposed by law shall not apply to such loss, and a claim by Customer of conversion must be established by affirmative evidence that Flextronics converted the Goods to Flextronics's own use.

(e) **Procedure for Making Claims Against Flextronics.**

(i). Any claim by Customer against Flextronics arising in respect of any Service provided for Customer or with respect to which Flextronics has undertaken to provide, shall be made in writing and notified to Flextronics within thirty (30) days of the date upon which the Customer became or should have become aware of the event or occurrence alleged to give rise to such claim, or of the date upon which the Goods have been delivered to or to the use of the Customer, whichever is later. Any claim not made and notified as described herein shall be deemed to be waived and absolutely barred except where the Customer can show that it was impossible for it to comply with this time limit and that it has made the claim *as* soon as it was reasonably possible for it to do so.

(ii). Notwithstanding the provisions of subsection (i) above, Flextronics shall in any event be discharged of all liability whatsoever howsoever arising in respect of any Service provided for the Customer or which Flextronics has undertaken to provide unless suit be brought and written notice thereof given to Flextronics within nine (9) months from the date of the event or occurrence alleged to give rise to a cause of action against Flextronics.

f **Special Goods.**

(i). Except following instructions previously received in writing and accepted by Flextronics, Flextronics will not accept or deal with goods of a dangerous or damaging nature, nor with goods likely to harbor or encourage vermin or other pests, nor with goods liable to taint or affect other goods ("Special Goods"). Should the Customer nevertheless deliver any such goods to Flextronics or cause Flextronics to handle or deal with any such goods otherwise than under special arrangements previously made in writing, Flextronics shall be under no liability whatsoever for or in connection with such goods howsoever arising.

(ii). If Flextronics accepts Special Goods pursuant to a special arrangement and then in the opinion of Flextronics they constitute a risk to other goods, property, life or health, Flextronics shall where reasonably practicable contact Customer, but reserves the right at the expense of the Customer to remove or otherwise deal with such Special Goods.

(iii). Flextronics may at any time waive its rights and exemptions from liability under subsection (i) above in respect of any one or more of the categories of Special Goods mentioned herein or of any part of any category. If such waiver is not in writing, the onus of proving such waiver shall be on the Customer.

7.2. **Customer's Liability and Indemnification of Flextronics.**

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(a) **Customer's Liability and Certain Limitations.** Except as expressly set forth in Section 7.1 or in this Section 7.2, Customer shall bear all risk of loss or damage to the Goods and any liability for any delay, non-delivery or other failure associated with the activities that are the subject of this Agreement, In addition, where loss or damage occurs to Goods, for which Flextronics is not liable, the Customer shall be responsible for the cost of removing and disposing of such Goods (including, without limitation any associated environmental clean up or site remediation costs).

(b) **Customer's Indemnification Obligation.** Customer shall defend, indemnify and hold Flextronics, its affiliated companies, officers, directors, employees, and agents ("Flextronics Indemnified Parties") harmless from any obligations, costs, claims, judgments, losses, expenses and liabilities (including without limitation, reasonable attorneys fees, duties, taxes, fines, penalties, imposts, levies, deposits and outlays of any nature levied by any authority in relation to the Goods) incurred in connection with any claim or alleged claim by any third party arising as a result of (i) Flextronics acting in accordance with the Customer's instructions; (ii) Customer's breach of any warranty contained in this Agreement; or (iii) Customer's negligence or willful misconduct.

7.3. **Indemnification Procedure.** In the case of a claim for indemnification pursuant to Section 7, the indemnified party shall notify the indemnitor promptly in writing of any claim and, at the indemnitor's expense, reasonably cooperate with the indemnitor in the defense and/or settlement of any such claim.

7.4. **NO OTHER LIABILITIES.** IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND OR NATURE ARISING OUT OF THIS AGREEMENT OR THE SALE OF PRODUCTS, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT (INCLUDING THE POSSIBILITY OF NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, EVEN IF THE PARTY HAS BEEN WARNED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE, AND EVEN IF ANY OF THE LIMITED REMEDIES IN THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE.

8. MISCELLANEOUS

8.1. **Confidentiality.** All written information and data exchanged between the parties for the purpose of enabling Flextronics to perform the Services under this Agreement that is marked "Confidential" or the like, shall be deemed to be Confidential Information. The party that receives such Confidential Information agrees not to disclose it directly or indirectly to any third party without the prior written consent of the disclosing party. Confidential Information disclosed pursuant to this Agreement shall be maintained confidential for a period of three (3) years after the disclosure thereof.

8.2. **Entire Agreement.**

(a) This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated hereby and supersedes all prior agreements and understandings between the parties relating to such transactions. Each party shall hold the existence and terms of this Agreement confidential, unless the other party obtains express written consent otherwise. In all respects, this Agreement shall govern, and any other documents including, without limitation, preprinted terms and conditions on Customer's purchase orders shall be of no effect. This "Agreement will be deemed to have been drafted by both parties.

(b) Notwithstanding the foregoing, either party may disclose the existence and terms of this Agreement if such information is required to be disclosed under applicable law, including without limitation pursuant to the rules and regulations promulgated by the United States Securities and Exchange Commission. In addition, each party may disclose the existence and terms of this Agreement solely for due diligence purposes to prospective investors or acquirers.

8.3. **Amendments.** This Agreement may be amended only by written consent of both parties.

8.4. **Independent Contractor.** Neither party shall, for any purpose, be deemed to be an agent of the other party, nor the relationship between the parties shall only be that of independent contractors. Neither party shall have any right or authority to assume or create any obligations or to make any representations or warranties on behalf of any other party, whether express or implied, or to bind the other party in any respect whatsoever.

8.5. **Disputes Resolution; Waiver of Jury Trial.**

(a) Except as otherwise provided in this Agreement, the following binding dispute resolution procedures shall be the exclusive means used by the parties to resolve all disputes, differences, controversies and claims arising out of or relating to the Agreement or any other aspect of the relationship between Flextronics and Customer or their respective affiliates and subsidiaries (collectively, "Disputes"). Either party may, by written notice to the other party, refer any Disputes for resolution in the manner set forth below. Either party's affiliates and subsidiaries are also intended beneficiaries of, and may enforce, this dispute resolution procedure.

(b) Any and all Disputes shall be referred to arbitration under the rules and procedures of Judicial Arbiter Group, Inc. ("JAG"), who shall act as the arbitration administrator (the "Arbitration Administrator").

(c) The parties shall agree on a single arbitrator (the "Arbitrator"). The Arbitrator shall be a retired judge selected by the parties from a roster of arbitrators provided by the Arbitration Administrator. If the parties cannot agree on an Arbitrator within seven (7) days of delivery of the demand for arbitration ("Demand") (or such other time period as the parties may agree), the Arbitration Administrator shall deliver a roster of ten names to the parties. Within seven (7) calendar days of service upon the parties of the list of names, each party may strike three (3) names and shall rank the remaining seven arbitrator candidates in order of preference, from least to most preferred. The Arbitration Administrator will then appoint the remaining candidate with the highest composite ranking as the Arbitrator, or, in the event of a tie, the Arbitration Administrator will select an Arbitrator from among the tied candidates.

(d) Unless otherwise mutually agreed to by the parties, the place of arbitration shall be Denver, Colorado, although the arbitrators may be selected from rosters outside Denver.

(e) The Federal Arbitration Act shall govern the arbitrability of all Disputes. The Federal Rules of Civil Procedure and the Federal Rules of Evidence (the "Federal Rules"), to the extent not inconsistent with this Agreement, govern the conduct of the arbitration. To the extent that the Federal Arbitration Act and Federal Rules do not provide an applicable procedure, Colorado law shall govern the procedures for arbitration and enforcement of an award, and then only to the extent not inconsistent with the terms of this Section 8.5. Disputes between the parties shall be subject to arbitration notwithstanding that a party to this Agreement is also a party to a pending court action or special proceeding with a third party, arising out of the same transaction or series of related transactions and there is a possibility of conflicting rulings on a common issue of law or fact.

(f) Unless otherwise mutually agreed to by the parties, each party shall allow and participate in discovery as follows:

(i) Non-Expert Discovery. Each party may (1) conduct three (3) non-expert depositions of no more than five (5) hours of testimony each, with any deponents employed by any party to appear for deposition in Denver, Colorado; (2) propound a single set of requests for production of documents containing no more than twenty (20) individual requests; (3) propound up to twenty written interrogatories; and (4) propound up to ten (10) requests for admission.

(ii) Expert Disclosure. If scientific, technical, or other specialized knowledge will assist the arbitrator, each party may select a single witness who is retained or specially employed to provide such expert testimony. *In* addition, each party may select an additional retained or specially employed expert witness to testify with respect to damages issues, if any. Expert discovery shall consist of the following: (1) the parties shall exchange complete reports on all information to be provided by the expert(s) at the hearing no later than thirty (30) days before the first day of the hearing; (2) the parties shall produce complete rebuttal reports, if any, no later than ten (10) days before the first day of the hearing; and (3) the parties shall be required to produce any and all documents reviewed by their expert(s) in performing work relating to the arbitration.

(iii) Additional Discovery. The Arbitrator may, on application by either party, authorize additional discovery only if deemed essential to avoid injustice. In the event that remote witnesses might otherwise be unable to attend the arbitration, arrangements shall be made to allow their live testimony by videoconference during the arbitration hearing.

(g) The Arbitrator shall render an award within six (6) months after the date of appointment, and a condition of the arbitrator's appointment shall be commitment to comply with this six (6) month period. This period may be extended by mutual agreement of the parties. The award shall be accompanied by a written opinion setting forth the findings of fact; conclusions of law and reasoning relied upon by the arbitrator in reaching his or her decision. The Arbitrator shall have authority to award compensatory damages only, and shall not award any punitive, exemplary, or multiple damages. The award (subject to clarification or correction by the arbitrator as allowed by statute and/or the Federal Rules) shall be final and binding upon the parties, subject solely to the review procedures provided in this Section 8.5.

(h) Either party may seek arbitral review of the award. Arbitral review may be had as to any element of the award.

(i) This Agreement's arbitration provisions are to be performed in Denver, Colorado. Any judicial proceeding arising out of or relating to this Agreement or the relationship of the parties, including without limitation any proceeding to enforce this section 8.5, to review or confirm the award in arbitration, or for preliminary injunctive relief as set forth in subsection (k), shall be brought exclusively in a court of competent jurisdiction in the county of Denver, Colorado (the "Enforcing Court"). By execution and delivery of this Agreement, each party (i) accepts, generally and unconditionally, the exclusive jurisdiction of the Enforcing Court and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement, their relationship, or any arbitration relating thereto, (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum, and (iii) waives personal service of process and consents to service of process upon it by certified or registered mail, return receipt requested, at its address specified or determined in accordance with Section 8.5 hereof, and service so made shall be deemed completed on the third business day after such service is deposited in the mail. Nothing in this Section 8.5 shall affect the right of any party hereto to serve process in any other manner permitted by applicable law.

(j) Each party shall pay their own expenses in connection with the resolution of Disputes pursuant to this Section 8.5, including attorneys' fees. Notwithstanding the foregoing: (1) the fees and expenses of the Arbitrator and Arbitration Administrator shall be (A) borne equally by Customer and Flextronics if and to the extent that the arbitration panel determines that such result would be fair and equitable under the circumstances, or (B) borne by Customer and/or Flextronics in inverse proportion to the amount that the arbitration panel's award in favor of Customer and/or Flextronics bears to the total amount of the items in dispute (for illustration purposes for this Section 8.5 (i) only, (X) if the total amount of items in dispute is $1,000,000.00, and Customer prevails on $500,000.00 as determined by the Arbitrator, Flextronics and Customer shall bear the arbitration panel's fees and expenses equally, or (Y) if the total amount of items in dispute is $1,000,000.00, and Customer prevails on $250,000.00 as determined by the Arbitrator, Customer shall bear 75% and Flextronics shall bear 25% of the fees and expenses of the arbitrator and the Arbitration Administrator; and (2) the fees and expenses incurred by the prevailing party to enforce this Section 8.5 or the enforcement of any award shall be paid by the other party.

(k) The parties agree that any breach of a party's confidentiality obligations set forth in this Agreement will result in irreparable injury to the other party for which there is no adequate remedy at law. Therefore, in the event of any breach or threatened breach of such obligations, the non-breaching party will be entitled to seek preliminary injunctive relief in the Enforcing Court or in any Court of competent jurisdiction in the location in which the breaching party conducts its business, without first pursuing such relief in arbitration.

(l) Notwithstanding anything contained in this Section 8.5 to the contrary, in the event of any Dispute, prior to referring such Dispute to arbitration pursuant to Section 8.5(b) hereof, Customer and Flextronics shall attempt in good faith to resolve any and all controversies or claims relating to such Disputes promptly by negotiation commencing within ten (10) calendar days of the written notice of such Disputes by either party, including referring such matter to Customer's then-current President and Flextronics's then current executive in charge of manufacturing operations in the region in which the primary activities of this Agreement are performed by Flextronics. The representatives of the parties shall meet at a mutually acceptable time and place and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Dispute for a period of four (4) weeks. In the event that the parties are unable to resolve such Dispute pursuant to this Section 8.5 (1), the provisions of Section 8.5(a) through (j) hereof, inclusive, as well as Section 8.5 (n) shall apply.

(m) The parties agree that the existence, conduct and content of any arbitration pursuant to this Section 8.5 shall be kept confidential and no party shall disclose to any person any information about such arbitration, except as may be required by law or by any governmental authority or for financial reporting purposes in each party's financial statements.

(n) IN THE EVENT OF ANY DISPUTE BETWEEN THE PARTIES, WHETHER IT RESULTS IN PROCEEDINGS IN ANY COURT IN ANY JURISDICTION OR IN ARBITRATION, THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY, AND HAVING HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL, WAIVE ALL RIGHTS TO TRIAL BY JURY, AND AGREE THAT ANY AND ALL MATTERS SHALL BE DECIDED BY A JUDGE OR ARBITRATOR WITHOUT A JURY TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW.

(o) In the event of any lawsuit between the parties arising out of or related to this Agreement, the parties agree to prepare and to timely file in the applicable court a mutual consent to waive any statutory or other requirements for a trial by jury.

8.6. **Governing Law.**

(a.) This Agreement shall be governed and construed in all respects in accordance with the domestic laws and regulations of the State of Colorado without regard to its conflicts of laws provisions; except to the extent there may be any conflict between the law of the State of Colorado and the Incoterms of the International Chamber of Commerce, 2000 edition, in which case the Incoterms shall be controlling. The parties specifically agree that the 1980 United Nations Convention on Contracts for the International Sale of Goods, as may be amended from time to time, shall not apply to this Agreement.

(b.) The parties acknowledge and confirm that they have selected the laws of the State of Colorado as the governing law for this Agreement in part because jury trial waivers are enforceable under Colorado law. The parties further acknowledge and confirm that the selection of the governing law is a material term of this Agreement.

8.7 **Successors, Assignment: Subcontractors.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. Neither party shall have the right to assign or otherwise transfer its rights or obligations under this Agreement except with the prior written consent of the other party, not to be unreasonably withheld; provided, that Flextronics may assign this Agreement to any of its affiliated companies. Where necessary for the optimal performance of services, Flextronics shall be entitled to sub-contract all or any part of the Services, including without limitation, the security, cleaning, maintenance, repair and other services and works at the Facility. Notwithstanding the foregoing, Flextronics may assign some or all of this Agreement to an affiliated Flextronics entity.

8.8 **Force Majeure.** In the event that either party is prevented from performing or is unable to perform any of its obligations under this Agreement (other than a payment obligation) due to any Act of God, fire, casualty, flood, earthquake, war, strike, lockout, epidemic, destruction of production facilities, riot, insurrection, act of terrorism or any other cause beyond the reasonable control of the party invoking this section, and if such party shall have used its commercially reasonable efforts to mitigate its effects, such party shall give prompt written notice to the other party, its performance shall be excused, and the time for the performance shall be extended for the period of delay or inability to perform due to such occurrences. Regardless of the excuse of Force Majeure, if such party is not able to perform within ninety (90) days after such event, the other party may terminate the Agreement.

8.9 **Intellectual Property.** Nothing in this Agreement grants either party any rights to use the other party's trademarks, trade - or corporate names, patents or other intellectual property rights, directly or indirectly, in connection with any product, service, promotion or publication without the prior written approval of the intellectual property rights owner or, in the case of corporate names, of an authorized officer of the other party.

8.10 **Notices.** All notices required or permitted under this Agreement will be in writing and will be deemed received (i) when delivered personally; (ii) when sent by confirmed facsimile; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (I) day after deposit with a commercial overnight carrier. All communications will be sent to the addresses set forth above or to such other address as may be designated by a party by giving written notice to the other party pursuant to his section.

If any legislation is compulsorily applicable to any business undertaken, this Agreement shall be read as subject to such legislation and nothing in this Agreement shall be construed as a surrender by Flextronics of any of its rights or immunities or as an increase of any of its responsibilities or liabilities under such legislation and if any provision of this Agreement is inconsistent with a provision of any statute or rule of law having compulsorily application to the Agreement then to the extent only of such inconsistency such statute or rule of law shall prevail.

THIS AGREEMENT MUST BE ACCEPTED WITHIN THIRTY (30) DAYS FROM THE PROPOSAL DATE BY SIGNATURE OF CUSTOMER. IN THE ABSENCE OF WRITTEN ACCEPTANCE, THE ACT OF TENDERING GOODS DESCRIBED HEREIN FOR STORAGE OR OTHER SERVICES BY FLEXTRONICS WITHIN THIRTY (30) DAYS FROM THE PROPOSAL DATE SHALL CONSTITUTE UNQUALIFIED ACCEPTANCE OF THESE TERMS AND CONDITIONS BY CUSTOMER.

ACCEPTED AND AGREED TO:

[CUSTOMER]:		[FLEXTRONICS]	
By:	GREGORY S. STEELE	By:	Thomas Wright
Title:	VP OF OPERATIONS	Title:	VP FGS.

EXHIBIT A
SCOPE OF SERVICES

The Services include the following:

A. Operation and space

1) Flextronics will provide material handling equipment and trained manpower to provide the services.

2) The Facility will include appropriate security conditions.

3) Upon reasonable advance notice, Flextronics will permit Customer to enter the Facility, for stock counting and inventory purposes only.

4) Hours of Operation are 7:00am to 6:00pm: Established locally in accordance with Customer requirements, excluding holidays. After hours support will be provided as required by Customer, upon reasonable advanced notice given to Flextronics and at an additional-cost to be agreed on by the parties.

5) Product shall be stored in accordance with Customer's guidelines. Adequate space will be made available in accordance with the previously agreed upon levels.

6) Services will be performed at Flextronics Global Services, Building 15, 260 South Milpitas Blvd, Milpitas, CA 95035. If it becomes necessary to perform the Work at a different location, Flextronics will provide ample notice to Customer.

B. Computerized Warehouse Management System ("System"):

Flextronics will provide for at least the following, via email in excel format unless comparable data is available within Customer's provided system:

I. Daily receiving report by part number & quantities

II. Daily on hand inventory balance by part number & quantities

III. Daily "on hold" inventory by part number & quantities

IV. Daily shipment report by serial number, part number & quantities

C. Warehouse Services

Flextronics will check the Goods against shipping documents and incoming inspection criteria as agreed to by both parties. Any discrepancies in quantity, observable defects in the external packaging of the Goods, or discrepancies against inspection criteria will be reported. For the purposes of this Agreement, "observable defects" shall mean only those defects plainly and readily visible to the human eye and requiring no technical skills or background to discover upon visual inspection. Inspections beyond the extent noted above may require an adjustment to pricing as agreed to by both parties prior to implementation of such a change.

D. Handling out

Flextronics will receive call-off instructions from Customer via EDI, access to Customer's system, or e-mail and will disburse the Goods as directed by Customer. The Customer shall ensure that the dispatch instructions are in Flextronics's possession timely.

E. Inventory Management

1. Flextronics agrees to maintain Customer inventory at the Facility within an orderly and organized system,

2. The inventory levels will be reported to Customer via e-mail or as otherwise agreed between parties. If Customer elects to have Flextronics perform this scope of work within the Customer's systems, then no inventory reports will be shared with Customer beyond those available within the Customer's own system.

3. Flextronics will perform routine cycle counting and upon customer request, physical inventory (PI) on a yearly basis. Cycle counts shall be performed on each part number a minimum of once per month until such time as inventory accuracy is above 99%.

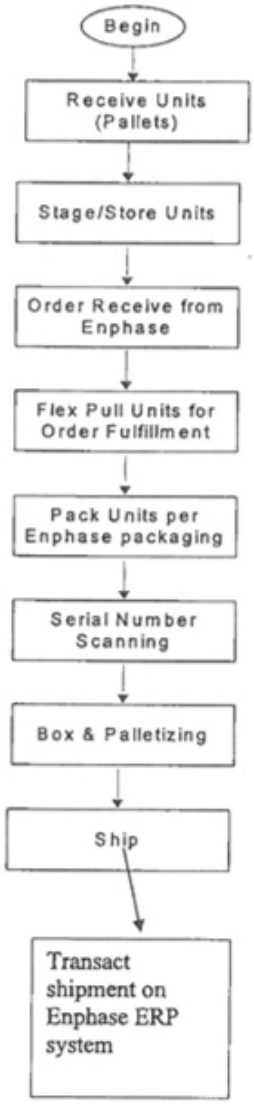
F. Value Added Services

1. Flextronics will plan, order, kit and receive into inventory miscellaneous items including, but not limited to cables, brackets, and installation kits that are ordered by Enphase Energy customers. Such items will be included in the Forecast provided to Flextronics on a monthly basis but shall be ordered and managed using a Min/Max system. Flextronics shall order and receive this material on the Enphase ERP System (MAS500).

2. Flextronics may be requested from time to time to provide certain Value Added Services, including, but not limited to labeling, re-packaging, quality screening, rework and testing on terms to be agreed on by the parties. If such changes result in a material change in Flextronics's costs, Flextronics and Customer shall negotiate in good faith such adjustments.

3. Flextronics can also provide any special services, such as freight services, etc. Any such services will be defined and priced separately.

G. Process Flow (for items covered under MSA and built by Flextronics)



Process Flow (for miscellaneous items purchased for Enphase Energy)

EXHIBIT B

List of Goods

Model Number	Part Number	Description
M190-72-240-S11		Micro-Inverter, 240Vac, for 60 & 72 cell modules - MC Non-Locking PV connector *[2]*
M190-72-240-S12		Micro-inverter, 240Vac, for 60 & 72 cell modules - MC Locking PV connector *[2]*
M190-72-208-S11		Micro-Inverter, 208Vac, for 60 & 72 cell modules - MC Non-Locking PV connector *[2]*
M190-72-208-S12		Micro-inverter, 208Vac, for 60 & 72 cell modules - MC Locking PV connector *[2]*
IEMU-01	860-00003	Envoy Energy Management Unit, Indoor enclosure
EPLC-01	860-00005	Enphase Power Line Carrier (Quantity 2)
ELCF-120-001		Line Communication Filter, for 208 & 240Vac, IEMU communication hub Included *[4]*
EKIT-01-001	150-10001	Install kit, AC Branch Circuit, for 240 or 208Vac *[3]*
EKIT-12-001	150-10101	Install kit, AC Branch Circuit, for 240 or 208Vac, Volume Pack (Quantity 12) *[3]*
ECAP-50-001	150-10002	End Caps, Sealing, Volume Pack (Quantity 50)
EMBK-50-001	150-10003	Mounting Bracket, Volume Pack (Quantity 50)
ECWP-01-06	860-00006	AC Interconnect Cable, 6’ Long *[3]*
ECWP-06-06		AC Interconnect Cable, 6’ Long, Volume Pack (Quantity 6) *[3]*
ECWP-01-12	860-00007	AC Interconnect Cable, 12’ Long *[3]*
ECWP-06-12		AC Interconnect Cable, 12’ Long, Volume Pack (Quantity 6) *[3]*
ECWP-01-20	860-00008	AC Interconnect Cable, 20’ Long *[3]*
ECWP-06-20		AC Interconnect Cable, 20’ Long, Volume Pack (Quantity 6) *[3]*
EEXC-01-06	860-00009	Extension Cable, Connectors on Both Ends, 6’ Long *[3]*
EEXC-06-06		Extension Cable, Connectors on Both Ends, 6’ Long, Volume Pack (Quantity 6) *[3]*
EEXC-01-12	860-00010	Extension Cable, Connectors on Both Ends, 12’ Long *[3]*
EEXC-06-12		Extension Cable, Connectors on Both Ends, 12’, Volume Pack (Quantity 6) *[3]*
EEXC-01-20	860-00011	Extension Cable, Connectors on Both Ends, 20’ Long *[3]*
EEXC-06-20		Extension Cable, Connectors on Both Ends, 20’ Long, Volume Pack (Quantity 6) *[3]*
ENLS-01-Y1		Enlighten 1 year subscription, priced per module *[5]*
ENLS-05-Y5		Enlighten 5 year subscription, priced per module *[5]*

EXHIBIT C

CHARGES

A. Charges

To support Customer's agreements with their Purchasers, Customer may choose to have their product handled in a "pallet in/pallet out" or a "pallet in/carton out" manner. (One format must be selected per part number.) Our operation schedule will be from Monday to Friday from 7 a.m. to 6 p.m.

		Quantities Monthly	Labor (Weighted) Minutes	Labor Price $ Per Pallet/Shipment	Team Support (IDL) $ Monthly	Facilities Sq. FI	Facilities Cost $ Monthly	Estimated Total Cost $ Monthly
Q109					$ **[***]**	280	$ **[***]**	$ **[***]**
	Receiving Pallets (Estimated)	24	15	$ **[***]**				
	Shipping Orders	48	33	$ **[***]**				
Q209					$ **[***]**	623	$ **[***]**	$ **[***]**
	Receiving Pallets (Estimated)	61	15	$ **[***]**				
	Shipping Orders	104	33	$ **[***]**				
Q309					$ **[***]**	580	$ **[***]**	$ **[***]**
	Receiving Pallets (Estimated)	53	15	$ **[***]**				
	Shipping Orders	148	33	$ **[***]**				

Notes/Assumptions:

a) Based on unit volume & shipment quantities supplied by Enphase

b) Based on assumption of shipment sizes & unit mix:

- Small Shipment (25%) = Each Small Shipment = PCU (20), EMU (1), Cables (1), Other Line Items (2)
- Medium Shipment (50%) = Each Medium Shipment = PCU (60), EMU (1), Cables (2), Other Line Items (2)
- Large Shipment (25%) = Each Large Shipment = PCU (140), EMU (1), Cables (7), Other Line Items (2)

c) Assumes above order mix and same scope of work

d) Labor time standards are estimation

Pricing Assumptions:

a) Quote is only in relation to Logistics, no RMA services have been quoted in this model

b) Both parties agree to review on a regular basis (monthly/quarterly) assumptions associated with this quotation and any changes or adjustments to volume and/or order mix, will be mutually agreed upon and subsequently implemented. This includes headcount requirements, HPU's, materials related assumptions, and general resource requirements required to support the scope of work.

c) **[***]**

d) No material cost is included. Any material purchases shall be marked up 15% to cover OH,

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handling, minor freight charges as listed in (e) below, etc. This excludes all product produced by Flextronics under the terms of the MSA. No material markup shall be applied to this product.

e) Pricing assumes Flextronics will absorb inbound freight costs associated with turnkey components purchased by Flextronics so long as these costs do not exceed 5% of the material cost. If freight, fuel, duty, or related logistics costs rise above this Flextronics reserves the right to adjust pricing accordingly.

f) Pricing assumes Flextronics will absorb the occasional overtime to meet fluctuations in demand or to cover for various issues that may arise so long as overtime does not exceed up to 5% of total labor hours for a given period. Overtime requests by the Customer to cover special requirements will be invoiced above and beyond the normal pricing.

g) Pricing does not include any costs associated with physical isolation (e.g. fencing or walls) as could possibly be required or requested for purposes of IP protection or ITAR/trade compliance controls. It is not known at this time if any such physical controls would be required.

h) Holiday, Weekend, or After-hour support is available but not included in the provided pricing. If desired, On-Call support is also available.

I. On Call support is available for $**[***]** per day that includes up to two hours of after hour support. Incremental hours beyond the first two are billed at a rate of $37 per hour for shipping support. Repair or technical support quote available upon request.

II. On Call support is available with two weeks prior notice

i) Pricing provided assumes work would be completed on Day shift because Flextronics does pay a slight shift premium for the night shift employees when needed

j) Drop-in expedite requests shall not exceed 10% of total demand

k) Price assumes Flextronics to use Customer ERP management system (Mas500 and Enable) for order receipts, with full access to process outbound orders with capabilities of printing packing slips/commercial invoices.

l) EDI or interfaces of any sort are not included in the pricing. Development of data interfaces would be quoted and presented to Customer for review and approval and would subsequently be invoiced as an NRE

m) No work shall be performed prior to a PO being issued to Flextronics

n) Quote assumes no additional space will be required other than for Logistics warehouse and floor space to pick and pack and transact product orders.

o) If warehouse space exceeded more than 25% of quoted space, Flextronics reserve the rights to charge additional $**[***]** per pallet per month

p) Quote assumes all outbound freight is paid by Customer, therefore not included in quote price.

q) Incoterms for outbound shipments leaving Flextronics are assumed to be FOB Origin or Ex Works.

r) Incoterms for inbound shipments being delivered to Flextronics are assumed to be DDP

s) Flextronics shall not be the importer nor the exporter of record.

t) Price assumes, Flextronics will provide basic warehouse equipment such as workbenches, computer, scanners, but not unique equipment specific to neither Enphase nor can Flex provide “Expensive” equipment such as Zebra printers etc.

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u) Flextronics will absorb standard operating supplies required to perform the scope of work under the assumption such supplies do not exceed $1 per order on average. Operating supplies include incidental non-billable items such as shrink-wrap, printer toner, office supplies, gloves, static bags, cleaners, and other MRO items.

v) Customer will be invoiced monthly against a blanket purchase order.

y) Price assumes next day order shipment. Same day order requests must be received by 12 noon. Expedite charges may apply on same day orders.

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Flextronics Manufacturing Services Agreement

This Flextronics Manufacturing Services Agreement ("**Agreement**") is entered into this 1st day of March 2009 by and between Enphase Energy, Inc. having its place of business at 201 1st Street, Suite 300, Petaluma, CA 94952 ("**Customer**") and Flextronics Industrial, LTD, having its place of business at Level 3, Alexander House 35 Cybercity, Ebene Mauritius ("**Flextronics**").

Customer desires to engage Flextronics to perform manufacturing services as further set forth in this Agreement. The parties agree as follows:

1. DEFINITIONS

Flextronics and Customer agree that capitalized terms shall have the meanings set forth in this Agreement and Exhibit 1 attached hereto and incorporated herein by reference.

2. MANUFACTURING SERVICES

2.1. **Work**. Customer hereby engages Flextronics to perform the work (hereinafter "**Work**"). "**Work**" shall mean to procure Materials and to manufacture, assemble, and test products (hereinafter "**Product(s)**") pursuant to detailed written Specifications. The "Specifications" for each Product or revision thereof, shall include but are not limited to bill of materials, designs, schematics, assembly drawings, process documentation, test specifications, current revision number, and Approved Vendor List. The Specifications as provided by Customer and included in Flextronics's production document management system and maintained in accordance with the terms of this Agreement are incorporated herein by reference as Exhibit 2.1. This Agreement includes new product introduction (NPI) to the extent that the estimated pricing for pilot build quantities of 30 units is listed in Exhibit 3.4. Pricing for other pilot runs is expected to be made using similar pricing methodologies.

2.2. **Engineering Changes**. Customer may request that Flextronics incorporate engineering changes into the Product by providing Flextronics with a description of the proposed engineering change sufficient to permit Flextronics to evaluate its feasibility and cost. Flextronics will proceed with engineering changes when the parties have agreed upon the changes to the Specifications, delivery schedule and Product pricing and the Customer has issued a purchase order for the implementation costs. The Customer Focus Team will analyze and incorporate at **[***]** expense the first **[***]** engineering changes per **[***]** affecting less than **[***]**% of the product BOM except for the following: new ICT fixtures & programs, tooling/equipment, etc. The CFT will provide an implementation quote for material E&O, direct labor and pilot build to validate the ECO change as warranted.

2.3. **Tooling; Non-Recurring Expenses; Software**. Customer shall pay for or obtain and consign to Flextronics any Product-specific tooling, equipment or software and other reasonably necessary non-recurring expenses, to be set forth in Flextronics's quotation. All software that Customer provides to Flextronics or any test software that Customer engages Flextronics to develop is and shall remain the property of Customer. At the time of signing this agreement, Customer consigned equipment shall include functional test sets, system test sets, Hi-Pot test equipment, a temperature chamber, 2 ENABLE servers, and a potting machine, as per the attached Exhibit 2.3.

2.4. **Cost Reduction Projects**. Flextronics agrees to seek ways to reduce the cost of manufacturing Products by methods such as elimination of Materials, redefinition of Specifications, and re-design of assembly or test methods. Upon implementation of such ways that have been initiated by Flextronics and approved by Customer, Flextronics will receive 100% of the demonstrated cost reduction for the balance of the quarter in which it is found. Customer will receive 100% of the demonstrated cost reduction upon implementation of such ways initiated by Customer. Costs shall be formally evaluated at the end of each quarter and standards shall be adjusted based upon that evaluation. **[***]** a costed BOM) shall be provided to Customer no later than 10 days before the end of the quarter. New standards will be effective for all shipments starting on the first day of each quarter. The parties shall mutually agree upon non-binding cost reduction targets during their quarterly business reviews.

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2.5. **Factory Access**. Flextronics agrees to grant access as needed to the Canadian Standards Association (CSA) and other industry-standards entities for factory audits at no charge to Customer. It is anticipated that CSA will visit the factory 4 times per year.

2.6. **IT Support**. Customer requires a client-to-site connection to the Flextronics facility be available at all times to monitor production test equipment and to troubleshoot any potential problems. Flextronics shall provide a static internet connection, through which Customer can tunnel via a secure protocol such as VPN. Enphase shall provide pre-configured equipment for installation at the Flextronics facilities.

3. FORECASTS; ORDERS; FEES; PAYMENT

3.1. **Forecast**. Customer shall provide Flextronics, on a monthly basis, a rolling twelve (12) month forecast indicating Customer's monthly Product requirements. The first ninety (90) days of the forecast shall be in weekly time buckets and will constitute Customer's written purchase order for all Work to be completed within the first ninety (90) day period. Such purchase orders will be issued in accordance with Section 3.2 below.

3.2. **Purchase Orders; Precedence**. Customer may use its standard purchase order form for any notice provided for hereunder; provided that all purchase orders must reference this Agreement and the applicable Specifications. The parties agree that the terms and conditions contained in this Agreement shall prevail over any terms and conditions of any such purchase order, acknowledgment form or other instrument, unless specifically agreed in writing by both parties.

3.3. **Purchase Order Acceptance**. Purchase orders shall normally be deemed accepted by Flextronics, provided however that Flextronics may reject any purchase order: (a) that is an amended order in accordance with Section 5.2 below because the purchase order is outside of the Flexibility Table; (b) if the fees reflected in the purchase order are inconsistent with the parties' agreement with respect to the fees; *(c)* if the purchase order represents a significant deviation from the forecast for the same period, unless such deviation is within the parameters of the Flexibility Table; or (d) if a purchase order would extend Flextronics's liability beyond Customer's approved credit line. Flextronics shall notify Customer of rejection of any purchase order within five (5) business days of receipt of such purchase order.

3.4. **Fees; Changes; Taxes**.

(a) The fees will be agreed by the parties and will be indicated on the purchase orders issued by Customer and accepted by Flextronics. The initial fees shall be as set forth on the Fee List attached hereto and incorporated herein as Exhibit 3.4 (the "**Fee List**"). If a Fee List is not attached or completed, then the initial fees shall be as set forth in purchase orders issued by Customer and accepted by Flextronics in accordance with the terms of this Agreement.

(b) Customer is responsible for additional fees and costs due to: (a) changes to the Specifications except as permitted in Section 2.2; (b) failure of Customer or its subcontractor to timely provide sufficient quantities or a reasonable quality level of Customer Controlled Materials where applicable to sustain the production schedule; and (c) any pre-approved expediting charges reasonably necessary because of a change in Customer's requirements.

(c) All costs and fees will be evaluated quarterly during the quarterly business review. Any changes and timing of changes shall be agreed by the parties, such agreement not to be unreasonably withheld or delayed. By way of example only, the fees may be increased if the market price of fuels, Materials, equipment, labor and other production costs, increase beyond normal variations in pricing or currency exchange rates as demonstrated by Flextronics.

(d) All fees are exclusive of federal, state and local excise, sales, use, VAT, and similar transfer taxes, and any duties, and Customer shall be responsible for all such items. This subsection (d) does not apply to taxes on Flextronics's net income.

(e) The Fees List will be based on the exchange rate(s) for converting the purchase price for Inventory denominated in the Parts Purchase Currency(ies) into the Functional Currency. The fees will be adjusted, on a monthly basis based on changes in the Exchange Rate(s) as reported on the last business day of each month, for the following month to the extent that such Exchange Rates change more than +/- .75% from the prior month (the "Currency Window"). "Exchange Rate(s)" is defined as the closing currency exchange rate(s) as reported on

Reuters' page FIX on the last business day of the current month prior to the following month. "Functional Currency" means the currency in which all payments are to be made pursuant to Section 3.5 below. "Parts Purchase Currency(ies)" means U.S. Dollars, Japanese Yen and/or Euros to the extent such currencies are different from the Functional Currency and are used to purchase Inventory needed for the performance of the Work forecasted to be completed during the applicable month.

3.5. **Payment**. Customer agrees to pay all invoices in U.S. Dollars within **[***]** days of the date of the invoice.

3.6. **Late Payment**. Customer agrees to pay one and one-half percent (1.5%) monthly interest on all late payments. Furthermore, if Customer is late with payments, or Flextronics has reasonable cause to believe Customer may not be able to pay. Flextronics may (a) stop all Work under this Agreement until assurances of payment satisfactory to Flextronics are received or payment is received; (b) demand prepayment for purchase orders; and (c) delay shipments and (d) to the extent that Flextronics's personnel cannot be reassigned to other billable work during such stoppage and/or in the event restart cost are incurred, invoice Customer for additional fees before the Work can resume. Customer agrees to provide all necessary financial information required by Flextronics from time to time in order to make a proper assessment of the creditworthiness of Customer.

3.7. **Letter of Credit**. Within forty-five (45) days of Flextronics's request made at any time during the term of this Agreement, Customer agrees to obtain and maintain a stand-by letter of credit or such other financial instrument mutually agreed upon by the parties on behalf of Flextronics to support Customer's payment obligations set forth in this Agreement and to minimize the financial risk to Flextronics for its performance of the Work under this Agreement. The stand-by letter of credit or other mutually agreed upon financial instrument shall be for a minimum period of time of three (3) months and shall be for a total amount that is equal to the total value of the risks associated with Inventory, Special Inventory, and the accounts receivable from Customer. The calculation shall be based upon the forecast provided by Customer pursuant to Section 3.1. The draw down procedures under the stand-by letter of credit or other mutually agreed upon financial instrument shall be determined solely by Flextronics. Flextronics will, in good faith, review Customer's creditworthiness periodically and may provide more favorable terms once it feels it is prudent to do so. In addition, Flextronics agrees that no letter of credit shall be required from Customer as long as Customer has promptly paid all invoices in accordance with Section 3.5.

4. MATERIALS PROCUREMENT; CUSTOMER RESPONSIBILITY FOR MATERIALS

4.1. **Authorization to Procure Materials, Inventory and Special Inventory**. Customer's accepted purchase orders and forecast will constitute authorization for Flextronics to procure, without Customer's prior approval, (a) Inventory to manufacture the Products covered by such purchase orders based on the Lead Time and (b) certain Special Inventory based on Customer's purchase orders and forecast as follows: Long Lead-Time Materials as required based on the Lead Time when such purchase orders are placed and Minimum Order Inventory as required by the supplier. Flextronics will only purchase Economic Order Inventory with the prior approval of Customer. Flextronics will provide to Customer each quarter a list of all long lead time parts (greater than **[***]**) and the total quantity on order for each long lead time part.

4.2. **Customer Controlled Materials**. Customer may direct Flextronics to purchase Customer Controlled Materials in accordance with the Customer Controlled Materials Terms. Customer acknowledges that the Customer Controlled Materials Terms will directly impact Flextronics's ability to perform under this Agreement and to provide Customer with the flexibility Customer is requiring pursuant to the terms of this Agreement. In the event that Flextronics reasonably believes that Customer Controlled Materials Terms will create an additional cost that is not covered by this Agreement, then Flextronics will notify Customer and the parties will agree to either (a) compensate Flextronics for such additional costs, (b) amend this Agreement to conform to the Customer Controlled Materials Terms or (c) amend the Customer Controlled Materials Terms to conform to this Agreement, in each case at no additional charge to Flextronics. Customer agrees to provide copies to Flextronics of all Customer Controlled Materials Terms upon the execution of this Agreement and promptly upon execution of any new agreements with suppliers. Customer agrees not to make any modifications or additions to the Customer Controlled

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Materials Terms or enter into new Customer Controlled Materials Terms with suppliers that will negatively impact Flextronics's procurement activities.

4.3. **Preferred Supplier**. Customer shall provide to Flextronics and maintain an Approved Vendor List. Flextronics shall purchase from vendors on a current AVL the Materials required to manufacture the Product. Customer shall give Flextronics an opportunity to be included on AVL's for Materials that Flextronics can supply, and if Flextronics is competitive with other suppliers with respect to reasonable and unbiased criteria for acceptance established by Customer, Flextronics shall be included on such AVL's. If Flextronics is on an AVL and its prices and quality are competitive with other vendors, Customer will raise no objection to Flextronics sourcing Materials from itself. For purposes of this Section 4.3 only, the term "Flextronics" includes any companies affiliated with Flextronics. For Flextronics sourced material, Flextronics must either provide a reasonable annual cost reduction based upon comparison to similar commodities or provide proof of competitive bidding on the Flextronics sourced parts on an annual basis.

4.4. **Customer Responsibility for Inventory and Special Inventory**. Customer is responsible under the conditions provided in this Agreement for all Materials, Inventory and Special Inventory purchased by Flextronics under this Section 4.

4.5. **Materials Warranties**. Flextronics shall use commercially reasonable efforts to obtain and pass through to Customer the following warranties with regard to the Materials (other than the Production Materials) i) conformance of the Materials with the vendor's specifications and/or with the Specifications; (ii) that the Materials will be free from defects in workmanship; (iii) that the Materials will comply with Environmental Regulations; and (iv) that the Materials will not infringe the intellectual property rights of third parties. Flextronics shall promptly inform Customer if it is not able to obtain and pass through the foregoing warranties with regard to any materials.

5. SHIPMENTS, SCHEDULE CHANGE, CANCELLATION, STORAGE

5.1. **Shipments**. All Products delivered pursuant to the terms of this Agreement shall be suitably packed for shipment in accordance with the Specifications and marked for shipment to Customer's destination specified in the applicable purchase order. Shipments will be made **[***]** at which time risk of loss and title will pass to Customer. Notwithstanding the foregoing, Customer shall reimburse Flextronics for all actual costs incurred by Flextronics in shipping the Products **[***]** which may include, but not be limited to, freight, insurance and other shipping expenses, and any expenses involved in the Customs clearance as well as any special packing expenses not included in the original quotation for the Products.

5.2. **Quantity Increases and Shipment Schedule Changes**.

(a) For any accepted purchase order, Customer may (i) increase the quantity of Products or (ii) reschedule the quantity of Products and their shipment date as provided in the flexibility table below (the "**Flexibility Table**"):

Maximum Allowable Variance From Accepted Purchase Order Quantities/Shipment Dates

# of days before Shipment Date on Purchase Order	Allowable Quantity Increases	Maximum Reschedule Quantity	Maximum Reschedule Period
0-14	0%	0%	0
15-30	**[***]**%	**[***]**%	**[***]**
31-60	**[***]**%	**[***]**%	**[***]** days
61-90	**[***]**%	**[***]**%	**[***]** days

Any decrease in quantity is considered a cancellation, unless the decreased quantity is rescheduled for delivery at a later date in accordance with the Flexibility Table. Quantity cancellations are governed by the terms of Section 5.3 below. Any purchase order quantities increased or rescheduled pursuant to this Section 5.2 (a) may not

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be subsequently increased or rescheduled, unless such subsequent increase or reschedule also conforms to the Flexibility Table.

(b) All reschedules to push out delivery dates outside of the table in subsection (a) require Flextronics's prior written approval, which, in its sole discretion, may or may not be granted. If Customer does not request prior approval from Flextronics for such reschedules, or if Customer and Flextronics do not agree in writing to specific terms with respect to any approved reschedule, then Customer will pay Flextronics the Monthly Charges for any such reschedule, calculated as of the first day after such reschedule for any Inventory and/or Special Inventory that was procured by Flextronics to support the original delivery schedule that is not used to manufacture Product pursuant to an accepted purchase order within thirty (30) days of such reschedule. In addition, if Flextronics notifies Customer that such Inventory and/or Special Inventory has remained in Flextronics's possession for more than ninety (90) days since such reschedule, then Customer agrees to immediately purchase any affected Inventory and/or Special Inventory upon receipt of the notice by paying the Affected Inventory Costs. In addition, any finished Products that have already been manufactured to support the original delivery schedule will be treated as cancelled as provided in Sections 5.3 and 5.4 below.

(c) Flextronics will use reasonable commercial efforts to meet any quantity increases, which are subject to Materials and capacity availability. All reschedules or quantity increases outside of the table in subsection (a) require Flextronics's approval, which, in its sole discretion, may or may not be granted. If Flextronics agrees to accept a reschedule to pull in a delivery date or an increase in quantities in excess of the flexibility table in subsection (a) and if there are extra costs to meet such reschedule or increase, Flextronics will inform Customer for its acceptance and approval in advance.

(d) Any delays in the normal production or interruption in the workflow process caused by Customer's changes to the Specifications or failure to provide sufficient quantities or a reasonable quality level of Customer Controlled Materials where applicable to sustain the production schedule, will be considered a reschedule of any affected purchase orders for purposes of this Section 5.2 for the period of such delay. In addition, Customer shall be responsible for costs related to adjusting foreign currency hedging contracts due to changes in cash flows resulting from such delays.

(e) For purposes of calculating the amount of Inventory and Special Inventory subject to subsection (b), the "**Lead Time**" shall be calculated as the Lead Time at the time of procurement of the Inventory and Special Inventory.

5.3. **Cancellation of Orders and Customer Responsibility for Inventory**.

(a) Customer may not cancel all or any portion of Product quantity of an accepted purchase order without Flextronics's prior written approval, which, in its sole discretion, may or may not be granted. If Customer does not request prior approval, or if Customer and Flextronics do not agree in writing to specific terms with respect to any approved cancellation, then Customer will pay Flextronics Monthly Charges for any such cancellation, calculated as of the first day after such cancellation for any Product or Inventory or Special Inventory procured by Flextronics to support the original delivery schedule. In addition, if Flextronics notifies Customer that such Product, Inventory and/or Special Inventory has remained in Flextronics's possession for more than thirty (30) days since such cancellation, then Customer agrees to immediately purchase from Flextronics, such Product, Inventory and/or Special Inventory by paying the Affected Inventory Costs. In addition, Flextronics shall calculate the cost or gain of unwinding any currency hedging contracts entered into by Flextronics to support the cancelled purchase order(s). Should the unwinding result in a loss to Flextronics, Customer agrees to cover such loss amount for Flextronics immediately upon receipt of an invoice for such amount. Should the unwinding result in a gain to Flextronics, a credit note will be immediately issued to Customer.

(b) If the forecast for any period is less than the previous forecast supplied over the same period, that amount will be considered canceled and Customer will be responsible for any Special Inventory purchased or ordered by Flextronics to support the forecast.

(c) Products that have been ordered by Customer and that have not been picked up in accordance with the agreed upon shipment dates shall be considered cancelled and Customer will be responsible for such Products in the same manner as set forth above in Section 5.3(a).

(d) For purposes of calculating the amount of Inventory and Special Inventory subject to subsection (a), the "Lead Time" shall be calculated as the Lead Time at the time of (i) procurement of the Inventory and Special Inventory; (ii) cancellation of the purchase order or (iii) termination of this Agreement, whichever is longer.

5.4. **Mitigation of Inventory and Special Inventory**. Prior to invoicing Customer for the amounts due pursuant to Sections 5.2 or 5.3, Flextronics will use reasonable commercial efforts for a period of thirty (30) days, to return unused Inventory and Special Inventory and to cancel pending orders for such inventory, and to otherwise mitigate the amounts payable by Customer. Customer shall pay amounts due under this Section 5 within thirty (30) days of receipt of an invoice. Flextronics will ship the Inventory and Special Inventory paid for by Customer under this Section 5.4 to Customer promptly upon said payment by Customer. In the event Customer does not pay within thirty (30) days, Flextronics will be entitled to dispose of such Inventory and Special Inventory in a commercially reasonable manner and credit to Customer any monies received from third parties. Flextronics shall then submit an invoice for the balance amount due and Customer agrees to pay said amount within thirty (30) days of its receipt of the invoice.

5.5. **No Waiver**. For the avoidance of doubt, Flextronics's failure to invoice Customer for any of the charges set forth in this Section 5 does not constitute a waiver of Flextronics's right to charge Customer for the same event or other similar events in the future.

5.6. **Delivery performance**. On time delivery shall be measured and reported to Customer on a monthly basis. Orders shall be considered on time if they are shipped from one week earlier than the scheduled shipment date up to one day after the scheduled shipment date. On-time delivery shall be the sole responsibility of **[***]** If **[***]** can not meet the on time delivery requirement for any order due to **[***]** then **[***]**

6. PRODUCT ACCEPTANCE AND EXPRESS LIMITED WARRANTY

6.1. **Product Acceptance**. The Products delivered by Flextronics will be accepted upon delivery in accordance with section 5.1 of this Agreement. If Products do not comply with the express limited warranty set forth in Section 6.2 below, Customer has the right to reject such Products during said period. Products not rejected during said period will be deemed accepted. Customer may return defective Products, freight collect, after obtaining a return material authorization number from Flextronics to be displayed on the shipping container and completing a failure report. Rejected Products will be promptly repaired or replaced, at Flextronics's option, and returned freight pre-paid. Customer shall bear all of the risk, and all costs and expenses, associated with Products that have been returned to Flextronics for which there is no defect found.

6.2. **Express Limited Warranty**. This Section 6.2 sets forth Flextronics's sole and exclusive warranty and Customer's sole and exclusive remedies with respect to a breach by Flextronics of such warranty.

(a) Flextronics warrants that the Products will have been manufactured in accordance with the applicable Specifications and will be free from defects in workmanship for a period of 1 year from the date of shipment. In addition, Flextronics warrants that (A) Production Materials shall be used in compliance with Environmental Regulations, (B) Flextronics will not manufacture Products using Materials from vendors that are not on the Approved Vendor List, unless otherwise agreed in writing by Customer.

(b) Notwithstanding anything else in this Agreement, this express limited warranty does not apply to, and Flextronics makes no representations or warranties whatsoever with respect to: (i) Materials and/or Customer Controlled Materials; (ii) defects resulting from the Specifications or the design of the Products; (iii) Product that has been abused, damaged, altered or misused by any person or entity after title passes to Customer; (iv) first articles, prototypes, pre-production units, test units or other similar Products; (v) defects resulting from tooling, designs or instructions produced or supplied by Customer, or (vi) the compliance of Materials or Products with any Environmental Regulations. Customer shall be liable for costs or expenses incurred by Flextronics related to the foregoing exclusions to Flextronics's express limited warranty.

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(c) Upon any failure of a Product to comply with this express limited warranty, Flextronics's sole obligation, and Customer's sole remedy, is for Flextronics, at its option, to promptly repair or replace such unit and return it to Customer freight prepaid. Customer shall return Products covered by this warranty freight prepaid after completing a failure report and obtaining a return material authorization number from Flextronics to be displayed on the shipping container. Customer shall bear all of the risk, and all costs and expenses, associated with Products that have been returned to Flextronics for which there is no defect found.

(d) Customer will provide its own warranties directly to any of its end users or other third parties. Customer will not pass through to end users or other third parties the warranties made by Flextronics under this Agreement. Furthermore, Customer will not make any representations to end users or other third parties on behalf of Flextronics, and Customer will expressly indicate that the end users and third parties must look solely to Customer in connection with any problems, warranty claim or other matters concerning the Product.

6.3. **No Representations or Other Warranties**. FLEXTRONICS MAKES NO REPRESENTATIONS AND NO OTHER WARRANTIES OR CONDITIONS ON THE PERFORMANCE OF THE WORK, OR THE PRODUCTS, EXPRESS, IMPLIED, STATUTORY, OR IN ANY OTHER PROVISION OF THIS AGREEMENT OR COMMUNICATION WITH CUSTOMER, AND FLEXTRONICS SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTY OR CONDITION OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

7. INTELLECTUAL PROPERTY LICENSES

7.1. **Licenses**. Customer hereby grants Flextronics a non-exclusive license during the term of this Agreement to use Customer's patents, trade secrets and other intellectual property as necessary to perform Flextronics's obligations under this Agreement.

7.2. **No Other Licenses**. Except as otherwise specifically provided in this Agreement, each party acknowledges and agrees that no licenses or rights under any of the intellectual property rights of the other party are given or intended to be given to such other party.

8. TERM AND TERMINATION

8.1. **Term**. The term of this Agreement shall commence on the date hereof above and shall continue until March 1, 2010 until terminated as provided in Section 8.2 (Termination) or 10.8 (Force Majeure). After the expiration of the initial term hereunder (unless this Agreement has been terminated), this Agreement shall be automatically renewed for separate but successive one-year terms unless either party provides written notice to the other party that it does not intend to renew this Agreement ninety (90) days or more prior to the end of any term.

8.2. **Termination**. This Agreement may be terminated by either party (a) for convenience upon ninety (90) days written notice to the other party or (b) if the other party defaults in any payment to the terminating party and such default continues without a cure for a period of fifteen (15) days after the delivery of written notice thereof by the terminating party to the other party, (c) if the other party defaults in the performance of any other material term or condition of this Agreement and such default continues unremedied for a period of thirty (30) days after the delivery of written notice thereof by the terminating party to the other party, or (d) pursuant to Section 10.8 (Force Majeure).

8.3. **Effect of Expiration or Termination**. Expiration or termination of this Agreement under any of the foregoing provisions: (a) shall not affect the amounts due under this Agreement by either party that exist as of the date of expiration or termination, and (b) as of such date the provisions of Sections 5.2, 5.3, and 5.4 shall apply with respect to payment and shipment to Customer of finished Products, Inventory, and Special Inventory in existence as of such date, and (c) shall not affect Flextronics's express limited warranty in Section 6.2 above. Termination of this Agreement, settling of accounts in the manner set forth in the foregoing sentence shall be the exclusive remedy of the parties for breach of this Agreement, except for breaches of Section 6.2, 9.1, 9.2, or 10.1. Sections 1, 3.5, 3.6, 3.7, 4, 5.3, 5.4, 6.2, 6.3, 7, 8, 9, and 10 shall be the only terms that shall survive any termination or expiration of this Agreement.

9. INDEMNIFICATION; LIABILITY LIMITATION

9.1. **Indemnification by Flextronics**. Flextronics agrees to defend, indemnify and hold harmless, Customer and all directors, officers, employees, and agents (each, a "**Customer Indemnitee**") from and against all claims, actions, losses, expenses, damages or other liabilities, including reasonable attorneys' fees (collectively, "**Damages**") incurred by or assessed against any of the foregoing, but solely to the extent the same arise out of third-party claims relating to:

(a) any actual or threatened injury or damage to any person or property caused, or alleged to be caused, by a Product sold by Flextronics to Customer hereunder, but solely to the extent such injury or damage has been caused by the breach by Flextronics of its express limited warranties related to Flextronics's workmanship and manufacture in accordance with the Specifications only as further set forth in Section 6.2;

(b) any infringement of the intellectual property rights of any third party but solely to the extent that such infringement is caused by a process that Flextronics uses to manufacture, assemble and/or test the Products; provided that, Flextronics shall not have any obligation to indemnify Customer if such claim would not have arisen but for Flextronics's manufacture, assembly or test of the Product in accordance with the Specifications; or

(c) noncompliance with any Environmental Regulations but solely to the extent that such non-compliance is caused by a process or Production Materials that Flextronics uses to manufacture the Products; provided that, Flextronics shall not have any obligation to indemnify Customer if such claim would not have arisen but for Flextronics's manufacture of the Product in accordance with the Specifications.

9.2. **Indemnification by Customer**. Customer agrees to defend, indemnify and hold harmless, Flextronics and its affiliates, and all directors, officers, employees and agents (each, a "**Flextronics Indemnitee**") from and against all Damages incurred by or assessed against any of the foregoing to the extent the same arise out of, are in connection with, are caused by or are related to third-party claims relating to:

(a) any failure of any Product (and Materials contained therein) sold by Flextronics hereunder to comply with any safety standards and/or Environmental Regulations to the extent that such failure has not been caused by Flextronics's breach of its express limited warranties set forth in Section 6.2 hereof;

(b) any actual or threatened injury or damage to any person or property caused, or alleged to be caused, by a Product, but only to the extent such injury or damage has not been caused by Flextronics's breach of its express limited warranties related to Flextronics's workmanship and manufacture in accordance with the Specifications only as further set forth in Section 6.2 hereof; or

(c) any infringement of the intellectual property rights of any third party by any Product except to the extent such infringement is the responsibility of Flextronics pursuant to Section 9. l(b) above.

9.3. **Procedures for Indemnification**. With respect to any third-party claims, either party shall give the other party prompt notice of any third-party claim and cooperate with the indemnifying party at its expense. The indemnifying party shall have the right to assume the defense (at its own expense) of any such claim through counsel of its own choosing by so notifying the party seeking indemnification within thirty (30) calendar days of the first receipt of such notice. The party seeking indemnification shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the indemnifying party. The indemnifying party shall not, without the prior written consent of the indemnified party, agree to the settlement, compromise or discharge of such third-party claim.

9.4. **Sale of Products Enjoined**. Should the use of any Products be enjoined for a cause stated in Section 9.1(b) or 9.2(c) above, or in the event the indemnifying party desires to minimize its liabilities under this Section 9, in addition to its indemnification obligations set forth in this Section 9, the indemnifying party's sole responsibility is to either substitute a fully equivalent Product or process (as applicable) not subject to such injunction, modify such Product or process (as applicable) so that it no longer is subject to such injunction, or obtain the right to continue using the enjoined process or Product (as applicable). In the event that any of the foregoing remedies cannot be effected on commercially reasonable terms, then, all accepted purchase orders and the current forecast will be considered cancelled and Customer shall purchase all Products, Inventory and Special Inventory as provided in Sections 5.3 and 5.4 hereof. Any changes to any Products or process must be made in accordance with

Section 2.2 above. Notwithstanding the foregoing, in the event that a third party makes an infringement claim, but does not obtain an injunction, the indemnifying party shall not be required to substitute a fully equivalent Product or process (as applicable) or modify the Product or process (as applicable) if the indemnifying party obtains an opinion from competent patent counsel reasonably acceptable to the other party that such Product or process is not infringing or that the patents alleged to have been infringed are invalid.

9.5. **No Other Liability**. **EXCEPT WITH REGARD TO A BREACH OF SECTIONS 9.1 AND 9.2 ABOVE OR SECTION 10.1 BELOW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY "COVER" DAMAGES (INCLUDING INTERNAL COVER DAMAGES WHICH THE PARTIES AGREE MAY NOT BE CONSIDERED "DIRECT" DAMAGES), OR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND OR NATURE ARISING OUT OF THIS AGREEMENT OR THE SALE OF PRODUCTS, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORT (INCLUDING THE POSSIBILITY OF NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, EVEN IF THE PARTY HAS BEEN WARNED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE, AND EVEN IF ANY OF THE LIMITED REMEDIES IN THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE.**

THE FOREGOING SECTION 9 STATES THE ENTIRE LIABILITY OF THE PARTIES TO EACH OTHER CONCERNING INFRINGEMENT OF PATENT, COPYRIGHT, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHTS.

10. MISCELLANEOUS

10.1. **Confidentiality**.

(a) Each party shall refrain from using any and all Confidential Information of the disclosing party for any purposes or activities other than those specifically authorized in this Agreement. Except as otherwise specifically permitted herein or pursuant to written permission of the party to this Agreement owning the Confidential Information, no party shall disclose or facilitate disclosure of Confidential Information of the disclosing party to anyone without the prior written consent of the disclosing party, except to its employees, consultants, parent company, and subsidiaries of its parent company who need to know such information for carrying out the activities contemplated by this Agreement and who have agreed in writing to confidentiality terms that are no less restrictive than the requirements of this Section. Notwithstanding the foregoing, the receiving party may disclose Confidential Information of the disclosing party pursuant to a subpoena or other court process only (i) after having given the disclosing party prompt notice of the receiving party's receipt of such subpoena or other process and (ii) after the receiving party has given the disclosing party a reasonable opportunity to oppose such subpoena or other process or to obtain a protective order. Confidential Information of the disclosing party in the custody or control of the receiving party shall be promptly returned or destroyed upon the earlier of (i) the disclosing party's written request or (ii) termination of this Agreement. Confidential Information disclosed pursuant to this Agreement shall be maintained confidential for a period of three (3) years after the disclosure thereof. The existence and terms of this Agreement shall be confidential in perpetuity.

(b) Notwithstanding anything contained in this Section 10.1, a receiving Party may disclose the existence and terms of this Agreement if such information is required by Law to be disclosed under applicable law, including without limitation pursuant to the rules and regulations promulgated by the United States Securities and Exchange Commission.

10.2. **Use of Flextronics Name is Prohibited**. The existence and terms of this Agreement are Confidential Information and protected pursuant to Section 10.1 above. Accordingly, Customer may not use Flextronics's name or identity or any other Confidential Information in any advertising, promotion or other public announcement without the prior express written consent of Flextronics. Flextronics may not use Customer's name or identity or any other Confidential Information in any advertising, promotion or other public announcement without the express written consent of Customer.

10.3. **Entire Agreement; Severability**. This Agreement constitutes the entire agreement between the Parties with respect to the transactions contemplated hereby and supersedes all prior agreements and understandings between the parties relating to such transactions. If the scope of any of the provisions of this Agreement is too broad in any respect whatsoever to permit enforcement to its full extent, then such provisions shall be enforced to the

maximum extent permitted by law, and the parties hereto consent and agree that such scope may be judicially modified accordingly and that the whole of such provisions of this Agreement shall not thereby fail, but that the scope of such provisions shall be curtailed only to the extent necessary to conform to law.

10.4. **Amendments; Waiver**. This Agreement may be amended only by written consent of both parties. The failure by either party to enforce any provision of this Agreement will not constitute a waiver of future enforcement of that or any other provision. Neither party will be deemed to have waived any rights or remedies hereunder unless such waiver is in writing and signed by a duly authorized representative of the party against which such waiver is asserted.

10.5. **Independent Contractor**. Neither party shall, for any purpose, be deemed to be an agent of the other party and the relationship between the parties shall only be that of independent contractors. Neither party shall have any right or authority to assume or create any obligations or to make any representations or warranties on behalf of any other party, whether express or implied, or to bind the other party in any respect whatsoever.

10.6. **Expenses**. Each party shall pay their own expenses in connection with the negotiation of this Agreement. All fees and expenses incurred in connection with the resolution of Disputes shall be allocated as further provided in Section 10.11 below.

10.7. **Insurance**. Customer shall procure and/or maintain at its own expense the following insurance and will use commercially reasonable efforts to do so within sixty (60) days of the Effective Date: (i) commercial general liability insurance (including coverage for bodily injury, personal injury, property damage, contractual liability, products and completed operations) in an amount not less than One Million Dollars ($1,000,000.00) per occurrence; (ii) umbrella excess liability insurance in an amount not less than One Million Dollars ($1,000,000.00); and (iii) an errors and omissions insurance policy which covers Customer's obligations hereunder in an amount not less than One Million Dollars ($1,000,000.00). Such insurance shall be written by an insurance company with a Best's rating of at least A-VIII who is licensed to do business in all states of the United States. Customer shall furnish certificates of insurance and such other appropriate documentation (including evidence of renewal of insurance) evidencing all insurance coverage's set forth in this Section 10.6. Such certificates of insurance and other documentation shall name Flextronics and its officers, directors and employees as additional insured. Such certificates of insurance and other documentation shall contain a broad form naming Flextronics and its officers, directors and employees as an additional insured. Customer will provide Flextronics with at least thirty (30) days prior written notice of any cancellation or material alteration of the insurance coverage set forth in this Section 10.6. Failure by Flextronics to receive or request the aforementioned certificates of insurance and other documentation shall not represent a waiver of the requirements for insurance coverage set forth in this Section 10.7

10.8. **Force Majeure**. In the event that either party is prevented from performing or is unable to perform any of its obligations under this Agreement (other than a payment obligation) due to any act of God, acts or decrees of governmental or military bodies, fire, casualty, flood, earthquake, war, strike, lockout, epidemic, destruction of production facilities, riot, insurrection, Materials unavailability, or any other cause beyond the reasonable control of the party invoking this section (collectively, a "**Force Majeure**"), and if such party shall have used its commercially reasonable efforts to mitigate its effects, such party shall give prompt written notice to the other party, its performance shall be excused, and the time for the performance shall be extended for the period of delay or inability to perform due to such occurrences. Regardless of the excuse of Force Majeure, if such party is not able to perform within ninety (90) days after such event, the other party may terminate the Agreement.

10.9. **Successors, Assignment**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives. Neither party shall have the right to assign or otherwise transfer its rights or obligations under this Agreement except with the prior written consent of the other party, not to be unreasonably withheld. Notwithstanding the foregoing, Flextronics may assign some or all of its rights and obligations under this Agreement to an affiliated Flextronics entity.

10.10. **Notices**. All notices required or permitted under this Agreement will be in writing and will be deemed received (a) when delivered personally; (b) when sent by confirmed facsimile; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) day after deposit with a commercial overnight carrier. All communications will be sent to the addresses set forth above or to such other address as may be designated by a party by giving written notice to the other party pursuant to this section.

10.11. **Disputes Resolution; Waiver of Jury Trial**.

(a) Except as otherwise provided in this Agreement, the following binding dispute resolution procedures shall be the exclusive means used by the parties to resolve all disputes, differences, controversies and claims arising out of or relating to the Agreement or any other aspect of the relationship between Flextronics and Customer or their respective affiliates and subsidiaries (collectively, "**Disputes**"). Either party may, by written notice to the other party, refer any Disputes for resolution in the manner set forth below.

(b) Any and all Disputes shall be referred to arbitration under the rules and procedures of Judicial Arbiter Group, Inc. ("**JAG**"), who shall act as the arbitration administrator (the "**Arbitration Administrator**").

(c) The parties shall agree on a single arbitrator (the "**Arbitrator**"). The Arbitrator shall be a retired judge selected by the parties from a roster of arbitrators provided by the Arbitration Administrator. If the parties cannot agree on an Arbitrator within seven (7) days of delivery of the demand for arbitration ("**Demand**") (or such other time period as the parties may agree), the Arbitration Administrator will select an independent Arbitrator.

(d) Unless otherwise mutually agreed to by the parties, the place of arbitration shall be Denver, Colorado, although the arbitrators may be selected from rosters outside Denver.

(e) The Federal Arbitration Act shall govern the arbitrability of all Disputes. The Federal Rules of Civil Procedure and the Federal Rules of Evidence (the "**Federal Rules**"), to the extent not inconsistent with this Agreement, govern the conduct of the arbitration. To the extent that the Federal Arbitration Act and Federal Rules do not provide an applicable procedure, Colorado law shall govern the procedures for arbitration and enforcement of an award, and then only to the extent not inconsistent with the terms of this Section. Disputes between the parties shall be subject to arbitration notwithstanding that a party to this Agreement is also a party to a pending court action or special proceeding with a third party, arising out of the same transaction or series of related transactions and there is a possibility of conflicting rulings on a common issue of law or fact.

(f) Unless otherwise mutually agreed to by the parties, each party shall allow and participate in discovery as follows:

(i) Non-Expert Discovery. Each party may (1) conduct three (3) non-expert depositions of no more than five (5) hours of testimony each, with any deponents employed by any party to appear for deposition in Denver, Colorado; (2) propound a single set of requests for production of documents containing no more than twenty (20) individual requests; (3) propound up to twenty written interrogatories; and (4) propound up to ten (10) requests for admission.

(ii) Expert Discovery. Each party may select a witness who is retained or specially employed to provide expert testimony and an additional expert witness to testify with respect to damages issues, if any. The parties shall exchange expert reports and documents under the same requirements as Federal Rules of Civil Procedure 26(a)(2) &(4).

(iii) Additional Discovery. The Arbitrator may, on application by either party, authorize additional discovery only if deemed essential to avoid injustice. In the event that remote witnesses might otherwise be unable to attend the arbitration, arrangements shall be made to allow their live testimony by video conference during the arbitration hearing.

(g) The Arbitrator shall render an award within six (6) months after the date of appointment, unless the parties agree to extend such time. The award shall be accompanied by a written opinion setting forth the findings of fact and conclusions of law. The Arbitrator shall have authority to award compensatory damages only, and shall not award any punitive, exemplary, or multiple damages. The award (subject to clarification or correction by the arbitrator as allowed by statute and/or the Federal Rules) shall be final and binding upon the parties, subject solely to the review procedures provided in this Section.

(h) Either party may seek arbitral review of the award. Arbitral review may be had as to any element of the award.

(i) This Agreement's arbitration provisions are to be performed in Denver, Colorado. Any judicial proceeding arising out of or relating to this Agreement or the relationship of the parties, including without limitation any

proceeding to enforce this Section, to review or confirm the award in arbitration, or for preliminary injunctive relief, shall be brought exclusively in a court of competent jurisdiction in the county of Denver, Colorado (the "Enforcing Court"). By execution and delivery of this Agreement, each party accepts the jurisdiction of the Enforcing Court.

(j) Each party shall pay their own expenses in connection with the resolution of Disputes pursuant to this Section, including attorneys' fees.

(k) Notwithstanding anything contained in this Section to the contrary, in the event of any Dispute, prior to referring such Dispute to arbitration pursuant to Subsection (b) of this Section, Customer and Flextronics shall attempt in good faith to resolve any and all controversies or claims relating to such Disputes promptly by negotiation commencing within ten (10) calendar days of the written notice of such Disputes by either party, including referring such matter to Customer's then-current President and Flextronics's then current executive in charge of manufacturing operations in the region in which the primary activities of this Agreement are performed by Flextronics. The representatives of the parties shall meet at a mutually acceptable time and place and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the Dispute for a period of four (4) weeks. In the event that the parties are unable to resolve such Dispute pursuant to this Subsection (k), the provisions of Subsections (a) through (j) of this Section, inclusive, as well as Subsections (1), (m) and (n) of this Section shall apply.

(l) The parties agree that the existence, conduct and content of any arbitration pursuant to this Section shall be kept confidential and no party shall disclose to any person any information about such arbitration, except as may be required by law or by any governmental authority or for financial reporting purposes in each party's financial statements.

(m) IN THE EVENT OF ANY DISPUTE BETWEEN THE PARTIES, WHETHER IT RESULTS IN PROCEEDINGS IN ANY COURT IN ANY JURISDICTION OR IN ARBITRATION, THE PARTIES HEREBY KNOWINGLY AND VOLUNTARILY, AND HAVING HAD AN OPPORTUNITY TO CONSULT WITH COUNSEL, WAIVE ALL RIGHTS TO TRIAL BY JURY, AND AGREE THAT ANY AND ALL MATTERS SHALL BE DECIDED BY A JUDGE OR ARBITRATOR WITHOUT A JURY TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW.

(n) In the event of any lawsuit between the parties arising out of or related to this Agreement, the parties agree to prepare and to timely file in the applicable court a mutual consent to waive any statutory or other requirements for a trial by jury.

10.12. **Even-Handed Construction**. The terms and conditions as set forth in this Agreement have been arrived at after mutual negotiation, and it is the intention of the parties that its terms and conditions not be construed against any party merely because it was prepared by one of the parties.

10.13. **Controlling Language**. This Agreement is in English only, which language shall be controlling in all respects. All documents exchanged under this Agreement shall be in English.

10.14. **Controlling Law**. This Agreement shall be governed and construed in all respects in accordance with the domestic laws and regulations of the State of Colorado, without regard to its conflicts of laws provisions; except to the extent there may be any conflict between the law of the State of Colorado and the Incoterms of the International Chamber of Commerce, 2000 edition, in which case the Incoterms shall be controlling. The parties specifically agree that the 1980 United Nations Convention on Contracts for the International Sale of Goods, as may be amended from time to time, shall not apply to this Agreement. The parties acknowledge and confirm that they have selected the laws of the State of Colorado as the governing law for this Agreement in part because jury trial waivers are enforceable under Colorado law. The parties further acknowledge and confirm that the selection of the governing law is a material term of this Agreement.

10.15. **Counterparts**. This Agreement may be executed in counterparts.

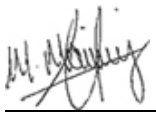
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized representatives as of the Effective Date.

ENPHASE ENERGY, INC.:

By: 

Title: CEO

FLEXTRONICS INDUSTRIAL, LTD:

By: 

Title: Director

Exhibit 1

Definitions

"**Affected Inventory Costs**"	shall mean: (i) **[***]**% of the Cost of all affected Inventory and Special Inventory in Flextronics's possession and not returnable to the vendor or reasonably usable for other customers, whether in raw form or work in process, less the salvage value thereof, (ii) **[***]**% of the Cost of all affected Inventory and Special Inventory on order and not cancelable, (iii) any vendor cancellation charges incurred with respect to the affected Inventory and Special Inventory accepted for cancellation or return by the vendor, (iv) the then current fees for any affected Product, and (v) expenses incurred by Flextronics related to labor and equipment specifically put in place to support the purchase orders and forecasts that are affected by such reschedule or cancellation (as applicable).
-"**Approved Vendor List**" or "**AVL**"	shall mean the list of suppliers currently approved to provide the Materials specified in the bill of materials for a Product.
"**Confidential Information**"	shall mean (a) the existence and terms of this Agreement and all information concerning the unit number and fees for Products and Inventory/Special Inventory and (b) any other information that is marked "Confidential" or the like or, if delivered verbally, confirmed in writing to be "Confidential" within 30 days of the initial disclosure. Confidential Information does not include information that (i) the receiving party can prove it already knew at the time of receipt from the disclosing party; or (ii) has come into the public domain without breach of confidence by the receiving party; (iii) was received from a third party without restrictions on its use; (iv) the receiving party can prove it independently developed without use of or reference to the disclosing party's data or information; or (v) the disclosing party agrees in writing is free of such restrictions.
"**Cost**"	shall mean the cost represented on the bill of materials supporting the most current fees for Products at the time of cancellation, expiration or termination, as applicable.
"**Customer Controlled Materials**"	shall mean those Materials provided by Customer or by suppliers with whom Customer has a commercial contractual or non-contractual relationship.
"**Customer Controlled Materials Terms**"	shall mean the terms and conditions that Customer has negotiated with its suppliers for the purchase of Customer Controlled Materials.
"**Customer Indemnitees**"	shall have the meaning set forth in Section 9.1.
"**Damages**"	shall have the meaning set forth in Section 9.1.
"**Disputes**"	shall have the meaning set forth in Section 10.1 l(a)
"**Economic Order Inventory**"	shall mean Materials purchased in quantities, above the required amount for purchase orders, in order to achieve price targets for such Materials.
"**Environmental Regulations**"	Shall mean any hazardous substance content laws and regulations including, without limitation, those related to the EU Directive 2002/95/EC about the Restriction of Use of Hazardous Substances (RoHS).
"**Fee List**"	shall have the meaning set forth in Section 3.4.
"**Flexibility Table**"	shall have the meaning set forth in Section 5.2.
"**Flextronics Indemnitee**"	shall have the meaning set forth in Section 9.2.
"**Force Majeure**"	shall have the meaning set forth in Section 10.8.
"**Inventory**"	shall mean any Materials that are used to manufacture Products that are ordered pursuant to a

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	purchase order from Customer.
"**Lead Time (s)**"	shall mean the Materials Procurement Lead Time plus the manufacturing cycle time required from the delivery of the Materials at Flextronics's facility to the completion of the manufacture, assembly and test processes.
"**Long Lead Time Materials**"	shall mean Materials with Lead Times exceeding the period covered by the accepted purchase orders for the Products.
"**Materials**"	shall mean components, parts and subassemblies that comprise the Product and that appear on the bill of materials for the Product.
"**Materials Procurement Lead Time**"	shall mean with respect to any particular item of Materials, the longer of (a) lead time to obtain such Materials as recorded on Flextronics's MRP system or (b) the actual lead time, if a supplier has increased the lead time but Flextronics has not yet updated its MRP system.
"**Minimum Order Inventory**"	shall mean Materials purchased in excess of requirements for purchase orders because of minimum lot sizes available from the supplier.
"**Monthly Charges**"	shall mean a finance carrying charge of one and one-half of one percent (1.5%) and a storage and handling charge of one-half of one percent (0.5%), in each case of the Cost of the Inventory and/or Special Inventory and/or of the fees for the Product affected by the reschedule or cancellation (as applicable) per month until such Inventory and/or Special Inventory and/or Product is returned to the vendor, used to manufacture Product or is otherwise purchased by Customer.
"**Product**"	shall have the meaning set forth in Section 2.1.
"**Production Materials**"	shall mean Materials that are consumed in the production processes to manufacture Products including without limitation, solder, epoxy, cleaner solvent, labels, flux, and glue. Production Materials do not include any such production materials that have been specified by the Customer or any Customer Controlled Materials.
"**Special Inventory**"	shall mean any Long Lead Time Materials and/or Minimum Order Inventory and/or Economic Order Inventory.
"**Specifications**"	shall have the meaning set forth in Section 2.1.
"**Work**"	shall have the meaning set forth in Section 2.1.

EXHIBIT 2.1

SPECIFICATIONS

Incorporated by reference only

EXHIBIT 2.3

CONSIGNED EQUIPMENT LIST

To be attached or incorporated by reference

Item	Manufacturer and Model
Cabinet	Hammond Manufacturing
PC	Dell Optiplex
Barcode Scanner	Symbol Tech. LSR4208-SR2000722R
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**
[***]	**[***]**

Total Cost USD $**[***]**

Hi-Pot Test Station - List Of Equipment

Dielectric Analyzer	**[***]**

Total Cost USD $**[***]**

Initial Potting Machine and Material Supply Infrastructure for China CM - PM01

All Equipment supplied by Exact Dispensing (formerly known as Sheepscot)

[***]

[***]

[***]

[***]

[***]

[***]

[***]

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[***]

[***]

[***]

[***]

[***]

Estimated Value: USD $[***]

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EXHIBIT 3.4

FEES LIST

To be attached or incorporated by reference

Product	Minimum	Step 1	Step 2	Step 3	Step 4
PCU (Annual Quantity)	**50,000**	**87,000**	**150,000**	**225,000**	**350,000**
PCU (Quarterly Quantity)	**12,500**	**21,750**	**37,500**	**56,250**	**87,500**
Price	**$ [***]**	**$ [***]**	**$ [***]**	**$ [***]**	**$ [***]**
Dually (Annual Quantity)	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
Dually (Quarterly Quantity)	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
Price	**TBD**	**TBD**	**TBD**	**TBD**	**TBD**
EMU (Annual Quantity)	**2,100**	**3,700**	**4,400**	**6,600**	**7,800**
EMU (Quarterly Quantity)	**525**	**925**	**1,100**	**1,650**	**1,950**
Price	**$ [***]**	**$ [***]**	**$ [***]**	**$ [***]**	**$ [***]**

The following applies:

1. During the ramp-up of the Customers product shipments (April 2009 -September 2009), Step 1 pricing will be used.
2. Step quantities will be applied quarterly thereafter. The step quantities will be used as the basis for step pricing.
3. A true-up will be performed at the end of each quarter, to apply the appropriate step price for that quantity. Overages in quantity will be applied to the next quarter quantities. Additionally, a true up will be performed at the end of the first full year of production (April 2009 – April 2010) to make sure that customer has met the minimum quantity for step 1 pricing. Flextronics and customer will determine an appropriate method to account for product changes from Raptor to Dually since Dually will only be built at one-half the quantity of Raptor.
4. All scrap product will be purchased by the Customer, unless scrap was caused by Flextronics. Scrap will be shipped to customer and invoiced monthly.
5. The minimum quantity for each product must be reached each quarter except during the April 2009 – Sept 2009 ramp-up period. If the minimum quantity is not reached, further cost recovery from the Customer will be required.
6. Dually price will be quoted when RFQ is received.
7. Pricing for new or replacement products will be quoted as required.

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EXHIBIT 3.4

FEES LIST

To be attached or incorporated by reference

NRE Tooling Schedule

NRE for Enphase-Micro Inverter

			860-00003		830-00010				
			Forecast	$716	Forecast	87,000			
	Equipment	Unit price	Qty for Final	Sum	Qty for First	Sum	Lead time	Lifecycle	Remark
Process	Stencil (Trial Run)	US$[***]	2	US$[***]	2	US$[***]	3 days	2 year life cycle	EOL7000times
	Stencil (MP)	US$[***]	4	US$[***]	6	US$[***]	3 days		
	SMT programming	US$[***]	10	US$[***]	10	US$[***]	3 days		
	Template for screen machine	US$[***]	2	US$[***]	6	US$[***]	3 days		
	Template for placement machine	US$[***]	2	US$[***]	6	US$[***]	3 days		
	Fixture for Band part	US$[***]	2	US$[***]	2	US$[***]	3 days		
	Fixture for Final Assembly	US$[***]	2	US$[***]	4	US$[***]	3 days		
	Wave soldering panel	US$[***]	15	US$[***]	15	US$[***]	7 days		
	Fixture for touch up solder	US$[***]	1	US$[***]	2	US$[***]	3 days		
	Fixture for PCBA clearing	US$[***]	1	US$[***]	1	US$[***]	3 days		
	Inspection templet	US$[***]	4	US$[***]	6	US$[***]	3 days		
	PCB Division fixture	US$[***]	1	US$[***]	2	US$[***]	3 days		Spare part 1set
	Fixture for LCD assemble	US$[***]		US$[***]		US$[***]	3 days		
	Nozzle for Mini-Wave	US$[***]	0	US$[***]	0	US$[***]	5 days		Rework for MI part
Test	ICT Fixture (TR518)	US$[***]	1	US$[***]	1	US$[***]	21 days	EOL 300000times	
	Hil-Pot Fixture	US$[***]		US$[***]	1	US$[***]	21 days	EOL 500000times	
Material Tooling	PCB, EMU_PLC	US$[***]	1	US$[***]		US$[***]	6weeks		FOB HK
	STAMPING, BASE, M175. SINGLE, R7 PCB PCU	US$[***]		US$[***]	1	US$[***]	4Weeks		EXW OG
	STAMPING LID, M175, SINGLE, R7 PCB PCU	US$[***]		US$[***]	1	US$[***]	4weeks		EXW DG
	CBL ASSY, DC INPUT, M/F, TYPE III, WOVERMOLD	US$[***]		US$[***]	1	US$[***]	14 weeks		EXW
	CABLE ASSEMBLY, CPC BULKHEAD, AC, M/F, M175-240-24-S	US$[***]		US$[***]	1	US$[***]	14weeks		EXW
	PCB, PCU, M175-24-277-S	US$[***]		US$[***]	1	US$[***]	8 weeks		FOB HK
				US$[***]		US$[***]			

Assume,

1. The NRE Cost does not include Function teal Fixture and HASS forture

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2. The NRE Cost does not include Potting equipment and forture

3. The NRE does not include NRE for IC programming

4 Assume we will use TR51B to DO ICT

5. Exchange rate based on 1USD=6 836RMB and 1USD=7 764HKD

Follow-on NRE Tooling Schedule

Item description	Cost(USD)	Comments
Stencil	$ [***]	Typical charge but can vary according to pca design.
Template for screen machine	$ [***]	Typical charge but can vary according to pca design
SMT Programming	$ [***]/hr	Typically will take 10 hours to program SMT equipment depending on changes to original program.
Template for placement machine	$ [***]	Typical charge but can vary according to pca design
Fixture for bend part	$ [***]	Fixtures are unique and will be quoted based on its intended function
Fixture for final assembly	$ [***]	Fixtures are unique and will be quoted based on its intended function
Wave solder panel	$ [***]	Typical charge but can vary according to pca design
Fixture for touch-up solder	$ [***]	Fixtures are unique and will be quoted based on its intended function
Fixture for PCBA cleaning	$ [***]	Fixtures are unique and will be quoted based on its intended function
Inspection template	$ [***]	$[***]
PCB division fixture	$ [***]	$[***]
ICT Fixture	$ [***]	Fixtures are unique and will be quoted based on its intended function – based on TR518 equip.
ICT Programming	$ [***]/hr	hrs will be quoted based on pca complexity and per ICT access
HI-POT Fixture	$ [***]	Fixtures are unique and will be quoted based on its intended function

The table assumes that there is no significant change in product design between revisions. Extensive changes to the product that will require higher costs will be agreed to by both Flextronics and EnPhase.

These costs shall be reviewed on a bi-annual basis to make adjustments for cost increases on wages, overhead and materials.

Context Engineering Fee Schedule (Chinese National rates)*

Item description	Cost (USD)
Sr. Test Engineer (Mgr level)	$[***]-$[***]/month
Test Engineer	$[***]-$[***]/month
Sr. Test Technician	$ [***]-$[***]/month

* Similar rates for process engineers

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NPI FEES

To be attached or incorporated by reference

Quote Summary for PCU NPI

Quantity	30
Depreciation Cost	US$ **[***]**
Direct Labor Cost	US$ **[***]**
Indirect Direct Labor Cost	US$ **[***]**
SG & A (3% at BOM cost)	US$ **[***]**
IDM&packing Cost	US$ **[***]**
Power consumption and facility cost	US$ **[***]**
Material Loss / Scrap (1%)	US$ **[***]**
Total Manufacturing Cost/Unit	US$ **[***]**
BOM Cost	US$ **[***]**
Profit	**[***]%**
Target sales price	**US$ [***]**
VAM/Unit	**US$ [***]**
Total VAM	**US$ [***]**
NRE cost	**US$ [***]**

Remark:

1. The cost does not include logistics cost
2. The cost does not include potting process cost
3. The cost does not include Function tester depreciation
4. The NRE cost is for pilot run only
5. The cost includes ICT, Hi-Pot and Function only
6. The pilot run production does not carry warranty
7. The cost does not include DFX
8. The NRE cost will according to actual cost

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TABLE OF ASSUMPTIONS

1) To perform Industrial Engineering analysis.

2) This is a prelim quote for Enphase – Micro Inverter PCBA

3) Demand state: EMU: 3716/year, PCU: 87K/year

4) The calculated manpower and cycle time is estimated , strictly based on process flow provided by customer

1	This quotation is based upon the information and documentation provided by customer. All product changes subsequent to initial quotation and prior to initial production are subject to the re-quotation of pricing.
2	Payment terms are **[***]**.
3	NRE Payment Terms: **[***]**
4	Pricing is valid for quoted volumes only. If actual volumes do not meet quoted volume, pricing will be adjusted per Exhibit 3.4.
5	The Customer bears the cost of administration, test labor, rework cost, packaging, and return freight for items returned to Flextronics NDF (No Defect Found).
6	Process are quoted as Lead-Free Compliant.
7	Pricing is exclusive of all taxes, duties, similar charges, unless otherwise noted
8	This quotation is valid for a period of 30 days from the date of this quotation. Flextronics reserves the right to revise this quotation for orders placed past this 30-day period.
9	All product changes subsequent to initial quotation and prior to initial production are subject to re-quotation of pricing All engineering change orders shall be priced separately from this quotation and subject to Section 2.2.
10	Both parties shall sign a Manufacturing Service Agreement once services and price are agreed upon.
1	Lead-Free process was used for the labor portion of this quotation unless otherwise noted.
2	Quote assumes design is fully optimized to Flextronics standards for manufacturability (DFM & DFT will be quoted separately)
3	All workmanship performed at Flextronics will adhere strictly to the IPC-A-610D standard.
4	Quote may be revised to reflect actual yield and test times.
5	Any additional work, inclusive of development, prototyping, qualification activities, as well as design and related rework are excluded and will incur additional charges.
6	Changes in fabrication, tooling and fixturing arising from engineering, logistics and packaging changes are excluded from the pricing.
7	NRE does not include NRE for programming for components unless otherwise noted.
8	Maintenance costs, including spares and replacement parts of consigned functional test equipment and fixtures are not included in this quote.
9	Assume ICT run in **[***]** Tester.
10	Assume all Function testers, HAAS tester will be consigned
11	Quote does not include nitrogen cost
12	Assume all potting equipment, tools and unique accessories will be consigned
12	All test time has been provided by customer
1	CBOM supplied by Global material team.

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1 Shipment term DDP to Flextronics California

1 After called and email with Peihua.the variance between DG and Enphase are:

1. The temperature range is the same, **[***]**.
2. Temperature cycling rate is **[***]** for Enphase and **[***]** for DG.
3. Recycle time is 5min for ambient to cold and 5min for ramp up to hot.DG is **[***]** respectively.

2 Therefore, considering the machine size, the usage for Enphase will be almost the same as DG.

3 The **[***]** for **[***]** is about: **[***]**.

4 The Price of **[***]** is about **[***]** so the cost is about **[***]**

5 Base on the demand (2009 and 2010), the average UPH is about 1000pcs/day.

Therfore the cost for each piece is about **[***]**

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Enphase Energy
201 1st Street, Suite 300
Petaluma, CA 94952

MASTER DEVELOPMENT & PRODUCTION AGREEMENT

APPLICATION SPECIFIC INTEGRATED CIRCUIT (ASIC)

by
and
between

Enphase Energy, Inc.

and

Fujitsu Microelectronics America,

Inc.

Rev. 1, 10/00
Form F-1982

This Master Development and Production Agreement (the "Agreement") is entered into this 19 day of August, 2009 ("Effective Date") by and between Enphase Energy, Inc., having its principal place of business at 201 Ist St., Suite 300, Petaluma, CA 94952 ("Buyer") and Fujitsu Microelectronics America, Inc., having its principal place of business at 1250 E. Arques Ave., Sunnyvale, CA 94085 ("Seller"). In consideration of the mutual promises herein contained, the parties hereby agree as follows:

1. PURPOSE OF AGREEMENT

Buyer intends to place Purchase Orders with Seller for the development and production of Application Specific Integrated Circuits ("ASIC" or "Product"). This Agreement sets forth the terms and conditions that will govern the development and supply of Products by Seller and purchase of the Products by Buyer.

2. DEFINITIONS

This Agreement will refer to several documents, each of which are integral to the ASIC design and development process.

a. **Development Task Order ("Task Order" – Exhibit A):** This document sets forth the terms under which Seller will develop the Product, including the Statement of Work and the Nonrecurring Engineering Charges ("NRE").

b. **Change Order (Exhibit B):** This document allows the Buyer and Seller to agree to changes to the Task Order.

c. **Risk and annual ASIC Production Terms ("APT" – Exhibit C):** This document provides the terms under which Buyer authorizes Seller to manufacture and deliver an ASIC in development under this Agreement prior to Buyer having provided written approval of engineering samples ("Engineering Samples" or "ES"). Also, this document provides the specific terms for the production of each ASIC manufactured under this Agreement.

d. **Design Specifications ("Specifications"):** This refers to the terms set forth in the Design Specifications Summary and in Buyer's approved post-layout simulation results based on final netlist.

e. **Register Transfer Language ("RTL"):** A high-level description ASIC language provided by Buyer if the interface is "RTL Handoff."

f. **Timing Constraints:** Chip input, chip output, and chip internal timing requirements,

g. **Synthesis:** This process converts RTL to a netlist based on Seller's ASIC components library. Synthesis is done by Seller since this is an RTL-Handoff.

h. **Design Specifications Summary (Exhibit D):** This document is used by Buyer to set forth the technical information necessary to define the manufacture of the final Product.

i. **Floor Planning and Trial Place and Route Phase:** Phase begins when Seller accepts or begins work on a partial or complete RTL. The RTL will be synthesized and the synthesized netlist may be used to make and verify component placement information. Phase continues until Seller accepts or begins work on agreed-to final RTL.

j. **Approval to Start Final Place and Route Sheet:** This document authorizes Seller to begin final place and/or route when the criteria in the document are met. The execution of this form is a pre-requisite to start the final layout of the Product,

k. **Final Place and Route Phase:** Phase begins with Seller's acceptance of final RTL.

l. **Timing Data Extraction:** Delay information pertaining to the ASIC, extracted from the layout. Final timing data extraction is the first one provided after Final Place and Route Phase starts that meets the agreed to Timing Constraints set when entering the Final Place and Route Phase.

m. **Layout Data Verification:** Seller verifies thai the ASIC obeys physical manufacturing rules and the layout functionally matches the Buyer's circuit.

n. **Post-Layout Approval Sheet:** This document sets forth the post-layout output from the Seller's design verification tools and allows Buyer and Seller to indicate whether the data are acceptable and within the Buyer's Specifications. The execution of this form is a prerequisite to tapeout and mask making for the Product and shall be deemed to incorporate Buyer's Design Specifications Summary and Buyer's approved post-layout results.

o. **Approval to Move to Mass Production:** The Buyer must indicate approval in writing to move production control from Seller's engineering to Seller's production control. The execution of this form is a prerequisite to mass production of the Product. This form may be signed by either the VP of Operations or the Vice President of Engineering of Buyer, with the individuals currently holding such titles shown on Exhibit E.

p. **Statement of Work ("SOW" – Exhibit F):** It defines technical deliverables and responsibilities. It contains detailed schedules of ASIC design project. Subsequent SOWs may be executed as Exhibit F-l, F-2, etc.

q. **Product:** Semiconductor ASIC (Application Specific Integrated Circuit) device supplied by Seller in accordance with the terms and conditions of this Agreement.

3. TERM

This Agreement will commence on the Effective Date and will remain in effect for five (5) years, followed by automatic one-year renewals, unless and until either party provides the other with at least six (6) months prior written notice of termination of this Agreement.

4. DEVELOPMENT PRODUCT

The following terms and conditions apply to Products that are in the development stage:

a. Development Task Order

For each Product in development, Buyer will execute a Task Order. Seller is authorized to proceed with Final Place & Route Phase only after the Task Order has been signed by Buyer and Seller.

b. Change Orders

Buyer may request changes to the then-current Task Order by submitting a Change Order to Seller. Seller will be obligated to proceed with development under the Change Order as of the date that both parties have signed the Change Order. Seller will not unreasonably, taking into consideration the significance of the change, withhold or delay its signing of each such Change Order submitted by Buyer. Once the Change Order is signed by Buyer and Seller, then work pursuant to the Change Order will be undertaken in accordance with the schedule set forth in the Change Order and any applicable Task Order and/or Statement of Work.

c. Payment

Subject to credit approval by Seller (which shall be consistent with Seller's standard credit approval practices), as of the date of execution of this Agreement, Buyer has paid Seller fifty percent (50%) of

NRE for development of the ASICs referred to by the parties as “Raven” and “Jay”, respectively, and payment for Item 2 for Jay in Table 1 below (in the amount of $**[***]**). The remaining NRE payments (those not paid by Buyer as of the date of execution of this Agreement) will be based on Seller’s achievement of the milestones set forth in the below tables. Seller shall notify Buyer in writing of each achievement of a milestone set forth in the table below. which notice shall be accompanied by an invoice for the corresponding NRE payment. Payment terms for all invoices issued under this Agreement shall be net 30 days after Buyer’s receipt of invoice, which will be issued electronically.

Table 1 Jay NRE Payment Schedule

Item	Activity	Cost
1	Project Kickoff (paid)	$ **[***]**
2	RTL Handoff (paid)	$ **[***]**
3	IP Development	$ **[***]**
4	SDF Delivery & Timing Closure	$ **[***]**
5	Tapeout	$ **[***]**
6	Engineering Samples	$ **[***]**
	Total	$ **[***]**

Table 2 Raven NRE Payment Schedule

Item	Activity	Cost
1	Project Kickoff (paid)	$ **[***]**
2	RTL Handoff	$ **[***]**
3	IP Development	$ **[***]**
4	SDF Delivery & Timing Closure	$ **[***]**
5	Tapeout	$ **[***]**
6	Engineering Samples	$ **[***]**
	Total	$ **[***]**

* Invoiced 6/20/09, payment due by 8/19/09 as previously agreed.

d. NRE Costs

- **[***]** (**[***]**) - $**[***]**
- Engineering Cost of ASIC Synthesis, IP Development, Backend Design (DFT insertion. Physical Layout, Physical Verification, ATPG. Logic Verification for testing). Timing Closure. Equivalency Checking, IR Drop Analysis, Package Design & Development.
- Mask Costs (180nm), Load Boards, Test Boards, Test sockets, IP licensing
- 20 Engineering Samples (**[***]**)

c. Modification and Re-spin NRE Costs

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If re-spin is required because of package. IP or back-end issues (other than those attributable to Buyer's written instructions or specific requests), then there will be no cost to the Buyer and Seller will bear all costs. Assuming package remains the same as during initial spin, and if the re-spin is required by the Buyer's written instructions or specific requests, then the below costs will apply for each ASIC re-spin so required by the Buyer. For incremental changes to the feature set of the device, when such Buyer-initiated respin requires changes to Seller's analog and/or digital macros, the engineering cost will be mutually agreed upon in writing by Buyer and Seller.

Additionally, engineering development costs of any such Buyer-initiated respin of the package and I/O bonding of the pads will be mutually agreed upon in writing by Buyer and Seller.

Seller will provide a quotation for the total NRE cost of the respins: provided that the quoted total NRE cost for a given respin shall not exceed Seller's actual cost to perform such respin.

Metal layers change only $**[***]**

All layers change $**[***]**

Engineering design cost TBD by mutual written agreement of Buyer and Seller

f. Re-spin payment terms:

If re-spin occurs:

At time of placement of purchase order: **[***]**% of applicable re-spin NRE costs

At time of delivery of final RTL: **[***]**% of applicable re-spin NRE costs

At time of tape-out: **[***]**% of applicable re-spin NRE costs

At time of delivery of all ES parts **[***]**% of applicable re-spin NRE costs

g. Additional Engineering Samples; Risk Commercial Samples:

Buyer may purchase Additional Engineering Samples ("AES") at 1.5 X unit price (up to 150 pcs)

Buyer may purchase risk commercial samples (Risk CS) at 1.25 X unit price (up to 500 pcs)

- A Risk CS is a production graded commercial sample that Buyer may take at its own risk before complete ES approval
- All orders for Risk CS are non-cancelable
- The Risk CS materials will be purchased at or before the tape out, and are expected to be fabricated at the same time as the first ES/AES fabrication

h. Activities & Deliverables Included in the Design Support NRE Charge

Design:

- Under the terms of a separate agreement, Seller has provided its 180nm cell based design kit to Buyer, who will use this design kit to verify the design.

Design Verification & Layout:

- Seller to perform logic and design rule checks.
- Buyer to review and validate the design.
- After final layout and post layout simulation. Seller will complete the Final Post-Layout approval sheet and Design Specifications of the design for Buyer approval and signature.

Test Vectors & Test Program:

- Buyer to supply functional vectors if necessary.

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- Seller to provide logic SCAN/RAM BIST/JTAG/test bus (PLL).
- Seller to perform ATPG and Fault Simulation if necessary.
- Seller to develop wafer sort and final test programs.
- Seller will perform analog IP testing.
- Seller will provide the test RTL required for testing the parts on wafer and Buyer will integrate the RTL and deliver the final RTL to Seller.

Prototyping:

- Seller will generate the photo masks, and fabricate prototype wafers.
- Seller will generate the specific production test program if required.
- Seller will deliver 20 Engineering Samples (**[***]**) to Customer.
- Seller may deliver AES to Customer upon request prior to tape-out.

i. Lead times

Seller will exercise commercially reasonable efforts to achieve the following lead times; provided, however, if Seller's achievement of the following lead times will be delayed. Seller must notify Buyer in writing of the length of the anticipated delay and the reasons for the delay. For clarity, the exercise of "commercially reasonable efforts" under this subsection (i) does not allow Seller to delay Buyer's lead times in order to preferentially perform under other contracts, but would encompass delays attributable to unanticipated technical difficulties.

1. Tapeout to ES deliver (**[***]**)	**[***]** weeks
2. Production (after ES sign-off. Purchase Order release and twelve month rolling forecast)	**[***]** weeks

j. IP Support/ Qualification

IP Support

- Under the terms of separate written agreement(s). Seller will provide support for all the IP including existing IP and new custom IP being developed for Buyer.

IP Qualification

- Seller will ensure that its IP meets Seller's applicable specifications for the IP (as disclosed to Buyer) and provide support for the current process technology for the same duration as the process life time.

k. Development Types

1) RTL HANDOFF

Buyer submits to Seller functionally verified RTL, Timing Constraints, verification test benches, written approval to start Final Place and Route Phase, and written approval of post-layout results. Seller provides logic synthesis, test insertion, layout. Timing Data Extraction, Layout Data Verification, maskmaking, test generation and Engineering Samples in accordance with agreed to Specifications.

l. Cancellation; Buyer's Approval of Post-Layout Simulation

If Buyer cancels the development of any specific Product without cause. Buyer will pay Seller for work completed and milestones achieved as of the date of cancellation in accordance with this Agreement and

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Buyer also will pay for the next milestone payment that would have been earned if Seller had completed the then-current phase of Product development which was underway at the time of cancellation. Any monies previously paid by Buyer that are in excess of the foregoing amounts due will be refunded to Buyer. On or before the date of Buyer's approval of post-layout simulation. Seller will honor the changes requested by Buyer and these changes will be part of the existing Task Order. In the absence of receipt by Seller of Buyer's written approval or rejection of post-layout simulation within forty-five (45) working days of Buyer's receipt of post-layout simulation data, such post-layout simulation will be deemed approved by Buyer. If Buyer wants such specific Product to be redesigned after Buyer's receipt of' such post-layout simulation data. Buyer and Seller will negotiate a new Task Order to cover the redesign.

m. Approval to Start Final Place and Route Phase

Each Product under development will be Floor Planned by Seller. Seller will ensure that chip timing is capable of being met in the Final Place and Route Phase, provided Buyer has provided RTL that is capable of delivering the specified timing. Buyer's RTL will be complete and functionally verified. Timing requirements will also be complete. Seller will begin Final Place & Route Phase upon receipt of Buyer's Approval to Start Final Place and Route Sheet. Buyer's Approval to Start Final Place and Route Sheet confirms that criteria to proceed were met. Seller will accept signature of Director of Engineering or a Vice President from Buyer's organization as approval to proceed.

n. Post-Layout Approval

Tapeout and mask making will not begin until Seller has received Buyer's written approval of the Seller's post-layout results and the Buyer's final Design Specifications Summary, which shall be provided at least one (1) month prior to tapeout unless the parties otherwise mutually agree (for the Jay ASIC, the parties have agreed to a shorter time period). Buyer will use Post-Layout Approval Sheet for approval of the post-layout results. Unless otherwise specified in writing by Buyer, Seller will accept signature of Director of Engineering or a Vice President from Buyer's organization.

o. Approval to Move to Mass Production

For each Product, Seller shall provide Buyer with Engineering Samples as specified in the applicable Task Order relating to the Product. Seller will be responsible for ensuring that the ES meet the requirements of the Post-Layout Approval Sheet. Buyer must accept or reject the ES in writing by completing Seller's Approval to Move to Mass Production within thirty (30) days of Buyer's receipt of all such ES shipped by Seller. In the absence of receipt by Seller of Buyer's written notice of acceptance or rejection of such ES within such thirty (30) days, all such ES will be deemed accepted by Buyer. FMA warrants that ES will conform to the Post-Layout Approval Form for thirty (30) days following delivery to Buyer. If Buyer requests additional ES based on new design requirements or for any reason other than non-conformity of the ES to the Post-Layout Approval Sheet, Buyer and Seller may negotiate a new NRE. If the cause for the Buyer's rejection is due to non-conformity of the ES to the Post-Layout Approval Sheet, then Seller will redesign the Product at no charge to Buyer. If there are IP and/or Product/process production issues that require additional time for board changes, then Buyer or Seller (as applicable) will request additional time. Any issues that Buyer identified during Product production that can be attributed to Seller's acts, omissions, or processes (or to other causes within Seller's control) will be promptly resolved by Seller.

p. THE ENGINEERING SAMPLES DELIVERED TO BUYER HEREUNDER ARE FOR VALIDATION PURPOSES ONLY. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTION 4 (o) OF THIS AGREEMENT, ALL WARRANTIES WITH RESPECT TO ENGINEERING SAMPLES, WHETHER EXPRESS OR IMPLIED, AND ALL GUARANTIES AND ALL REPRESENTATIONS AS TO PERFORMANCE OF ENGINEERING SAMPLES, INCLUDING ALL WARRANTIES WHICH, BUT FOR THIS PROVISION, MIGHT ARISE FROM COURSE OF DEALING OR CUSTOM OF TRADE AND INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND OF NON-INFRINGEMENT ARE DISCLAIMED. Any rejection of Engineering Samples by Buyer must be in writing and based on a detailed description of the ES's failure to meet the functional and parametric specifications that have been mutually

agreed to in the Post-Layout Approval Sheet. Upon receipt of such rejection, Seller shall have a period of thirty (30) days to cure the defects set forth in such notice of rejection. In the event that Seller is unable to cure the defect within such 30-day period or any extension of such period as may be agreed to by the parties in writing, Buyer may cancel further development without penalty or additional charges. Seller will perform thorough testing of ES. including Scan, DC, Boundary Scan. 1DDQ. Connectivity. Analog Testing, and Functional Testing. Buyer's exclusive remedy and Seller's entire liability under this Agreement with respect to non-conforming ES is to use reasonable efforts to replace any detective ES, or, in the event Seller is unable after such efforts to replace such ES, to issue a credit or refund for the purchase price of such ES. The warranty obligation does not apply to any defects which arise from (i) misuse, neglect, improper installation, repair, alteration or accident by Buyer or its customers or agents; (ii) any modification to the part made by Buyer or its customers or agents; (iii) Buyer's own logic design for the ES; or (iv) the equipment, systems or software used by Buyer or its customers or agents in connection with the ES.

5. MASS PRODUCTION PRODUCTS

The following terms apply to mass production Products only. Risk Production products require the execution of a separate Risk Production Task Order. Production testing shall be performed by Seller in all operating conditions that are specified in the Design Specifications. For clarity. Purchase Orders for Products may be submitted to Seller by Buyer or by a third party designated by Buyer which is performing manufacturing or other services on behalf of Buyer. Seller retains the right to qualify such third party contract manufacturers and service providers on the basis of Seller's credit evaluation, and may determine the payment terms (in accordance with objectively reasonable standard criteria that Seller generally uses to establish payment terms) applicable to such third party contract manufacturers and service providers, including cash in advance if such payment term is consistent with such standard criteria of Seller, in its sole discretion.

a. Price

The Product price is set forth in the APT. Seller does not have the right to increase the prices in the APT, including any increase which may be attributable to any additional duty, tariff, tax. or other charge imposed as a result of any action by any national or federal government, any state or local government, or any agent or agency thereof. Unless otherwise agreed to in writing by Buyer and Seller or as required by applicable laws, all amounts payable by Buyer will be itemized separately on invoices. If exempt from taxes, Buyer must provide a Certificate of Exemption prior to the time a given Purchase Order is submitted to Seller: provided that, once such Certificate of Exemption has been submitted to Seller, Buyer is not obligated to submit another Certificate of Exemption unless and until the originally submitted Certificate of Exemption is no longer applicable or valid.

b. Terms of Payment

Subject to credit approval by Seller (which shall be consistent with Seller's standard credit approval practices), payment terms are net thirty (30) days from the date of Buyer's receipt of Seller's invoice, which will be issued electronically.

Each shipment by Seller to Buyer pursuant to this Agreement will be a separate and independent transaction and will be invoiced separately, and Buyer will pay for each shipment separately and as invoiced (unless such shipment and/or invoice is disputed by Buyer). Buyer will notify Seller of any incorrect or incomplete invoices within ten (10) business days after receipt of the invoice. Seller will issue corrected invoices within two (2) business days after receipt of Buyer's notification. Should Buyer fail to notify Seller of an incorrect invoice within the ten (10) business days. Buyer shall pay the invoice in accordance with the above payment terms and issue a separate request for credit. Should Seller fail to issue a corrected invoice within the above-described two (2) business days period, then Seller will accept Buyer's partial payment of an invoice in an amount less than the full amount of any invoice. The Seller's acceptance of partial payment does not constitute a waiver of Seller's right to collect the balance or an accord and satisfaction notwithstanding Seller's endorsement of a check or other instrument.

c. Title

Seller will ship by the method requested by Buyer. All Products purchased by Buyer will be shipped FOB Seller's warehouse in Texas or Seller's parent company's warehouse in Japan, unless otherwise agreed by Seller and Buyer. Title passes to Buyer and Seller's liability as to delivery will cease upon delivery of Products to the carrier. Seller will have no obligation to ship via a carrier that does not comply with applicable U.S. law; provided that, if Buyer requests that Seller ship via such carrier, Seller shall provide prompt written notice to Buyer, so that Buyer may rebut Seller's determination of non-compliance or may select another carrier that does comply with applicable U.S. law.

d. Property Rights

The intellectual property created by Seller in designing and developing Products for Buyer hereunder, or in the process of manufacturing Products for Buyer, including the basic ASIC design software and processing technology utilized in the development and manufacture of ASIC's for Buyer and excluding the ASIC logic circuit connection pattern of Buyer's design embedded in the Fujitsu Logic Description Language ("FLDL"), will not be deemed to produce a work made for hire (collectively, "Seller IP"). Buyer shall not have any copyright, trademark, patent, trade secret or other intellectual property rights in the Seller IP, including the mask works relating to the Products which are created by Seller. All such rights in Seller IP will remain the property of Seller and no license of any type, express or implied, under Seller IP is granted to Buyer under this Agreement. Seller will also retain all such right, title and interest to any Seller-provided cells or macros that Seller incorporates into the ASIC design or furnishes to Buyer for use in its design, unless otherwise mutually agreed between the parties. No license, express or implied, with regard to any trademark of Seller or its affiliated companies is granted to Buyer under this Agreement. No license, express or implied, with regard to any trademark of Buyer or its affiliated companies is granted to Seller under this Agreement.

Notwithstanding anything to the contrary in the foregoing paragraph or elsewhere in this Agreement, Seller will provide the Products exclusively to Buyer, and shall not use Seller IP (including the mask works relating to the Products) to design, develop or manufacture similar products for the benefit of any third party. Buyer solely owns, and will retain, all intellectual property rights to the Products themselves, excluding Seller IP. Seller will retain possession of all masks relating to the Products, but all such masks which are customized to meet Buyer's Design Specifications will be made, used and held by Seller solely for Buyer's exclusive use and exploitation. Seller will not use such masks for the benefit of any third party without prior written authorization from Buyer (such authorization within Buyer's sole discretion). For the avoidance of doubt, Seller will supply to any third party products which are identical or substantially similar to the Products manufactured for Buyer under this Agreement.

If Buyer places no Purchase Orders for any Product for twelve (12) months from the date of Buyer's ES approval, or for twelve (12) months from the date of last delivery of Product(s), Seller will keep the masks relating to the Products for Buyer's exclusive use for a period of 5 years from such applicable date, provided Seller has not discontinued manufacture of the Product or the Product manufacturing process (and in such event, Section 6.b. shall apply and govern).

e. Warranty and Sole Remedy

For the warranty period specified below, Seller warrants that the Products delivered hereunder will (1) be free from defects in materials and workmanship under normal use and service, and (2) will comply with the Post-Layout Approval Sheet. Seller disclaims any warranty for defects to the extent such defects primarily result from designs or Specifications provided by the Buyer and used by Seller, including but not limited to Buyer's function and logic design, and RTL. The warranty obligation of Seller does not apply to any defects to the extent such defects primarily result from (i) Product misuse, neglect, improper installation, repair, alteration or accident by Buyer or its customers or agents after delivery of Product(s) to the Buyer; (ii) any modification to the Product(s) made by Buyer or its customers or agents after delivery of Product(s) to the Buyer; or (iii) the equipment, systems or software used by Buyer or its customers or agents in connection with the Products.

Seller's warranty obligations are limited to replacement of any defective Product(s), or in the event Seller is unable to replace such Product(s), to issue, at the election of Buyer, a credit or refund for the purchase price of such Product(s).

EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS SECTION 5.e., ALL WARRANTIES WITH RESPECT TO PRODUCTS, WHETHER EXPRESS OR IMPLIED, AND ALL GUARANTIES AND ALL REPRESENTATIONS AS TO PERFORMANCE OF PRODUCTS, INCLUDING ALL WARRANTIES THAT MIGHT ARISE FROM COURSE OF DEALING OR CUSTOM OF TRADE, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND OF NON-INFRINGEMENT ARE EXPRESSLY EXCLUDED AND DISCLAIMED BY SELLER.

No agent, employee or representative of Seller has any authority to bind Seller to any affirmation, representation or warranty relating to the Products other than as specifically provided herein. An officer of Seller is deemed to have such authority to bind Seller.

The warranty provided for herein is subject to the following conditions:

1) Buyer will notify Seller promptly in writing of any claims if a Product is or becomes defective during the warranty period.

2) Buyer will follow Seller's Return Material Authorization procedures if Seller advises Buyer to return a defective Product for replacement.

3) Buyer will reimburse Seller for all reasonable expenses incurred by Seller for shipping, handling, and inspection of such Product alleged by Buyer to be defective if such Product is either (i) not under warranty, or (ii) is finally determined not to be defective, or (iii) is defective due to any cause or condition not covered under the warranty provided herein. With respect to clause (ii), if Seller disagrees with Buyer's determination that such Product is defective, Seller shall so notify Buyer in writing within thirty (30) days. In such event, Seller and Buyer shall meet in good faith to attempt to resolve the issue in a manner agreeable to both parties (and if circumstances are appropriate, the parties may agree to send such alleged defective Product to an outside laboratory or consultant for testing, in order to achieve the parties' mutual objective of avoiding material delays to pre-agreed Product timelines and/or delivery dates).

4) Buyer will pay all transportation charges for returned Product. Seller will reimburse Buyer for all such transportation charges incurred by Buyer, unless the returned Product is finally determined not to be defective in accordance with paragraph (3) above.

5) In no event will Seller be liable for any defective Products if it is finally determined that the defect primarily resulted (i) after delivery of Products to Buyer and (ii) from misuse, abuse, improper installation or application, improper maintenance or repair, assembly by Buyer or a third party, alteration, accident or negligence in use, storage, transportation or handling.

6) Any returned Products which were electrically or mechanically damaged while under the control of Buyer or its customers or agents will not be covered by this warranty, unless the reason for the destruction was a defect in the Product itself.

7) This warranty will exist for a period of twelve (12) months after the date of Buyer's receipt of Product shipment. No other warranty period is expressed or implied.

8) If Seller material or Products do not conform to the applicable specifications, then Seller owns responsibility under the terms of this Section 5.e.

f. Intellectual Property Indemnification

1) Seller retains all intellectual property rights in its own intellectual property. Seller will indemnify, defend and hold Buyer harmless against all expenses, damages, costs or losses, including reasonable attorneys fees, resulting from a suit or proceeding brought by a third party which claims that the Product or any part thereof, or the Seller IP or any part thereof, or the

process technology or methodology used to manufacture the Product, infringes any copyright, patent, trademark, mask work, trade secret, or other intellectual property right. For clarity, Seller will indemnify Buyer for such claims if Seller-selected processes, materials or IP and/or Seller-selected claim elements (collectively, "Seller Selections") are sufficient (in and of themselves, and not requiring combination with Buyer Selections (as defined in subparagraph (2) below)) to support such alleged infringement claim. Seller will have no duty to indemnify Buyer for any claims arising out of the circumstances described in subparagraph (2), below. Seller may not sell the **[***]** finished Products in any form to any third party, except to Buyer's designated third party contract manufacturers and service providers. Notwithstanding the foregoing, this Agreement shall not limit the right of Seller to develop, have developed, procure and/or market any products or services whatsoever now or in the future, including any products which perform the same function as Products, so long as such products and services do not incorporate or utilize any of Buyer's designs. Buyer IP, as defined below, or any Confidential Information of Buyer under the terms of the Mutual Non-Disclosure Agreement between parties, effective November 13, 2008.

2) Buyer retains all intellectual property rights in its own intellectual property ("Buyer IP"), and will own the Product (i.e., the tangible property delivered to Buyer). Buyer will indemnify, defend and hold Seller harmless against all expenses, damages, costs or losses, including reasonable attorneys' fees, resulting from a suit or proceeding brought by a third party which claims that the practice or use of Buyer IP or of any design provided or specifically requested by Buyer, infringes any copyright, patent, trademark, trade secret, or other intellectual property right. For clarity, Buyer will indemnify Seller for such claims (i) if Buyer-selected processes, materials or IP and/or Buyer- selected claim elements (collectively, "Buyer Selections") are sufficient (in and of themselves, and not requiring combination with Seller Selections) to support such alleged infringement claim, or (ii) if the combination of Buyer Selections and Seller Selections is necessary to support such alleged infringement claim. Buyer will have no duty to indemnify Seller for any claims arising out of the circumstances described in subparagraph (1), above.

3) In order to obtain a defense and indemnification under this subparagraph f, the party seeking a defense and indemnity will: (i) give prompt written notice of the claim to the other party; (ii) give the other party sole control of the defense and settlement of the claim; and (iii) provide to the other party all reasonably available information and assistance, at the other party's cost and expense. Neither party will enter into any settlement or compromise that materially affects the other party without the other party's prior written approval, and any such settlement or compromise shall release such other party from all liability in respect of such claim.

4) Should the manufacture, use, sale, offer for sale and/or import of a Product be enjoined or become the subject of a claim of infringement for which indemnity is provided by Seller under subparagraph (1) above, Seller shall elect to (a) procure for Buyer the rights to continue to use and distribute the same, or (b) replace or modify the same to make it non-infringing without materially changing the form, fit, or function of the Product; provided that such replacement or modification shall be subject to Buyer's prior written approval (such approval to be granted or denied in Buyer's sole discretion).

5) In no event will Seller's total liability for an indemnified claim under this subparagraph f exceed two times the total amount paid or payable by Buyer to Seller under this Agreement.

6) THE FOREGOING STATES THE EXCLUSIVE INDEMNIFICATION OBLIGATIONS OF THE PARTIES WITH RESPECT TO ANY ALLEGED COPYRIGHT, PATENT,

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TRADEMARK, MASK WORK, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHT INFRINGEMENT BY SUCH PRODUCTS OR PARTS THEREOF.

6. TERMINATION AND PRODUCT DISCONTINUANCE

a. Termination

Should Buyer wish to terminate the development of a Product under a specific line item in a Task Order, or the production of a Product under a specific line item in an Annual APT for the Product (hereinafter collectively referred to as a "collateral agreement"), Buyer may cancel performance under the particular line item. Notwithstanding such cancellation by Buyer, Seller will honor the quantity of Product for which Seller has received and acknowledged a Purchase Order from Buyer. Buyer shall be obligated to pay for finished Product and work-in-process that has commenced in the manufacturing line at the time of any such cancellation, in accordance with the Annual Production Terms, and all such Product and work-in-process shall be delivered to Buyer at Buyer's request.

b. Product Discontinuance

Seller reserves the right to discontinue production of any Product at anytime, subject to the following conditions. In the event that production of a Product is to be discontinued by Seller, Seller will provide notice to Buyer in writing at least six (6) months in advance of each such discontinuation. At a minimum, for five (5) years after Seller's first delivery of the Product that is the subject of such discontinuance by Seller, Seller will provide such Product for Buyer in accordance with Buyer's Purchase Orders for such Product. If the Product production process is stated for end-of-life while this Agreement is in effect, Buyer may continue its use of all licensed IP and custom-developed IP for purposes of supporting Products sold to Buyer's customers: and (ii) Seller will provide support for all licensed IP and custom developed IP for a period of at least one (1) year after the last shipment of discontinued Product in accordance with the support terms specified in the applicable license agreement.

7. ADDITIONAL TERMS AND CONDITIONS

a. Precedence

Purchase Orders placed during the term of this Agreement will be governed by and subject to the terms and conditions of this Agreement and applicable Change Orders or Task Orders/ APT. If any inconsistency or conflict should arise between the express terms of this Agreement and the express terms of the applicable Change Order or Task Order/ APT, and if such inconsistent or conflicting Change Order or Task Order/ APT does not expressly state that this Agreement is intended to be amended by such Change Order or Task Order/ APT, the order of precedence in resolving such express inconsistency or conflict will be:

i) This Agreement

ii) Task Order/APT

iii) Change Orders.

In the event such inconsistent or conflicting Change Order or Task Order/ APT does expressly state that this Agreement is intended to be amended by such Change Order or Task Order/ APT, then such amendment shall apply only with respect to such Change Order or Task Order/ APT and not with respect to any other Change Order or Task Order/ APT, unless such other Change Order or Task Order/ APT expressly provides otherwise.

It is expressly agreed that any lack of reference to this Agreement on any Purchase Order issued by Buyer will not affect the applicability of this Agreement to such Purchase Order.

b. Force Majeure

Except for Buyer's payment obligations under this Agreement, neither Seller nor Buyer will be responsible for any failure to perform resulting from unforeseen circumstances or causes beyond

Seller's or Buyer's (respectively) reasonable control (for example, an act of God or a force majeure event).

In the event of any delay caused by such event, the date of delivery or performance will, at the request of the affected party, be deferred for a period equal to the period of the delay.

c. **INDEPENDENT OF ANY OTHER LIMITATION HEREIN AND REGARDLESS OF WHETHER THE PURPOSE OF SUCH LIMITATION IS SERVED, IT IS AGREED THAT IN NO EVENT WILL EITHER PARTY BE LIABLE FOR SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR INDIRECT DAMAGES. FOR CLARITY, THERE IS NO LIMITATION ON EITHER PARTY'S (1) LIABILITY FOR BREACH OR OTHER VIOLATION OF ITS OBLIGATIONS REGARDING THE OTHER PARTY'S CONFIDENTIAL INFORMATION AND/OR PROPRIETARY PROPERTY, OR (2) LIABILITY FOR ITS INTELLECTUAL PROPERTY INFRINGEMENT INDEMNIFICATION OBLIGATIONS UNDER THIS AGREEMENT. EXCLUDING THE LIABILITIES DESCRIBED IN THE FOREGOING SENTENCE (WHICH ARE NOT SUBJECT TO ANY LIMITATION), SELLER'S TOTAL LIABILITY ARISING OUT OF OR DIRECTLY RELATED TO THIS AGREEMENT (INCLUDING BUT NOT LIMITED TO ANY WARRANTY CLAIMS HEREUNDER) REGARDLESS OF THE FORUM AND REGARDLESS OF WHETHER THE ACTION IS BASED ON CONTRACT, TORT OR OTHERWISE, SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY BUYER TO SELLER UNDER THE AGREEMENT.**

d. **Limitations of Actions**

No action against a party for breach will be commenced more than one (1) year after the accrual of the cause of action or a party's knowledge that such cause of action exists, whichever occurs later.

e. **Assignment**

Neither party will assign this Agreement or any interest or rights thereunder without the prior written consent of the other party, such consent not be unreasonably withheld. Notwithstanding the foregoing, so long as Buyer's intended assignee (i) is not a company that, at that time of such proposed assignment, is a competitor of Seller or Seller's parent company with respect to Seller's line of business to which this Agreement relates, or (ii) is not a company that would reasonably be expected to raise material issues for Seller regarding export control matters, then Buyer may assign this Agreement without Seller's consent (a) to an affiliate of Buyer: (b) to a third party that succeeds to all or substantially all of Buyer's business relating to this Agreement: (c) to a third party purchaser of all or substantially all of Buyer's assets related to this Agreement: or (d) incident to the merger, consolidation, reorganization or acquisition of Buyer's slock or assets affecting substantially all of the assets or actual voting control of Buyer.

f. **Fair Labor Standards Act**

The Seller represents that with respect to the production of the Products and/or the performance of the services covered: it will fully comply with all requirements of the Fair Labor Standards Act of 1938 as amended.

g. **Local Currency**

Any order placed and payment for such order will be in U.S. Dollars.

h. **Governing Law**

The laws of the State of California will govern this Agreement. Any provisions hereof which are unenforceable in any jurisdiction will not affect the remaining provisions or affect the enforceability of such provisions in any other jurisdiction. Each of Buyer and Seller consents to the exercise of jurisdiction over it by any state court in Santa Clara County, California or federal district court within the Northern District of California.

i. **Dispute Resolution**

If a disagreement whether in tort, contract or otherwise arises between Buyer and Seller, the parties will meet to attempt to resolve the disagreement. If the parties cannot resolve the disagreement among themselves, they will submit the matter to mediation. The parties will agree on a suitable mediator. At least 10 business days before the mediation each side will provide the mediator with a statement of its position and copies of all supporting documents. Each party will send to the mediation a person who has authority to bind the party. If the disagreement cannot be resolved at mediation, a binding arbitration will be conducted by a single arbitrator in San Jose, California, USA in accordance with the then-current commercial arbitration rules of the American Arbitration Association ("AAA"). To the extent that Buyer and Seller cannot agree on a single arbitrator, the arbitrator shall be appointed by AAA. Neither part will sue the other except for enforcement of the arbitrator's decision. Any arbitration proceeding must be commenced within one (1) year after the first meeting of the parties to attempt to resolve the disagreement. Nothing in this Agreement shall be deemed as preventing either party from seeking injunctive relief (or any other provisional remedy).

j. Waiver

No provision of or right under this Agreement shall be deemed to have been waived by any act or acquiescence on the part of any party, its agents or employees, but only by an instrument in writing signed by an authorized officer of such party. A waiver by either party of any default or of any of the terms and conditions of this Agreement will not be deemed to be a continuing waiver of any other default or of any other of these terms and conditions. It will apply solely to the instance to which the waiver is directed.

k. Export

The parties shall comply with applicable export laws and regulations. For "items" and "technologies" controlled under the Export Administration Regulations ("EAR")(15 C.F.R. 730-774) of the U.S. Department of Commerce, Bureau of Industry & Security, each party will notify the other party of the applicable Export Control Classification Numbers ("ECCN") for each item and/or technology prior to transfer or release to the other party. For items and technologies controlled under the International Traffic in Arms Regulations (22 C.F.R. 120-130). each party will inform the other party of such items and technologies prior to transfer or release to the other party.

l. Publicity

Neither party will publicize or disclose the existence or terms and conditions of this Agreement, or any transactions hereunder, without the express, prior written consent of the other party.

m. Government Contracts

If Buyer's original Purchase Order indicates by contract number that it is placed under a government contract. Buyer will notify Seller of the Federal Acquisition Regulations (FAR) requirement applicable to the P. O. "Contracting Officer" will mean "Buyer." "Contractor" will mean "Seller," and the term "Contract" will mean this Agreement.

n. Amendments

This Agreement may not be modified or amended except in a writing signed by an authorized representative of each of the parties. Any changes made to this Agreement, other than by Task Order. Change Order, or APT, will be made by amendment attached hereto and incorporated by reference.

o. Prohibited Uses

Parties agree that Product is designed and intended for commercial use only. Product is not authorized for use as a critical component in military or medical applications, nuclear facilities or systems, or any other application where Product failure could lead to loss of life or catastrophic property damage. Product is not authorized for use as "critical components" in "life support systems'" without the written consent of an officer of Seller. "Life support systems" are either systems intended for surgical implant in the body or systems which sustain life. A "critical component" is any component of a life support system whose failure to perform may cause a malfunction or failure of the life support system or may affect its safety or effectiveness. The inclusion of Product in life support systems without the express

written approval of an officer of Seller implies that the Buyer assumes all risk of such use and in so doing indemnifies Seller against all damages and attorneys' fees.

p. Entire Agreement

This Agreement, including its Exhibits, sets forth the entire Agreement between Buyer and Seller regarding the development and production of Product and the subject matter of this Agreement, and supersedes all prior oral or written agreements, discussions and understandings, express or implied, and prevails over any conflicting or additional terms of any quote, printed terms of any P.O. or acknowledgment, or similar communication between the parties during the term of this Agreement. However, notwithstanding the foregoing, the provisions of the Mutual Non-Disclosure Agreement between Buyer and Seller, dated November 13, 2008 ("NDA"), shall survive with respect to disclosures made pursuant to the NDA prior to the Effective Date of this Agreement. On and after the Effective Date of this Agreement, (1) the "Business Purpose" described in the NDA shall be amended to include the subject matter of this Agreement, and (2) the term of the NDA shall be extended to end on the date that is five (5) years after expiration or termination of this Agreement.

q. Notices

All notices required to be sent to either party under this Agreement shall be sent by overnight commercial courier, or properly transmitted facsimile, to the respective addresses of the parties set forth in the preamble of this Agreement, or to such other address which may hereinafter be designated in writing by the addressee party, and shall be effective upon receipt as demonstrated by reasonable proof of delivery.

<< Signature Page Follows >>

IN WITNESS WHEREOF, this Agreement has been executed effective as of the Effective Date.

BUYER:	**Enphase Energy, Inc.**	**SELLER:**	**Fujitsu Microelectronics America, Inc.**
BY:		**BY:**	
PRINT NAME:	**Paul Nahi**	**PRINT NAME:**	**Steve Della Rocchetta**
PRINT TITLE:	**CEO**	**PRINT TITLE:**	**VP Sales & Marketing**
DATE:	**8-27-2009**	**DATE:**	**8-27-2009**

Exhibits:
A. Development Task Order
B. Change Order
C. Risk and Annual Production Terms
D. Designated Signatories to Approval to Move to Mass Production
E. Statement of Work

APPROVED AS TO FORM
BY FMI LEGAL

EXHIBIT E: Designated Buyer Signatories to Approval to Move to Mass Production

Vice President of Operations – Greg Steele

Vice President of Engineering – Nelu Mihair

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

LICENSE AND TECHNOLOGY TRANSFER AGREEMENT

This License and Technology Transfer Agreement (the "Agreement") effective this 21st day of December, 2007 (the "Effective Date") by and between Ariane Controls inc., ("Ariane") and Enphase Energy Inc., ("Enphase"). (Ariane and Enphase may be referred to individually as a "Party" and collectively as the "Parties").

Article 1 - DEFINITIONS

1.1 "Field of Use" means use in products for the solar energy market.

1.2 "Licensed Technology" means Patents and Technology.

1.3 "Patents" means patents, patent applications, statutory invention registrations, including reissues, divisions, continuations, continuations in part, and reexaminations in all countries owned by Ariane, as well as such properties that Ariane has the right to sublicense as of the Effective Date or in the future. Patents owned by Ariane as of the Closing are listed in Exhibit A.

1.4 "Support" means technical support provided to Enphase by Ariane through e-mail, telephone, on-site training and consultation, and support for implementation into Enphase products containing Licensed Technology.

1.5 "Technology" means all intellectual property including software, netlists, assembly code, Verilog code, RTL code, firmware, microcode, algorithms, schematics, copyrights, proprietary designs, plans, processes, test procedures, manufacturing procedures, mask works, mask work registrations, any unpublished research and development information, inventions (whether or not patentable), technical data and information, trade secrets, and know how owned or licensable by Ariane as of the Effective Date or in the future relating to Ariane's PLM-1 ASIC including that technology described in Exhibit B.

Article II - LICENSE

2.1 Subject to the payments and conditions of Articles 2.2 and 2.6, Ariane grants to Enphase a fully paid, **[***]** irrevocable, worldwide, license, with right to sublicense in the Field of Use, to use Licensed Technology and to make, have made, use, sell, import, export, offer for sale, or otherwise transfer product and to practice processes using the Licensed Technology.

2.2 Ariane agrees that, for a period of **[***]** years after the Effective Date, that it will not grant licenses in the Licensed Technology to any third party who is a manufacturer of electronic circuits, components or systems specifically intended for use in the Field of Use.

2.3 Enphase, and others acting on its behalf, has the right to modify Licensed Technology and prepare Derivative Works thereof. Enphase will own all Derivative Works and other modifications.

2.4 No other license, express or implied, is granted by Ariane to Enphase under this Agreement.

2.5 Before disclosing Licensed Technology to any third party for purposes permitted by (his Agreement, Enphase shall cause said third party to enter into a confidentiality agreement with regard to the Licensed Technology. Such confidentiality agreement shall be at least as restrictive as the confidentiality provisions of Article VI of this Agreement and shall include provisions expressly precluding said third party from transferring Licensed Technology to any other party.

2.6 Enphase shall pay a license fee in the amount of **[***]** United States Dollars (US $**[***]**) (the "License Fee") to Ariane in consideration for the license granted in Article 2.1(a). The License Fee shall be paid in two equal installments of **[***]** United States Dollars (US $**[***]**) on the Effective Date and on June 1, 2008. In the event that it. is later discovered that the Technology delivered by Ariane to Enphase does not include the exact software used by Ariane to implement the Ariane PLM-1 ASIC, this license shall terminate by written notice from Enphase to Ariane and Ariane shall immediately return to Enphase the entire License Fee.

2.7 All payments by Enphase to Ariane payable under this Agreement shall be made in U.S. dollars by wire transfer of same day funds to Ariane's bank account as follows:

Bank Name; Caisse Centrale Desjardins (Montreal, Canada)
SWIFT; CCDQCAMM
Branch Name; Caisse Populaire Desjardins de Sainte-Foy
Institution; 0815
Branch/Transit number; 20480
[***]
Beneficary Name; Ariane Controls/ Les Controles Ariane
Major Correspondent; Bank of New York, NY, USA ABA
Number: 021000018
SWIFT: IRVTUS3N

2.8 Warranty:

Article III INTELLECTUAL PROPERTY INFRINGEMENT

3.1 Ariane represents and warrants that as of the Effective Date of this Agreement, to Ariane's knowledge and belief, Licensed Technology as delivered docs not infringe a patent, copyright mask work rights or trade secrete of any third party. Reference herein to "knowledge" or "belief," shall include the knowledge and belief of Ariane's officers and their direct reports having responsibility for the creation, maintenance or licensing of any of the Licensed Technology as delivered. This is the entire representation and warranty of Ariane under this Agreement.

3.2 Indemnity: Ariane will indemnity and hold Enphase harmless against all costs, claims, demands, and expenses (including reasonable attorneys' fees) arising out of or in connection with any claims dial use or possession of the Licensed Technology as delivered to Enphase by Ariane infringes any copyright, mask work right, trade secrets, trademark right and/or Patent, having an effective filing date prior to the Effective Date, up to the limitation of liability under Article 3.5.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

3.3 If any item of Licensed Technology becomes, or in the opinion of Ariane is likely to become, the subject of an infringement claim or action, Ariane shall at Ariane's option (1) replace or modify the Licensed Technology with a functional equivalent, or (2) return the entire License Fee paid to Ariane by Enphase.

3.4 Exceptions: Ariane will have no liability under this Article III for any claim or action where: (i) such claim or action would have been avoided but for modifications of the Licensed Technology by anyone other than Ariane; (ii) such claim or action would have been avoided but for the combination or use of the Licensed Technology, or portions thereof, with other products, processes or materials not supplied or specified in writing by Ariane; (iii) Enphase continues allegedly infringing, after being informed of modifications that would have avoided the alleged infringement: or (iv) Enphase's use of the Licensed Technology is not strictly in accordance with the terms of this Agreement. Enphase will be liable for all damages, costs, expenses, settlements and attorneys' fees related to any claim of infringement against Enphase arising as a result of (i)-(iv) above.

3.5 LIMITATION OF LIABILITY: IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY INDIRECT, PUNITIVE, CONSEQUENTIAL OR OTHER SPECIAL DAMAGES. IN NO EVENT WILL EITHER PARTY HAVE ANY LIABILITY TO THE OTHER PARTY UNDER THIS AGREEMENT IN AN AMOUNT EXCEEDING THE LICENSE FEES PAID TO ARIANE BY ENPHASE UNDER THIS AGREEMENT.

3.6 THE FOREGOING PROVISIONS OF THIS ARTICLE III STATE THE ENTIRE LIABILITY AND OBLIGATIONS OF ARIANE, AND THE EXCLUSIVE REMEDY OF ENPHASE, WITH RESPECT TO ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY THIRD PARTY INTELLECTUAL PROPERTY RIGHTS BY THE LICENSED TECHNOLOGY.

Article IV - TECHNOLOGY TRANSFER AND SUPPORT

4.1 Ariane will deliver the Technology listed in Exhibit B to Enphase free of charge within thirty (30) days after the Effective Date in the format specified by Enphase. Enphase may terminate this Agreement upon Ariane's failure to deliver the Technology within the time specified in this Article 4.1. In the event that Enphase terminates this Agreement for this reason, Ariane shall immediately return to Enphase the **[***]** United States Dollars (US $**[***]**) paid by Enphase to Ariane on the Effective Date.

4.2 Ariane shall provide to Enphase up to one hundred (100) hours hours of Support at no additional cost to Enphase except for reasonable travel and subsistence expenses in accordance with Ariane's corporate travel policy when such travel is requested in writing by Enphase. Support will begin on the same date as the first delivery of the Technology as described in Exhibit C and end ninety (90) days after delivery of the last item of Technology to Enphase as described in C. For a period of three (3) years from the Effective Date, Ariane will deliver to Enphase, at no cost to Enphase, all fixes and updates to the Technology for Ariane's PLM-1 ASIC.

4.2 Additional Support: Enphase may purchase additional Support at a rate of Seventy-Five US Dollars (US $75.00) per hour per hour.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Article V - TERM

5.1 Term: This Agreement shall be effective on the Effective Date and shall remain in force for a period of seventy five years unless earlier terminated by mutual agreement of the Parties or under Article 2.6 or Article 4.1.

5.2 Termination: If, during the term of this Agreement, Ariane makes an assignment for the benefit of creditors, or shall go into liquidation or a receiver or trustee shall be appointed for its property, or if proceedings for voluntary bankruptcy are instituted on its behalf, or is declared bankrupt or insolvent by a court of competent jurisdiction, Enphase may terminate this Agreement or may retain its rights hereunder as provided in 11 USC 365 and other United States law.

5.3 Surviving Rights: The Articles of this Agreement shall survive the expiration or termination of this Agreement for any reason whatsoever to the degree necessary to permit their complete fulfillment or discharge.

5.4 Effects of Termination: Termination of this Agreement by either Party under this Article V shall not prejudice the right of either Party to recover payments due at the time of termination or which become due after termination based upon rights vested prior to termination and shall not prejudice any cause of action or claim of either Party or accruing under this Agreement. Upon termination of this Agreement under this Article V, Enphase shall retain no right, title, interest or license to any of Ariane's Licensed Technology except as expressly provided herein.

Article VI - CONFIDENTIALITY

6.1 Confidentiality: All proprietary information disclosed by one Party to the other Party pursuant to this Agreement shall be disclosed in writing marked with a "Proprietary" legend or, if first disclosed otherwise, it shall be identified by the disclosing Party as proprietary at the time of disclosure and shall, within thirty (30) days thereafter, be reduced to writing so marked and transmitted to the receiving Party. (Such disclosed and identified information is referred to as "Proprietary Information".)

6.2 Each Party agrees to receive and hold in confidence any Proprietary Information disclosed to it by the other Party and to safeguard such Proprietary Information in accordance with that standard of care ordinarily exercised by the receiving Party in safeguarding its own proprietary information of like importance, but in no case below a reasonable standard of care. Use of the Licensed Technology by Enphase and its licensees in their business operations including in integrated circuits, sales literature and products shall not constitute disclosure.

6.3 The obligations above shall not apply to the disclosure of any such data which:

a) At the time of disclosure, is in the public domain;

b) After disclosure, lawfully enters the public domain;

c) The receiving Party can demonstrate by written evidence, that the same is already known to it, prior to receiving it from the disclosing Party;

d) The receiving Party can demonstrate by written evidence, the same was developed by the receiving Party independently of the information disclosed by the disclosing Party; or

c) After disclosure, is obtained from a third party who is lawfully in possession of such information and is under no duty to maintain the information on a confidential basis.

6.4 The receiving Party shall use the Proprietary Information received by it from the disclosing Party only for the purpose(s) set forth in the foregoing provisions of this Agreement.

6.5 The Parties shall treat existence, and terms and conditions of this Agreement as confidential and shall not disclose them to any third parties during the term of this Agreement and thereafter.

Article VII - MISCELLANEOUS PROVISIONS

7.1 Construction: The captions appearing herein are inserted only as a matter of convenience and in no way define, limit or describe the scope or intent of this Agreement or any provision hereof. The plural shall be substituted for the singular in any place in which the context may require such substitution.

7.2 Assignment: Enphase may not assign this Agreement without Ariane's prior written approval except in connection with the *bona fide* independent third-party sale or merger of the business related to the subject matter of this Agreement, whether by sale of all the assets of the business or otherwise. Any assignment in violation of this Article shall be null and void.

7.3 No Waiver: Failure by either Party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision.

7.4 Choice of Law: This Agreement will be governed by and construed in accordance with the substantive laws of the United States and the State of California, without regard to or application of provisions relating to conflicts of law. Any litigation arising under this Agreement will be brought exclusively in the federal or state courts of California, and the Parties hereby consent to the personal jurisdiction and venue of such courts.

7.5 Invalidity of Particular Provisions: If, for any reason, a court of competent jurisdiction finds any provision of this Agreement to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible to affect the intent of the Parties, and the remainder of this Agreement will continue in full force and effect.

7.6 Relationship of The Parties: Nothing in this Agreement shall create any association, partnership or joint venture between the Parties hereto, it being understood and agreed that the Parties are independent contractors and no Party shall have any authority to bind another Party in any way.

7.7 Notices: All notices required or permitted under this Agreement will be in writing and delivered by confirmed facsimile transmission, by courier or overnight delivery service, or by certified mail, and in each instance will be deemed given upon receipt. All communications will be sent to the addresses set forth as follows or to such other address as may be specified by either Party to the other in accordance with this Article.

Ariane Controls Inc:
4913 Lionel-Groulx
Suite 22
Saint-Augustin, Quebec
G3A IV1 CANADA

If to Enphase:
Enphase Energy, Inc.
201 First Street
Suite 111
Petaluma, CA 94952

Either Party may change its address for notice purposes by written notice to the other Party.

7.8 Publicity: Neither Party may use the other's name in its advertising or promotional literature and activities without the other's prior written consent.

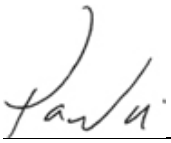
7.9 Export: Enphase agrees not to export or re-export any technical information, data, plans or designs originating from Ariane or any direct products of such information, data, plans or designs, either directly or indirectly, to any country or countries that would violate U.S. export control laws or regulations, without first obtaining any required export license or U.S. government approval.

7.10 Entire Agreement: This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and supersedes and replaces all prior and contemporaneous understandings, communications or agreements, written or oral, regarding such subject matter. This Agreement may be executed in one or more counterparts, each of which will constitute an original, but taken together will constitute one and the same instrument.

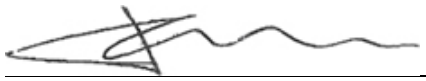
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in duplicate by their duly authorized representatives.

[signatures on the following page]

Enphase Energy, Inc.

By: 
Name: Paul Nahi
Title: President & CEO
Date: December , 2007

Ariane Controls, Inc.

By: 
Name: Jean-Pierre Fournier
Title: President
Date: January 7, 2008

MANUFACTURING RIGHTS.

1. Ariane grants to Enphase a **[***]**, fully paid, non-exclusive. non-sublicensable (except to have made for Enphase) right and license to place orders for Product with, to purchase Product from and receive delivery of Product directly from Ariane's suppliers and to use, sell, import, export, offer for sale, or otherwise transfer Product using the Licensed Technology and manufacturing information supplied by Ariane to its suppliers for the applicable Product. The right and license shall only be exercisable by Enphase if Ariane fails to deliver a Product to Enphase, because (a) Ariane files for bankruptcy protection under Chapter 7 or Chapter 11 of the U.S. Bankruptcy Code or a receiver is appointed for Ariane and Ariane fails to deliver a Product to Enphase under this Agreement or a Purchase Order for a period of forty five (45) consecutive days after Enphase provides written notice of such failure or (b) fails for any other reason whatsoever to deliver a Product to Enphase under this Agreement for a period of forty five (45) consecutive days after Enphase provides written notice of such failure. Failure to deliver means failure to deliver the ordered quantities of acceptable Product within eight (8) weeks of the date of a Purchase Order.

2. "Product" means Ariane's PLM-1 ASIC.

3. In the event that the conditions of Paragraph 1 have been satisfied and Ariane's suppliers cease to manufacture Product, Ariane grants to Enphase a **[***]** fully paid, non-exclusive, non-sublicensable (except to have made for Enphase) license to use the Licensed Technology for Product for the sole and limited purpose for Enphase to make, have made, use, sell, import, export, offer for sale, or otherwise transfer Product.

4. Ariane agrees that it will at all times keep Enphase apprised of the identity of its suppliers of Product until Enphase notifies Ariane that it no longer wishes to purchase Product. Ariane agrees that it will notify each supplier of Product in writing of the existence of this Agreement with a copy to Enphase.

5. The Parties agree that Ariane's failure to notify its supplier that it has failed to deliver as that term is defined in Paragraph 1 would cause irreparable harm to Enphase that cannot be adequately compensated at law. Accordingly, the parties agree that Enphase shall be entitled to seek injunctive relief requiring to Ariane or a receiver for Ariane to confirm in writing to Ariane's supplier that a failure to deliver has occurred.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

EXHIBIT: A
PATENTS
List Patents

US PATENT No **[***]**
Title; **[***]**
[***]

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

EXHIBIT B
TECHNOLOGY

Technology shall mean all available technical information relating to Ariane's PLM-1 ASIC including software, netlists, assembly code, Verilog code, RTL code, firmware, microcode, algorithms, schematics, copyrights, proprietary designs, plans, processes, test procedures, manufacturing procedures, mask works, mask work registrations, any unpublished research and development information, inventions (whether or not patentable), technical data and information, trade secrets, and know how owned or licensable by Ariane as of the Effective Date or in the future relating to Ariane's PLM-1 ASIC and further including:

- RTL source code – with all code comments
    - RTL must be exactly the same as that used in the PLM-1 ASIC that we are purchasing.
- Test bench for validation
- Test vectors
- Synthesis scripts/constraints
- Documentation
    - Theory of operation
    - Block diagrams
    - Register level interface
    - Programming guide
    - Data sheet
    - Errata
- Build environment
- Revision history
- Supply chain details for the die, package and test
    - Contact information
    - Packaging part number(s)
    - Assembly diagrams
    - Production test vectors
- Low level driver source code
    - ATMELLIBPLM (C Library)
    - Documentation
    - Revision history

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SLA – Digital Core Design

Software License Agreement

Software License Agreement ("AGREEMENT") between DCD, Digital Core Design, a *Bytom* corporation with place of business located at *Worclawska 94*, *Byton 41-903*, *Poland* ("IP SUPPLIER"), and PVI Solutions Inc., a Petaluma, corporation whose business address is *201 1st St Suite 111*, *Petaluma*, *CA 94952*, *USA* ("LICENSEE").

1. **LICENSE.** Upon execution of payment for the SOFTWARE by LICENSEE to IP SUPPLIER, IP SUPPLIER hereby grants to LICENSEE and LICENSEE accepts, subject to the terms of this AGREEMENT, non-exclusive, non-transferable, royalty free, and nonassignable Unlimited Design License to use the current version of the SOFTWARE described in the Schedule I attached hereto ("SOFTWARE"), in an unlimited number of designs. Use of the SOFTWARE for any design outside the LICENSED SITE listed in the Schedule 2, attached here ("LICENSED SITE"), is prohibited.
2. **CONDITIONS ON USE.** The SOFTWARE is for the LICENSEE'S own use inside the LICENSED SITE. LICENSEE shall not sublicense, distribute, rent, lease, time share, or assign the SOFTWARE or documentation without the prior written approval from IP SUPPLIER, LICENSEE has the right to integrate SOFTWARE with LICENSEE'S own products inside ASIC, CPLD and FPGA ("CHIPS"), and distribute the CHIPS as a standalone product or components of LICENSEE's products.
3. **TITLE.** Title to the SOFTWARE and accompanying documentation shall remain with IP SUPPLIER. The SOFTWARE and documentation have to contain unchanged information about IP SUPPLIER rights.
4. **TERM.** This AGREEMENT shall commence upon its execution by both LICENSEE and IP SUPPLIER and, unless sooner terminated pursuant to Section 11, shall continue indefinitely thereafter.
5. **AUTHORIZED USE.** This License grants use of the SOFTWARE on the developed design by the LICENSEE. Inside the LICENSED SITE. LICENSEE may copy the SOFTWARE for backup purposes only. LICENSEE agrees to reproduce and incorporate IP SUPPLIER's trade secrets and copyright notice in all copies. LICENSEE has no other rights to use the SOFTWARE.
6. **CONFIDENTIAL INFORMATION.** LICENSEE acknowledges that the IP SUPPLIER asserts that the SOFTWARE and associated documentation contain confidential and trade secret information of IP SUPPLIER, LICENSEE agrees to treat as confidential and safeguard the SOFTWARE and all permitted copies thereof, and to restrict access thereto to LICENSEE's employees having a need for such access and who have been instructed as to its confidential status and not disclose the SOFTWARE, or any properly marked information about its operation, performance, design, or implementation to any other party without written authorization from IP SUPPLIER. LICENSEE's obligation with respect to, Section 3, 6, and 7 shall survive any termination of this AGREEMENT.
7. **OWNERSHIP.** IP SUPPLIER represents that, it is the owner of the SOFTWARE and has good title free and clear of any claim, lien, or other encumbrance to the SOFTWARE and has the right to grant LICENSEE a license for its use.
8. **LIMITED WARRANTY ON MEDIA.** IP SUPPLIER warrants software magnetic media to be free from defects in materials and workmanship under normal use for ninety (90) days after receipt by LICENSEE. During this 90 day period, LICENSEE may return a defective tape a diskette to IP SUPPLIER and it will be replaced without charge.
9. **DISCLAIMER OF SOFTWARE WARRANTY.** IP SUPPLIER warrants that the SOFTWARE was independently developed, and IP SUPPLIER has the right to license and distribute the SOFTWARE to the LICENSEE as provided herein. IP SUPPLIER also warrants and represents that the SOFTWARE does not infringe the copyright, trade secret, or to the IP SUPPLIER'S knowledge, any patent rights of a third party. IP SUPPLIER does not warrant that the functions contained in the SOFTWARE will meet LICENSEE'S requirements or operate in the combination that may be selected by the LICENSEE, that the operation of the SOFTWARE will be uninterrupted or error free. The agents, dealers, and employees of IP SUPPLIER are not authorized to make any modifications to this warranty, or additional warranties binding on IP SUPPLIER about or for this SOFTWARE.
10. **LIMITATION OF LIABILITY.** IP SUPPLIER warrants that the SOFTWARE will conform, as to all operational features as listed in Schedule 1, to IP SUPPLIER's current published specifications on the date of

delivery. LICENSEE must notify IP SUPPLIER in writing, within ninety (90) days of delivery of the SOFTWARE to the LICENSEE, of its claim of a defect. If SOFTWARE is found defective, IP SUPPLIERS's sole obligation under this warranty is to remedy such defect in a manner consistent with IP SUPPLIER's regular business practices.

The above is a limited warranty and it is the only warranty made by TP SUPPLIER, **IP SUPPLIER MAKES AND LICENSEE RECEIVES NO OTHER WARRANTY EXPRESS OR IMPLIED AND THERE ARE EXPRESSLY EXCLUDED ALL WARRANTIES OF NONINFRIGEMENT, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.**

IP SUPPLIER's liability for breach of this AGREEMENT shall be limited to the repair or replacement of the SOFTWARE or refund any fees paid by LICENSEE to IP SUPPLIER in the preceding twelve (12) months for the SOFTWARE. **IP SUPPLIER SHALL HAVE NO LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT FOR CONSEQUENTIAL, EXEMPLARY, OR INCIDENTAL DAMAGES (INCLUDING LOSS OR DAMAGE SUFFERED BY LICENSEE AS A RESULT OF ANY ACTION BROUGHT BY A THIRD PARTY) EVEN IF IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.** The stated express warranty is in lieu of all liabilities or Obligations of IP SUPPLIER for damages arising out of or in connection with the delivery, use, or performance of the SOFTWARE.

LICENSEE agrees that IP SUPPLIER's liability arising out of contract, negligence, strict liability in tort or warranty shall not exceed any amounts paid by LICENSEE in the preceding twelve (12) months for the SOFTWARE.

11. TERMINATION. IP SUPPLIER may terminate this AGREEMENT upon written notice, effective immediately, if LICENSEE fails to comply with any of the terms and conditions of the AGREEMENT. Upon termination, LICENSEE shall discontinue use of the SOFTWARE and documentation and return all copies to IP SUPPLIER at LICENSEE'S expense. Both parties shall also have the right to terminate this license in the event that the other party (i) terminates or suspends its business or (ii) becomes insolvent or becomes subject to direct control by a trustee, receiver or similar authority.

Without limiting any of the above provisions, in the event of termination as a result of the LICENSEE's failure to comply with any of its obligations under this license AGREEMENT, the LICENSEE shall continue to be obligated for any payments due. Termination of the license shall be in addition to and not in lieu of any equitable remedies available to IP SUPPLIER.

12. ENTIRE AGREEMENT. This document is the entire agreement between LICENSEE and IP SUPPLIER concerning the SOFTWARE. This AGREEMENT shall be governed by the Polish law.

13. GENERAL

(a) No action, regardless of form, arising out of this AGREEMENT may be brought by LICENSEE more than two years after the cause of action has arisen.

(b) If any provision of this AGREEMENT is invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted.

(c) The LICENSEE may not assign or sub-license, without the prior written consent of IP SUPPLIER, its rights, duties or obligations under this AGREEMENT to other person or entity, in whole or in part.

(d) IP SUPPLIER shall have the right to collect from LICENSEE its reasonable expenses incurred in enforcing this AGREEMENT including attorney's fees.

(e) The waiver or failure of IP SUPPLIER to exercise in any respect any right provided for herein shall not be deemed a waiver of any further right hereunder.

(f) License fee is started in a Purchase Order issued by LICENSEE. Payment is done in advance following date placed below along with LICENSEE signature.

(g) SOFTWARE is delivered via FTP site to LICENSEE within two (2) days after reception of payment. All hard-copy SOFTWARE deliverables as listed in Schedule 1, are shipped within one week after reception of payment.

ACCEPTED BY:

IP SUPPLIER		***LICENSEE***	
By:	/s/ Tomek Krzyzak	*By:*	/s/ Martin Fornage
Name:	*Tomek Krzyzak*	*Name:*	*Martin Fornage*
Title:	*Vice President*	*Title:*	*CTO*
Date:	*08-May-2007*	*Date:*	*08-May-2007*

Annex to License Agreement

Annex to License Agreement ("ANNEX") is dated 8th December 2010 ("EFFECTIVE DATE") and entered between **Digital Core Design** company located at ***Wroclawska 94, Bytom 41-902, Poland*** hereinafter referred to as "LICENSOR", and **PVI Solutions Inc**. a *Petaluma* corporation whose business address is ***201 1st St Suite 111, Petaluma, CA 94952, USA*** hereinafter referred to as "LICENSEE".

All rights and duties of current License Agreement ("AGREEMENT") executed between LICENSEE and LICENSOR have been assigned to LICENSOR's legal successor named **Digital Core Design sp. z o.o. sp. k.**, registered at no. KRS 0000360538, with its principal place of business located at ***Wroclawska 94, Bytom 41-902, Poland (***"SUCCESSOR")***. The other terms of AGREEMENT remain unchanged and shall bind the SUCCESSOR.

This ANNEX has been read, understood, accepted by LICENSEE, LICENSOR and SUCCESOR. The ANNEX is in effect at EFFECTIVE DATE and has been executed in three copies - one for each party.

ACCEPTED BY:

LICENSOR

By:	***/c/ Jacek Hanke***
Name:	***Jacek Hanke***
Title:	***President***
Date:	***08-December-2010***

LICENSEE

By:	***/c/ Martin Fornage***
Name:	***Martin Fornage***
Title:	***CTO***
Date:	***08-December-2010***

SUCCESSOR

By:	***/c/ Piotr Kandora***
Name:	***Piotr Kandora***
Title:	***Member Board of Directors***
Date:	***08-December-2010***

Schedule 1

Software Description

The SOFTWARE is defined as:

A. [***]

- Synthesizable VERILOG HDL Source code
  - **[***]**
    - **[***]**
    - ***16-bit program addressing mode – 8051 instructions set***
    - **[***]**
    - **[***]**
  - **[***]**
  - **[***]**
  - **[***] *:* [***]**
  - **[***] *:* [***]**
  - **[***] *:* [***]**
  - **[***]**
  - **[***]**
  - **[***]**
  - **[***]**
  - **[***]**
    - **[***]**
    - **[***]**
  - **[***]**
  - **[***]**
  - **[***]**
- VERILOG test bench environments
  - Active-HDL automatic simulation macros
  - NCSim automatic simulation macros
  - ModelSim automatic simulation macros
  - Tests with reference responses
- Technical documentation
  - Installation notes & Tests plan
  - HDL core specification & Instructions set details
  - Datasheet
- Synthesis scripts - Design Compiler
- Example application
- Technical support
  - Perpetual warranty for core functionality
  - IP Core implementation support
  - 3 months of maintenance
    - *Delivery the IP Core updates, minor and major versions changes, the documentation updates*

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

- *Design consulting*
- *Phone & email support*

B. [***]

- Synthesizable VERILOG HDL Source code
  - **[***]**
  - **[***]**
  - **[***]**
  - **[***]**
- Technical documentation
  - Installation notes & Tests plan

SLA – Digital Core Design

- HDL core specification
- Datasheet
- VERILOG test bench environments
  - Active-HDL automatic simulation macros
  - NCSim automatic simulation macros
  - ModelSim automatic simulation macros
  - Tests with reference to responses
- Example application
- Synthesis scripts-Design Compiler
- Technical support
  - Perpetual warranty for core functionality
  - IP Core implementation support
  - 3 months of maintenance
    - *Delivery the IP Core updates, minor and major versions changes, the documentation updates*
    - *Design consulting*
    - *Phone & email support*

ACCEPTED BY:

IP SUPPLIER		***LICENSEE***	
By:	/s/ Tomek Krzyzak	*By:*	/s/ Martin Fornage
Name:	*Tomek Krzyzak*	*Name:*	*Martin Fornage*
Title:	*Vice President*	*Title:*	*CTO*
Date:	*08-May-2007*	*Date:*	*08-May-2007*

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Schedule 2

Licensed Site(s)

LICENSED SITE means a geographic location in which business is conducted, with a radius of no more than ten (10) kilometers.

LICENSED SITE(S):

1. LICENSEE business address.

LICENSED SITE is defined as LICENSEE's office located in the same country as LICENSEE. Each company controlled by LICENSEE is treated as a separate company and cannot be listed in this schedule as LICENSED SITE(S) Number of sites is limited to three (3) per one Multi-Site license. LICENSED SITE(S) can be added by LICENSE without additional fees, as long as they are in accordance to this AGREEMENT. Either party cannot unreasonably withhold acceptance of modification to this schedule made by other party.

ACCEPTED BY:

IP SUPPLIER		***LICENSEE***	
By:	/s/ Tomek Krzyzak	*By:*	/s/ Martin Fornage
Name:	*Tomek Krzyzak*	*Name:*	*Martin Fornage*
Title:	*Vice President*	*Title:*	*CTO*
Date:	*08-May-2007*	*Date:*	*08-May-2007*

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY BRACKETS, HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 406 OF THE SECURITIES ACT OF 1933, AS AMENDED. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

SUBORDINATED CONVERTIBLE LOAN FACILITY

AND

SECURITY AGREEMENT

by and between

KPCB HOLDINGS, INC., AS NOMINEE,
as Agent and Lender,

THE OTHER PARTIES NAMED HEREIN,
each as a Lender,

and

ENPHASE ENERGY, INC.,

as Borrower

This SUBORDINATED CONVERTIBLE LOAN FACILITY AND SECURITY AGREEMENT (this or the "Agreement") is made as of June 14, 2011 (the "Effective Date") by and among Enphase Energy, Inc., a Delaware corporation ("Borrower"), KPCB Holdings, Inc., as nominee, a California corporation ("KPCB"), as a Lender hereunder and in its capacity as Agent on behalf of the Lenders hereunder, and the other Persons named herein or who may become parties hereto (together with KPCB, referred to herein individually as a "Lender" and collectively as the "Lenders"), as Lenders, in accordance with the terms of this Agreement.

A. Borrower has requested that the Lenders provide, and the Lenders wish to provide, convertible secured loans and other financial accommodations to Borrower for working capital and other general corporate purposes on the terms and subject to the conditions set forth in this Agreement.

B. In connection with the Initial Advance (as defined below), Borrower has agreed to issue, and the Lenders have agreed to, at the election of the Lenders, either acquire in connection with the initial Loans hereunder certain warrants to purchase shares of common stock of Borrower in the form attached as Exhibit F (the "Warrants"), or purchase that number of shares of Borrower's common stock, par value $0.00001 per share (the "Common Stock"), and at the purchase price, as set forth opposite the name of the applicable Lender on Schedule I hereto, as further provided in Section 2.1(d).

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. Definitions and Construction.

1.1 Definitions. As used in this Agreement, the following capitalized terms shall have the following meanings:

"Account Control Agreement" means an agreement acceptable to Agent which perfects via control Agent's security interest in, on behalf of the Lenders, Borrower's deposit accounts and/or accounts holding securities.

"Advance" means any advance of credit by the Lenders to Borrower being provided by the Lenders to Borrower pursuant to this Agreement, and "Advances" means, collectively, all such advances.

"Affiliate" means, with respect to any specified Person, such Person's principal or any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such Person or such Person's principal, including, without limitation, any general partner, managing member or partner, officer or director of such Person or such Person's principal or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person or such Person's principal.

"Agent" means KPCB, not in its individual capacity, but solely in its capacity as administrative agent on behalf of and for the ratable benefit of the Lenders under this Agreement.

"Agreement" has the meaning given such term in the preamble of this Agreement, as amended, amended and restated, modified, joined, supplemented or as otherwise modified from time to time.

"Assignment" has the meaning given such term in Section 12.2 of this Agreement.

"Bank of the West Account" has the meaning given such term in Section 7.13 of this Agreement.

"Borrower" has the meaning given such term in the preamble of this Agreement.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banking institutions are authorized or required to close in San Francisco, California.

"Change in Control" has the meaning given such term in Section 7.7 of this Agreement.

"Claim" has the meaning given such term in Section 10.3 of this Agreement

"Code" means the Uniform Commercial Code as adopted and in effect in the State of California, as amended from time to time; provided that if by reason of mandatory provisions of law, the creation and/or perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than California, the term "Code" shall also mean the Uniform Commercial Code as in effect from time to time in such jurisdiction for purposes of the provisions hereof relating to such creation, perfection or effect of perfection or non-perfection.

"Collateral" has the meaning given such term in Section 4.1 of this Agreement.

"Commitment Amount(s)" means, with respect to each Lender under this Agreement, the maximum amount such Lender may be obligated to provide hereunder in respect of the funding of Advances set forth in Schedule I to this Agreement, as such schedule may be amended or otherwise modified from time to time. The aggregate Commitment Amount of the Lenders on the Effective Date shall be $50,000,000.

"Commitment Termination Date" means the earliest to occur of (i) twenty-four (24) months after the Effective Date, (ii) the consummation of a Subsequent Equity Financing, and (iii) the occurrence of the Maturity Date.

"Common Stock" has the meaning given such term in the recitals of this Agreement.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards, or merchant services issued or provided for the account of that Person; and (iii) all obligations arising under any agreement or arrangement designed to protect such Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the Lenders in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Default" means any event which with the passing of time or the giving of notice or both would become an Event of Default hereunder.

"Default Rate" means the per annum rate of interest equal to five percent (5%) over the applicable Loan Rate, but such rate shall in no event be more than the highest rate permitted by applicable law to be charged on commercial loans in a default situation.

"Disclosure Schedule" means Exhibit A attached hereto.

"Environmental Laws" means all foreign, federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Clean Air Act, the Federal Water Pollution Control Act of 1972, the Solid Waste Disposal Act, the Federal Resource Conservation and Recovery Act, the Toxic Substances Control Act and the Emergency Planning and Community Right-to-Know Act.

"Equipment" means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

"Equity Securities" of any Person means (a) all common stock, preferred stock, participations, shares, partnership interests, membership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting) and (b) all warrants, options and other rights to acquire any of the foregoing.

"ERISA" has the meaning given to such term in Section 7.12 of this Agreement.

"Event of Default" has the meaning given to such term in Section 8 of this Agreement.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Foreign Accounts" has the meaning given such term in Section 7.13 of this Agreement.

"French Account" has the meaning given such term in Section 7.13 of this Agreement.

"Funding Certificate" means a certificate executed by a Responsible Officer of Borrower substantially in the form of Exhibit B or such other form as the Agent may agree to accept.

"Funding Date" means any date on which an Advance is made to or on account of Borrower under this Agreement.

"GAAP" means generally accepted accounting principles as in effect in the United States of America from time to time, consistently applied.

"Governmental Authority" means (a) any federal, state, county, municipal or foreign government, or political subdivision thereof, (b) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, (c) any court or administrative tribunal, or (d) with respect to any Person, any arbitration tribunal or other non-governmental authority to whose jurisdiction that Person has consented.

"Gross Profit" means, with respect to any period, the gross profit of Borrower and its Subsidiaries as determined in accordance with GAAP consistently applied and consistent with the methodology reflected in Borrower's financial statements for the fiscal year ended December 31, 2010 audited by Deloitte & Touche LLP.

"Hazardous Materials" means all those substances which are regulated by, or which may form the basis of liability under, any Environmental Law, including all substances identified under any Environmental Law as a pollutant, contaminant, hazardous waste, hazardous constituent, special waste, hazardous substance, hazardous material, or toxic substance, or petroleum or petroleum derived substance or waste.

"Indebtedness" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services (excluding trade payables aged less than one hundred eighty (180) days), including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations and (d) all Contingent Obligations.

"Indemnified Person" has the meaning given such term in Section 10.3 of this Agreement.

"Intellectual Property" means all of Borrower's right, title and interest in and to patents, patent rights (and applications and registrations therefor and divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same), trademarks and service marks (and applications and registrations therefor and the goodwill associated therewith), inventions, copyrights (including applications and registrations therefor and like protections in each work or authorship and derivative work thereof), mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, source code, object code, trade secrets, methods, processes, know how, drawings, specifications, descriptions, and all memoranda, notes, and records with respect to any research and development, all whether now owned or subsequently acquired or developed by Borrower and all licenses to use the foregoing, whether in tangible or intangible form or contained on magnetic media readable by machine together with all such magnetic media (but not including embedded computer programs and supporting information included within the definition of "goods" under the Code).

"Interest Payment Date" means the first day of each month commencing on July 1, 2011, provided that if any such day is not a Business Day, such Interest Payment Date shall be extended to the next succeeding Business Day and interest shall accrue for each day of such extension.

"Inventory" means all inventory in which Borrower has or acquires any interest, including work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or at any time hereafter owned by or in the custody or possession, actual or constructive, of Borrower, including such inventory as is temporarily out of its custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's books relating to any of the foregoing.

"Investment" means the purchase or acquisition of any capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person, or the extension of any advance, loan, extension of credit (excluding inter-company trade payables aged less than one hundred eighty (180) days) or capital contribution to, or any other investment in, or deposit with, any Person.

"IPO" means Borrower's first underwritten public offering of its common stock under the Securities Act.

"Initial Advance" has the meaning given such term in Section 2.1(a) of this Agreement.

"Italian Account" has the meaning given such term in Section 7.13 of this Agreement.

"Landlord Agreement" means an agreement substantially in the form provided by Lender to Borrower or such other form as Lender may agree to accept.

"Lender" means each of the Persons named in Schedule I to this Agreement, as such schedule may be amended or otherwise modified from time to time.

"Lenders' Expenses" means all reasonable costs or expenses (including reasonable attorneys' fees and expenses) incurred by Agent in connection with the preparation, negotiation, documentation, administration and funding of the Loan Documents; and the Agent's and/or Lenders' reasonable attorneys' fees, costs and expenses incurred in amending, modifying, enforcing or defending the Loan Documents (including fees and expenses of appeal or review), including the exercise of any rights or remedies afforded hereunder or under applicable law, whether or not suit is brought, whether before or after bankruptcy or insolvency, including without limitation all fees and costs incurred by Agent or the Lenders in connection with enforcement of the Lenders' rights in a bankruptcy or insolvency proceeding filed by or against Borrower or its Property; provided that the Borrower shall only pay for the reasonable fees and expenses of one legal counsel (for clarity, other than with respect to in-house counsel for any Lender and the internal allocated costs of such in-house counsel to the extent applicable) for the Lenders in connection with any such amendment, modification, enforcement or defense of the Loan Documents.

"Lien" means any voluntary or involuntary security interest, pledge, bailment, lease, mortgage, hypothecation, conditional sales and title retention agreement, encumbrance or other lien with respect to any Property in favor of any Person.

"Loan" means the advance of credit by the Lenders pursuant to Advances under this Agreement, and "Loans" means collectively all such Advances.

"Loan Documents" means, collectively, this Agreement, each Note, each Warrant, any Landlord Agreement, any Account Control Agreement and all other documents, instruments and agreements entered into in connection with this Agreement, all as amended or extended from time to time.

"Loan Rate" means the fixed per annum rate of interest (based on a 360-day year of twelve 30-day months) equal to 9.00%.

"Major Lender" means any Lender which holds more than $1,000,000 of the Indebtedness outstanding under this Agreement at any time or any Lender which funded not less than $1,000,000 of the aggregate Initial Advance under this Agreement.

"Maturity Date" means (A) the earlier of (i) thirty-six (36) months after the Effective Date, (ii) the consummation of a Change in Control, or (iii) the consummation of an IPO, or (B) if earlier, the date of acceleration of Advances following an Event of Default or the date of prepayment, whichever is applicable.

"New Zealand Account" has the meaning given such term in Section 7.13 of this Agreement.

"Note" means each promissory note executed in connection with the Loans in substantially the form of Exhibit C attached hereto, and collectively, "Notes" means all such promissory notes.

"Obligations" means all debt, principal, interest, fees, charges, expenses and attorneys' fees and costs and other amounts, obligations, covenants, and duties owing by Borrower to Agent or any Lender of any kind and description pursuant to or evidenced by the Loan Documents (other than any Warrant(s) in favor of any Lender), whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, including all Lenders' Expenses.

"Officer's Certificate" means a certificate executed by a Responsible Officer substantially in the form of Exhibit E or such other form as Lender may agree to accept.

"Payment Date" has the meaning given such term in Section 2.2(a) of this Agreement.

"Permitted Indebtedness" means and includes:

(a) Indebtedness of Borrower to the Lenders;

(b) Indebtedness arising from the endorsement of instruments in the ordinary course of business;

(c) Indebtedness existing on the date hereof and set forth on the Disclosure Schedule;

(d) Indebtedness (i) in an aggregate principal amount not exceeding Twenty Five Million Dollars ($25,000,000) in favor of Bridge, Comerica and the other lenders pursuant to the Senior Secured Loan and Security Agreement (under which the aggregate amount of loans, as of the Effective Date, are limited to not more than Eighty Percent (80%) of Borrower's outstanding accounts receivable and Fifty Percent (50%) of Borrower's eligible inventory) and (ii) in an aggregate principal amount not exceeding Twelve Million Dollars ($12,000,000) in favor of Horizon and any other lenders pursuant to the Senior Subordinated Secured Loan and Security Agreement;

(e) Indebtedness secured by a lien described in clause (g) of the defined term "Permitted Liens," provided (i) such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness (in each case measured at the time of incurrence of such Indebtedness) and (ii) such Indebtedness does not exceed Five Million Dollars ($5,000,000) in the aggregate at any given time; and

(f) Indebtedness to Oracle America, Inc. or one of its affiliates, including Oracle Credit Corporation in an aggregate amount not to exceed $500,000;

(g) Inter-company Indebtedness incurred in the ordinary course of business;

(h) Other Indebtedness in an aggregate amount not exceeding Seven Hundred Fifty Thousand Dollars ($750,000) at any time;

(i) Subordinated Debt; and

(j) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (i) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"Permitted Investments" means and includes any of the following Investments as to which Lender has a perfected security interest:

(a) Deposits and deposit accounts with commercial banks organized under the laws of the United States or a state thereof to the extent: (i) the deposit accounts of each such institution are insured by the Federal Deposit Insurance Corporation up to the legal limit; and (ii) each such institution has an aggregate capital and surplus of not less than One Hundred Million Dollars ($100,000,000);

(b) Investments made in accordance with Borrower's board approved short term investment policy;

(c) Investments in marketable obligations issued or fully guaranteed by the United States and maturing not more than one (1) year from the date of issuance;

(d) Investments in open market commercial paper rated at least "A1" or "P1" or higher by a national credit rating agency and maturing not more than one (1) year from the creation thereof;

(e) Investments pursuant to or arising under currency agreements or interest rate agreements entered into in the ordinary course of business;

(f) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors; not to exceed Two Hundred Fifty Thousand Dollars ($250,000) in the aggregate in any fiscal year;

(g) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(h) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (g) shall not apply to Investments of Borrower in any Subsidiary;

(i) Investments in Subsidiaries made in the ordinary course of business, not to exceed Four Million Five Hundred Thousand and 00/100 Dollars ($4,500,000) in the aggregate in any fiscal year;

(j) (x) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash investments by Borrower do not exceed Five Hundred Thousand Dollars ($500,000) in the aggregate in any fiscal year; and (y) strategic alliances with particular customers in which such customers will share in the research and development expense of Borrower associated with the incorporation by such customers of microconverters purchased from Borrower into solar panels produced by such customers; and

(k) Other Investments in an amount not in excess of an aggregate amount equal to Two Hundred Fifty Thousand Dollars ($250,000) at any time.

"Permitted Liens" means and includes:

(a) the Lien created by this Agreement;

(b) Liens for fees, taxes, levies, imposts, duties or other governmental charges of any kind which are not yet delinquent or which are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided that such appropriate proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such Lien or reserves sufficient to discharge such Lien have been provided on the books of Borrower);

(c) Liens identified on the Disclosure Schedule;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business and which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings (provided that such appropriate proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such Lien or reserves sufficient to discharge such Lien have been provided on the books of Borrower);

(e) Liens granted in connection with Indebtedness permitted under subsection (d) of the definition of Permitted Indebtedness; provided that such liens shall be subject to the Subordination Agreement;

(f) non-exclusive licenses of Intellectual Property entered into in the ordinary course of business, and licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States.

(g) Liens (i) upon or in any equipment which was not financed by Lender acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, or (ii) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment;

(h) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(i) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.5 and 8.8;

(j) Liens in favor of customs and revenue authorities incurred in the ordinary course of business to secure payment of custom duties in connection with the importation of goods;

(k) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the

ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting a security interest therein; and

(l) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (k) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase;

"Person" means and includes any individual, any partnership, any corporation, any business trust, any joint stock company, any limited liability company, any unincorporated association or any other entity and any domestic or foreign national, state or local government, any political subdivision thereof, and any department, agency, authority or bureau of any of the foregoing.

"PIK Interest" has the meaning given such term in Section 2.2.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, whether tangible or intangible.

"Pro Rata Share" has the meaning given such term in Section 2.1(a) of this Agreement.

"Required Lenders" means those Lenders holding more than 60% of the Indebtedness outstanding under this Agreement.

"Responsible Officer" has the meaning given such term in Section 6.3 of this Agreement.

"Rights to Payment" has the meaning given such term in Section 4.1(g) of this Agreement.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Senior Secured Loan and Security Agreement" means that certain Amended and Restated Loan and Security Agreement dated as of March 24, 2011 by and among Borrower, as the "Borrower" thereunder, Bridge Bank, National Association ("Bridge"), as a "Lender" and the "Collateral Agent" thereunder, and Comerica Bank ("Comerica"), as a "Lender" thereunder, as modified, amended and/or restated from time to time.

"Senior Subordinated Secured Loan and Security Agreement" means that certain Amended and Restated Venture Loan and Security Agreement dated as of March 25, 2011 by and among Borrower, as the "Borrower" thereunder, and each of Horizon Technology Finance Corporation, a Delaware corporation ("Horizon Technology") and Horizon Credit LLC, a Delaware limited liability company ("Horizon Credit," and together with Horizon Technology, referred to herein as "Horizon") as "Lenders" and/or "Holders" thereunder, as modified, amended and/or restated from time to time.

"Solvent" has the meaning given such term in Section 5.11 of this Agreement.

"Subordinated Debt" means any debt incurred by Borrower that is subordinated to the debt owing by Borrower to Lender hereunder or under any of the Loan Documents on terms acceptable to the Lenders (and identified as being such by Borrower and Lenders).

"Subordination Agreement" means one (1) or more subordination agreements and/or intercreditor agreement (as modified, amended and/or restated from time to time) among each of Bridge, Comerica, and the Agent on behalf of the Lenders hereunder, and between Horizon and Agent on behalf of the Lenders hereunder, in respect of the subordination of the Encumbrances and Indebtedness evidenced by this Agreement and all Advances made hereunder in relation to the Indebtedness evidenced by the Senior Secured Loan and Security Agreement and the Senior Subordinated Secured Loan and Security Agreement, in form and substance satisfactory to the Agent.

"Subsequent Advance" has the meaning given such term in Section 2.1(a) of this Agreement.

"Subsequent Equity Financing" means the next round or rounds of equity financing, subsequent to the Effective Date, in which Borrower issues and sells shares of its capital stock (other than shares of capital stock sold in a transaction that would be exempt from the anti-dilution rights of the holders of Borrower's preferred stock pursuant to clauses (i) through (viii) of Article V, Section 5.8 of Borrower's certificate of incorporation, as currently in effect) for aggregate cash proceeds in excess of $10,000,000.

"Subsidiary" means any corporation or other entity of which a majority of the outstanding Equity Securities entitled to vote for the election of directors or other governing body (otherwise than as the result of a default) is owned by Borrower directly or indirectly through Subsidiaries, including without limitation Enphase Energy SAS, Enphase Energy SRL and Enphase Energy New Zealand Limited.

"Third Party Equipment" has the meaning given such term in Section 4.8 of this Agreement.

"Transfer" has the meaning given such term in Section 7.4 of this Agreement.

"Warrants" has the meaning given such term in the recitals hereto.

"Warranty Claim Rate" means, with respect to a given period of time, the ratio of (i) the number of microinverters shipped by or on behalf of Borrower during such period of time (x) that have been subject to a return merchandise authorization ("RMA") or warranty claim or (y) for which Borrower has received written notice of a RMA, warranty claim or for which Borrower has knowledge of an event or circumstance that is likely to give rise to a RMA or warranty claim, over (ii) the total number of microinverters shipped by or on behalf of Borrower during such period of time. For purposes of this definition, Borrower will be deemed to have knowledge of such event or circumstance if (A) such event or circumstance is reflected in one or more documents (whether written or electronic, including electronic emails sent to or by an executive officer or director of Borrower or a Subsidiary or (B) if such knowledge could be obtained from reasonable inquiry of persons employed or engaged by Borrower or such Subsidiary charged with principal administrative or operational responsibility for such matter for such entity (if an executive officer of Borrower or such Subsidiary does not already have such principal administrative or operational responsibility).

1.2 Construction. References in this Agreement to "Articles," "Sections," "Exhibits," "Schedules" and "Annexes" are to recitals, articles, sections, exhibits, schedules and annexes herein and hereto unless otherwise indicated. References in this Agreement and each of the other Loan Documents to any document, instrument or agreement shall include (a) all exhibits, schedules, annexes and other attachments thereto, (b) all documents, instruments or agreements issued or executed in replacement thereof, and (c) such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case

may be. The words "include" and "including" and words of similar import when used in this Agreement or any other Loan Document shall not be construed to be limiting or exclusive. Unless otherwise indicated in this Agreement or any other Loan Document, all accounting terms used in this Agreement or any other Loan Document shall be construed, and all accounting and financial computations hereunder or thereunder shall be computed, in accordance with GAAP, and all terms describing Collateral shall be construed in accordance with the Code. The terms and information set forth on the cover page of this Agreement are incorporated into this Agreement.

2. Loans; Repayment.

2.1 Commitment; Purchase of Warrants or Common Stock.

(a) The Commitment Amount. Subject to the terms and conditions of this Agreement and relying upon the representations and warranties of Borrower set forth herein, the Lenders agree, severally and not jointly, in accordance with each Lender's pro rata share of the aggregate Commitment Amount ("Pro Rata Share") as set forth on Schedule I, to make (i) an initial Advance on the Effective Date in an aggregate amount of $12,500,000 (the "Initial Advance") in the amounts for each Lender set forth on Schedule I hereto, and (ii) one or more subsequent Advances, in a minimum aggregate amount of $500,000 for any such subsequent Advance (each, a "Subsequent Advance"), in accordance with each Lender's Pro Rata Share of such Advance, up to an aggregate maximum amount of Subsequent Advances of $37,500,000. Notwithstanding the foregoing, to the extent that as of any Funding Request Notice Date (as defined in Section 2.5 below) the Company has filed (and not withdrawn) a registration statement on Form S-1 (or any successor or similar form) with the Securities and Exchange Commission for a public offering of securities, the Company may at its discretion limit participation in the Subsequent Advances to the Lenders set forth on Schedule I-A. In such event, the non-participating Lenders shall be deemed to have waived any right to participate in such Subsequent Advance. In the event that participation in the Subsequent Advance is limited to the Lenders on Schedule I-A, such Lenders may in their sole discretion fund, in addition to their Pro Rata Share of the Advance, an amount equal to Pro Rata Share of the Advances of the Lenders not listed on Schedule I-A based on the Pro Rata Share of the Advance for each such Lender relative to the Pro Rata Share of the Advance for all the Lenders listed on Schedule I-A.

(b) Failures to Fund Commitment Amount. If Borrower has requested an Advance pursuant to Section 2.5(a) of this Agreement and all of the conditions to the Lender's obligation to make such Advance as set forth in Section 3 have been satisfied or waived, then (A) if a Lender has nonetheless failed to advance his, her or its Pro Rata Share of an Advance (hereinafter, with respect to any applicable Lender, referred to as the "Unfunded Capital Commitment Amount") and such failure is not remedied within five Business Days after written notice thereof is provided by Borrower to such Lender (the date of such notice, a "Default Notice Date"), in addition to any other remedies Borrower may have for breach of this Agreement, such Lender shall be assessed and shall immediately pay to Borrower a fee in an amount equal to 5% multiplied by the amount of such Lender's Unfunded Capital Commitment Amount (such Lender hereinafter referred to as a "Defaulting Lender"), and (B) if such Defaulting Lender fails to fund such Unfunded Capital Commitment Amount within ten Business Days after the proposed Default Notice Date, in addition to any other remedies Borrower may have for breach of this Agreement, such Defaulting Lender shall be assessed and shall immediately pay to Borrower an additional fee in an amount equal to 5% multiplied by the amount of such Defaulting Lender's Unfunded Capital Commitment Amount, such Defaulting Lender shall forfeit the right to participate in any future requests for Advances made by Borrower, and the other non-Defaulting Lenders who participated in such Advance may fund their respective pro rata shares of the Unfunded Capital Commitment Amount of the Defaulting Lender based on the Pro Rata Share of the Advance for such non-Defaulting Lenders relative to the Pro Rata Share of the Advance for all the non-Defaulting Lenders. To the extent that any Defaulting Lender

does not pay the fee, the amount of the outstanding Obligations for such Defaulting Lender shall be reduced by the amount of such fee. In no event shall a Lender be deemed a Defaulting Lender if the Lender is unable to make a Subsequent Advance because the Company limits participation in the Subsequent Advances to the Lenders on Schedule I-A pursuant to Section 2.1(a) above.

(c) Loans Evidenced by Notes. The obligation of Borrower to repay the unpaid principal amount of and all PIK Interest on the Loans shall be evidenced by one or more Notes, or in the case of Subsequent Advances addendums to the applicable original Notes issued to the Lenders in connection with the first Subsequent Advance.

(d) Issuance of Warrants or Common Stock. On the Funding Date for the Initial Advance, (i) for each Lender specified on Schedule I hereto as purchasing shares of Common Stock, Borrower shall issue and sell to such Lender, and such Lender shall purchase from Borrower, the number of shares of Common Stock set forth opposite such Lender's name on Schedule I hereto, at a purchase price of $0.58 per share, and in connection with such purchase the Lender hereby makes to Borrower the representations and warranties set forth in Section 5 of Schedule II, and (ii) for each other Lender, the Company shall issue such Lender a Warrant covering the number of shares of Common Stock set forth opposite such Lender's name in Schedule I hereto.

(e) Use of Proceeds. The proceeds of the Loans shall be used solely for working capital and other general corporate purposes of Borrower.

(f) Termination of Commitment to Lend. Notwithstanding anything in the Loan Documents, the Lenders obligation to lend the undisbursed portion of the Commitment Amount to Borrower hereunder shall terminate on the earlier of (i) at the Required Lenders' sole election, the occurrence of any Default or Event of Default hereunder, and (ii) the applicable Commitment Termination Date.

2.2 Conversion; Payments.

(a) Lender's Option to Convert. The outstanding balances of the Loans made hereunder shall be convertible into capital stock of Borrower on the terms and conditions set forth in Schedule II to this Agreement.

(b) Repayment of Initial Advance and Subsequent Advances. Subject to the terms and conditions of the Subordination Agreement, all Loans made under this Agreement (including all unpaid principal, accrued interest and PIK Interest thereon) shall be due and payable in full on the Maturity Date, except to the extent a Loan has been prepaid pursuant to Section 2.3 or converted into capital stock of Borrower pursuant to Schedule II.

(c) Interest on Loans. Subject to Sections 2.2(a) and (b), the Loans shall bear interest (in addition to any "original issue discount" as defined in the IRC) at the Loan Rate from the date of the applicable Advance, compounding monthly on each Interest Payment Date; provided, however, Borrower shall not pay such interest in cash but instead all such accrued and unpaid interest shall be paid in kind as described in the immediately following sentence, on each Interest Payment Date (any such interest paid in kind, the "PIK Interest"). All interest due and payable hereunder by Borrower shall be capitalized, added to the then-outstanding principal amount of the Loans as additional principal obligations hereunder on and as of such Interest Payment Date and shall automatically constitute a part of the outstanding principal amount of the Loans for all purposes hereof (including the accrual of interest thereon at the rates applicable to the Loans generally). Any determination of the principal amount outstanding under the Loans after giving effect to any PIK Interest hereunder or otherwise that is

reasonably made by the Agent or the Lenders in good faith shall be prima facie evidence of the correctness of such determination in the absence of manifest error. All computations of interest (including interest at the Default Rate, if applicable) shall be based on a year of twelve 30-day months. Notwithstanding any other provision hereof, the amount of interest payable hereunder shall not in any event exceed the maximum amount permitted by the law applicable to interest charged on commercial loans.

(d) Application of Payments. All payments due to the Lenders hereunder prior to an Event of Default shall be applied as follows: (1) first, to Lenders' Expenses then due and owing, if applicable, and (2) second, pro rata to the outstanding Loans under Advances made by the Lenders. After an Event of Default, all payments and application of proceeds shall be made as set forth in Section 9.7.

(e) Default Rate. Borrower shall pay interest at a per annum rate equal to the Default Rate on any amounts required to be paid by Borrower under this Agreement or the other Loan Documents, payable with respect to each Loan, accrued and unpaid interest, and any fees or other amounts which remain unpaid after such amounts are due. If an Event of Default has occurred and the Obligations have been accelerated (whether automatically or by Lender's election), Borrower shall pay interest on the aggregate, outstanding accelerated balance hereunder from the date of the Event of Default until all Events of Default are cured, at a per annum rate equal to the Default Rate.

2.3 Prepayments.

(a) Mandatory Prepayment Upon an Acceleration. If a Loan is accelerated following the occurrence of an Event of Default pursuant to Section 9.1(a) hereof, then Borrower, in addition to any other amounts which may be due and owing hereunder, shall immediately pay to Lender the amount set forth in Section 2.3(b) below, as if Borrower had opted to prepay on the date of such acceleration.

(b) Subject to the terms of Section 2.3(a), no prepayments shall be permitted with respect to the Convertible Portion of the Loans (as defined in Schedule II to this Agreement) Upon ten (10) Business Days' prior written notice to each Lender, Borrower may, at its option, at any time, prepay all or any portion of the Loans comprising only the Non-Convertible Portion of the Loans by paying to such Lender an amount equal to (i) any accrued and unpaid interest and PIK Interest on the outstanding principal balance of such Loan(s); (ii) the outstanding principal balance of such Loan(s) and (iii) all other sums, if any, that shall have become due and payable hereunder.

2.4 Other Payment Terms.

(a) Place and Manner. Borrower shall make all payments due to the Lenders in lawful money of the United States. All payments of principal, PIK Interest, fees and other amounts payable by Borrower hereunder shall be made, in immediately available funds, not later than 10:00 a.m. Pacific time, on the date on which such payment is due. Borrower shall make such payments to each Lender via wire transfer in immediately available funds or ACH or by certified check at the address set forth for such Lender in Schedule I, as indicated by such Lender in Schedule I (or in a writing delivered by such Lender to Borrower from and after the Effective Date).

(b) Date. Whenever any payment is due hereunder on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or fees, as the case may be.

2.5 Procedure for Making the Loans.

(a) Notice. Borrower shall notify each Lender in writing (which may be via electronic mail) of the Funding Date and deliver a completed Funding Certificate by 5:00 p.m. Eastern on a date (the "Funding Request Notice Date") at least five (5) Business Days in advance of the desired Funding Date (it being understood that the Lenders shall have five (5) Business Days from the delivery of such written notice and completed Funding Certificate to review and verify the information set forth in the applicable Funding Certificate and the satisfaction of the conditions precedent for the requested Advance and to confirm the satisfaction of the conditions precedent for such Advance by and through the Agent acting on the Lenders' behalf with respect to such confirmation to Borrower, including by means of requests for the production of additional information by the Agent to Borrower), unless the Lenders elect at the Lenders' sole discretion to allow the Funding Date to be within five (5) Business Days of Borrower's notice and delivery of a Funding Certificate the notice of which election would be made by the Agent at the direction of such Lenders to Borrower. Any such written notice and Funding Certificate delivered to the Lenders after 5:00 p.m. Eastern on the Funding Request Notice Date shall be deemed received the following Business Day by the Lenders. Borrower's execution and delivery to each of the Lenders of a Note (or in the case of Subsequent Advances an addendum to the original Note issued to the applicable Lender) shall be Borrower's agreement to the terms and calculations thereunder and hereunder with respect to the Advance made by such Lender. Each Lender's several and not joint obligation to make any Advance shall be expressly subject to the satisfaction of the conditions set forth in Section 3.

(b) Disbursement. Each Lender shall, in accordance with such Lender's Pro Rata Share of such Advance, disburse the proceeds of each Loan by wire transfer to Borrower at the account specified in the Funding Certificate for such Loan. Disbursements shall be made net of any Lenders' Expenses owing at the time of such disbursement.

3. Conditions of Loans and Acquisition of Warrants or Common Stock.

3.1 Conditions Precedent to Closing. At the time of the execution and delivery of this Agreement, the Agent shall have received, in form and substance satisfactory to the Agent, all of the following (unless the Required Lenders have agreed to waive such condition or document, in which case such condition or document shall be a condition precedent to the making of the applicable Advance by the Lenders and shall be deemed added to Section 3.2):

(a) Loan Agreement. This Agreement duly executed by Borrower, the Agent and the Lenders.

(b) Secretary's Certificate. A certificate of the secretary or assistant secretary of Borrower with copies of the following documents attached: (i) the certificate of incorporation and bylaws of Borrower certified by Borrower as being complete and in full force and effect on the date thereof, (ii) incumbency and representative signatures, and (iii) resolutions authorizing the execution and delivery of this Agreement and each of the other Loan Documents.

(c) Good Standing Certificates. A good standing certificate from Borrower's state of incorporation and the state in which Borrower's principal place of business is located, each dated as of a recent date.

(d) Certificate of Insurance. Evidence of the insurance coverage required by Section 6.8 of this Agreement.

(e) Consents. All necessary consents of shareholders and other third parties with respect to the execution, delivery and performance of this Agreement, the Warrants and the other Loan Documents.

(f) Legal Opinion. A legal opinion of Borrower's counsel in form satisfactory to Agent, in substantially the form attached as Exhibit D hereto.

(g) Account Control Agreements. Account Control Agreements for all of Borrower's deposit accounts and accounts holding securities, except for the Italian Account, the French Account, the New Zealand Account and the Bank of the West Account, duly executed by all of the parties thereto, in the forms provided by or reasonably acceptable to Agent.

(h) Other Documents. Such other documents and completion of such other matters, as Agent may reasonably deem necessary or appropriate.

3.2 Conditions Precedent to Making the Initial Advance and Acquisition of Warrant or Common Stock. Each Lender's several and not joint obligation to make the Initial Advance and either acquire Warrants or purchase Common Stock, as further described in Sections 2.1(a)(i) and/or 2.1(d), as applicable, is further subject to the following conditions precedent:

(a) No Default. No Default or Event of Default shall have occurred and be continuing.

(b) Representations and Warranties. The representations and warranties of Borrower in this Agreement and the other Loan Documents shall be true, accurate, and complete in all material respects on the proposed funding date of the Initial Advance.

(c) Landlord Agreements. Borrower shall have provided the Agent with a Landlord Agreement in form and substance reasonably satisfactory to the Agent or each location where Borrower's books and records and the Collateral are located (unless Borrower is the fee owner thereof).

(d) Note. Borrower shall have duly executed and delivered to each of the Lenders a Note in the amount of such Lender's Pro Rata Share of the Initial Advance.

(e) UCC Financing Statements. The Agent shall have received such documents, instruments and agreements, including UCC financing statements or amendments to UCC financing statements, as the Agent shall reasonably request to evidence the perfection and priority of the security interests granted to the Agent on behalf of the Lenders pursuant to Section 4. Borrower authorizes the Agent to file any UCC financing statements, continuations of or amendments to UCC financing statements it deems necessary to perfect its security interest in the Collateral.

(f) Funding Certificate. Borrower shall have duly executed and delivered to each Lender a Funding Certificate for the Initial Advance.

(g) Intercreditor Agreement. An intercreditor and/or subordination agreement with respect to the Indebtedness constituting Permitted Indebtedness under subsections (c), (d) and (e) of the definition of Permitted Indebtedness, executed by the banks, financial institutions and other lenders or authorized agents thereof, providing such Indebtedness.

(h) Warrant. Borrower shall have executed and delivered to each Lender electing to receive a Warrant an original Warrant, covering that number of shares of Common Stock set forth in Schedule I to this Agreement for such Lender.

(i) Common Stock. Borrower shall have executed and delivered to each Lender electing to purchase Common Stock an original stock certificate evidencing that number of shares of Common Stock set forth in Schedule I to this Agreement for such Lender.

(j) Lenders' Expenses. Borrower shall have paid (or provided for the payment of) all Lenders' Expenses owing as of the Funding Date for the Initial Advance.

(k) Other Documents. Such other documents and completion of such other matters, as Agent may reasonably deem necessary or appropriate.

3.3 Condition to the Subsequent Advances. For each Subsequent Advance requested by Borrower, each Lender's several and not joint obligation to make such Subsequent Advance shall be subject to the following conditions precedent:

(a) Initial Advance. The conditions set forth in Sections 3.1 and 3.2 shall have been satisfied, and the Lenders shall have made the Initial Advance.

(b) Funding Certificate. Borrower shall have duly executed and delivered to each Lender a Funding Certificate for such Subsequent Advance.

(c) No Default. No Default or Event of Default shall have occurred and be continuing.

(d) Representations and Warranties. The representations and warranties of Borrower in this Agreement and the other Loan Documents shall be true, accurate, and complete in all material respects on the proposed funding date of the Subsequent Advance.

(e) Addendum to Note. Borrower shall have duly executed and delivered to each of the Lenders an addendum setting forth the amount of such Lender's Pro Rata Share of such Subsequent Advance and the date of funding for such Subsequent Advance, in the form set forth in Exhibit C to this Agreement, which such Lender may attach to its original Note evidencing its portion of the Initial Advance.

(f) Gross Profit Condition. Borrower shall have had, as of the end of the most recently ended fiscal quarter, minimum Gross Profit for the period of two consecutive quarters then most recently ended of not less than the following:

Sum of Two Consecutive Fiscal Quarter Period	**Gross Profit**
For fiscal quarter ending March 31, 2011 and fiscal quarter ending June 30, 2011	$ **[***]**
For fiscal quarter ending June 30, 2011 and fiscal quarter ending September 30, 2011	$ **[***]**

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

For fiscal quarter ending September 30, 2011 and fiscal quarter ending December 31, 2011	$**[***]**
For fiscal quarter ending December 31, 2011 and fiscal quarter ending March 31, 2012	$**[***]**
For fiscal quarter ending March 31, 2012 and fiscal quarter ending June 30, 2012	$**[***]**
For fiscal quarter ending June 30, 2012 and fiscal quarter ending September 30, 2012	$**[***]**
For fiscal quarter ending September 30, 2012 and fiscal quarter ending December 31, 2012	$**[***]**

(g) Inverter Warranty Claims. The Warranty Claim Rate for microinverters shipped by or on behalf of Borrower during both (i) the three (3) month and (ii) the six (6) month period preceding the date of Borrower's Funding Certificate for such Subsequent Advance shall be no more than **[***]** (**[***]**).

(h) Limitation on Number of Advances Per Quarter. During the calendar quarter in which such Subsequent Advance is requested, Borrower shall have requested no more than one (1) other Subsequent Advance.

(i) Lenders' Expenses. Borrower shall have paid (or provided for the payment of) all Lenders' Expenses owing as of the Funding Date for such Subsequent Advance.

(j) Other Documents. Borrower shall have executed and delivered to the Agent such other documents, and completed such other matters, as the Agent may reasonably deem necessary or appropriate.

3.4 Covenant to Deliver. Borrower agrees (not as a condition but as a covenant) to deliver to Agent and/or each Lender, as the case may be, each item required to be delivered to Agent and/or such Lender as a condition to each Advance, if such Advance is advanced. Borrower expressly agrees that the extension of such Advance prior to the receipt by Agent and/or such Lender of any such item shall not constitute a waiver by Agent and/or such Lender of Borrower's obligation to deliver such item, and any such extension in the absence of a required item shall be in Agent's sole discretion (with respect to any matters set forth in Sections 3.1, 3.2 or 3.3 expressly subject to Agent's sole discretion) and/or such Lender's discretion (with respect to any matters set forth in Sections 3.1, 3.2 or 3.3 expressly subject to a Lender's sole discretion).

3.5 Lender Representations and Covenants. In connection with the issuance of the Notes and Warrants, each Lender makes the representations and warranties and covenants set forth in Section 5 of Schedule II.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

4. Creation of Security Interest.

4.1 Grant of Security Interest. Borrower grants to Agent, for the ratable benefit of each Lender, a valid and continuing security interest in all presently existing and hereafter acquired or arising Collateral in order to secure prompt, full and complete payment of any and all Obligations (other than the Warrants and inchoate indemnity obligations) and in order to secure prompt, full and complete performance by Borrower of each of its covenants and duties under each of the Loan Documents (other than the Warrant). The "Collateral" shall mean and include all right, title, interest, claims and demands of Borrower in and to all personal property of Borrower, including, without limitation, all of the following:

(a) All goods (and embedded computer programs and supporting information included within the definition of "goods" under the Code) and equipment now owned or hereafter acquired, including, without limitation, all laboratory equipment, computer equipment, office equipment, machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

(b) All inventory now owned or hereafter acquired, including, without limitation, all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's books relating to any of the foregoing;

(c) All contract rights and general intangibles (except to the extent included within the definition of Intellectual Property), now owned or hereafter acquired, including, without limitation, goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, software, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payment intangibles, commercial tort claims, payments of insurance and rights to payment of any kind;

(d) All now existing and hereafter arising accounts, contract rights, royalties, license rights, license fees and all other forms of obligations owing to Borrower arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Borrower (subject, in each case, to the contractual rights of third parties to require funds received by Borrower to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's books relating to any of the foregoing;

(e) All documents, cash, deposit accounts, letters of credit (whether or not the letter of credit is evidenced by a writing), certificates of deposit, instruments, promissory notes, chattel paper (whether tangible or electronic) and investment property, including, without limitation, all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and Borrower's books relating to the foregoing;

(f) Any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including, without limitation, insurance, condemnation, requisition or similar payments and proceeds of the sale or licensing of Intellectual Property to the extent such proceeds no longer constitute Intellectual Property; and

(g) Notwithstanding the foregoing, the Collateral shall not include any Intellectual Property; provided, however, that the Collateral shall include all accounts receivables, accounts, and general intangibles that consist of rights to payment and proceeds from the sale, licensing or disposition of all or any part, or rights in, the foregoing (the "Rights to Payment"). Notwithstanding the foregoing, if a judicial authority (including a U.S. Bankruptcy Court) holds that a security interest in the underlying Intellectual Property is necessary to have a security interest in the Rights to Payment, then the Collateral shall automatically, and effective as of the date hereof, include the Intellectual Property to the extent necessary to permit perfection of Lender's security interest in the Rights to Payment.

Notwithstanding the foregoing, the term "Collateral" shall not include (A) equipment identified on Annex I to the Disclosure Schedule, or (B) or rights of Borrower as a licensee; in each case of (A) and (B) to the extent the granting of a security interest therein (i) would be contrary to applicable law or (ii) is prohibited by or would constitute a default under any agreement or document governing such property (but only to the extent such prohibition is enforceable under applicable law); provided that upon the termination or lapsing of any such prohibition, such property shall automatically be part of the Collateral; and provided further that the provisions of this paragraph shall in no case exclude from the definition of "Collateral" any Accounts, proceeds of the disposition of any property, or general intangibles consisting of rights to payment, all of which shall at all times constitute "Collateral"; and provided further that any Equipment financed by Agent or the Lenders, if any, will at all times constitute "Collateral".

4.2 After-Acquired Property. If Borrower shall at any time acquire a commercial tort claim, as defined in the Code, Borrower shall immediately notify Agent in writing signed by Borrower of the brief details thereof and grant to Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Lender.

4.3 Duration of Security Interest. Agent's security interest in the Collateral shall continue until the payment in full and the satisfaction of all Obligations (other than inchoate indemnity obligations) and termination of Agent and each of the other Lender's commitment to fund the Loans, whereupon such security interest shall terminate. Agent shall, at Borrower's sole cost and expense, execute such further documents and take such further actions as may be reasonably necessary to make effective the release contemplated by this Section 4.3, including duly authorizing and delivering termination statements for filing in all relevant jurisdictions under the Code.

4.4 Location and Possession of Collateral. Other than for Borrower's personal property located at Flextronics and for Transfers permitted under Section 7.4, the Collateral is and shall remain in the possession of Borrower at its location listed on the cover page hereof or as set forth in the Disclosure Schedule. Borrower shall remain in full possession, enjoyment and control of the Collateral (except only as may be otherwise required by Agent for perfection of its security interest therein) and so long as no Event of Default has occurred, shall be entitled to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided that the possession, enjoyment, control and use of the Collateral shall at all time be subject to the observance and performance of the terms of this Agreement.

4.5 Delivery of Additional Documentation Required. Borrower shall from time to time execute and deliver to Agent, at the request of Lender, all financing statements and other documents Agent may reasonably request, in form satisfactory to Agent, to perfect and continue Agent's perfected security interests in the Collateral and in order to consummate fully all of the transactions contemplated under the Loan Documents.

4.6 Right to Inspect. Agent (through any of its officers, directors, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business

hours, to inspect Borrower's books and records and to make copies thereof and to inspect, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

4.7 Protection of Intellectual Property. Borrower shall (i) protect, defend and maintain the validity and enforceability of its Intellectual Property to the extent Borrower deems it appropriate to do so in its reasonable business judgment and promptly advises Lender in writing of material infringements, and (ii) not allow any Intellectual Property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Agent's written consent.

4.8 Lien Subordination. Agent agrees that the Liens granted to it hereunder on behalf of and for the ratable benefit of the Lenders under this Agreement shall be subordinate in payment and to the Liens to secure the Indebtedness permitted under clauses (c), (d) and (e) of the definition of Permitted Indebtedness subject to and in accordance with the terms and provisions of the Subordination Agreement. So long as no Event of Default has occurred, Agent agrees to execute and deliver such agreements and documents as may be reasonably requested by Borrower from time to time which set forth the payment and lien subordination described in this Section 4.8 and the Subordination Agreement and are reasonably acceptable to Agent.

5. Representations and Warranties. Except as set forth in the Disclosure Schedule, Borrower represents and warrants as follows:

5.1 Organization and Qualification. Borrower is a corporation duly organized and validly existing under the laws of its state of incorporation and qualified and licensed to do business in, and is in good standing in, any state in which the conduct of its business or its ownership of Property requires that it be so qualified or in which the Collateral is located, except for such states as to which any failure to so qualify would not have a material adverse effect on Borrower.

5.2 Authority; Valid Issuance of Common Stock. Borrower has all necessary power and authority to execute, deliver, and perform in accordance with the terms thereof, the Loan Documents to which it is a party. Borrower has all requisite power and authority to own and operate its Property and to carry on its businesses as now conducted. Borrower has obtained all licenses, permits, approvals and other authorizations necessary for the operation of its business. All shares of Common Stock to be purchased by Lenders hereunder are duly authorized, validly issued, fully paid and non-assessable, and free of any Liens except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

5.3 Conflict with Other Instruments, etc. Neither the execution and delivery of any Loan Document to which Borrower is a party nor the consummation of the transactions therein contemplated nor compliance with the terms, conditions and provisions thereof will conflict with or result in a breach of any of the terms, conditions or provisions of the certificate of incorporation, the by-laws, or any other organizational documents of Borrower or any law or any regulation, order, writ, injunction or decree of any court or governmental instrumentality or any material agreement or instrument to which Borrower is a party or by which it or any of its Property is bound or to which it or any of its Property is subject, or constitute a default thereunder or result in the creation or imposition of any Lien, other than Permitted Liens.

5.4 Authorization; Enforceability. The execution and delivery of this Agreement, the granting of the security interest in the Collateral, the incurring of the Loans, the execution and delivery of the other Loan Documents to which Borrower is a party and the consummation of the transactions herein and therein contemplated have each been duly authorized by all necessary action on the part of

Borrower. No authorization, consent, approval, license or exemption of, and no registration, qualification, designation, declaration or filing with, or notice to, any Person is, was or will be necessary to (i) the valid execution and delivery of any Loan Document to which Borrower is a party, (ii) the performance of Borrower's obligations under any Loan Document, or (iii) the granting of the security interest in the Collateral, except for filings in connection with the perfection of the security interest in any of the Collateral or the issuance of the Warrants. The Loan Documents have been duly executed and delivered and constitute legal, valid and binding obligations of Borrower, enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws of general application relating to or affecting the enforcement of creditors' rights or by general principles of equity.

5.5 No Prior Encumbrances. Borrower has good and marketable title to the Collateral, free and clear of Liens except for Permitted Liens. Borrower has good title and ownership of, or is licensed under, all of Borrower's current Intellectual Property. Borrower has not received any communications alleging that Borrower has violated, or by conducting its business as proposed, would violate any proprietary rights of any other Person. Borrower has no knowledge of any infringement or violation by it of the intellectual property rights of any third party and has no knowledge of any violation or infringement by a third party of any of its Intellectual Property. The Collateral and the Intellectual Property constitute substantially all of the assets and property of Borrower.

5.6 Name; Location of Chief Executive Office, Principal Place of Business and Collateral. Except as set forth on the Disclosure Schedule, Borrower has not done business under any name other than that specified on the signature page hereof. Borrower's jurisdiction of incorporation, chief executive office, principal place of business, and the place where Borrower maintains its records concerning the Collateral are presently located in the state and at the address set forth on the cover page of this Agreement. The Collateral is presently located at the address set forth on the cover page hereof or as set forth in the Disclosure Schedule.

5.7 Litigation. There are no actions or proceedings pending by or against Borrower before any court or administrative agency in which an adverse decision could have a material adverse effect on Borrower or the aggregate value of the Collateral. Borrower does not have knowledge of any such pending or threatened actions or proceedings.

5.8 Financial Statements. All financial statements relating to Borrower or any Affiliate that have been or may hereafter be delivered by Borrower to Agent present fairly in all material respects Borrower's financial condition as of the date thereof and Borrower's results of operations for the period then ended.

5.9 No Material Adverse Effect. No event has occurred and no condition exists which could reasonably be expected to have a material adverse effect on the financial condition, business or operations of Borrower since December 31, 2010; provided that any adverse effect that results from general economic or industry conditions, which do not affect Borrower in a disproportionate manner relative to other participants in the economy or such industry, as applicable, shall be disregarded in determining whether there has been or would be a material adverse effect on Borrower.

5.10 Full Disclosure. No representation, warranty or other statement made by Borrower in any Loan Document (including the Disclosure Schedule), certificate or written statement furnished to Lender contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading. There is no fact known to Borrower which materially adversely affects, or which could in the future be

reasonably expected to materially adversely affect, its ability to perform its obligations under this Agreement.

5.11 Solvency, Etc. Borrower is Solvent (as defined below) and, after the execution and delivery of the Loan Documents and the consummation of the transactions contemplated thereby, Borrower will be Solvent. "Solvent" means, with respect to any Person on any date, that on such date such Person is able to pay its debts (including trade debts) as they mature.

5.12 Subsidiaries. Borrower has no Subsidiaries as of the date hereof other than Enphase Energy SAS, Enphase Energy SRL and Enphase Energy New Zealand Limited.

5.13 Catastrophic Events; Labor Disputes. Neither Borrower nor its properties is or has been affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or other casualty that could reasonably be expected to have a material adverse effect on the financial condition, business or operations of Borrower. There are no disputes presently subject to grievance procedure, arbitration or litigation under any of the collective bargaining agreements, employment contracts or employee welfare or incentive plans to which Borrower is a party, and there are no strikes, lockouts, work stoppages or slowdowns, or, to the knowledge of Borrower, jurisdictional disputes or organizing activity occurring or threatened which could reasonably be expected to have a material adverse effect on the financial condition, business or operations of Borrower.

5.14 Certain Agreements of Officers, Employees and Consultants. To the knowledge of Borrower, no officer, employee or consultant of Borrower is, or is now expected to be, in violation of any term of any employment contract, proprietary information agreement, nondisclosure agreement, noncompetition agreement or any other material contract or agreement or any restrictive covenant relating to the right of any such officer, employee or consultant to be employed by Borrower because of the nature of the business conducted or to be conducted by Borrower or relating to the use of trade secrets or proprietary information of others, and to Borrower's knowledge, the continued employment of Borrower's officers, employees and consultants does not subject Borrower to any material liability for any claim or claims arising out of or in connection with any such contract, agreement, or covenant.

5.15 No Present Intention to Terminate. To the knowledge of Borrower, no officer of Borrower, and no employee or consultant of Borrower whose termination, either individually or in the aggregate, could reasonably be expected to have a material adverse effect on the financial condition, business or operations of Borrower, has any present intention of terminating his or her employment or consulting relationship with Borrower.

6. Affirmative Covenants. Borrower, until the full and complete payment of the Obligations (other than inchoate indemnity obligations), covenants and agrees that:

6.1 Good Standing. Borrower shall maintain its corporate existence and its good standing in its jurisdiction of incorporation and maintain qualification in each jurisdiction in which the failure to so qualify could reasonably be expected to have a material adverse effect on the financial condition, operations or business of Borrower. Borrower shall maintain in force all licenses, approvals and agreements, the loss of which could reasonably be expected to have a material adverse effect on its financial condition, operations or business.

6.2 Government Compliance. Borrower shall comply with all statutes, laws, ordinances and government rules and regulations to which it is subject, noncompliance with which could reasonably be expected to materially adversely affect the financial condition, operations or business of Borrower.

6.3 Financial Statements, Reports, Certificates. Until such time as Borrower shall have become a publicly reporting company under the Exchange Act, Borrower shall deliver to Agent and each of the Major Lenders (and any other Lender upon such Lender's written request to Borrower): (a) as soon as available, but in any event within thirty (30) days after the end of each month, a company prepared balance sheet, income statement and cash flow statement covering Borrower's operations during such period, certified by Borrower's president, controller or chief financial officer (each, a "Responsible Officer"); (b) as soon as available, but in any event within one hundred eighty (180) days after the end of Borrower's fiscal year commencing with Borrowers' fiscal year 2010, audited financial statements of Borrower prepared in accordance with GAAP, together with an unqualified opinion (other than a qualification for a going concern) on such financial statements of a nationally recognized or other independent public accounting firm reasonably acceptable to Agent; (c) as soon as available, but in any event within ninety (90) days after the end of Borrower's fiscal year or the date of Borrower's board of directors' adoption, Borrower's operating budget and plan for the next fiscal year and (d) such other financial information as the Lenders may reasonably request from time to time. In addition, Borrower shall deliver to Agent and each of the Major Lenders (and any other Lender upon such Lender's written request to Borrower): (i) promptly upon becoming available, copies of all statements, reports and notices sent or made available generally by Borrower to its security holders; and (ii) immediately upon receipt of notice thereof, a report of any material legal actions pending or threatened against Borrower or the commencement of any action, proceeding or governmental investigation involving Borrower is commenced that is reasonably expected to result in damages or costs to Borrower of Two Hundred Fifty Thousand Dollars ($250,000).

6.4 Certificates of Compliance. Until such time as Borrower shall have become a publicly reporting company under the Exchange Act, each time financial statements are furnished pursuant to Section 6.3 above, Borrower shall deliver to Agent an Officer's Certificate signed by a Responsible Officer in the form of, and certifying to the matters set forth in Exhibit E hereto.

6.5 Notice of Defaults. As soon as possible, and in any event within five (5) days after the discovery of an Event of Default, Borrower shall provide the Agent with an Officer's Certificate setting forth the facts relating to or giving rise to such Event of Default and the action which Borrower proposes to take with respect thereto.

6.6 Taxes. Borrower shall make due and timely payment or deposit of all federal, state, and local taxes, assessments, or contributions required of it by law or imposed upon any Property belonging to it, and will execute and deliver to the Agent, on demand, appropriate certificates attesting to the payment or deposit thereof; and Borrower will make timely payment or deposit of all tax payments and withholding taxes required of it by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Lender with proof satisfactory to Agent indicating that Borrower has made such payments or deposits; provided that Borrower need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings which suspend the collection thereof (provided that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of any material item of Collateral or Collateral which in the aggregate is material to Borrower and that Borrower has adequately bonded such amounts or reserves sufficient to discharge such amounts have been provided on the books of Borrower).

6.7 Use; Maintenance. Borrower shall keep and maintain all items of equipment and other similar types of personal property that form any significant portion or portions of the Collateral in good operating condition and repair and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall at all times be maintained and preserved. Borrower shall not permit any such material item of Collateral to become a fixture to real estate or an

accession to other personal property, without the prior written consent of Lender. Borrower shall not permit any such material item of Collateral to be operated or maintained in violation of any applicable law, statute, rule or regulation. With respect to items of leased equipment (to the extent Agent has any security interest in any residual Borrower's interest in such equipment under the lease), Borrower shall keep, maintain, repair, replace and operate such leased equipment in accordance with the terms of the applicable lease.

6.8 Insurance. Borrower shall keep its business and the Collateral insured for risks and in amounts, as the Agent may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Agent. All property policies shall have a lender's loss payable endorsement showing Agent on behalf of and for the ratable benefit of the Lenders as an additional loss payee and all liability policies shall show Agent as an additional insured. Borrower shall provide Agent at least twenty (20) days notice before cancellation of its insurance policies. At Agent's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any property policy shall, at Agent's option, be payable to Agent on behalf of and for the ratable benefit of the Lenders on account of the Obligations. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any property policy, toward the replacement or repair of destroyed or damaged property; provided that (i) any such replaced or repaired property (a) shall be of equal or like value as the replaced or repaired Collateral and (b) shall be deemed Collateral in which Lender has been granted a first priority security interest and (ii) after the occurrence and during the continuation of an Event of Default all proceeds payable under such property policy shall, at the option of Lender, be payable to Lender, on account of the Obligations. If Borrower fails to obtain insurance as required under Section 6.8 or to pay any amount or furnish any required proof of payment to third persons and Lender, Lender may make all or part of such payment or obtain such insurance policies required in Section 6.8, and take any action under the policies Lender deems prudent. On or prior to the first Funding Date and prior to each policy renewal, Borrower shall furnish to Lender certificates of insurance or other evidence satisfactory to Lender that insurance complying with all of the above requirements is in effect.

6.9 Security Interest. Assuming the proper filing of one or more financing statement(s) identifying the Collateral with the proper state and/or local authorities, the security interests in the Collateral granted to Lender pursuant to this Agreement (i) constitute and will continue to constitute first priority security interests (except to the extent any Permitted Liens may have a superior priority to Agent's Lien under this Agreement) and (ii) are and will continue to be superior and prior to the rights of all other creditors of Borrower (except to the extent of such Permitted Liens).

6.10 Further Assurances. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Agent to make effective the purposes of this Agreement, including without limitation, the continued perfection and priority of Agent's security interest in the Collateral.

6.11 Subsidiaries. Borrower, upon Agent's reasonable request, shall cause any Subsidiary of Borrower to provide Lender with a guaranty of the Obligations and a security interest in such Subsidiary's assets to secure such guaranty. Borrower shall not create or otherwise have any Subsidiaries after the date hereof, except for Subsidiaries for which Borrower obtained Agent's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed) and otherwise subject to the first sentence of this Section 6.11.

6.12 Notices Regarding Warranty Claim Rate. If as of the first day of any calendar month prior to the Commitment Termination Date, the Warranty Claim Rate for microinverters shipped by or on behalf of Borrower during either the (i) the preceding three (3) month period or (ii) the

preceding six (6) month period is greater than one percent (1%), then Borrower shall notify the Agent in writing (within 7 days after the beginning of such calendar month) and shall provide such information relating to related warranty claims as Agent (on behalf of the Lenders) may reasonably request.

7. Negative Covenants. Borrower, until the full and complete payment of the Obligations (other than inchoate indemnity obligations), covenants and agrees that Borrower shall not without Agent's prior written consent, which shall not be unreasonably withheld:

7.1 Chief Executive Office. Change its name, jurisdiction of incorporation, chief executive office, principal place of business or any of the items set forth in Section 1 of the Disclosure Schedule without thirty (30) days prior written notice to Agent.

7.2 Collateral Control. Subject to its rights under Section 4.4 and other than for Transfers permitted under Section 7.4, remove any items of Collateral from Borrower's facility located at the address set forth on the cover page hereof or as set forth on the Disclosure Schedule.

7.3 Liens. Create, incur, assume or suffer to exist any Lien of any kind upon any of Borrower's Property, whether now owned or hereafter acquired, except Permitted Liens.

7.4 Other Dispositions of Collateral. Convey, sell, lease or otherwise dispose of all or any part of the Collateral to any Person (collectively, a "Transfer"), except for: (i) Transfers of inventory in the ordinary course of business; (ii) Transfers of worn-out or obsolete equipment; (iii) Transfers permitted under subclause (f) of the definition of Permitted Liens with respect to Collateral, (iv) Transfers in connection with Permitted Liens and Permitted Investments; or (v) Transfers that are not otherwise permitted under this Section 7.4 in an amount not to exceed Two Hundred Fifty Thousand Dollars ($100,000) in the aggregate in any fiscal year.

7.5 Distributions. (i) Pay any dividends or make any distributions on its Equity Securities; (ii) purchase, redeem, retire, defease or otherwise acquire for value any of its Equity Securities (other than repurchases pursuant to the terms of employee stock purchase plans, employee restricted stock agreements or similar arrangements in an aggregate amount not to exceed Two Hundred Fifty Thousand Dollars ($250,000)); (iii) return any capital to any holder of its Equity Securities as such; (iv) make any distribution of assets, Equity Securities, obligations or securities to any holder of its Equity Securities as such; or (v) set apart any sum for any such purpose; provided, however, Borrower may pay dividends payable solely in Borrower's common stock.

7.6 Mergers or Acquisitions. Merge or consolidate with or into any other Person (other than mergers or consolidations of a Subsidiary into another Subsidiary or into Borrower) or acquire all or substantially all of the capital stock or assets of another.

7.7 Change in Ownership. (A) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower or reasonably related thereto or (B) have a material change in its ownership of greater than forty nine percent (49%) (other than by the sale by Borrower of Borrower's Equity Securities in a public offering or to venture capital investors so long as Borrower identifies to the Agent the venture capital investors prior to the closing of the investment) (clause (B) of this Section 7.7 referred to in this Agreement sometimes as a "Change in Control").

7.8 Transactions With Affiliates/Subsidiaries. (a) Enter into any contractual obligation with any Affiliate or engage in any other transaction with any Affiliate except (i) upon terms at least as favorable to Borrower as an arms-length transaction with Persons who are not Affiliates of Borrower or

are otherwise approved by the disinterested members of Borrower's board of directors, and (ii) Borrower's sale of equity and debt securities (provided that such debt securities are Subordinated Debt) to venture capital or other strategic investors or (b) create a Subsidiary, unless, at Agent's election, such Subsidiary guarantees the Obligations and grants a security interest in its assets to secure such guaranty, provided that Lender further agrees not to unreasonably withhold, condition or delay its consent to the creation of a Subsidiary.

7.9 Indebtedness Payments. (i) Prepay, redeem, purchase, defease or otherwise satisfy in any manner prior to the scheduled repayment thereof any Indebtedness for borrowed money or lease obligations (other than (i) Indebtedness or lease obligations in an aggregate amount not to exceed $250,000 per fiscal year, (ii) amounts due or permitted to be prepaid under this Agreement, or (iii) Permitted Indebtedness including without limitation under any revolving credit agreement constituting Permitted Indebtedness under clause (d) of the definition of Permitted Indebtedness and Indebtedness owing to Atel Ventures, Inc. (collectively, the "Excluded Indebtedness")), (ii) amend, modify or otherwise change the terms of any Indebtedness for borrowed money or lease obligations (other than Excluded Indebtedness) so as to accelerate the scheduled repayment thereof or (iii) repay any notes to officers, directors or shareholders other than converting any such notes into equity securities of the company.

7.10 Indebtedness. Create, incur, assume or permit to exist any Indebtedness except Permitted Indebtedness.

7.11 Investments. Make any Investment except for Permitted Investments.

7.12 Compliance. Become an "investment company" or a company controlled by an "investment company" under the Investment Company Act of 1940 or undertake as one of its important activities extending credit to purchase or carry margin stock, or use the proceeds of any Loan for that purpose; fail to meet the minimum funding requirements of the Employment Retirement Income Security Act of 1974, and its regulations, as amended from time to time ("ERISA"), permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business or operations or could reasonably be expected to cause a material adverse change, or permit any of its Subsidiaries to do so.

7.13 Maintenance of Accounts. (i) Maintain any deposit account or account holding securities owned by Borrower except (a) accounts with the lender providing Borrower with Indebtedness permitted under subsection (d) of the definition of Permitted Indebtedness or (b) accounts with respect to which Lender is able to take such actions as it deems necessary to obtain a perfected security interest in such accounts through one or more Account Control Agreements; or (ii) grant or allow any other Person (other than Lender) to perfect a security interest in, or enter into any agreements with any Persons (other than Lender) accomplishing perfection via control as to any of its deposit accounts or accounts holding securities other than in favor of the lender providing Borrower with Indebtedness permitted under subsection (d) of the definition of Permitted Indebtedness. Notwithstanding the foregoing, Borrower may maintain: (1) a deposit account at Banca Popolare di Milano, BPM, subsidiary 129, having account number **[***]** (the "Italian Account"), (2) a deposit account with BNP Paribas having account number **[***]** (the "French Account" and collectively with the Italian Account, the "Foreign Accounts"), (3) a deposit account with Bank of the West, having an account number of **[***]** (the "Bank of the West

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

Account") and (4) a deposit account to be established with [Bank of New Zealand (the "New Zealand Account"), provided that (x) less than One Million Euros (€ 1,000,000) in the aggregate is maintained by Borrower in the Foreign Accounts and (y) less than Five Thousand Dollars ($5,000) is maintained by Borrower in the Bank of the West Account.

7.14 Negative Pledge Regarding Intellectual Property. Create, incur, assume or suffer to exist any Lien of any kind upon any Intellectual Property or Transfer any Intellectual Property (other than for Transfers permitted under subclause (f) of the definition of Permitted Liens), whether now owned or hereafter acquired.

7.15 Inventory and Equipment. Store Inventory or Equipment with an aggregate value in excess of Fifty Thousand Dollars ($50,000) with a bailee, warehouseman, or other third party other than Flextronics (international or domestic locations) unless the third party has been notified of Lender's security interest and Lender (a) has received an acknowledgment from the third party that it is holding or will hold the Inventory or Equipment for Lender's benefit or (b) is in pledge possession of the warehouse receipt, where negotiable, covering such Inventory or Equipment. Store or maintain any Equipment or Inventory with an aggregate value in excess of Fifty Thousand Dollars ($50,000) at a location other than at Flextronics (international or domestic locations) or the location set forth in Section 10 of this Agreement. Notwithstanding the foregoing, Borrower may maintain up to One Million Dollars ($1,000,000) in raw materials in transit (from Borrower's supplier(s) to Flextronics' manufacturing facility in China), without complying with (a) or (b), above.

8. Events of Default. Any one or more of the following events shall constitute an "Event of Default" by Borrower under this Agreement:

8.1 Failure to Pay. If Borrower fails to (i) make any payment of principal or interest under a Loan when due and payable or when declared due and payable in accordance with the Loan Documents or (ii) pay any other portion of the Obligations within five (5) days after receipt of written notice from Lender that such payment is due.

8.2 Certain Covenant Defaults. If Borrower fails to perform any obligation under violates any of the covenants contained in Section 7 of this Agreement.

8.3 Other Covenant Defaults. If Borrower fails or neglects to perform, keep, or observe any other material term, provision, condition, covenant, or agreement contained in this Agreement (other than as set forth in Sections 8.1, 8.2 or 8.4 through 8.11), in any of the other Loan Documents and Borrower has failed to cure such default within fifteen (15) days of the occurrence of such default. During this fifteen (15) day period, the failure to cure the default is not an Event of Default (but no Loan will be made during the cure period).

8.4 Seizure of Assets, Etc. If any material portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or Person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any material part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any material portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower receives notice thereof; provided that none of the foregoing

shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower.

8.5 Service of Process. The service of process upon Agent or any Lender seeking to attach by a trustee or other process any funds of Borrower on deposit or otherwise held by Agent or such Lender, or the delivery upon Agent or any Lender of a notice of foreclosure by any Person seeking to attach or foreclose on any funds of Borrower on deposit or otherwise held by Agent or any Lender, or the delivery of a notice of foreclosure or exclusive control to any entity holding or maintaining Borrower's deposit accounts or accounts holding securities by any Person (other than any of the Lenders) seeking to foreclose or attach any such accounts or securities.

8.6 Default on Indebtedness. One or more defaults or events of default shall exist under any agreement with any third party or parties which consists of the failure to pay any Indebtedness at maturity or which results in a right by such third party or parties, whether or not exercised, to accelerate the maturity of Indebtedness in an aggregate amount in excess of Two Hundred Fifty Thousand Dollars ($250,000) provided, however, that the Event of Default under this Section 8.6 caused by a default or event of default under such other agreement shall be cured or waived for purposes of this Agreement upon Agent receiving written notice from the party asserting such default of such cure or waiver of the default under such other agreement, if at the time of such cure or waiver under such other agreement (x) the Lenders have not declared an Event of Default under this Agreement and/or exercised any rights with respect thereto; (y) any such cure or waiver does not result in an Event of Default under any other provision of this Agreement or any Loan Document; and (z) in connection with any such cure or waiver under such other agreement, the terms of any agreement with such third party are not modified or amended in any manner which could in the good faith judgment of Lender be materially less advantageous to Borrower or any Subsidiary.

8.7 Judgments. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars ($250,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of ten (10) days or more.

8.8 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty, representation, statement, certification, or report made to Lender by Borrower or any officer, employee, agent, or director of Borrower.

8.9 Unenforceable Loan Document. If any Loan Document shall in any material respect cease to be, or Borrower shall assert that any Loan Document is not, a legal, valid and binding obligation of Borrower enforceable in accordance with its terms.

8.10 Involuntary Insolvency Proceeding. If a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Borrower in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee (or similar official) of Borrower or for any substantial part of its Property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of forty five (45) consecutive days or such court shall enter a decree or order granting the relief sought in such proceeding.

8.11 Voluntary Insolvency Proceeding. If Borrower shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian (or other

similar official) of Borrower or for any substantial part of its Property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action in furtherance of any of the foregoing.

9. Lenders' Rights and Remedies.

9.1 Rights and Remedies. Upon the occurrence of any Default or Event of Default, the Lenders shall not have any further obligation to advance money or extend credit to or for the benefit of Borrower. In addition, upon the occurrence of an Event of Default, the Agent, on behalf of and for ratable the benefit of the Lenders, shall have the rights, options, duties and remedies of a secured party as permitted by law and, in addition to and without limitation of the foregoing, the Agent may, with the written consent or at the written direction of the Required Lenders, without notice of election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Acceleration of Obligations. Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, including (i) any accrued and unpaid interest, (ii) the unpaid principal balance of the Loans and (iii) all other sums, if any, that shall have become due and payable hereunder, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.10 or 8.11 all Obligations shall become immediately due and payable without any action by Agent or any of the Lenders);

(b) Protection of Collateral. Make such payments and do such acts as Agent considers necessary or reasonable to protect Agent's security interest in the Collateral, on behalf of and for the ratable benefit of the Lenders. Borrower agrees to assemble the Collateral if Agent requires and to make the Collateral available to Agent as Agent may designate. Borrower authorizes Agent and its designees and agents to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any Lien which in Agent's determination appears or is claimed to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Agent a license to enter into possession of such premises and to occupy the same, without charge, for up to one hundred twenty (120) days in order to exercise any of Agent's rights or remedies provided herein, at law, in equity, or otherwise;

(c) Preparation of Collateral for Sale. Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Agent and its agents and any purchasers at or after foreclosure are hereby granted a non-exclusive, irrevocable, perpetual, fully paid, royalty-free license or other right, solely pursuant to the provisions of this Section 9.1, to use, without charge, Borrower's Intellectual Property, including without limitation, labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any Property of a similar nature, now or at any time hereafter owned or acquired by Borrower or in which Borrower now or at any time hereafter has any rights; provided that such license shall only be exercisable in connection with the disposition of Collateral upon Agent's exercise of its remedies hereunder;

(d) Sale of Collateral. Sell the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Agent determines are commercially reasonable; and

(e) Purchase of Collateral. Credit bid and purchase all or any portion of the Collateral at any public sale.

Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

9.2 Set Off Right. Agent and the Lenders may set off and apply to the Obligations any and all indebtedness at any time owing to or for the credit or the account of Borrower or any other assets of Borrower in Agent's or any Lender's possession or control.

9.3 Effect of Sale. Upon the occurrence of an Event of Default, to the extent permitted by law, Borrower covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisement of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, except as to rights expressly provided herein, hereby expressly waives for itself and on behalf of each and every Person, except decree or judgment creditors of Borrower, acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to Agent, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Borrower in and to the Property sold, and shall be a perpetual bar, both at law and in equity, against Borrower, its successors and assigns, and against any and all Persons claiming the Property sold or any part thereof under, by or through Borrower, its successors or assigns.

9.4 Power of Attorney in Respect of the Collateral. Borrower does hereby irrevocably appoint Agent (which appointment is coupled with an interest), the true and lawful attorney in fact of Borrower with full power of substitution, for it and in its name to file any notices of security interests, financing statements and continuations and amendments thereof pursuant to the Code or federal law, as may be necessary to perfect, or to continue the perfection of Agent's security interests in the Collateral. Borrower does hereby irrevocably appoint Agent (which appointment is coupled with an interest) on the occurrence of an Event of Default, the true and lawful attorney in fact of Borrower with full power of substitution, for it and in its name: (a) to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, issues, profits, avails, distributions, income, payment draws and other sums in which a security interest is granted under Section 4 with full power to settle, adjust or compromise any claim thereunder as fully as if Agent were Borrower itself; (b) to receive payment of and to endorse the name of Borrower to any items of Collateral (including checks, drafts and other orders for the payment of money) that come into Agent's possession or under Agent's control; (c) to make all demands, consents and waivers, or take any other action with respect to, the Collateral; (d) in Agent's discretion to file any claim or take any other action or proceedings, either in its own name or in the name of Borrower or otherwise, which Agent may reasonably deem necessary or appropriate to protect and preserve the right, title and interest of Agent in and to the Collateral; (e) endorse Borrower's name on any checks or other forms of payment or security; (f) sign Borrower's name on any invoice or bill of lading for any account or drafts against account debtors; (g) make, settle, and adjust all claims under Borrower's insurance policies; (h) settle and adjust disputes and claims about the accounts directly with account debtors, for amounts and on terms Agent determines reasonable; (i) transfer the Collateral into the name of Agent or a third party as the Code permits; and (j) to otherwise act with respect thereto as though Agent were the outright owner of the Collateral.

9.5 Lenders' Expenses. If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Agent, with the written consent or at the written direction of the Required Lenders, may do any or all of the following: (a) make payment of the same or any part thereof; or (b) obtain and maintain insurance policies of the type discussed in Section 6.8 of this Agreement, and take any action with respect to such policies as Agent deems prudent. Any amounts paid or deposited by Agent shall constitute Lenders' Expenses (and payable and reimbursable to Agent), shall be immediately due and payable, shall bear interest at the Default Rate and shall be secured by the Collateral. Any payments made by Agent or any Lender shall not constitute an agreement by Agent or such Lender to make similar payments in the future or a waiver by Agent or such Lender of any Event of Default under this Agreement. Borrower shall pay all reasonable fees and expenses, including without limitation, Lenders' Expenses, incurred by Agent or any Lender in the enforcement or attempt to enforce any of the Obligations hereunder not performed when due.

9.6 Remedies Cumulative. Each of Agent's and each Lender's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Agent and each Lender shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Agent or any Lender of one right or remedy shall be deemed an election, and no waiver by Agent or such Lender of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Agent or any Lender shall constitute a waiver, election, or acquiescence by it.

9.7 Application of Collateral Proceeds. The proceeds and/or avails of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder (as well as any other amounts of any kind held by Agent or any Lender, at the time of or received by Agent or any Lender after the occurrence of an Event of Default hereunder) shall be paid to and applied as follows:

(a) First, to the payment of out-of-pocket costs and expenses, including all amounts expended to preserve the value of the Collateral, of foreclosure or suit, if any, and of such sale and the exercise of any other rights or remedies, and of all proper fees, expenses, liability and advances, including reasonable legal expenses and attorneys' fees, incurred or made hereunder by Agent and the Lenders, including, without limitation, Lenders' Expenses;

(b) Second, to the payment to each Lender, on a ratable basis, of the amount then owing or unpaid on the Loans for any accrued and unpaid interest, the amounts which would have otherwise come due under Section 2.3(b)(ii), if the Loans had been voluntarily prepaid, the principal balance of the Loans, and all other Obligations with respect to the Loans held by such Lender (provided, however, if such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Loans, then to the unpaid interest thereon, then to the amounts which would have otherwise come due under Section 2.3(b)(ii), if the Loans had been voluntarily prepaid, then to the principal balance of the Loans, and then to the payment of other amounts then payable to Lender under any of the Loan Documents); and

(c) Third, to the payment of the surplus, if any, to Borrower, its successors and assigns, or to the Person lawfully entitled to receive the same.

9.8 Reinstatement of Rights. If Agent and any Lender shall have proceeded to enforce any right under this Agreement or any other Loan Document by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case (unless otherwise ordered by a court of competent

jurisdiction), Agent and any such Lender shall be restored to its former position and rights hereunder with respect to the Property subject to the security interest created under this Agreement.

10. Waivers; Indemnification.

10.1 Demand; Protest. Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees at any time held by the Lenders on which Borrower may in any way be liable.

10.2 Lender's Liability for Collateral. So long as Agent or any Lender complies with its obligations, if any, under the Code, neither Agent nor any Lender shall in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause other than Lender's gross negligence or willful misconduct; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person whomsoever. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

10.3 Indemnification and Waiver. Whether or not the transactions contemplated hereby shall be consummated:

(a) General Indemnity. Borrower agrees upon demand to pay or reimburse each Lender for all liabilities, obligations and out-of-pocket expenses, including all Lenders' Expenses and reasonable fees and expenses of counsel for Lender from time to time arising in connection with the enforcement or collection of sums due under the Loan Documents, and in connection with any amendment or modification of the Loan Documents or any "work-out" in connection with the Loan Documents. Borrower shall indemnify, reimburse and hold each Lender, and each of its respective successors, assigns, agents, attorneys, officers, directors, equity holders, servants, agents and employees (each an "Indemnified Person") harmless from and against all liabilities, losses, damages, actions, suits, demands, claims of any kind and nature (including claims relating to environmental discharge, cleanup or compliance), all costs and expenses whatsoever to the extent they may be incurred or suffered by such Indemnified Person in connection therewith (including reasonable attorneys' fees and expenses), fines, penalties (and other charges of any applicable Governmental Authority), licensing fees relating to any item of Collateral, damage to or loss of use of property (including consequential or special damages to third parties or damages to Borrower's property), or bodily injury to or death of any person (including any agent or employee of Borrower) (each, a "Claim"), directly or indirectly relating to or arising out of the use of the proceeds of the Loans or otherwise, the falsity of any representation or warranty of Borrower or Borrower's failure to comply with the terms of this Agreement or any other Loan Document. The foregoing indemnity shall cover, without limitation, (i) any Claim in connection with a design or other defect (latent or patent) in any item of equipment or product included in the Collateral, (ii) any Claim for infringement of any patent, copyright, trademark or other intellectual property right, (iii) any Claim resulting from the presence on or under or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials on the premises owned, occupied or leased by Borrower, including any Claims asserted or arising under any Environmental Law, (iv) any Claim for negligence or strict or absolute liability in tort, or (v) any Claim asserted as to or arising under any Account Control Agreement or any Landlord Agreement; provided, however, Borrower shall not indemnify any Lender for any liability incurred by such Lender as a direct and sole result of such Lender's gross negligence or willful misconduct. Such indemnities shall continue in full force and effect, notwithstanding the expiration or termination of this Agreement. Upon any Lender's written demand, Borrower shall assume and diligently conduct, at its sole cost and expense, the entire defense of such Lender, each of its members, partners, and each of their respective, agents, employees, directors, officers, equity holders, successors and assigns

against any indemnified Claim described in this Section 10.3(a). Borrower shall not settle or compromise any Claim against or involving any Lender without first obtaining such Lender's written consent thereto, which consent shall not be unreasonably withheld.

(b) Waiver. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT OR ANYWHERE ELSE, BORROWER AGREES THAT IT SHALL NOT SEEK FROM LENDER UNDER ANY THEORY OF LIABILITY (INCLUDING ANY THEORY IN TORTS), ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES.

(c) Survival; Defense. The obligations in this Section 10.3 shall survive payment of all other Obligations pursuant to Section 12.8. At the election of any Indemnified Person, Borrower shall defend such Indemnified Person using legal counsel satisfactory to such Indemnified Person in such Person's reasonable discretion, at the sole cost and expense of Borrower. All amounts owing under this Section 10.3 shall be paid within thirty (30) days after written demand.

11. Notices. Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid or electronic mail) shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, by prepaid nationally recognized overnight courier, or by electronic mail or prepaid facsimile to Borrower or to Agent, as the case may be, at their respective addresses set forth below, and with respect to any other Lender, at their respective addresses set forth on Schedule I hereto:

If to Borrower:	Enphase Energy, Inc. 201 1st Street, Suite 300 Petaluma, CA 94952 Attention: Chief Financial Officer, Sanjeev Kumar
If to Agent:	KPCB Holdings, Inc., as nominee 2750 Sand Hill Road Menlo Park, CA 94025 Attention: Ben Kortlang
With a copy to (which shall not constitute the giving of notice):	Fenwick & West LLP 801 California Street Mountain View, CA 94041 Attention: Sayre E. Stevick
If to any other Lender:	Per the address facsimile number and electronic mail address set forth in Schedule I to this Agreement.

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other. All such notices or demands shall be deemed to have been duly made or given: on the same day and at such time if personally delivered; three (3) Business Days after delivery by certified mail, postage prepaid, return receipt requested; one (1) Business Day after delivery by prepaid nationally recognized overnight courier; and on the same day and at such time if effected through electronic mail or prepaid facsimile (confirmed to have been received in the case of facsimile transmissions) on or prior to 5:00 p.m. Pacific or if thereafter the next Business Day.

12. Conversion; Agent and Agency; General Provisions.

12.1 Agent and Agency. Each of the Lenders hereunder acknowledges and agrees with and consents to the terms and provisions set forth in Schedule III to this Agreement with regard to KPCB's role as Agent under this Agreement.

12.2 Successors and Assigns. This Agreement and the Loan Documents shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; provided, however, neither this Agreement nor any rights hereunder may be assigned by Borrower without the prior written consent of the Required Lenders, which consent may be granted or withheld in the sole discretion of the Required Lenders. Each Lender shall have the right without the consent of or notice to Borrower to sell, transfer, assign, negotiate, or grant participations (an "Assignment") in all or any part of, or any interest in such Lender's rights and benefits hereunder provided that such Lender shall cause to be executed and delivered by any such assignee an acknowledgement and consent that such assignee agrees to be bound by all the terms and provisions of this Agreement and the Loan Documents; provided further that, unless the prior written consent of Borrower shall have been obtained by such Lender, such Lender shall not sell, transfer, assign, negotiate or grant any participations in Advances held or in favor of such Lender to any competitor of Borrower set forth on Schedule 12.2 of the Disclosure Schedule and such Lender must sell, transfer and assign not less than the lesser of $1,000,000 in Advances held by or in favor of such Lender or 100% of all Advances held by or in favor of such Lender. Each Lender may disclose the Loan Documents and any other financial or other information relating to Borrower or any Subsidiary to any potential participant or assignee of any of the Loans, provided that such participant or assignee agrees to protect the confidentiality of such documents and information using the same measures that it uses to protect its own confidential information.

12.3 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.5 Entire Agreement; Construction; Amendments and Waivers.

(a) Entire Agreement. This Agreement and each of the other Loan Documents dated as of the date hereof, taken together, constitute and contain the entire agreement among Borrower, Agent and the Lenders and supersede any and all prior agreements, negotiations, correspondence, understandings and communications between the parties, whether written or oral, respecting the subject matter hereof. Borrower acknowledges that it is not relying on any representation or agreement made by any Lender or any employee, attorney or agent thereof, other than the specific agreements set forth in this Agreement and the Loan Documents.

(b) Construction. This Agreement is the result of negotiations between and has been reviewed by each of Borrower, Agent and each Lender as of the date hereof and their respective counsel; accordingly, this Agreement shall be deemed to be the product of the parties hereto, and no ambiguity shall be construed in favor of or against Borrower, Agent or any Lender. Each of Borrower, Agent and each Lender agree that they intend the literal words of this Agreement and the other Loan Documents and that no parol evidence shall be necessary or appropriate to establish Borrower's, Agent's or such Lender's actual intentions.

(c) Amendments and Waivers. Any and all discharges or waivers of, or consents to any departures from any provision of this Agreement or of any of the other Loan Documents shall not be effective without the written consent of the Required Lenders. Any and all amendments and modifications of this Agreement or of any of the other Loan Documents shall not be effective without the written consent of Borrower and the Required Lenders. Any waiver or consent with respect to any provision of the Loan Documents shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on Borrower in any case shall entitle Borrower to any other or further notice or demand in similar or other circumstances. Any amendment, modification, waiver or consent affected in accordance with this Section 12.5(c) shall be binding upon the Lenders and on Borrower; provided, however, that (1) any amendment, modification, waiver or consent that treats or affects a Lender in a materially unequal fashion as compared to all other Lenders shall require the consent of the Lender receiving such unequal treatment; and (2) any amendment, modification, waiver or consent that (i) increases the Commitment Amount or the Pro Rata Share of any Lender, (ii) decreases the principal amount of the Note held by any Lender (other than pursuant to Section 2.1(b)) or the number of shares issuable to any Lender upon the exercise of any Warrant held by such Lender, or (iii) increases the Conversion Price applicable to the conversion of any Note held by a Lender (other than any adjustment pursuant to Section 4 of Schedule II to this Agreement), shall require the consent of the affected Lender.

12.6 Reliance by Lender. All covenants, agreements, representations and warranties made herein by Borrower shall be deemed to be material to and to have been relied upon by each Lender, notwithstanding any investigation by such Lender.

12.7 No Set-Offs by Borrower. All sums payable by Borrower pursuant to this Agreement or any of the other Loan Documents shall be payable without notice or demand and shall be payable in United States Dollars without set-off or reduction of any manner whatsoever.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts (including signatures delivered by facsimile or other electronic means), each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement.

12.9 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations or commitment to fund remain outstanding. The obligations of Borrower to indemnify the Lenders with respect to the expenses, damages, losses, costs and liabilities described in Section 10.3 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against the Lenders have run.

13. Relationship of Parties. Borrower and each Lender acknowledge, understand and agree that the relationship between Borrower, on the one hand, and such Lender, on the other, is, and at all time shall remain solely that of a borrower and lender. Such Lender shall not under any circumstances be construed to be a partner or a joint venturer of Borrower or any of its Affiliates; nor shall such Lender under any circumstances be deemed to be in a relationship of confidence or trust or a fiduciary relationship with Borrower or any of its Affiliates, or to owe any fiduciary duty to Borrower or any of its Affiliates. Such Lender does not undertake or assume any responsibility or duty to Borrower or any of its Affiliates to select, review, inspect, supervise, pass judgment upon or otherwise inform Borrower or any of its Affiliates of any matter in connection with its or their Property, any Collateral held by such Lender or the operations of Borrower or any of its Affiliates. Borrower and each of its Affiliates shall rely entirely on their own judgment with respect to such matters, and any review, inspection, supervision, exercise of judgment or supply of information undertaken or assumed by such Lender in connection with

such matters is solely for the protection of such Lender and neither Borrower nor any Affiliate is entitled to rely thereon.

14. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. EACH OF BORROWER AND LENDER HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE NORTHERN DISTRICT OF CALIFORNIA. BORROWER AND LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

15. Waiver of Conflicts. Each party to this Agreement acknowledges that Cooley LLP ("Cooley"), outside general counsel to the Borrower, has in the past performed and is or may now or in the future represent one or more Lenders or their affiliates in matters unrelated to the transactions contemplated by this Agreement (the "Subordinated Loan Facility"), including representation of such Purchasers or their affiliates in matters of a similar nature to the Subordinated Loan Facility. The applicable rules of professional conduct require that Cooley inform the parties hereunder of this representation and obtain their consent. Cooley has served as outside general counsel to the Borrower and has negotiated the terms of the Loans solely on behalf of the Borrower. The Borrower and each Lender hereby (a) acknowledge that they have had an opportunity to ask for and have obtained information relevant to such representation, including disclosure of the reasonably foreseeable adverse consequences of such representation; (b) acknowledge that with respect to the Subordinated Loan Facility, Cooley has represented solely the Borrower, and not any Lender or any stockholder, director or employee of the Borrower or any Lender; and (c) gives its informed consent to Cooley's representation of the Borrower in the Subordinated Loan Facility.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

BORROWER:

ENPHASE ENERGY, INC.

By: _____
Name: _____
Title: _____

AGENT AND LENDER:

KPCB HOLDINGS, INC., AS NOMINEE

By: _____
Name: _____
Title: _____

LENDER(S):

[NAME OF LENDER(S)]

By: _____
Name: _____
Title: _____

LIST OF EXHIBITS AND SCHEDULES

Schedule I	Lenders, Lender Commitment Amounts, Pro Rata Shares and Warrants
Schedule II	Terms for Conversion of Outstanding Balance on Advances
Schedule III	Agent and Agency
Exhibit A	Disclosure Schedule (including Annex I thereto)
Exhibit B	Funding Certificate
Exhibit C	Form of Note
Exhibit D	Form of Legal Opinion
Exhibit E	Form of Officer's Certificate
Exhibit F	Form of Warrant

SCHEDULE I

Lenders, Lender Commitment Amounts, Pro Rata Share and Warrants

Lender	Aggregate Commitment Amount	Share of Initial Advance	Pro Rata Share (Initial Advance / each Subsequent Advance)	Warrants for Common Stock issued in connection with Initial Advance (No. of Shares)	No. of Shares of Common Stock Purchased in connection with Initial Advance	Purchase Price of Shares of Common Stock Purchased in connection with Initial Advance
KPCB Holdings, Inc., as nominee c/o Kleiner Perkins Caufield & Byers 2750 Sand Hill Road Menlo Park, CA 94025	$25,000,000.00	$6,250,000.00	50.00%		1,293,103	$749,999.74
Bay Partners XI, L.P. 490 South California Avenue, Suite 200 Palo Alto, CA 94306	$ 2,266,696.20	$ 566,674.05	4.53%		117,242	$ 68,000.36
Bay Partners XI Parallel Fund, L.P. 490 South California Avenue, Suite 200 Palo Alto, CA 94306	$ 11,392.00	$ 2,848.00	0.01%		590	$ 342.20
Madrone Partners, L.P. 3000 Sand Hill Road Building 1, Suite 150 Menlo Park, CA 94025	$ 6,145,802.69	$1,536,450.67	12.29%		317,886	$184,373.88
CalPERS Clean Energy and Technology Fund, LLC c/o Capital Dynamics 2550 Sand Hill Road, Suite #150 Menlo Park, CA 94025	$ 1,755,913.21	$ 38,978.30	3.51%	90,823		
Third Point Partners Qualified LP c/o Third Point LLC 390 Park Ave., 18th Flr New York, NY 10022	$ 1,148,790.20	$ 287,197.55	2.28%	59,420		
Third Point Partners LP c/o Third Point LLC 390 Park Ave., 18th Flr New York, NY 10022	$ 694,141.08	$ 173,535.27	1.39%	35,903		
Third Point Offshore	$ 5,357,293.80	$1,339,323.45	10.71%	277,101		

Lender	Aggregate Commitment Amount	Share of Initial Advance	Pro Rata Share (Initial Advance / each Subsequent Advance)	Warrants for Common Stock issued in connection with Initial Advance (No. of Shares)	No. of Shares of Common Stock Purchased in connection with Initial Advance	Purchase Price of Shares of Common Stock Purchased in connection with Initial Advance
Master Fund, L.P. c/o Third Point LLC 390 Park Ave., 18th Flr New York, NY 10022						
Third Ultra Master Fund, L.P. c/o Third Point LLC 390 Park Ave., 18th Flr New York, NY 10022	$743,914.20	$185,978.55	1.49%	38,478		
PCG Clean Energy & Technology Fund (East) LLC 1200 Prospect Street, Suite 200 La Jolla, CA 92037	$877,956.60	$219,489.15	1.76%		45,411	$ 26,338.38
Robert Schwartz 1277 Borregas Ave. Sunnyvale, CA 94089	$ 50,000.00	$ 12,500.00	0.10%	2,586		
Matthew White Family Trust (Matthew White) c/o G&W Ventures, LLC 201 1st Street, Suite 100 Petaluma, CA 94952	$ 50,375.00	$ 12,593.75	0.10%		2,605	$ 1,511.19
Matthew White Family Trust (William White) c/o G&W Ventures, LLC 201 1st Street, Suite 100 Petaluma, CA 94952	$ 50,375.00	$ 12,593.75	0.10%		2,605	$ 1,511.19
Tom Birdsall and Rebecca Green 2767 Clay Street San Francisco, CA 94115	$ 94,600.00	$ 23,650.00	0.19%		4,893	$ 2,837.94
Restatement of James H. Carstensen 1995 Revocable Trust dated, March 13, 2000 11904 Harrington St. Bakersfield, CA 93311	$ 50,000.00	$ 12,500.00	0.10%		2,586	$ 1,499.88
Redstone Investments	$ 49,550.00	$ 12,387.50	0.10%		2,562	$ 1,485.96

Lender	Aggregate Commitment Amount	Share of Initial Advance	Pro Rata Share (Initial Advance / each Subsequent Advance)	Warrants for Common Stock issued in connection with Initial Advance (No. of Shares)	No. of Shares of Common Stock Purchased in connection with Initial Advance	Purchase Price of Shares of Common Stock Purchased in connection with Initial Advance
LLC Attn: David Scott P.O Box 1334 Kenwood, CA 95452						
John F. Nichols Revocable Trust, under Agreement dated June 12, 1998 6300 N. Sagewood H-102 Park City, UT 84098	$ 371,100.00	$ 92,775.00	0.74%		19,194	$ 11,132.52
TGI Holdings, LLC Attn: Michael B. Targoff 600 Third Avenue New York, NY 10016	$ 699,750.00	$174,937.50	1.40%		36,193	$ 20,991.94
Donald and Maureen Green Living Trust Donald Green, Trustee 950 Shiloh Vista Santa Rosa, CA 95403	$ 729,200.00	$182,300.00	1.46%		37,717	$ 21,875.86
Ellen Schwab 34 Houston Street San Francisco, CA 94133	$ 96,700.00	$ 24,175.00	0.19%	5,001		
Timothy Lash 17 Stony Brook Road Darien, CT 06820	$ 81,350.00	$ 20,337.50	0.16%	4,207		
Applied Ventures, LLC c/o Applied Materials, Inc. 3050 Bowers Avenue, MS0105 Santa Clara, CA 95054	$2,442,100.00	$610,525.00	4.88%	126,315		
Daniel Loeb 390 Park Ave., 18th Floor New York, NY 10022	$ 706,800.00	$176,700.00	1.41%	36,558		
James A. Stern Trust F/B/O Peter Stern 38 Taylor Lane Harrison, NY 10528	$ 263,100.00	$ 65,775.00	0.53%		13,608	$ 7,892.64

Lender	Aggregate Commitment Amount	Share of Initial Advance	Pro Rata Share (Initial Advance / each Subsequent Advance)	Warrants for Common Stock issued in connection with Initial Advance (No. of Shares)	No. of Shares of Common Stock Purchased in connection with Initial Advance	Purchase Price of Shares of Common Stock Purchased in connection with Initial Advance
James A. Stern Trust F/B/O David Stern 38 Taylor Lane Harrison, NY 10528	$263,100.00	$65,775.00	0.53%		13,608	$ 7,892.64

SCHEDULE I-A

KPCB Holdings, Inc., as nominee

Bay Partners XI, L.P.
Bay Partners XI Parallel Fund, L.P.

Madrone Partners, L.P.

CalPERS Clean Energy and Technology Fund, LLC

Third Point Partners Qualified LP
Third Point Partners LP
Third Point Offshore Master Fund, L.P.

PCG Clean Energy & Technology Fund LLC
PCG Clean Energy & Technology Fund (East) LLC

Applied Ventures, LLC

SCHEDULE II

Terms for Conversion of Outstanding Balance on Advances

1. DEFINITION. The following definitions shall apply for all purposes of this Schedule II to the Agreement:

"Actual Conversion Amount" means the amount of the outstanding balance of a Loan (including for clarity the aggregate outstanding principal and all accrued interest and PIK Interest in respect of such Loan) converted into Conversion Stock pursuant to Section 2 of this Schedule II.

"Actual Conversion Date" means the date on which any of the outstanding balance of a Loan is converted pursuant to Section 2 of this Schedule II.

"Conversion Price" means the lower of (a) $0.98 or (b) the lowest per share selling price of any shares of capital stock sold by Borrower following the Effective Date, other than shares of capital stock sold in a transaction that would be exempt from the anti-dilution rights of the holders of Borrower's preferred stock pursuant to clauses (i) through (viii) of Article V, Section 5.8 of Borrower's certificate of incorporation, as in effect on the Effective Date. The Conversion Price is subject to adjustment as provided herein.

"Conversion Stock" means Borrower's Common Stock. The number and character of shares of Conversion Stock are subject to adjustment as provided in Section 4 of this Schedule II and the term "Conversion Stock" shall include the stock and other securities and property that are, on the Actual Conversion Date, receivable or issuable upon such conversion of a Note in accordance with Section 4 of this Schedule II.

"Dividend Event" has the meaning set forth in Section 4.2 of this Schedule II.

"Lost Note Documentation" means documentation reasonably satisfactory to Borrower with regard to a lost or stolen Note, including, if required by Borrower, an affidavit of lost note and an indemnification agreement by the respective Lender in favor of Borrower with respect to such lost or stolen Note.

"Maximum Conversion Amount" means:

(a) with respect to any Loan comprising part of the Initial Advance, the amount of the entire outstanding balance of such Loan (including for clarity the aggregate outstanding principal and all accrued interest and PIK Interest in respect of such Loan), and

(b) with respect to any Loan comprising part of a Subsequent Advance, an amount equal to fifty percent (50%) of the initial outstanding principal amount of such Loan plus all accrued interest and PIK Interest in respect of such portion of the principal amount (the outstanding balance of the Initial Advance and convertible portion of the Subsequent Advances being sometimes referred to herein as the "Convertible Portion of the Loans" and the non-convertible portion of the Subsequent Advances being referred to herein as the "Non-Convertible Portion of the Loans")); provided that if the Maturity Date occurs by reason of an IPO and either (i) Borrower is prohibited from paying, (ii) the Lenders are otherwise prohibited from receiving or accepting payment for, or (iii) Borrower otherwise fails to pay when due the outstanding balance on any Subsequent Advance due in connection with the consummation of the IPO, including without limitation by reason of a default or event of default under the Senior Secured Loan and Security Agreement and/or the Senior Subordinated Secured Loan and Security Agreement or the application of the terms of the Subordination Agreement, then the "Maximum Conversion Amount" with respect to the foregoing clause (b) shall be deemed to be one hundred percent (100%) of the amount of the outstanding balance of such Loans.

"Reorganization Event" has the meaning set forth in Section 4.3 of this Schedule II.

"Stock Event" has the meaning set forth in Section 4.4 of this Schedule II.

2. CONVERSION.

2.1 Optional Conversion Prior to Maturity Date. Upon the election of a Lender with respect to any Loan made by it, which election shall be exercised by written notice from such Lender given to Borrower prior to Borrower's repayment in full of the outstanding balance of such Loan (which election, in the event the Maturity Date is anticipated to occur due to the consummation of a Change in Control or IPO, may at Lender's option be made contingent upon the completion of such Change in Control or IPO), the entire Maximum Conversion Amount of such Loan, or any portion thereof as specified in such election of the Lender, shall be cancelled and converted into that number of shares of Conversion Stock obtained by dividing (i) the entire Maximum Conversion Amount of such Loan or portion thereof specified by the Lender, by (ii) the Conversion Price.

2.2 Timing of Conversion; Tender of Note or Addendum Thereto for Conversion. In connection with a conversion pursuant to Section 2.1, a Lender shall deliver the original Note or the applicable addendum thereto corresponding to such Loan (or Lost Note Documentation, if applicable) to Borrower. If a Lender elects to convert only a portion of the Loan represented by a Note or addendum, as the case may be, then promptly after (and in any event within 7 days after) receipt of the original Note or such addendum (or Lost Note Documentation, if applicable) Borrower shall re-issue such Lender a new Note or addendum reflecting the portion of such Loan that was not converted and remains outstanding. If a Lender delivers written notice of an election to convert a Loan (or portion thereof) within the time period specified in Section 2.1, the conversion of such Loan (or portion thereof) into Conversion Stock shall be deemed to occur upon the earlier of (i) the date of such Lender's written notice (unless the Lender has elected to make conversion of the Loan contingent on the consummation of a Change in Control or IPO) and (ii) immediately prior to the Maturity Date, without regard to whether Lender has then delivered to Borrower the Note(s) corresponding to the Loan so converted (or the Lost Note Documentation where applicable) or executed any other documents.

2.3 Termination of Rights. Except for the right to obtain certificates representing the Conversion Stock under Section 3 below, all rights with respect to a Loan (or portion thereof) converted pursuant this Section 2 shall terminate upon the effective conversion of such Loan (or portion thereof) as provided in Section 2.1 above.

3. CERTIFICATES: NO FRACTIONAL SHARES. Subject to Section 2.2 above, as soon as practicable after conversion of a Loan pursuant to Section 2.1 above, Borrower at its expense will register such shares of Conversion Stock in Borrower's stockholder register in the name of the applicable Lender and will cause to be issued in the name of such Lender and to be delivered to such Lender, a certificate or certificates for the number of shares of Conversion Stock to which such Lender shall be entitled upon such conversion (bearing such legends as may be required by applicable state and federal securities laws in the opinion of legal counsel of Borrower, by Borrower's Certificate of Incorporation and Bylaws and by any agreement between Borrower and such Lender), together with any other securities and property to which such Lender is entitled upon such conversion under the terms of such Loan; provided that in the event that the conversion is effected upon an IPO, Borrower may issue uncertificated shares. No fractional shares shall be issued upon conversion of a Loan. If upon any conversion of a Loan, a fraction of a share would otherwise be issued, then in lieu of such fractional share, Borrower shall pay to the applicable Lender an amount in cash equal to such fraction of a share multiplied by the applicable Conversion Price.

4. ADJUSTMENT PROVISIONS. So long as any of the aggregate balance of the Loans remains outstanding, the number and character of shares of Conversion Stock issuable upon conversion of a Loan upon an Actual Conversion Date and, to the extent set forth in this Section 4, the Conversion Price therefor, are each subject to adjustment upon each occurrence of an adjustment event described in Sections 4.1 through 4.4 below occurring between the Effective Date and such Actual Conversion Date:

4.1 Adjustment for Stock Splits and Stock Dividends. The Conversion Price and the number of shares of Conversion Stock shall each be proportionally adjusted to reflect any stock dividend, stock split, reverse stock split or other similar event affecting the number of outstanding shares of Conversion Stock without the payment of consideration to Borrower therefor at any time before an Actual Conversion Date.

4.2 Adjustment for Other Dividends and Distributions. If Borrower shall make or issue, or shall fix a record date for the determination of eligible holders of its capital stock entitled to receive, a dividend or other distribution payable with respect to the Conversion Stock that is payable in securities of Borrower (other than issuances with respect

to which adjustment is made under Section 4.1 or 4.3 of this Schedule II), or in assets (other than cash dividends) (each, a "Dividend Event"), and such dividend or other distribution is actually made, then, and in each such case, a Lender, upon conversion of an Actual Conversion Amount at any time after such Dividend Event, shall receive, in addition to the Conversion Stock issuable upon such conversion of its Note, the securities or other assets that would have been issuable to such Lender had such Lender, immediately prior to such Dividend Event, converted such Actual Conversion Amount into Conversion Stock.

4.3 Adjustment for Consolidation or Merger. If Borrower shall consolidate with or merge into one or more other corporations or other entities (and for clarity the Loans shall not have already been repaid and/or are not being repaid in connection with the consummation of such consolidation or merger), and pursuant to such consolidation or merger stock, other securities or other property is issued or paid to holders of Conversion Stock (each, a "Reorganization Event"), then, and in each such case, a Lender, upon conversion of an Actual Conversion Amount after the consummation of such Reorganization Event, shall be entitled to receive (in lieu of the stock or other securities and property that such Lender would have been entitled to receive under the terms of its Note upon such conversion but for such Reorganization Event), the stock or other securities or property that such Lender would have been entitled to receive upon the consummation of such Reorganization Event if, immediately prior to such Reorganization Event, such Lender had converted such Actual Conversion Amount into Conversion Stock, all subject to further adjustment as provided herein, and the successor corporation or other successor entity in such Reorganization Event shall duly execute and deliver to such Lender a supplement to such Note acknowledging such corporation's or other entity's obligations under such Note; and in each such case, the terms of such Note shall be applicable to the shares of stock or other securities or property receivable upon the conversion of such Note after the consummation of such Reorganization Event.

4.4 Conversion of Stock. In each case not otherwise covered in Section 4.3 above where (i) all the outstanding Conversion Stock is converted, pursuant to the terms of Borrower's Certificate of Incorporation, into other securities or property, or (ii) the Conversion Stock otherwise ceases to exist or to be authorized under Borrower's Certificate of Incorporation (each a "Stock Event"), then Lender, upon conversion of this Note at any time after such Stock Event, shall receive, in lieu of the number of shares of Conversion Stock that would have been issuable upon conversion of this Note immediately prior to such Stock Event, the stock and other securities and property that Lender would have been entitled to receive upon the Stock Event, if immediately prior to such Stock Event, Lender had converted the Actual Conversion Amount into Conversion Stock.

4.5 Notice of Adjustments. Borrower shall promptly give written notice of each adjustment of the Conversion Price or the number or type of shares of Conversion Stock or other securities or property issuable upon conversion of a Note that is required under this Section 4. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

4.6 Reservation of Stock. If the number of shares of Conversion Stock or other securities authorized and reserved for issuance upon conversion of the Notes shall not be sufficient to effect the conversion of the aggregate Maximum Conversion Amounts of the Notes, then Borrower shall take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Conversion Stock or other securities issuable upon conversion of the Notes as shall be sufficient for such purpose.

5. REPRESENTATIONS AND WARRANTIES AND COVENANTS OF THE LENDERS

5.1 Purchase for Own Account. Each Lender represents that it is acquiring the Notes, the Warrants, the Conversion Stock and the Common Stock, as the case may be (collectively, the "Securities"), solely for its own account and beneficial interest for investment and not for sale or with a view to distribution of the Securities or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention. Notwithstanding the foregoing, KPCB Holdings, Inc. is acquiring the Securities as a nominee.

5.2 Information and Sophistication. Without lessening or obviating the representations and warranties of the Borrower set forth in Section 5 of the Loan Agreement, each Lender hereby: (i) acknowledges that it has received all the information it has requested from the Borrower and it considers necessary or appropriate for deciding whether to acquire

the Securities, (ii) represents that it has had an opportunity to ask questions and receive answers from the Borrower regarding the terms and conditions of the offering of the Securities and to obtain any additional information necessary to verify the accuracy of the information given the Lender and (iii) further represents that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

5.3 Ability to Bear Economic Risk. Each Lender acknowledges that investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

5.4 Further Limitations on Disposition. Without in any way limiting the representations set forth above, each Lender further agrees not to make any disposition of all or any portion of the Securities unless and until:

(a) There is then in effect a Registration Statement under the Act covering such proposed disposition and such disposition is made in accordance with such Registration Statement; or

(b) The Lender shall have notified the Borrower of the proposed disposition and shall have furnished the Borrower with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Borrower, such Lender shall have furnished the Borrower with an opinion of counsel, reasonably satisfactory to the Borrower, that such disposition will not require registration under the Act or any applicable state securities laws, provided that no such opinion shall be required for dispositions in compliance with Rule 144, except in unusual circumstances.

Notwithstanding the provisions of paragraphs (a) and (b) above, no such registration statement or opinion of counsel shall be required: (i) for any transfer of any Conversion Stock, Common Stock and shares of Common Stock issued or issuable upon exercise of any Warrant in compliance with SEC Rule 144 or Rule 144A, or (ii) for any transfer of any Conversion Stock, Common Stocker shares of Common Stock issued or issuable upon exercise of any Warrant that is a partnership, limited liability company or corporation to (A) a partner (or retired partner) or member (or retired member) of such Lender in accordance with partnership or limited liability company interests or stock or other equity interests of such entity or (B) an Affiliate of such Lender that is a limited liability company or corporation, or (iii) for any transfers by gift, will or intestate succession to any spouse or lineal descendants or ancestors, if all transferees agree in writing to be subject to the terms hereof to the same extent as if they were Lenders hereunder.

5.5 Accredited Investor Status. Each Lender is an “accredited investor” as such term is defined in Rule 501 under the Act.

5.7 Lock-Up Agreement. Each Lender acknowledges that the Conversion Stock, Common Stock and any shares of Common Stock issued upon exercise of the Warrant held by such Lender shall be bound by the lock-up provisions set forth in Section 1.13 of the Amended and Restated Investors’ Rights Agreement dated as of March 15, 2010 by and between the Borrower and certain investors in the Borrower, to which Lender, or an Affiliate of the Lender, is a party.

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SCHEDULE III

Terms relating to Agent and Agency

Each of the Lenders hereby irrevocably appoints the Agent as its agent and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, the Agent is hereby expressly authorized to execute, and thereby to bind each Lender to, (i) any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the Loan Documents and (ii) the Subordination Agreement.

The person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such person and its affiliates may provide debt financing, equity capital or other services (including financial advisory services) to any of the Lenders (or any person engaged in similar business as that engaged in by any of the Lenders) as if such person was not performing the duties specified herein, and may accept fees and other consideration from any of the Lenders for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is instructed in writing to exercise by the Required Lenders, and (c) except as expressly set forth in the Loan Documents, Agent shall not have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to Borrower or any of the Subsidiaries that is communicated to or obtained by the person serving as Agent and/or Collateral Agent or any of its Affiliates in any capacity. Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders or in the absence of its own gross negligence or willful misconduct. Agent shall not be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Borrower or a Lender, and Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Section 3 of the Loan Agreement or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper person. Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Affiliates. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Affiliates of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facilities as well as activities as Agent.

Subject to the appointment and acceptance of a successor Agent as provided below, Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, if no Event of Default has occurred and is continuing, with the consent of the Borrower which shall not be unreasonably conditioned, withheld or delayed, the Required Lenders shall have the right, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the

retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be one of the other Lenders under this Agreement, or an Affiliate of any such Lender. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The Borrower shall pay the reasonable fees of a successor Agent. After an Agent's resignation hereunder, the provisions of this Schedule III shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while acting as Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

Each Lender hereby further authorizes Agent, on behalf of and for the ratable benefit of Lenders, to enter into each Loan Document as secured party and to be the agent for and representative of Lenders thereunder, and each Lender agrees to be bound by the terms of each Loan Document; provided that Agent shall not (i) enter into or consent to any material amendment, modification, termination or waiver of any provision contained in any Loan Document or (ii) release any Collateral (except as otherwise expressly permitted or required pursuant to the terms of this Agreement or the applicable Loan Document), in each case without the prior consent of Required Lenders; provided further, however, that, without further written consent or authorization from Lenders, Agent may execute any documents or instruments necessary to (a) release any Lien encumbering any item of Collateral that is the subject of a sale or other disposition of assets permitted by this Agreement or to which Required Lenders have otherwise consented, or (b) subordinate the Liens of Agent, on behalf of Lenders, to any Liens permitted by the definition of Permitted Liens (other than those Liens which are the subject of the Subordination Agreement). Anything contained in any of the Loan Documents to the contrary notwithstanding, Borrower, Agent and each Lender hereby agree that (1) no Lender shall have any right individually to realize upon any of the Collateral under or otherwise enforce any Loan Document, it being understood and agreed that all powers, rights and remedies under the Loan Documents may be exercised solely by Agent for the ratable benefit of Lenders in accordance with the terms thereof, and (2) in the event of a foreclosure by Agent on any of the Collateral pursuant to a public or private sale, Agent or any Lender may be the purchaser of any or all of such Collateral at any such sale and Agent, as agent for and representative of Lenders (but not any Lender or Lenders in its or their respective individual capacities unless Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any Collateral payable by Agent at such sale.

EXHIBIT A

DISCLOSURE SCHEDULE

Permitted Indebtedness:

Indebtedness to Atel Ventures, Inc. in an aggregate principal amount outstanding on the date of the Agreement of approximately $120,000 pursuant to that certain Master Loan and Security Agreement No. ENPHX, dated as of December 15, 2008, and any and all Loan Schedules, exhibits, riders and supplements thereto, and which is secured by the equipment financed with the proceeds thereof.

Indebtedness under the AEL Financial Lease Agreement, dated as of September 2008, in an aggregate principal amount outstanding on the date of the Agreement of approximately $21,000, and which is secured by the equipment financed with the proceeds thereof.

Indebtedness under two leases with GE Capital, dated as of August 2008, totaling approximately $3,000 on the date of the Agreement.

Indebtedness under three leases with Wells Fargo, dated between April 2008 and February 2010, totaling approximately $5,000 on the date of the Agreement.

Indebtedness under the Loan and Security Agreement with Hercules Technology Growth Capital, Inc. dated as of June 13, 2011.

Permitted Liens:

Liens in favor of ATEL Ventures, Inc. securing Atel Debt.

Liens in favor of AEL Financial, LLC, subsequently assigned to National City Commercial Capital Corporation.

Liens in favor of General Electric Capital Corporation.

Liens in favor of Hercules Technology Growth Capital.

Disclosure to Section 4.4: Other than the Borrower's headquarters listed in Section 1 and at the following contract manufacturers, Flextronics and Phoenix Contact GmbH & Co. KG, the Collateral is located at the following addresses:

201 1st Street, Petaluma, California
1450 N. McDowell, Petaluma, California
1758 Corporate Circle, Petaluma, California
5401 Old Redwood Hwy, Petaluma, California
Airport Center, Building #3, 3201 Elder Street, Suite 104, Boise, ID 83705

Disclosure to Section 12.2: The competitors of Borrowers are companies that design, and manufacture inverters for the solar market.

Section 1. Information For UCC Financing Statements and Searches and Deposit Accounts and Accounts Holding Securities.

(a) The exact corporate name of Borrower as it appears in its Certificate of Incorporation, as amended to date is: Enphase Energy, Inc.

(b) Borrower's state of incorporation is: Delaware.

(c) The organizational ID number of Borrower from its jurisdiction of incorporation is 4118583.

(d) Borrower's taxpayer identification number is 20-4645388.

(e) The following is a list of all corporate names, dba or trade names used by Borrower in the past five years: PVI Solutions Inc.

(f) The following is a list of all Subsidiaries of Borrower: Enphase Energy SAS, Enphase Energy SRL and Enphase Energy New Zealand Limited

(g) The address of Borrower's headquarters and chief executive office is: 201 First St., Suite 300, Petaluma, CA 94952.

(h) The following is a list of all States where Borrower's headquarters and chief executive office has been located in the past five years: California.

(i) The following is a list of all States where Borrower's property and assets have been located in the past five years: California.

(j) The following is a list of all of Borrower's deposit accounts (bank name, address and account names and numbers):

Bridge Bank, 55 Almaden Blvd. San Jose, CA 95113-1608
Operating Checking **[***]**
Payroll ZBA Checking **[***]**
Business Money Market Tech **[***]**

Comerica Bank, 226 Airport Parkway, Suite 100 , San Jose, CA 95110
Commercial checking **[***]**
Business Money Market Account **[***]**

(k) The following is a list of all of Borrower's accounts holding securities (broker/bank name, address and account names and numbers): None.

[***] = CERTAIN INFORMATION ON THIS PAGE HAS BEEN OMITTED AND FILED SEPARATELY WITH THE COMMISSION. CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO THE OMITTED PORTIONS.

EXHIBIT B

FUNDING CERTIFICATE

The undersigned, being the duly elected and acting [ ] of ENPHASE ENERGY, INC., a Delaware corporation ("Borrower"), does hereby certify to (i) KPCB HOLDINGS, INC., AS NOMINEE ("KPCB"), as agent on behalf of and for the ratable benefit of the Lenders ("Agent") under that certain Subordinated Convertible Loan Facility and Security Agreement dated as of [ ], 2011 by and among Borrower, KPCB, as Agent and a Lender, and the other Lenders named therein and party thereto (the "Loan Agreement"; with other capitalized terms used below having the meanings ascribed thereto in the Loan Agreement) and (ii) to each of the Lenders that as of the date hereof and as of the Funding Date:

1. The representations and warranties made by Borrower in Section 5 of the Loan Agreement and in the other Loan Documents are true and correct in all material respects as of the date hereof.

2. No event or condition has occurred that would constitute a Default or an Event of Default under the Loan Agreement or any other Loan Document.

3. Borrower is in compliance with the covenants and requirements contained in Sections 4, 6 and 7 of the Loan Agreement.

4. All conditions referred to in Section 3 of the Loan Agreement to the making of the Loan to be made on or about the date hereof have been satisfied.

5. As of the [date hereof] [date of the most recently ended fiscal quarter], Borrower's Gross Profit for the period of two consecutive quarters most recently ended (the "Applicable Two Fiscal Quarter Period") is $[ ]. The minimum Gross Profit required by the Loan Agreement for the Applicable Two Fiscal Quarter Period is $[ ]. Borrower is in compliance with this requirement.

6. As of the date hereof, the Warranty Claim Rate for microinverters shipped by or on behalf of Borrower during both (i) the three (3) month and (ii) six (6) month period ending the day immediately preceding the date of this certificate is [ ]%. The Loan Agreement requires that such percentage be no greater than 1%. Borrower is in compliance with this requirement.

7. The gross amount of the Advance requested hereby is: $. The proceeds for the Advance shall be disbursed as follows:

Total disbursements from the Lenders:	
Loan Amount	$ [ ]
Less:	
Lenders Legal Fees	$
Net Proceeds due from the Lenders:	$

8. The aggregate net proceeds of the Advance in the amount of $ shall be transferred to Borrower's account as follows:

Account Name: Enphase Energy, Inc
Bank Name:
Bridge Bank, N.A.
Bank Address:
55 Almaden Blvd
San Jose, CA95113
Account Number:
ABA Number:

Dated: , 2011

BORROWER:

ENPHASE ENERGY, INC.

By: _____

Name: _____

Title: _____

EXHIBIT C

SECURED PROMISSORY NOTE

$ Dated: , 20[ ]

FOR VALUE RECEIVED, the undersigned, ENPHASE ENERGY, INC., a Delaware corporation ("Borrower"). HEREBY PROMISES TO PAY to [ ], a [ ] ("Lender") the principal amount of [ ] Dollars ($[ ]) (the "Loan") made to Borrower by Lender pursuant to the Loan Agreement (as defined below), and to pay all other amounts due with respect to the Loan on the dates and in the amounts set forth in the Loan Agreement.

Interest on the principal amount of this Note from the date of this Note shall accrue at a fixed rate equal to the Loan Rate as set forth herein, or, if applicable, the Default Rate. The Loan Rate for this Note is 9% per annum based on a year of twelve 30-day months, compounding monthly and subject to the terms and conditions of the Loan Agreement. If the Funding Date is not the first day of the month, interim interest accruing from the Funding Date through the last day of that month shall be paid on the first calendar day of the next calendar month. Commencing on the date hereof, through and including , 200 , on the [ ] day of each month (each an "Interest Payment Date") Borrower shall make payments of accrued interest on the terms and conditions and in the manner set forth in the Loan Agreement; provided that so long as no Event of Default has occurred and is continuing and subject to the immediately succeeding sentence, Borrower shall not be required to pay such interest in cash but instead all such accrued and unpaid interest shall accumulate as PIK Interest and accrete to the outstanding principal balance of any Loans associated with this Note or any addendum or supplement to this Note, as described in the Loan Agreement.

If not sooner paid, all outstanding amounts hereunder and under the Loan Agreement shall become due and payable on the Maturity Date (as defined in the Loan Agreement).

Principal, interest and all other amounts due with respect to the Loan, are payable in lawful money of the United States of America to Lender as set forth in the Loan Agreement. The principal amount of this Note and the interest rate applicable thereto, and all payments made with respect thereto, shall be recorded by Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Note.

This Note is referred to in, and is entitled to the benefits of, the Subordinated Convertible Loan Facility and Security Agreement by and among Borrower, KPCB Holdings, Inc., as nominee, as a Lender and as Agent on behalf of and for the ratable benefit of the Lenders, and the other Lenders named therein (as amended, amended and restated, joined, supplemented or otherwise modified from time to time, the "Loan Agreement"). The Loan Agreement, among other things, (a) provides for the making of secured Loans to Borrower, and (b) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events. All capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Loan Agreement.

This Note and the obligation of Borrower to repay the unpaid principal amount of the Loan, interest on the Loan and all other amounts due Lender under the Loan Agreement is secured under the Loan Agreement.

THIS NOTE IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN SUBORDINATION AGREEMENT (AS DEFINED IN THE LOAN AGREEMENT), AND THE LIEN AND THE SECURITY INTEREST GRANTED UNDER THE LOAN AGREEMENT AND THE RIGHTS TO RECEIVE PAYMENTS, INCLUDING BUT NOT LIMITED TO PIK INTEREST, ARE SUBJECT TO THE TERMS AND CONDITIONS OF THE SUBORDINATION AGREEMENT.

Presentment for payment, demand, notice of protest and all other demands and notices of any kind in connection with the execution, delivery, performance and enforcement of this Note are hereby waived.

Borrower shall pay all reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and costs, incurred by Lender in the enforcement or attempt to enforce any of Borrower's obligations hereunder not performed when due. This Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of California.

IN WITNESS WHEREOF, Borrower has caused this Note to be duly executed by one of its officers thereunto duly authorized on the date hereof.

BORROWER:

ENPHASE ENERGY, INC.

By: _____

Name: _____

Title: _____

EXHIBIT D

FORM OF LEGAL OPINION OF BORROWER'S COUNSEL

EXHIBIT E

FORM OF OFFICER'S CERTIFICATE

TO: KPCP Holdings, Inc., as nominee, as Agent for the Lenders under the Loan Agreement

Reference is made to the SUBORDINATED CONVERTIBLE LOAN FACILITY AND SECURITY AGREEMENT dated as of [ ], 2011 (as it may be amended, amended and restated, joined, supplemented or otherwise modified from time to time, the "Loan Agreement") by and among ENPHASE ENERGY, INC. ("Borrower"), KPCB Holdings, Inc., as nominee, a Delaware corporation ("KPCB"), as a Lender hereunder and in its capacity as Agent on behalf of the Lenders hereunder, and the other Persons named herein or who may become parties hereto (together with KPCB, referred to herein individually as a "Lender" and collectively as the "Lenders"), as Lenders, in accordance with the terms of this Agreement. Unless otherwise defined herein, capitalized terms have the meanings given such terms in the Loan Agreement.

The undersigned Responsible Officer of Borrower hereby certifies to Agent on behalf of and for the ratable benefit of the Lenders that:

1. No Event of Default has occurred under the Loan Agreement. (If an Event of Default has occurred, specify the nature and extent thereof and the action Borrower proposes to take with respect thereto.)
2. The information provided in Section 1 of the Disclosure Schedule is currently true and accurate, except as noted below.
3. Borrower is in compliance with the provisions of Sections 4, 6 and 7 of the Loan Agreement, except as noted below.
4. Attached herewith are the [monthly financial statements pursuant to Section 6.3(a) of the Loan Agreement/annual audited financial statements pursuant to Section 6.3(b) of the Loan Agreement]. These have been prepared in accordance with GAAP and are consistent from one period to the next except as noted below.

NOTES TO ABOVE CERTIFICATIONS:

BORROWER:

ENPHASE ENERGY, INC.

By: _____

Name: _____

Title: _____

EXHIBIT F

THIS WARRANT AND THE SHARES ISSUABLE HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR PURSUANT TO RULE 144 OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

WARRANT TO PURCHASE COMMON STOCK
OF
ENPHASE ENERGY, INC.

Issue Date: June [ ], 2011 Warrant No. [ ]

Holder:	[ ] ("**Holder**")
Class of Stock:	Common Stock, $0.00001 par value per share ("**Common Stock**")
Number of Shares:	[ ]
Exercise Price:	$0.58 per share
Expiration Date:	June [ ], 2016 (the "**Expiration Date**")

This Warrant (this "**Warrant**") certifies that, for good and valuable consideration, Holder is entitled to purchase from Enphase Energy, Inc., a Delaware corporation (the "**Company**"), until 5:00 p.m. Pacific time on the Expiration Date, up to the number of fully paid and nonassessable shares of Common Stock set forth above (the "**Shares**") at the exercise price per share set forth above (the "**Exercise Price**"), in each case as may be adjusted pursuant to Section 2 of this Warrant.

This Warrant has been issued to Holder pursuant to that certain Subordinated Convertible Loan Facility and Security Agreement dated as of June [ ], 2011 by and among the Company, Holder and certain other parties named as "Lenders" thereunder (such agreement, as amended, amended and restated, joined, supplemented or otherwise modified from time to time, the "**Loan Facility Agreement**") and constitutes one of the "Warrants" as defined therein. Any capitalized terms used in this Warrant but not otherwise defined herein shall have the meanings ascribed in the Loan Facility Agreement.

1. EXERCISE.

1.1 Method of Exercise. Subject to the terms and conditions of this Warrant, the Holder may exercise this Warrant in whole or in part, at any time prior to the Expiration Date, by delivering a duly executed Notice of Exercise in substantially the form attached as Exhibit A to the principal office of the Company. Unless Holder is exercising the conversion right set forth in Section 1.2, Holder shall also deliver to the Company a check for the aggregate Exercise Price for the Shares being purchased

1.2 Net Exercise Election. Subject to the terms and conditions of this Warrant, the Holder may elect to convert all or a portion of this Warrant, without the payment by the Holder of any additional consideration, at any time prior to the Expiration Date, by the surrender of this Warrant or such portion of this Warrant to the Company, with the net exercise election selected in the Notice of Exercise

attached hereto as Exhibit A duly executed by the Holder, into up to the number of Shares that is obtained under the following formula:

$$X = \frac{Y\,(A-B)}{A}$$

Where: X = the number of Shares to be issued to the Holder pursuant to this Section 1.2.

Y = the number of Shares as to which this Warrant is then being net exercised.

A = the fair market value of one Share.

B = the Exercise Price.

For purposes of the above calculation, the fair market value of one Share shall be determined by the Company's Board of Directors in good faith; provided, however, that where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per Share shall be equal to the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the Nasdaq Global Market or on any exchange on which the Common Stock is listed, whichever is applicable, as published in the Western Edition of The Wall Street Journal for the five (5) trading days prior to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrant is exercised in connection with the Company's initial public offering of its Common Stock, the fair market value per share shall be equal to the per share offering price to the public of the Company's initial public offering. The Company will promptly respond in writing to an inquiry by the Holder as to the then current fair market value of one Share.

1.3 Delivery of Certificate and New Warrant. Promptly after Holder exercises this Warrant, the Company shall deliver to Holder certificates for the Shares acquired and, if this Warrant has not been fully exercised or converted and has not expired, this Warrant shall automatically be reduced by the number of Shares issued and remain exercisable for such remaining Shares not so acquired, and all other terms of the Warrant shall otherwise remain in full force and effect as so adjusted. Upon final exercise of this Warrant for any such remaining number of Shares, this Warrant shall be surrendered by the Holder to the Company for cancellation.

1.4 Replacement of Warrants. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, on delivery of an indemnity agreement reasonably satisfactory in form and amount to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company at its expense shall execute and deliver, in lieu of this Warrant, a new warrant of like tenor.

1.5 Effect of Sale, Merger, Consolidation or Liquidation of the Company. In the event the Company proposes to effect (a) a merger, consolidation or other event that would constitute a deemed liquidation, dissolution or winding up of the Company pursuant to Article V, Section 3.7 of the Company's restated certificate of incorporation, as currently in effect (any such event, an "***Acquisition***") or (b) a liquidation and dissolution of the Company, the Company shall give Holder at least ten (10) days advance written notice of such event (the "***Company Notice***"), which notice shall include the Company's best estimate of the value of the Shares receivable upon exercise or conversion of this Warrant and the proposed date upon which such event is expected to occur. During such notice period, Holder may exercise this Warrant in accordance with its terms, whether or not exercise is contingent upon the happening of such event and/or existence of a minimum value of the Shares receivable upon exercise as

provided on Holder's exercise notice. If this Warrant has not been exercised prior to the happening or consummation of the event described in a Company Notice, then upon the happening or consummation of such event the following provisions will apply:

(a) if the consideration payable to holders of the Exercise Stock as a result of the Acquisition consists of cash and/or a class of securities that are registered under the Securities Exchange Act of 1934, as amended, then (1) if the fair market value of one Share immediately prior to such event (determined based on the cash proceeds payable to holders of the Exercise Stock, or determined pursuant to Section 1.2, as applicable) is greater than the Exercise Price, then this Warrant will automatically be deemed to be net exercised in full pursuant to Section 1.2 as of immediately prior to such event and (2) if the fair market value of one Share immediately prior to such event (determined based on the cash proceeds payable to holders of the Exercise Stock, or determined pursuant to Section 1.2, as applicable) is less than or equal to the Exercise Price, then this Warrant will (unless, in the event of an Acquisition, and the acquiring entity has affirmatively agreed to assume this Warrant) terminate immediately prior to the happening or consummation of the event; and

(b) if the consideration payable to holders of the Exercise Stock as a result of the Acquisition consists of consideration other than the forms of consideration described in paragraph "(a)" above, then (1) lawful and adequate provisions shall be made by the Company whereby the Holder of this Warrant shall thereafter have the right to purchase and receive (in lieu of the shares of Exercise Stock of the Company immediately theretofore purchasable and receivable upon the exercise of the rights represented hereby) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Exercise Stock equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of this Warrant in full, and (2) appropriate provision shall be made by the Company with respect to the rights and interests of the Holder of this Warrant to the end that the provisions hereof (including, without limitation, provisions for adjustments of the Exercise Price and of the number of shares purchasable and receivable upon the exercise of this Warrant) shall thereafter be applicable, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise hereof.

2. ADJUSTMENTS TO THE SHARES.

2.1 Stock Dividends, Splits, Etc. If the Company declares or pays a dividend on the outstanding shares of the Company's Common Stock payable in shares of the Company's Common Stock or other securities of the Company or subdivides or combines the outstanding shares of the Company's Common Stock, then upon exercise or conversion of this Warrant, Holder shall receive, without cost to Holder, the total number and kind of securities to which Holder would have been entitled had Holder owned the Shares of record as of the date the dividend, subdivision or combination occurred.

2.2 Reclassification, Exchange or Substitution. Upon any reclassification, exchange, substitution, or other event that results in a change of the number and/or class of the securities issuable upon exercise or conversion of this Warrant (other than an Acquisition described in Section 1.5 above or a stock dividend, split, etc. described in Section 2.1 above), Holder shall be entitled to receive, upon exercise or conversion of this Warrant, the number and kind of securities and property that Holder would have received for the Shares if this Warrant had been exercised immediately before such reclassification, exchange, substitution or other event. The Company or its successor shall promptly issue to Holder a new Warrant for such new securities or other property. The new Warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 2 including, without limitation, appropriate adjustments to the Exercise Price and to the number of securities or property issuable upon exercise or conversion of the new Warrant.

2.3 Adjustments of Exercise Price. If the outstanding Shares are combined or consolidated, by reclassification or otherwise, into a lesser number of shares, the Exercise Price shall be proportionately increased. If the outstanding Shares are divided, by reclassification or otherwise, into a greater number of shares, the Exercise Price shall be proportionately decreased.

2.4 Adjustment is Cumulative. The provisions of this Section 3 shall similarly apply to successive, stock dividends, stock splits or combinations, reclassifications, exchanges, substitutions, or other events.

2.5 Fractional Shares. No fractional Shares shall be issuable upon exercise or conversion of the Warrant and the number of Shares to be issued shall be rounded down to the nearest whole Share. If a fractional share interest arises upon any exercise or conversion of the Warrant, the Company shall eliminate such fractional Share interest by paying Holder an amount by check computed by multiplying the fractional interest by the fair market value of a full Share.

2.6 Certificate as to Adjustments. Upon each adjustment of the Exercise Price, the Company at its expense shall promptly compute such adjustment, and furnish Holder with a certificate of its Chief Financial Officer setting forth such adjustment and the facts upon which such adjustment is based. The Company shall, upon written request, furnish Holder a certificate setting forth the Exercise Price in effect upon the date thereof, and the number of Shares and the amount, if any, of other securities, cash or property receivable upon exercise or conversion hereof, and the series of adjustments leading to such Exercise Price and the number of Shares and the amount, if any, of other securities, cash or property receivable upon exercise or conversion hereof.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY.

3.1 Representations and Warranties. The Company hereby represents and warrants to the Holder that all Shares which may be issued upon the exercise of the purchase right represented by this Warrant, and all securities, if any, issuable upon conversion of the Shares, shall, upon issuance, be duly authorized, validly issued, fully paid and nonassessable, and free of any liens and encumbrances except for restrictions on transfer provided for herein or under applicable federal and state securities laws.

3.2 Reservation of Stock. The Company covenants and agrees that the Company will at all times during the term of this Warrant, have authorized and reserved a sufficient number of shares of its capital stock to provide for the exercise of the rights represented by this Warrant. If at any time during the term of this Warrant the number of authorized but unissued shares of capital stock shall not be sufficient to permit exercise of this Warrant, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of capital stock to such number of shares as shall be sufficient for such purposes.

4. REPRESENTATIONS OF HOLDER. Holder acknowledges that this Warrant and the Shares issuable hereunder constitute “Securities” as defined in Schedule II of the Loan Facility Agreement and are subject to the representations, warranties and covenants set forth in Section 5 of such Schedule II.

5. GENERAL PROVISIONS.

5.1 Notices. All notices and other communications given or made pursuant to this Warrant shall be given and deemed effective in accordance with Section 11 of the Loan Facility Agreement, the terms of which are incorporated herein by reference.

5.2 Counterparts; Facsimile. This Warrant may be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.3 Titles and Subtitles. The titles and subtitles used in this Warrant are used for convenience only and are not to be considered in construing or interpreting this Warrant.

5.4 Governing Law. This Warrant will be governed by and construed in accordance with the laws of the State of California, without giving effect to that body of laws pertaining to conflict of laws.

5.5 Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Warrant.

5.6 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

5.7 Amendment and Waivers. This Warrant may be amended, and any provision hereof may be waived, only by a written agreement executed by each of the Company and the Required Lenders (as defined in the Loan Facility Agreement). Any amendment or waiver effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Warrant shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Warrant as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

5.8 Entire Agreement. This Warrant and the documents referred to herein, including but not limited to the Loan Facility Agreement, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Warrant, and supersede all prior understandings and agreements, whether oral or written, between or among the parties hereto with respect to the specific subject matter hereof.

[*Remainder of page intentionally left blank*]

In Witness Whereof, the parties hereto have executed this Warrant as of the Issue Date set forth above.

WARRANT HOLDER:	**COMPANY:**
[**Name of Holder**]	**Enphase Energy, Inc.**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT A

NOTICE OF EXERCISE

(TO BE SIGNED ONLY UPON EXERCISE OF WARRANT)

1. The undersigned hereby elects to purchase shares of the Common Stock (the ***"Shares"***) of Enphase Energy, Inc., a Delaware corporation (the "***Company***"), pursuant to the terms of the attached Warrant to Purchase Common Stock of the Company with an issue date of June [ ], 2011 (the ***"Warrant"***) (capitalized terms used but not otherwise defined in this Notice of Exercise shall have the meaning ascribed to such terms in the Warrant), as follows:

(Initial applicable method:)

a. The undersigned tenders herewith payment of the total purchase price of such Shares in full, pursuant to a check or wire transfer, in the amount of $.

b. This exercise or conversion **[is]** **[is not]** contingent upon the closing of the Acquisition or other event specified in the Company Notice to Holder in accordance with Section 2.6 of the Warrant received by Holder on and **[is]** **[is not]** contingent upon a sale price or fair market value for the Company's Common Stock in the Acquisition or other event of no less than the lesser of (a) $ per share or (b) the per share price set forth in the Company Notice.

c. The undersigned hereby elects to convert the Warrant into Shares by the net exercise election pursuant to Section 2.3 of the Warrant. This conversion is exercised with respect to [ ] **[all of the]** shares of Common Stock covered by the Warrant resulting in a net total of Shares being issued to the undersigned.

2. Please issue a certificate or certificates representing said Shares in the name of the undersigned. The undersigned represents that it is acquiring the shares solely for its own account and not as a nominee for any other party and not with a view toward the resale or distribution thereof except in compliance with applicable securities laws and hereby repeats the representations and warranties of the undersigned that are set forth in Section 5.1 of the attached Warrant.

_____
(Name)

_____
(Address)

_____
(City, State, Zip Code)

_____
(Federal Tax Identification Number)

_____
(Signature of Holder and, if applicable, Title)

Enphase Energy, Inc.
Non-Employee Director Compensation Policy
Effective: Upon the effectiveness of the IPO

Each member of the Board of Directors (the "Board") who is not also serving as an employee of Enphase Energy, Inc. ("Enphase") or any of its subsidiaries (each such member, a "Director") will receive the following compensation for his or her Board service following the closing of the initial public offering of Enphase's common stock (the "IPO"):

Annual Cash Compensation

The annual cash compensation amount set forth below is payable in equal quarterly installments, payable in arrears on the last day of each fiscal quarter in which the service occurred. The meeting fees set forth below are payable on the last day of each fiscal quarter in which the service occurred. If a Director joins the Board or a committee at a time other than effective as of the first day of a fiscal quarter, each annual retainer set forth below will be pro-rated based on days served in the applicable fiscal year, with the pro-rated amount paid for the first fiscal quarter in which the Director provides the service, and regular full quarterly payments thereafter. All annual cash fees are vested upon payment; meeting fees are vested upon the date of the meeting.

1. Annual Board Service Retainer:
    a. All Directors: $35,000

2. Annual Committee Chair Retainer (assumes five (5) meetings for each committee each fiscal year):
    a. Chairman of the Audit Committee: $18,000
    b. Chairman of the Compensation Committee: $12,000
    c. Chairman of the Nominating & Corporate Governance Committee: $8,000

3. Annual Committee Member (non-Chair) Retainer (assumes five (5) meetings for each committee each fiscal year):
    a. Audit Committee: $8,000
    b. Compensation Committee: $6,000
    c. Nominating & Corporate Governance Committee: $3,000

4. Meeting Fees:
    a. Meeting fee for Committee Chair member:
        - $1,500 per regular meeting beyond five (5) meetings in a fiscal year
    b. Meeting fee for Committee Member (non-Chair):
        - $1,000 per regular meeting beyond five (5) meetings in a fiscal year

Equity Compensation

The equity compensation set forth below will be granted under the Enphase 2011 Equity Incentive Plan (the "Plan"), subject to the stockholders' approval of the Plan. All stock options

granted under this policy will be non-statutory stock options, with an exercise price per share equal to 100% of the Fair Market Value (as defined in the Plan) of the underlying Enphase common stock on the date of grant, and a term of ten (10) years from the date of grant (subject to earlier termination in connection with a termination of service as provided in the Plan).

1. Initial Grant: On the date of the Director's initial election to the Board (or, if such date is not a market trading day, the first market trading day thereafter), the Director will be automatically, and without further action by the Board, granted a stock option for a number of shares with a target fair value of $120,000, rounded down for any partial share. Such option will vest in four (4) equal annual installments from the grant date, such that the option is fully vested on the fourth anniversary of the date of grant, subject to the Director's Continuous Service (as defined in the Plan). A Director who, in the one year prior to his or her initial election to serve on the Board as a non-employee director, served as an employee of Enphase or one of its subsidiaries will not be eligible for an initial grant.

2. Annual Grant: On the date of each Enphase annual stockholder meeting held after the effective date of the IPO, each Director will be automatically, and without further action by the Board, granted a stock option for a number of shares with a target fair value equal to $75,000, rounded down for any partial share. Such option will vest in full on the first anniversary of the date of grant, subject to the Director's Continuous Service (as defined in the Plan).

ENPHASE ENERGY, INC.

AMENDED AND RESTATED VOTING AGREEMENT

This Amended and Restated Voting Agreement (this "Agreement") is made and entered into as of March 15, 2010, (the "Effective Date") by and among Enphase Energy, Inc., a Delaware corporation (the "Company"), the parties listed on Exhibit A attached hereto (the "Investors") and the parties listed on Exhibit B attached hereto (the "Stockholders"). The Investors and the Stockholders are sometimes hereinafter collectively referred to as the "Holders."

RECITALS

A. Certain of the Investors (the "Prior Investors") were parties to that certain Voting Agreement by and among such Prior Investors and the Company dated April 24, 2009, as amended on June 23, 2009 (the "Prior Agreement"), which set forth the Prior Investors' agreements and understandings with respect to how shares of the Company's capital stock held by them should be voted on certain matters.

B. Concurrently herewith, certain Investors are purchasing from the Company shares of its Series E Preferred Stock (the "Purchased Shares") pursuant to a Series E Preferred Stock Purchase Agreement dated of even date herewith between the Company and the Investors, as amended from time to time (the "Purchase Agreement").

C. The Company, the Stockholders, and the Investors (including the Prior Investors) desire to enter into this Agreement in order to amend, restate and replace their rights and obligations under the Prior Agreement with the rights and obligations set forth in this Agreement. Section 9.13 of the Prior Agreement provides that the Prior Agreement may be amended by the written consent of the holders of (i) 60% of the issued and outstanding shares of Preferred Stock, voting together as a class on an as-converted basis held by the Investors, or their permitted assignees and (ii) at least a majority of the Company's Common Stock held by the Stockholders, and the undersigned parties to this Agreement hold the requisite number of shares to amend the Prior Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the above recitals and the mutual covenants made herein, the parties hereby agree as follows.

1. CAPITAL STOCK. The Holders expressly agree that the terms and restrictions of this Agreement shall apply to all shares of capital stock (including, but without limitation, all classes of common, preferred, voting and nonvoting capital stock) of the Company which any of them now owns or hereafter acquires by any means, including without limitation by purchase, assignment, conversion of convertible securities or operation of law, or as a result of any stock dividend, stock split, reorganization, reclassification, whether voluntary or involuntary, or other similar transaction, and to any shares of capital stock of any successor in interest of the Company, whether by sale, merger, consolidation or other similar transaction, or by purchase, assignment or operation of law (the "Company Stock").

2. ELECTION OF BOARD OF DIRECTORS.

2.1 Voting; Board Composition. Subject to the rights of the Stockholders of the Company to remove a director for cause in accordance with applicable law, during the term of this Agreement, each Holder agrees to vote (or consent pursuant to an action by written consent of the stockholders of the Company) all Company Stock now or hereafter directly or indirectly owned of record or beneficially by such Holder, or to cause such shares of Company Stock to be voted, in such manner as may be necessary under the Company's Amended and Restated Certificate of Incorporation, as the same may be amended, or amended and restated, hereafter (the "Restated Certificate") to elect and maintain in office as members of the Company's Board of Directors (the "Board"), the following seven (7) individuals:

(a) One (1) individual designated from time to time in a writing delivered to the Company and signed by Bay Partners XI, L.P. or any affiliated fund (collectively, "Bay") (the "Series E Designee");

(b) One (1) individual designated from time to time in a writing delivered to the Company and signed by Madrone Partners, L.P. or any affiliated fund (collectively, "Madrone") (the "Series D Designee");

(c) One (1) individual designated from time to time in a writing delivered to the Company and signed by RockPort Capital Partners II, L.P. or any affiliated fund (collectively, "Rockport") (the "Series C Designee");

(d) One (1) individual designated from time to time in a writing delivered to the Company and signed by ThirdPoint LLC or any affiliated fund (the "Series B Designee");

(e) Two (2) individuals designated from time to time in a writing delivered to the Company and signed by Stockholders who, at the time in question, hold shares of issued and outstanding Common Stock of the Company representing a majority of the voting power of all issued and outstanding shares of Common Stock of the Company then held by all Stockholders (the "Stockholders' Designees"), provided that one of the Stockholders' Designees shall always be the Company's then-current Chief Executive Officer; and

(f) One (1) individual designated by unanimous agreement of the other directors then serving (the "Independent Director").

For purposes of this Agreement: (i) any individual who is designated for election to the Board pursuant to the foregoing provisions of this Section 2.1 is referred to below as a "Board Designee"; and (ii) any individual, entity, or group of individuals and/or entities who has the right to designate one (1) or more Board Designees for election to the Board pursuant to the foregoing provisions of this Section 2.2 is referred to below as a "Designator" or as "Designators," as applicable.

2.2 Initial Board Members. The initial Series E Designee shall be Sandesh Patnam; the initial Series D Designee shall be Jameson J. McJunkin; the initial Series C Designee shall be Stoddard Wilson; the initial Series B Designee shall be Robert Schwartz; the

initial Stockholders' Designees shall be Paul Nahi and Raghuveer Belur; the Independent Director will be designated following the Effective Date.

2.3 Changes in Board Designees. From time to time during the term of this Agreement, a Designator or Designators may, in their sole discretion:

(a) elect to remove from the Board any incumbent Board Designee who occupies a Board seat for which such Designator or Designators are entitled to designate the Board Designee under Section 2.2; and/or

(b) designate a new Board Designee for election to a Board seat for which such Designator or Designators are entitled to designate the Board Designee under Section 2.2 (whether to replace a prior Board Designee or to fill a vacancy in such Board seat);

provided such removal and/or designation of a Board Designee is approved in a writing signed by Designators who are entitled to designate such Board Designee under Section 2.1, in which case such election to remove a Board Designee and/or elect a new Board Designee will be binding on all such Designators. In the event of such a removal and/or designation of a Board Designee under this Section 2.3, the Holders shall vote their shares of the Company Stock as provided in Section 2.1 to cause: (a) the removal from the Board of the Board Designee or Designees so designated for removal by the appropriate Designators or Designators; and (b) the election to the Board of any new Board Designee or Designees so designated for election to the Board by the appropriate Designator or Designators.

2.4 Notice; Covenant to Vote in Accord. The Company shall promptly give each of the Holders written notice of any change in composition of the Board and of any proposal by a Designator or Designators to remove or elect a new Board Designee as described in this Section 2 above. In any election of directors pursuant to this Section 2, the Holders shall vote their shares of Company Stock in a manner sufficient to elect to the Board the individuals to be elected thereto as provided in this Section 2.

3. BOARD OBSERVERS. The Investors who, at the time in question, hold a majority of the outstanding shares of Series B Preferred Stock (the "Series B Designators") shall be entitled to designate two individuals reasonably acceptable to the Company (each, an "Observer") and RockPort shall be entitled to designate one Observer, each to receive prior notice of and attend all meetings of the Board in a nonvoting capacity. The Company shall give the Observers copies of all notices, minutes, consents and other material that it provides to its directors, provided, however, that the Company reserves the right to exclude any Observer from access to any material or meeting or portion thereof if necessary to protect highly confidential trade secret information or if the Company believes based upon advice from counsel that such exclusion is reasonably necessary to preserve attorney-client privilege. Observers may participate in discussions of matters brought to the Board but shall not be entitled to vote. Each of the parties entitled to designate an observer hereunder shall designate, and may replace, its Observer with or without cause in its sole discretion by providing written notice to the Company, provided that any replacement Observer shall be reasonably acceptable to the Company. An observer designated by Applied Ventures, LLC ("Applied Ventures") pursuant to that certain letter from the Company to Applied Ventures dated January 14, 2008, shall be considered one of

the Observers designated by the Series B Designators pursuant to this Section 3 and such letter shall continue to govern the rights of such observer. The first of the two Observers designated by the Series B Designators shall initially be the Applied Ventures designee, and the second will be designated following the Effective Date. The initial Observer of RockPort shall be Abe Yokell.

4. DRAG-ALONG RIGHT.

4.1 Definitions.

(a) A "Sale of the Company" shall mean either: (a) a transaction or series of related transactions in which a person or entity, or a group of related persons or entities acquires from stockholders of the Company shares representing more than 50% of the out-standing voting power of the Company (a "Stock Sale"); or (b) a transaction that qualifies as a Change of Control pursuant to the Restated Certificate;

(b) An "IPO" shall mean the first underwritten sale of Common Stock of the Company to the public pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act of 1933, as amended; and

(c) Either of (a) or (b) above may be referred to as a "Qualifying Transaction."

4.2 Actions to be Taken. In the event that the Board and the holders of at least 85% of the outstanding shares of Common Stock and Preferred Stock, voting together as a single class on an as-converted basis (the "85% Investors") approve a Sale of the Company or an IPO in writing specifying that this Section 4 shall apply to such Qualifying Transaction, then the Company shall provide written notice of such approval (the "Drag-Along Notice") to each Holder and each Holder hereby agrees:

(a) if the Qualifying Transaction requires the approval of the stockholders, to vote (in person, by proxy or by action by written consent, as applicable), with respect to all Company Stock that such Holder owns or over which such Holder otherwise exercises voting power, in favor of such Qualifying Transaction and to vote in opposition to any and all other proposals that could reasonably be expected to delay or impair the ability of the Company to consummate the Qualifying Transaction;

(b) if the Qualifying Transaction is a Stock Sale, to sell the same proportion of shares of capital stock of the Company beneficially held by such Holder as is being sold by the 85% Investors to the person or entity to whom the 85% Investors propose to sell their Company Stock, and, except as permitted in Section 4.4 below, on the same terms and conditions as the 85% Investors;

(c) to execute and deliver all related documentation and take such other action in support of the Qualifying Transaction as shall reasonably be requested by the Company or the 85% Investors in order to carry out the terms and provision of this Section 4, including without limitation executing and delivering instruments of conveyance and transfer,

and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances), and any similar or related documents;

(d) not to deposit, and to cause its affiliates not to deposit, except as provided in this Agreement, any voting securities of the Company owned by such Holder or affiliate in a voting trust or subject any such voting securities to any arrangement or agreement with respect to the voting of such securities, unless specifically requested to do so by the acquirer in connection with the Sale of the Company or by an underwriter in connection with an IPO;

(e) to refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to such Sale of the Company; and

(f) to grant any other necessary consents or approvals reasonably determined by the Board to be necessary in order to effect a Qualifying Transaction.

4.3 Drag-Along Notice. Each Drag-Along Notice required by Section 4.2 shall include reasonable details of the Qualifying Transaction including any written consent of stockholders, stockholder resolutions, agreement, instrument or other document that the Holders are required to execute together with all exhibits, attachments and schedules thereto.

4.4 Exceptions. Notwithstanding the forgoing, a Holder will not be required to comply with Section 4.2 above in connection with any specific Sale of the Company (the "Proposed Sale") unless:

(a) any representations and warranties to be made by such Holder in connection with the Proposed Sale are limited to (1) representations and warranties related to authority, ownership of the Shares held by such Holder and the ability to convey title to such Shares, including but not limited to representations and warranties that (i) the Holder holds all right, title and interest in and to the Company's securities such Holder purports to hold, free and clear of all liens and encumbrances, (ii) the obligations of the Holder in connection with the transaction have been duly authorized, if applicable, (iii) the documents to be entered into by the Holder have been duly executed by the Holder and delivered to the acquirer and are enforceable against the Holder in accordance with their respective terms, and (iv) neither the execution and delivery of documents to be entered into in connection with the transaction, nor the performance of the Holder's obligations thereunder, will cause a breach or violation of the terms of any agreement, law or judgment, order or decree of any court or governmental agency; and (2) such other standard and customary representations and warranties made by stockholders in connection with a Sale of the Company;

(b) the Holder shall not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the Proposed Sale, other than the Company;

(c) the liability for indemnification, if any, of such Holder in the Proposed Sale and for the inaccuracy of any representations and warranties made by the Company in connection with such Proposed Sale, is several and not joint with any other Person,

and is pro rata in accordance with the portion of the proceeds received by such Holder in the Sale of the Company;

(d) liability shall be limited to the amount of consideration actually paid to such Holder in connection with such Proposed Sale, except with respect to (i) representations and warranties of such Holder related to authority, ownership of the Shares held by such Holder and the ability to convey title to such Shares, (ii) any covenants made by such Holder with respect to confidentiality or voting related to the Proposed Sale or (iii) claims related to fraud or willful breach by such Holder, the liability for which need not be limited; and

(e) upon the consummation of the Proposed Sale, (i) each holder of a series of Preferred Stock will receive the same amount of consideration per share of such series of Preferred Stock, and (ii) each holder of Common Stock will receive the same amount of consideration per share of Common Stock.

5. REMEDIES.

5.1 Irrevocable Proxy. Each Holder hereby constitutes and appoints the Chief Executive Officer of the Company as the proxy of the Holder with respect to the matters set forth herein, including without limitation, election of persons as members of the Board in accordance with Section 2 of this Agreement and votes regarding any Qualifying Transaction pursuant to Section 4 of this Agreement, and hereby authorizes each of them to represent and to vote, if and only if the Holder attempts to vote (whether by proxy, in person or by written consent), or to fail to vote, in a manner which is inconsistent with the terms of this Agreement, all of such Holder's Company Stock in favor of the election of persons as members of the Board determined pursuant to and in accordance with the terms and provisions of this Agreement or approval of any Qualifying Transaction pursuant to and in accordance with the terms and provisions of Section 4 of this Agreement. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company and the Holders in connection with the transactions contemplated by this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until this Agreement terminates or expires pursuant to Section 8 hereof. Each Holder hereby revokes any and all previous proxies with respect to the Shares and shall not hereafter, unless and until this Agreement terminates or expires pursuant to Section 8 hereof, purport to grant any other proxy or power of attorney with respect to any of the Company Stock, deposit any of the Company Stock into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of the Company Stock, in each case, with respect to any of the matters set forth herein.

5.2 Specific Enforcement. Each Holder acknowledges and agrees that each Holder will be irreparably damaged in the event any of the provisions of this Agreement are not performed by the Holders in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that each of the Company and the Holders shall be entitled to an injunction to prevent breaches of this Agreement and to specific enforcement of this Agreement and its terms and provisions in any action instituted in any court of the United States or any state having subject matter jurisdiction.

5.3 Remedies Cumulative. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6. TRANSFEREES; LEGENDS ON CERTIFICATES.

6.1 Effect on Transferees. Each and every transferee or assignee of any shares of Company Stock from any Holder shall be bound by and subject to the terms and conditions of this Agreement that are applicable to the transferor or assignor of such shares, and the Company shall require, as a condition precedent to the transfer of any Company Stock subject to this Agreement, that the transferee agrees in writing to be bound by, and subject to, all the terms and conditions of this Agreement.

6.2 Legend. The Holders agree that all Company share certificates now or hereafter held by them that represent Company Stock subject to this Agreement will be stamped or otherwise imprinted with a legend to read as follows:

> THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO AGREEMENTS AND RESTRICTIONS WITH REGARD TO THE VOTING OF SUCH SHARES AND THEIR TRANSFER, AS PROVIDED IN THE PROVISIONS OF A VOTING AGREEMENT, A COPY OF WHICH IS ON FILE IN THE OFFICE OF THE SECRETARY OF THE COMPANY.

7. ENFORCEMENT OF AGREEMENT. Each of the Holders acknowledge and agree that any breach by any of them of this Agreement shall cause the other Holders irreparable harm which may not be adequately compensable by money damages. Accordingly, in the event of a breach or threatened breach by a Holder of any provision of this Agreement, the Company and each other Holder shall each be entitled to seek the remedies of specific performance, injunction or other preliminary or equitable relief, including the right to compel any such breaching Holder, as appropriate, to vote such Holder's shares of capital stock of the Company in accordance with the provisions of this Agreement, without having to prove irreparable harm or actual damages. The foregoing right shall be in addition to such other rights or remedies as may be available to the Company or any Holder for any such breach or threatened breach, including but not limited to the recovery of money damages.

8. TERM. This Agreement shall commence on the Effective Date and shall terminate upon the first to occur of the following:

(a) The execution by (i) Investors holding 60% of the voting power of all the Company's then issued and outstanding Preferred Stock (voting together as a class on an as-converted basis) held by such Investors, and (ii) Stockholders holding a majority of the voting power of the Company's then issued and outstanding Common Stock held by such Stockholders, of a written agreement to terminate this Agreement; or

(b) The consummation of a Qualifying Transaction (regardless of whether the Drag-Along provisions of Section 4 apply to such transaction).

9. GENERAL PROVISIONS.

9.1 Notices. Any and all notices required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed to provide such party sufficient notice under this Agreement on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) at the time of transmission by facsimile, addressed to the other party at its facsimile number specified herein (or hereafter modified by subsequent notice to the parties hereto), with confirmation of receipt made by both telephone and printed confirmation sheet verifying successful transmission of the facsimile; (iii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States, with proof of delivery from the courier requested; or (iv) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. All notices for delivery outside the United States will be sent by facsimile or by express courier. All notices not delivered personally or by facsimile will be sent with postage and/or other charges prepaid and properly addressed to the party to be notified at the address or facsimile number as follows, or at such other address or facsimile number as such other party may designate by one of the indicated means of notice herein to the other parties hereto as follows:

(a) if to an Investor, at such Investor's address or facsimile number set forth on Exhibit A hereto;

(b) if to the Company, marked "Attention: President", at 201 1st Street, Suite 300, Petaluma, CA 94952;

(c) if to a Stockholder, at such Stockholder's address or facsimile number set forth on Exhibit B hereto.

9.2 Entire Agreement. This Agreement and the documents referred to herein, together with all the Exhibits hereto, constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersede any and all prior understandings and agreements, whether oral or written, between or among the parties hereto with respect to the specific subject matter hereof.

9.3 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to that body of laws pertaining to conflict of laws.

9.4 Severability. If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement. Notwithstanding the forgoing, if the value of this Agreement based upon the substantial benefit of the bargain for any party is materially impaired, which determination as

made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good faith negotiations.

9.5 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

9.6 Successors And Assigns. Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives.

9.7 Titles and Headings. The titles, captions and headings of this Agreement are included for ease of reference only and will be disregarded in interpreting or construing this Agreement. Unless otherwise specifically stated, all references herein to "sections" and "exhibits" will mean "sections" and "exhibits" to this Agreement.

9.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement.

9.9 Costs And Attorneys' Fees. In the event that any action, suit or other proceeding is instituted concerning or arising out of this Agreement or any transaction contemplated hereunder, the prevailing party shall recover all of such party's costs and attorneys' fees incurred in each such action, suit or other proceeding, including any and all appeals or petitions therefrom.

9.10 Adjustments for Stock Splits, Etc. Wherever in this Agreement there is a reference to a specific number of shares of Common Stock or Preferred Stock of the Company of any class or series, then, upon the occurrence of any subdivision, combination or stock dividend of such class or series of stock, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the affect on the outstanding shares of such class or series of stock by such subdivision, combination or stock dividend.

9.11 Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

9.12 Facsimile Signatures. This Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other party.

9.13 Amendment and Waivers. This Agreement may be amended only by a written agreement executed by the Company and the holders of at least (i) 60% of the issued and outstanding shares of Preferred Stock, voting together as a class on an as-converted basis held by the Investors, or their permitted assignees, and (ii) by the holders of at least a majority of the Company's Common Stock held by the Stockholders, provided, that any amendment that treats any Stockholder in a materially adverse manner that is different than any other Stockholder will

require the separate approval of such Stockholder. Any amendment effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Agreement as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

THE COMPANY

ENPHASE ENERGY, INC.

Name: /s/ Paul Nahi
By: Paul Nahi
Title: President and CEO

Address: 201 1st Street, Suite 300
Petaluma, California 94952

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

INVESTORS:.

By: /s/ Paul Nahi
Paul Nahi

By: /s/ Raghuveer Belur
Raghuveer Belur

By: /s/ Martin Fornage
Martin Fornage

By: _____
Andrew Nichols

By: /s/ John Nichols
John Nichols

By: _____
William Orenstein

By: _____
Paul Elliot

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

THE INVESTORS:

BAY PARTNERS XI, L.P.

By: Bay Management Company XI, LLC, General Partner

By: Neal Dempsey
Neal Dempsey, Manager

BAY PARTNERS XI PARALLEL FUND, L.P.

By: Bay Management Company XI, LLC, General Partner

By: Neal Demspey
Neal Demspey, Manager

Address: 490 South California Avenue, Suite 200
Palo Alto, CA 94306

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

THE INVESTORS:

MADRONE PARTNERS, L.P.

By: Madrone Capital Partners, LLC, its general partner

By: /s/ Jameson McJunkin
Name: Jameson McJunkin
Title: Managing Member

Address: 3000 Sand Hill Road
Building 1, Suite 150
Menlo Park, CA 94025

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

THE INVESTORS:

ROCKPORT CAPITAL PARTNERS II, L.P.

By: RockPort Capital II, L.L.C., its General Partner

By: /s/ Stoddard Wilson
Name: Stoddard Wilson
Title: Managing Member

Address: c/o RockPort Capital
160 Federal Street
18th Floor
Boston, MA 02110-1700

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

THE INVESTORS:

THIRD POINT PARTNERS QUALIFIED L.P.
THIRD POINT PARTNERS L.P.
THIRD POINT OFFSHORE MASTER FUND L.P.
THIRD POINT ULTRA MASTER FUND L.P.

By: Third Point LLC

By: /s/ James P Gallagher
Name: James P Gallagher
Title: CAO

Address: c/o Third Point LLC
390 Park Ave., 18th Floor
New York, NY 10022
Attn: James P. Gallagher

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

THE INVESTORS:

APPLIED VENTURES LLC

By: /s/ J. Christopher Moran
Name: J. Christopher Moran
Title: Vice President, General Manager
Address: c/o Applied Materials, Inc.
3050 Bowers Avenue
Santa Clara. CA 95054-3299

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

INVESTORS:

JOHN F. NICHOLS REVOCABLE TRUST,
UNDER AGREEMENT DATED JUNE 12,1998

By: /s/ John F. Nichols
Name: John F. Nichols
Title: Trustee

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT
OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

INVESTORS:

By: /s/ Daniel Loeb
Daniel Loeb

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of April 5, 2010.

INVESTORS:

Flextronics International USA, Inc., a California corporation

By: /s/ Donald Standley
Name: Donald Standley
Title: Vice President, Director of Tax

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of April 5, 2010.

INVESTORS:

PCG CLEAN ENERGY & TECHNOLOGY FUND LLC

By: /s/ Mark A. Nydam
Name: Mark A. Nydam
Title: Managing Director

By: /s/ Kara Boone King
Name: Kara Boone King
Title: Managing Director

PCG CLEAN ENERGY & TECHNOLOGY FUND (EAST) LLC

By: /s/ Mark A. Nydam
Name: Mark A. Nydam
Title: Managing Director

By: /s/ Kara Boone King
Name: Kara Boone King
Title: Managing Director

Address: 1200 Prospect Street, Suite 200
La Jolla, CA 92037

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of March 30, 2010.

INVESTORS:

G&W VENTURES, LLC

By: /s/ William C. White
Name: William C. White
Title: Manager

Address: 201 1st Street, Suite 100
Petaluma, CA 94952

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

INVESTORS:

DONALD & MAUREEN GREEN LIVING TRUST

By: /s/ Donald Green
Name: Donald Green
Title: Trustees

Address: 950 Shiloh Vista
Santa Rosa, CA 95403

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of April 5, 2010.

INVESTORS:

By: /s/ Jim Carstensen
Jim Carstensen

By: /s/ Robert Schwartz
Robert Schwartz

By: /s/ Timothy Lash
Timothy Lash

By: /s/ David Fisher
David Fisher

By: _____
William Orenstein

By: _____
Tom Birdsall and Rebecca Green

By: _____
Ellen Schwab

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of March 31, 2010.

INVESTORS:

By: _____
Jim Carstensen

By: _____
Robert Schwartz

By: _____
Timothy Lash

By: _____
David Fisher

By: /s/ William Orenstein
William Orenstein

By: _____
Tom Birdsall and Rebecca Green

By: _____
Ellen Schwab

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of March 30, 2010.

INVESTORS:

By: _____
Jim Carstensen

By: _____
Robert Schwartz

By: _____
Timothy Lash

By: _____
David Fisher

By: _____
William Orenstein

By: /s/ Tom Birdsall and Rebecca Green
Tom Birdsall and Rebecca Green

By: _____
Ellen Schwab

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of April 1, 2010.

INVESTORS:

By: _____
Jim Carstensen

By: _____
Robert Schwartz

By: _____
Timothy Lash

By: _____
David Fisher

By: _____
William Orenstein

By: _____
Tom Birdsall and Rebecca Green

By: /s/ Ellen Schwab
Ellen Schwab

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of May 21, 2010.

INVESTORS:

CONTRA COSTA CAPITAL, LLC

By: /s/ Stephan Segouin
Name: Stephan Segouin
Title: Vice President

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of May 21, 2010.

INVESTORS:

KPCB HOLDINGS, INC., AS NOMINEE

By: /s/ John Denniston
Name: John Denniston
Title: Senior Vice President

SIGNATURE PAGE TO THE AMENDED AND RESTATED VOTING AGREEMENT OF ENPHASE ENERGY, INC.

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Amended and Restated Voting Agreement as of the date first written above.

STOCKHOLDERS:

/s/ Raghuveer Belur
Raghuveer Belur

/s/ Martin Fornage
Martin Fornage

/s/ Paul Nahi
Paul Nahi

Exhibit A

Investors

Bay Partners XI, L.P.
Bay Partners XI Parallel Fund, L.P.
Madrone Partners, L.P.
RockPort Capital Partners II, LP
Third Point Partners Qualified L.P.
Third Point Partners L.P.
Third Point Offshore Master Fund L.P.
Third Point Ultra Master Fund L.P.
TGI Holdings, LLC
James A. Stern Trust F/B/O Peter Stern
James A. Stern Trust F/B/O David Stern
Thomas G. Mendell
Emil Meshberg
Applied Ventures, LLC
ATEL Ventures, Inc. as Trustee
Raghuveer Belur
Tom Birdsall and Rebecca Green
Martin Fornage
G&W Ventures
Donald and Maureen Green Living Trust
Michael Hatfield
J. Rick Johnston
Ted Lord
Steve Milborrow
William Orenstein
Ellen Schwab
Redstone Investments LLC
J. Steve Sheppard
F&W Investments LLC – Series 2006
Daniel Loeb
Timothy Lash
Robert Schwartz
Brian Hamel
Ray Moser
David Fisher
Restatement of James H. Carstensen 1995 Revocable Trust dated, March 13, 2000
Ed Falsetti
Paul Nahi
John F. Nichols Revocable Trust, under Agreement dated June 12, 1998
Andrew Nichols
PCG Clean Energy & Technology Fund LLC
PCG Clean Energy & Technology Fund (East) LLC
Paul Elliot & Mary E. Elliot
Flextronics International USA, Inc., a California corporation
Contra Costa Capital, LLC
KPCB Holdings, as nominee

Exhibit B

Stockholders

Raghuveer Belur

Martin Fornage

Paul Nahi

Paul B. Nahi and Sheila B.Nahi, as Trustees of the Kayla Nahi Trust u/a/d December 21, 2009

Paul B. Nahi and Sheila B.Nahi, as Trustees of the Skylar Lisle Nahi Trust u/a/d December 21, 2009

ENPHASE ENERGY, INC.

AMENDMENT NO. 1 TO VOTING AGREEMENT

This Amendment No. 1 to Voting Agreement (this "Amendment") is made as of May 21, 2010, by and among Enphase Energy, Inc., a Delaware corporation (the "Company"), the investors listed on Schedule A hereto (the "Investors") and the stockholders listed on Schedule B hereto (the "Stockholders"), and amends that certain Amended and Restated Voting Agreement dated March 15, 2010 by and among the Company, the Investors and the Stockholders (the "Voting Agreement").

RECITALS

WHEREAS, the Company and the Investors entered into the Voting Agreement in connection with the previous sale and issuance of the Company's Series E Preferred Stock pursuant to the Series E Preferred Stock Purchase Agreement dated March 15, 2010;

WHEREAS, the Company and the Investors are entering into an Amendment No. 1 to Series E Preferred Stock Purchase Agreement of even date herewith (the "Series E Amendment") pursuant to which the Company will sell, and certain purchasers will purchase, up to an aggregate of 25,735,293 additional shares of the Company's Series E Preferred Stock (the "Series E Preferred");

WHEREAS, in connection with the sale and issuance of the Series E Preferred, the Company and the Investors desire to amend the Voting Agreement to increase the number of members of the Company's Board of Directors and to make certain other changes as provided herein; and

WHEREAS, pursuant to Section 9.13 of the Voting Agreement, this Amendment is being executed by the Company and Investors holdings at least (i) 60% of the outstanding shares of Preferred Stock held by the Investors, and (ii) a majority of the Common Stock held by all Stockholders, thereby permitting the Voting Agreement to be amended by this Amendment.

NOW, THEREFORE, for and in consideration of the mutual promises and covenants set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Amendment hereby agree as follows:

AGREEMENT

1. Section 2.1 of the Voting Agreement is amended and restated to read in its entirety as follows:

"**2.1 Voting; Board Composition.** Subject to the rights of the Stockholders of the Company to remove a director for cause in accordance with applicable law, during the term of this Agreement, each Holder agrees to vote (or consent pursuant to an action by written consent of the stockholders of the Company) all Company Stock now or hereafter

directly or indirectly owned of record or beneficially by such Holder, or to cause such shares of Company Stock to be voted, in such manner as may be necessary under the Company's Amended and Restated Certificate of Incorporation, as the same may be amended, or amended and restated, hereafter (the "Restated Certificate") to elect and maintain in office as members of the Company's Board of Directors (the "Board"), the following eight (8) individuals:

(a) One (1) individual designated from time to time in a writing delivered to the Company and signed by KPCB Holdings, Inc., as nominee ("KPCB") (the "KPCB Series E Designee");

(b) One (1) individual designated from time to time in a writing delivered to the Company and signed by Bay Partners XI, L.P. or any affiliated fund (collectively, "Bay") (the "Bay Series E Designee");

(c) One (1) individual designated from time to time in a writing delivered to the Company and signed by Madrone Partners, L.P. or any affiliated fund (collectively, "Madrone") (the "Series D Designee");

(d) One (1) individual designated from time to time in a writing delivered to the Company and signed by RockPort Capital Partners II, L.P. or any affiliated fund (collectively, "Rockport") (the "Series C Designee");

(e) One (1) individual designated from time to time in a writing delivered to the Company and signed by ThirdPoint LLC or any affiliated fund (the "Series B Designee");

(f) Two (2) individuals designated from time to time in a writing delivered to the Company and signed by Stockholders who, at the time in question, hold shares of issued and outstanding Common Stock of the Company representing a majority of the voting power of all issued and outstanding shares of Common Stock of the Company then held by all Stockholders (the "Stockholders' Designees"), provided that one of the Stockholders' Designees shall always be the Company's then-current Chief Executive Officer; and

(g) One (1) individual designated by unanimous agreement of the other directors then serving (the "Independent Director").

For purposes of this Agreement: (i) any individual who is designated for election to the Board pursuant to the foregoing provisions of this Section 2.1 is referred to below as a "Board Designee"; and (ii) any individual, entity, or group of individuals and/or entities who has the right to designate one (1) or more Board Designees for election to the Board pursuant to the foregoing provisions of this Section 2.2 is referred to below as a "Designator" or as "Designators," as applicable."

2. Section 2.2 of the Voting Agreement is amended and restated to read in its entirety as follows:

"**2.2 Initial Board Members.** The initial KPCB Series E Designee shall be Ben Kortlang; the initial Bay Series E Designee shall be Neal Dempsey; the initial Series D Designee shall be Jameson J. McJunkin; the initial Series C Designee shall be Stoddard Wilson; the initial Series B Designee shall be Robert Schwartz; the initial Stockholders' Designees shall be Paul Nahi and Raghuveer Belur; the Independent Director will be designated following the Effective Date."

3. Section 4.1(b) of the Voting Agreement is amended and restated to read in its entirety as follows:

"**(b)** An "IPO" shall mean the first underwritten sale of Common Stock of the Company to the public pursuant to a registration statement filed with, and declared effective by, the Securities and Exchange Commission under the Securities Act of 1933, as amended, covering the offer and sale of the Common Stock of the Company for the account of the Company in which the aggregate public offering price (before deduction of underwriters' discounts and commissions) of the shares sold by the Company equals or exceeds Thirty Million Dollars ($30,000,000) and the public offering price of which is not less than $0.68 per share (as adjusted for stock splits, stock dividends, reclassifications and the like); and"

4. Section 4.4(e) of the Voting Agreement is amended and restated to read in its entirety as follows:

"**(e)** upon the consummation of the Proposed Sale, (i) each holder of a series of Preferred Stock will receive the same amount of consideration per share of such series of Preferred Stock, (ii) each holder of Common Stock will receive the same amount of consideration per share of Common Stock and (iii) the aggregate consideration receivable by all holders of the Preferred Stock and Common Stock shall be allocated among the holders of Preferred Stock and Common Stock on the basis of the relative liquidation preferences to which the holders of each respective series of Preferred Stock and the holders of Common Stock are entitled in a Change of Control (assuming for this purpose that the Proposed Sale is a Change of Control) in accordance with the Restated Certificate in effect immediately prior to the Proposed Sale."

5. Section 9.13 of the Voting Agreement is amended and restated to read in its entirety as follows:

"**9.13 Amendment and Waivers.** This Agreement may be amended only by a written agreement executed by the Company and the holders of at least (i) 60% of the issued and outstanding shares of Preferred Stock, voting together as a class on an as-converted basis held by the Investors, or their permitted assignees, and (ii) by the holders of at least a majority of the Company's Common Stock held by the Stockholders, provided, that any amendment that treats any Stockholder in a materially adverse manner that is different than any other Stockholder will require the separate approval of such Stockholder and provided further, that (a) Section 2.1(a) may not be amended, terminated or waived without the prior written consent of KPCB, (b) Section 4 may not be amended, terminated

or waived without the prior written consent of the holders of 60% of the issued and outstanding shares of Series E Preferred Stock held by the Investors, voting as a separate series and (c) Section 9.13(ii)(a) may not be amended, terminated or waived without the prior written consent of KPCB and Section 9.13(ii)(b) may not be amended, terminated or waived without the prior written consent of the holders of 60% of the issued and outstanding shares of Series E Preferred Stock held by the Investors, voting as a separate series. Any amendment effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Agreement as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived."

6. Effectiveness; Prior Amendment; Continuity of Terms. This Amendment shall be effective when executed by the Company and by the Investors holding at least (i) 60% of the outstanding shares of Preferred Stock held by the Investors, and (ii) a majority of the Common Stock held by all Stockholders. All the other terms and provisions of the Voting Agreement shall remain in full force and effect.

7. Counterparts. This Amendment may be executed in counterparts all of which together shall constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

THE COMPANY:

ENPHASE ENERGY, INC.

By: /s/ Paul Nahi
Name: Paul Nahi
Title: President and CEO

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

INVESTORS:

By: /s/ Paul Nahi
Paul Nahi

By: /s/ Raghuveer Belur
Raghuveer Belur

By: /s/ Martin Fornage
Martin Fornage

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

STOCKHOLDERS:

/s/ Raghuveer Belur
Raghuveer Belur

/s/ Martin Fornage
Martin Fornage

/s/ Paul Nahi
Paul Nahi

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

INVESTORS:

ROCKPORT CAPITAL PARTNERS II, L.P.

By: RockPort Capital II, L.L.C., its General Partner

By: /s/ Stoddard Wilson
Name: Stoddard Wilson
Title: Managing Member

Address: c/o RockPort Capital
160 Federal Street
18th Floor
Boston, MA 02110-1700

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

INVESTORS:

BAY PARTNERS XI, L.P.

By: Bay Management Company XI, LLC, General Partner

By: /s/ Neal Dempsey
Name: Neal Dempsey
Title: Senior Manager

BAY PARTNERS XI PARALLEL FUND, L.P.

By: Bay Management Company XI, LLC, General Partner

By: /s/ Neal Dempsey
Name: Neal Dempsey
Title: Senior Manager

Address: 490 South California Avenue, Suite 200
Palo Alto, CA 94306

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

INVESTORS:

THIRD POINT PARTNERS QUALIFIED L.P.
THIRD POINT PARTNERS L.P.
THIRD POINT OFFSHORE MASTER FUND L.P.
THIRD POINT ULTRA MASTER FUND L.P.

By: Third Point LLC

By: /s/ James P Gallagher
Name: James P Gallagher
Title: CAO

Address: c/o Third Point LLC
390 Park Ave., 18th Floor
New York, NY 10022
Attn: James P. Gallagher

ENPHASE ENERGY, INC.
AMENDMENT TO VOTING AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

INVESTORS:

MADRONE PARTNERS, L.P.

By: Madrone Capital Partners, LLC, its General Partner

By: /s/ Jameson McJunkin
Name: Jameson McJunkin
Title: Managing Partner

Address: 3000 Sand Hill Road
Building 1, Suite 150
Menlo Park, CA 94025

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

INVESTORS:

PCG CLEAN ENERGY & TECHNOLOGY FUND LLC

By: /s/ Kara Boone King
Name: Kara Boone King
Title: Authorized Signatory

By: /s/ Jasandra Nyker
Name: Jasandra Nyker
Title: Authorized Signatory

PCG CLEAN ENERGY & TECHNOLOGY FUND (EAST) LLC

By: /s/ Kara Boone King
Name: Kara Boone King
Title: Authorized Signatory

By: /s/ Jasandra Nyker
Name: Jasandra Nyker
Title: Authorized Signatory

Address: 1200 Prospect Street, Suite 200
La Jolla, CA 92037

Schedule A

Investors

Bay Partners XI, L.P.
Bay Partners XI Parallel Fund, L.P.
Madrone Partners, L.P.
RockPort Capital Partners II, LP
Third Point Partners Qualified L.P.
Third Point Partners L.P.
Third Point Offshore Master Fund L.P.
Third Point Ultra Master Fund L.P.
TGI Holdings, LLC
James A. Stern Trust F/B/O Peter Stern
James A. Stern Trust F/B/O David Stern
Thomas G. Mendell
Emil Meshberg
Applied Ventures, LLC
ATEL Ventures, Inc. as Trustee
Raghuveer Belur
Tom Birdsall and Rebecca Green
Martin Fornage
G&W Ventures
Donald and Maureen Green Living Trust
Michael Hatfield
J. Rick Johnston
Ted Lord
Steve Milborrow
William Orenstein
Ellen Schwab
Redstone Investments LLC
J. Steve Sheppard
F&W Investments LLC — Series 2006
Daniel Loeb
Timothy Lash
Robert Schwartz
Brian Hamel
Ray Moser
David Fisher
Restatement of James H. Carstensen 1995 Revocable Trust dated, March 13, 2000
Ed Falsetti
Paul Nahi
John F. Nichols Revocable Trust, under Agreement dated June 12, 1998
Andrew Nichols
PCG Clean Energy & Technology Fund LLC
PCG Clean Energy & Technology Fund (East) LLC
Paul Elliot & Mary E. Elliot
Flextronics International USA, Inc., a California corporation

Schedule B

Stockholders

Raghuveer Belur
Martin Fornage
Paul Nahi
Paul B. Nahi and Sheila B. Nahi, as Trustees of the Kayla Nahi Trust u/a/d December 21, 2009
Paul B. Nahi and Sheila B. Nahi, as Trustees of the Skylar Lisle Nahi Trust u/a/d December 21, 2009

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 2 to Registration Statement No. 333-174925 on Form S-1 of our report dated April 29, 2011 (June 15, 2011 as to Note 15) relating to the consolidated financial statements of Enphase Energy, Inc. appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ DELOITTE & TOUCHE LLP
San Francisco, California
August 23, 2011

Cooley LLP

John H. Sellers
(650) 843-5070
jsellers@cooley.com

VIA EDGAR AND OVERNIGHT DELIVERY

August 24, 2011

Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20249
Attn: Russell Mancuso
Ruairi Regan

RE: Enphase Energy, Inc.
Amendment No. 2 to Registration Statement on Form S-1
Filed August 24, 2011
File No. 333-174925

Ladies and Gentlemen:

On behalf of Enphase Energy, Inc. (the "***Company***" or "***Enphase***"), we are transmitting for filing Amendment No. 2 (the "***Amendment***") to the Registration Statement on Form S-1, File No. 333-174925 (the "***Registration Statement***"). We are sending a copy of this letter, the Amendment and certain supplemental materials in the traditional non-EDGAR format, including a version that is marked to show changes to the Registration Statement filed with the U.S. Securities and Exchange Commission (the "***Commission***") on July 25, 2011, and will forward a courtesy package of these documents for the staff of the Commission (the "***Staff***"), in care of Mr. Ruairi Regan.

The Amendment is being filed in response to comments received from the Staff, by letter dated August 8, 2011, with respect to the Registration Statement (the "***Comments***"). The numbering of the paragraphs below corresponds to the numbering of the Comments, which, for the Staff's convenience, have been incorporated into this response letter. Page references in the text of this response letter correspond to the page numbers of the Amendment.

Inside Front Prospectus Cover

1. From your revisions in response to prior comment 1, it is unclear what your products are and why the graphics would not lead investors to believe that you produce a solar version of the handheld PDA device that you depict or a solar adaptor for the device. Please revise or advise. Also tell us why you believe that your inside back cover addresses the concern in the first bullet point of prior comment 1.

In response to the Staff's comment, the Company has revised the inside front cover to remove the picture of a PDA device thereby eliminating any suggestion that the Company produces a solar-powered PDA device. The cover now includes (i) the Enphase microinverter and the

Company's proprietary AC cable, (ii) the Envoy communications gateway, and (iii) a screenshot of its Enlighten web-based software. In addition, the inside back cover has been revised in response to the Staff's prior comment 1 to further eliminate any language that might be considered potentially confusing jargon.

Prospectus Summary, page 1

2. Please tell us where you provide the disclosure mentioned in the last sentence of the first paragraph of your response to prior comment 33.

In response to the Staff's comment, appropriate disclosure has been added to page 30 of the Amendment, which had been inadvertently not included in Amendment No. 1.

Enphase Energy, Inc., page 1

3. We note your response to the first sentence of prior comment 4. If you believe it is your version of microinverter technology – not microinverter technology itself – that is "fundamentally new," please revise to remove any implication that microinverters are new technology.

In response to the Staff's comment, the Company has revised the language on page 1 to replace the "We have pioneered a fundamentally new inverter technology" phrase with "We deliver microinverter technology." Similar changes have been made to the opening paragraphs of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business – Overview" sections of the Amendment on pages 39 and 63, respectively.

4. Please expand your response to prior comment 6 to tell us clearly how you derived the 3-month moving average data presented in the chart on page 1 from the information available on the California Solar Statistics website.

The Company respectfully advises the Staff that the three-month moving average information provided in the "California Residential Market Share (July 2008 - July 2011)" chart presented on page 63 of the Amendment was determined as follows: each bullet point on the chart represents an average of the market share data for the indicated month and the two prior months. For instance, the July 2010 three-month moving average is based upon an average of the market share data for the months of May, June and July 2010.

The Company further advises the Staff that it derived the monthly market share information from the California Solar Initiative, or CSI, publicly-available data by filtering the raw data by three standard categories offered in the CSI database, including (i) system size, (ii) installed status and (iii) installation date. For system size, the Company selects "*capacity < 10kW*" to eliminate non-residential projects from the data set, which are typically above 10kW. For installed status, the Company selects "*installed*" to eliminate uncompleted projects from the data set. Finally, for the installation date, the Company selects the "*first confirmed reservation date*," or the State of California approval date for the receipt of incentives by the owners of a particular project. In the Company's experience, this is the most relevant date available for selection within the CSI

database as owners will typically proceed with the project, including ordering the solar energy system components, once they receive this assurance of incentive eligibility.

In addition, the Company supplementally advises the Staff that the CSI data is updated on a weekly basis; accordingly, the information in the "California Residential Market Share (July 2008 - July 2011)" table on page 63 of the Amendment has been updated with more current data and the title appropriately adjusted to reflect such update.

5. Your response to prior comment 6 that the chart represents your typical market share appears to be inconsistent with your response to prior comment 4 regarding a 10.6% share of North America inverter revenue. Also, it remains unclear whether the growth rate represented by the chart is typical. Therefore, it continues to be unclear why you believe it is appropriate to highlight such data in your prospectus summary and why you do not move the information to a later section of your document where you can provide sufficient context so that investors can evaluate the extent to which it presents data that is typical for your business.

The Company respectfully advises the Staff that the Company believes that the cited North American market share data and the California market share data are not inconsistent in that both data sets substantiate the Company's significant market share gains both in North America and in California. In 2010 the Company had a 10.6% market share, as measured by revenue, of the total North American inverter market, including all inverters sold across all market segments, based upon IMS Research data. The Company ranked fourth in overall North America inverter revenues in 2010, and first in microinverter revenues for the same year. According to the CSI data, as referenced in the "California Residential Market Share (July 2008 - July 2011)" chart on page 63 of the Amendment, the Company has a 30% market share, as measured in wattage, of the California residential market segment, or system sizes smaller than 10kW, based on the three-month moving average at the end of July 2011. The Company supplementally provides the CSI data to the Staff. California represents the single largest solar market in the U.S. with a market share of over 30% of all U.S. solar installations in 2010, as estimated by the Solar Energy Industries Association, or SEIA. Although these statistics each provide different market segment coverage, the Company believes that both the IMS Research (for the overall inverter market) and the CSI market share statistics (for the California residential market) substantiate the Company's significant and rapid market share gains both in North America and in California.

The Company respectfully advises the Staff that market share information equivalent to that available from CSI for California is not available for any of the other 49 U.S. states. The Company currently ships its products to each of the 50 U.S. states, and based on its established distribution channel and gains in market share seen by the Company throughout the United States, believes that market dynamics for the residential solar market segment in other states do not differ substantially from those in California. Moreover, because the most significant government incentives for solar PV system owners are federal, the Company does not believe that differing state incentives will cause market dynamics for the residential solar market segment to differ substantially from state to state.

In addition, in response to the Staff's comment, the Company has removed the CSI market share graph and related part of the lead-in paragraph describing its market share from the prospectus summary.

Our Solution, page 3

6. We note your response to prior comment 7; however, it is unclear from your existing disclosure how investors can determine the relative contribution to your business of each of the products in the first two bullet points in this section and the extent to which you sell the microinverter without the products mentioned in the last two bullet points. Please revise or advise.

In response to the Staff's comment, the Company has revised the disclosure on pages 2 and 3 (and similar disclosure in the Business section on pages 63 and 69) of the Amendment to clarify the relative contribution to its business of the Enphase microinverter and the Envoy communications device. The Company respectively advises the Staff that an Envoy is typically sold with each solar installation of microinverters. The Company further notes that it has previously disclosed that, historically, Enlighten service revenue represented less than 1% of its total revenue in each reporting period, in connection with the Amendment No. 1.

Competitive Strengths, page 4

7. Your response to the fourth bullet point of prior comment 4 suggests that other companies have marketed microinverters. Even if those companies or their subsidiaries subsequently discontinued the product, it is unclear how those companies' activities are consistent with your disclosure that were first to market and created the product category. Please revise or advise.

In response to the Staff's comment, the Company has made appropriate revisions to pages 1, 3, 39, 63 and 75, including removing certain references such as "fundamentally new" and "created" (with respect to the "microinverter category"), as well as several similar conforming changes to clarify that the Company was not the first to market a microinverter.

8. Please expand your response to prior comment 5 to explain how the data you provided supports your claims that you have established industry-leading reliability, microinverters are 45 times more reliable than central inverters, and your microinverters offer greater system uptime, given the data provided does not clearly address what years are represented nor does it appear to include all sellers of inverters.

In response to the Staff's comment, the Company respectfully advises the Staff that the Westinghouse Solar study was conducted over a two year period from 2009 through 2010; the first two years in which the Company's microinverters were shipped in significant volume. Because the Westinghouse Solar study draws comparisons from the performance of Enphase microinverters and central inverters installed during 2009 and 2010, the data reflects the relative failure rates of current (as of 2009 and 2010) microinverter and central inverter technology.

Further, the Westinghouse Solar study compared a total of 10,630 installed Enphase microinverters and 3,373 installed central inverters, and indicated a failure rate, the percentage

of inverters that failed during the given timeframe, of 0.207% for microinverters and 9.43% for traditional central inverters, or approximately forty-five times greater. When the Company discloses that its microinverters provide greater reliability than central inverters, it is describing the dramatic difference in respective failure rates, which, in turn, results in greater system uptime.

In addition, the Company supplementally advises the Staff that the central inverter vendors included in the Westinghouse Solar study were Fronius International GmbH, Sharp Electronics Corporation, SMA Solar Technology AG, SunPower Corporation and Xantrex Technology USA Inc. This group of vendors does not represent every seller of inverters. However, based on CSI market share data derived in a similar manner as provided in response 4 above, and provided supplementally to the Staff, this group accounted for 74% of residential and small commercial installations (<100kW) in California in 2010. Accordingly, the Company believes that this group of vendors provides a significant representation of current central inverter technology, and that the results of the Westinghouse Solar study support the Company's statement regarding industry-leading reliability.

Finally, in response to the Staff's comment, the Company has revised its disclosures on pages 4 and 75 to provide the specific information from the Westinghouse Solar comparison and to clarify that the data was based upon a sample of 2009 and 2010 North American residential and small commercial installations.

Challenges, page 5

9. Please tell us how you addressed the last two sentences of prior comment 3 regarding any limited market due to wattage, lower conversion efficiencies, or known significant new market participants.

In response to the Staff's comment regarding "limited market due to wattage," the Company respectfully advises the Staff that microinverter-based solar energy systems increase wattage by installing additional microinverters and solar modules until they achieve the desired wattage. However, the Company's current offering is optimized for rooftop installations in the residential and small commercial solar market segments of up to 100kW. As the Company seeks to penetrate larger commercial and utility market segments, it may face difficulties in developing solutions to meet the requirements of these market segments. In response to the Staff's comment, the Company has revised its disclosure on pages 5 and 14 to reflect that challenge.

In response to the Staff's comment regarding "lower conversion efficiencies," the Company advises the Staff that the Company does not believe that the 95% California Energy Commission, or CEC, conversion efficiency of its second generation microinverter or the 96% CEC conversion efficiency of its third generation microinverter, versus the 96% CEC conversion efficiency of typical traditional central inverters, represent significant issues for the market acceptance of its solution.

In response to the Staff's comment regarding new market participants, the Company has revised its disclosures on pages 5, 12 and 86 to identify significant known or potential new market entrants.

Initial Capital Investments, page 5

10. Please tell us the reason for the uncertainty represented by the term "may."

In response to the Staff's comment, the "Initial Capital Investments" disclosure on page 5 of the Amendment has been revised to remove the term "may."

The reduction, page 11

11. Please expand your disclosure added in response to prior comment 30 to address the phase-out or termination of incentives in the jurisdictions – federal, state or otherwise – from which you derive material portions of your revenue. Include the phase-out or termination date, not merely the length of the program.

In response to the Staff's comment, the Company has revised its disclosure on page 11 of the Amendment, focusing on markets from which the Company generates a substantial amount of revenue.

Use of Proceeds, page 32

12. We note your response to prior comments 13 and 15; however, Regulation S-K Item 504 requires that you disclose the approximate amount that you currently intend to use for each disclosed purpose. In this regard, please tell us the cost of the expansion into China. Also, if a significant portion of the offering proceeds is not allocated to a specific plan, please disclose the principal reasons for the offering, and tell us, with a view toward disclosure, why you determined to conduct an offering of this size.

The Company supplementally advises the Staff that while the Company anticipates the net proceeds of this offering will be used for the purposes set forth in the Amendment, the amounts and timing of the actual expenditures will depend on numerous factors, including the cash used or generated in the Company's operations, the status of its sales and marketing activities, product development efforts and competitive pressures. The Company therefore has not estimated the amount of net proceeds to be used for specific purposes, and has not prepared a detailed budget or operating plan allocating the anticipated proceeds to each specific purpose. As such, the Company has revised its disclosure on page 31 to state that it has no current specific plan for the use of the proceeds of the offering or a significant portion thereof. In response to the Staff's comment, the Company has also disclosed the principal reasons for the offering of this size.

Convertible Facility, page 50

13. Please disclose the substance of the last two sentences of your response to prior comment 15. Also tell us whether (1) the footnotes beginning on page 126 regarding shares underlying debt refer to this facility and (2) why you refer to September 30, 2011 in those footnotes.

In response to the Staff's comment, the Company has added additional disclosure on page 50 of the Amendment. The Company confirms that the footnotes beginning on page 131 of the Amendment regarding shares underlying convertible notes refer to the Convertible Facility. The Company refers to September 30, 2011 in those footnotes because the Company wanted to provide investors with an estimate as to the maximum number of shares of Common Stock that the principal stockholders would own if the offering were completed by the end of September 2011. In order to provide the most helpful disclosure to investors, the Company will update this hypothetical conversion date and the figures in the beneficial ownership table, as well as the related footnotes, in subsequent amendments to the Registration Statement once the actual timing of the offering is better known.

Product Warranty, page 54

14. We reference your response to comment 25 that indicates that your product warranty accrual is determined on a per unit basis. Please revise to explain why the warranty provision as a percentage of the microinverter units sold varied significantly each period. Clarify whether certain units have a different warranty provision and discuss how the sale of specific units impacted the provision each period.

The Company has revised its disclosure on page 53 of the Amendment in response to the Staff's comment.

Stock-Based Compensation, page 54

15. We note your response to prior comment 26. We also note that you disclose in the prospectus valuations determined by the third-party; therefore, please provide your analysis of why you have not filed that party's consent per Rule 436.

The Company respectfully advises the Staff that the Company does not believe it is required to file the consents of the independent valuation firms referenced on pages 56-61 of the Amendment pursuant to the Staff's answer to Question 141.02, Section 141, Securities Act Section 7 of the Staff's Compliance and Disclosure Interpretations, which provides that "*…if the disclosure states that management or the board prepared the purchase price allocations and in doing so considered or relied in part upon a report of a third party expert, or provides similar disclosure that attributes the purchase price allocation figures to the registrant and not the third party expert, then there would be no requirement to comply with Rule 436 with respect to the purchase price allocation figures as the purchase price allocation figures are attributed to the registrant.*"

The Company advises the Staff that it does not attribute the determination of the fair market value of the Company's common stock to any third-party valuation report. Consistent with the Staff's response to Question 141.02, the Amendment discloses that the board of directors considered and relied, in part, upon a report prepared by a third party, but the determination of

the fair market value of the Company's common stock is attributed to the Company's board of directors and not the third party. The Company submits to the Staff that it does not deem the independent valuation firms as "experts" as defined in Item 509 of Regulation S-K for the purposes of Rule 436(b) of Regulation C, since the valuation firms did not prepare or certify any part of the Registration Statement or prepare or certify a report or valuation for use in connection with the Registration Statement. The Amendment attributes the common stock valuation to the Company, who is ultimately responsible for the valuation and related disclosure. Therefore, the Company believes that consent of the third party is not required.

In addition, in response to the Staff's comment and to provide more clarity and transparency, the Company has revised its disclosures in "Stock-Based Compensation" on pages 56 to 61 of the Amendment related to reliance, in part, on the work performed by the independent valuation firms.

Industry Overview, page 62

16. Please reconcile your response to prior comment 33 that the data you cite is publicly available with the handwritten note in tab B and the first line of tab H of the material you provided to us.

The Company respectfully submits that its prior response was intended to confirm that the general industry information in the Registration Statement (i.e., that describing overall industry and market trends/statistics and consisting of the information from CSI, SEIA, IMS Research, Datamonitor and iSuppli) is either generally available to the public or is available to the public on a subscription or purchase basis. As the Staff notes, the Westinghouse Solar product comparison data was sent directly to Enphase by Westinghouse Solar and is not publicly available. The Company has revised page 30 of the Amendment to distinguish the Westinghouse Solar product data from the general industry information.

With regard to the IMS Research report (tab H of the material previously provided to the Staff), this report is available to the public on a subscription or purchase basis. The Company believes that the first line of the report regarding confidentiality is intended by IMS to prevent subscribers from providing the report in its entirety to unauthorized third parties.

17. Please tell us why you do not believe that you should balance your disclosure with information like that presented in the short-term outlook under tab H of the material you provided us.

The Company respectfully advises the Staff that the Company does not believe that its disclosure in the Registration Statement should be revised as a result of the information presented in the IMS Research report (tab H of the material previously provided to the Staff) because the IMS Research report refers specifically to short-term conditions in Germany, France, Italy, the Czech Republic and the United Kingdom. The Company does not consider the short-term outlook in such regions to be material to its business because the Company does not expect a material portion of its revenue to be generated from sales in these particular European regions in the near term. The Company has yet to establish any sales presence in

Germany, the Czech Republic or the United Kingdom, and does not expect to generate significant revenue from sales in France and Italy until 2012.

LCOE Case Studies, page 68

18. Regarding your response to prior comment 29:

- *Please disclose and describe the assumptions and estimates that underlie the figures presented and the date of the data presented.*
- *Please disclose the meaning of the term, energy harvest.*
- *Please tell us how you determined that the data presented in the tables is fairly representative of all installations, not just of installations "its size." It remains unclear whether the tables are an objectively balanced presentation of your products.*
- *Refer to your statement in your response that no alternatives to traditional central inverters and microinverters were available at the time of the study. If alternatives are available now, please tell us why you do not believe you need to disclose the effect of those alternatives of your case studies.*
- *Please tell us the basis for your statement that other currently available microinverter products have lower average power conversion efficiencies.*
- *It is unclear from your response how you conclude that your disclosed "installer estimates" do not represent a report or opinion of the installer as contemplated by Rule 436. Please provide us your analysis of any authority on which you rely.*
- *It appears that your analysis in this section uses Westinghouse data for your system uptime. Please tell us why you do not also use the Westinghouse data for central inverter uptime.*

In response to the Staff's comment, the Company has revised its disclosure set forth in the "LCOE Case Studies" section on pages 70-74 of the Amendment to incorporate the assumptions and estimates that underlie the figures presented in such case studies.

In response to the Staff's comment that the Company disclose the meaning of the term "energy harvest," the Company has revised its disclosure on page 71 of the Amendment to define the term "energy harvest."

The Company respectfully clarifies its response to the Staff's prior comment 29 that "*the Company believes that the installation in each case study is fairly representative of an installation of its size*" by noting that the Company's current product offering is focused on the residential and small commercial markets, therefore, it has chosen the 7.5kW residential and the 53kW small commercial installations for its LCOE studies, as typical residential and small

commercial solar energy system sizes, ranging from 3kW to 100kW. The Company confirms that the data presented in each case study would be fairly representative of similarly sized projects.

The Company respectfully advises the Staff that it does not believe that alternatives to traditional central inverter and microinverter technologies are available. The Company notes that DC-to-DC optimizers sometimes are used to supplement traditional central inverter-based solar PV systems; however, these products do not perform the DC-to-AC inversion function of either a traditional central inverter- or microinverter-based system and therefore are not alternatives to either system. Instead, DC-to-DC optimizers represent an additional "overlay" to a traditional central inverter-based system, and require additional upfront expenditures by the system owner. The Company believes that these factors have limited their penetration into residential and small commercial solar markets. Moreover, the installers in the specific case studies presented did not consider supplementing the traditional central inverter-based solar PV systems presented with DC-to-DC optimizers. Therefore, the Company did not consider DC-to-DC optimizers in the specific case studies presented and does not believe it is practically relevant to disclose the effect of DC-to-DC optimizers on these case studies.

With respect to the Staff's comment regarding the basis for the Company's statement that other currently available microinverter products have lower power conversion efficiencies, the Company supplementally provides to the Staff the CSI data which shows that the Company's current microinverter product, the M215, operates at a conversion efficiency of 1.5 - 3.5% greater than competitive microinverter solutions offered by Enecsys Limited, Direct Grid Technologies, LLC and SolarBridge Technologies.

The Company advises the Staff that the installer estimates used in its LCOE case studies do not represent a report or opinion of an expert as contemplated by Rule 436 because installers of Enphase microinverter systems primarily provide solar energy system design and installation services to a home owner or commercial property owner contracting to install a solar energy system on their roof. The Company does not and cannot rely on installers to provide an LCOE or IRR analysis comparing the relative financial benefit of the central inverter and microinverter solutions. However, it does rely on installers to provide several inputs to the LCOE and IRR analyses such as the DC rating of the system, its location, the size, cost and number of solar modules used, the cost of the central inverter considered and the installer's estimated profit. With this basic information, the Company can calculate a realistic LCOE comparison of the competing inverter approaches, similar to that reflected in the two case studies. Since the LCOE comparison was prepared by the Company, and not the installer, the Company does not believe the consent of the installer is required by virtue of the Staff's answer to Question 141.02, Section 141, Securities Act Section 7 of the Staff's Compliance and Disclosure Interpretations, as summarized in response number 15 above.

Finally, the Company respectfully advises the Staff that the Company does not rely on the Westinghouse Solar data to support the Company's system uptime assumption. System uptime is a combination of a microinverter's failure rate, how quickly a failure is recognized and reported, the impact of that failure to the overall system and how quickly the failed unit can be repaired or replaced. Enphase's 99.8% system uptime rate assumes a mean time between failure rate of approximately 0.3%, based on the Company's MTBF data. The PVWatts calculator, which was developed by NREL's Electricity, Resources, and Building Systems Integration Center, is widely used by homeowners, installers, manufacturers, and researchers to develop estimates of the performance of hypothetical PV installations. PVWatts uses 98% as the default value for central inverter systems.

Rapidly Expanding Distribution Channel, page 72

19. Please address the first sentence of prior comment 34 as it applies to Siemens. Also disclose the last sentence of your response to prior comment 39 and the statement in your response to prior comment 39 that the Siemens agreement has yet to generate any meaningful revenue.

The Company advises the Staff that the Company chose to include the reference to its agreement with Siemens because it represents an opportunity for the Company to distribute its products on a co-branded basis and to increase its distribution channel through the large network of Siemens electrical contractors and distributors. Siemens is the only party to satisfy this criteria. In response to the Staff's comment, the Company has revised the disclosure on page 76 of the Amendment to disclose that the Siemens agreement has yet to generate any significant revenue. Further, because the Siemens contract has not generated any significant revenue, it is not a contract upon which the Company is substantially dependent.

Customers and Sales, page 78

20. Please clarify which distributors represent the percentage of revenues mentioned in the second sentence of the second risk factor on page 19.

In response to the Staff's comment, the Company has revised the disclosure on page 18 of the Amendment to disclose the names of the distributors.

21. Please clarify your disclosure that you "have" over 2,200 installers to reflect your response to prior comment 40 that you have no contractual relationship with most of them. Also, if not all 2,200 installers are managing installations currently, please revise to clarify.

In response to the Staff's comment, the Company has revised the disclosure on pages 1,4, 39, 64, 76 and 83 of the Amendment.

Intellectual Property, page 81

22. Please tell us why your revisions in response to prior comment 42 do not appear to address your licenses set forth in the license agreements filed as exhibits 10.20 and 10.21.

In response to the Staff's comment, the Company has revised its disclosure on page 85 of the Amendment.

Competition, page 81

23. With a view toward clarified disclosure, please tell us the basis for your statement that your product "offers greater productivity and competitive differentiation" relative to alternatives to traditional central inverters such as DC to DC optimizers.

In response to the Staff's comment, the Company has revised its disclosure on page 86 to remove the reference to DC-to-DC optimizers. The Company respectfully submits that DC-to-DC optimizers do not replace the need for a traditional central inverter, and therefore, are not alternatives to the central inverter technology. The Company notes that while DC-to-DC optimizers are sometimes
used to supplement central inverters, they do not perform the DC-to-AC inversion function of a central

inverter. The use of DC-to-DC optimizers may result in increased energy production and improved monitoring. However, they represent an additional "overlay" to a traditional central inverter-based system and require additional upfront expenditures by the system owner. The Company believes these factors have limited their penetration into residential and small commercial solar markets, which are the markets in which the Company currently competes.

Base Salary, page 94

24. Regarding your disclosure in response to prior comment 46:

- *Please replace vague phrases like "significant contributions," "evaluation of his performance," "leadership" and "execution of business strategy" with specific disclosure regarding what the executive officer achieved that you intended to compensate. If the determination was subjective and not based on specific factors, please say so directly. Likewise, please revise your reference to "successful performance" at the bottom of page 97.*
- *Please clarify what you mean by your statement regarding "the competitive market…reflected in the market survey data and [y]our peer group." For example, did you find that your salaries were below the average salary? Did your adjustment raise your salary above the average? If so, to what extent above the average to you adjust the salary?*

In response to the Staff's comment, the Company has revised several of its descriptions on pages 98-99 and 102 of the Amendment in order to provide more specific disclosure of the compensation items referenced by the Staff.

Cash Bonuses, page 95

25. Refer to prior comment 47. Please provide us a complete analysis of the authority supporting your conclusion that you need to disclose the specific "certain revenue based sales performance targets" and the "certain non-revenue based key sales objectives" and the extent to which such targets and objectives were achieved.

In response to the Staff's comment, the Company has revised its disclosure on page 100 of the Amendment to disclose the specific "certain revenue based sales performance target" and the "certain non-revenue based key sales objectives" and the extent to which such targets and objectives were achieved.

26. From your statement, "such as," in your disclosure in response to prior comment 48, it appears that you have omitted reasons for the bonus. Please tell us the authority on which you omitted the reasons.

In response to the Staff's comment, the Company has revised the disclosure on page 100 of the Amendment to describe with greater specificity how the compensation committee determined that a $50,000 bonus to the Chief Financial Officer was appropriate with a view towards providing information which is material to an understanding of the amount paid. The Company

confirms that it has not omitted any of the reasons for the bonus paid to its Chief Financial Officer.

Equity Compensation, page 96

27. Please expand your disclosure added in response to prior comment 50 to address the option grant to Mr. Belur mentioned in page 101.

In response to the Staff's comment, the Company has revised its disclosure on page 102 of the Amendment.

Compensation Risk Assessment, page 117

28. We will continue to evaluate your response to prior comment 58 after you provide the updated disclosure mentioned in that response.

The Company's board of directors has completed its review of the Company's compensation plans and programs in light of the requirements of Regulation S-K 402(s). Appropriate disclosure has been added to page 122 of the Amendment.

Voting Agreement, page 123

29. Please reconcile your response to prior comment 61 with the statement in the first sentence of Regulation S-K Item 601(b)(10) regarding agreements to be performed in whole or in part at or after the filing of the registration statement or entered into not more than two years before the filing.

In response to the Staff's comment, the Company has filed the Amended and Restated Voting Agreement, dated March 15, 2010, as amended, as Exhibit 10.35.

Principal Stockholders, page 125

30. We note that you do not provide a table to identify the greater than five percent owners of each class of your voting preferred stock per Regulation S-K Item 403(a). Please tell us:

- *why you believe omission of this disclosure is appropriate, and*
- *whether you omitted disclosure of any related-person transactions that would be required per Instruction 1.b of Regulation S-K Item 404(a) due to omission of the 403(a) disclosure.*

The Company respectfully advises the Staff that the beneficial ownership table on page 131 of the Amendment identifies the holders of greater than five percent of the Company's common stock assuming the conversion of all outstanding preferred stock of the Company into common stock, as described in the second paragraph of page 130. The Company believes that this "as-converted" beneficial ownership disclosure is appropriate given that (i) all outstanding shares of the Company's preferred stock will be converted into common stock immediately prior to the completion of the offering, (ii) the conversion ratios of each series of the Company's preferred

stock vary, such that the respective beneficial ownership percentages of the holders of greater than five percent of the Company's preferred stock are not proportionately representative of the respective beneficial ownership percentages of common stock of the same owners after giving effect to the conversion of all outstanding preferred stock, and (iii) an additional table reflecting the holders of greater than five percent of the Company's outstanding preferred stock would include the same stockholders currently identified as holders of greater than five percent of the Company's common stock on an as-converted basis in the beneficial ownership table on page 131 of the Amendment. The Company further notes that all information in the prospectus assumes the automatic conversion of all outstanding shares of preferred stock into shares of common stock immediately prior to the closing of the offering (see page 7 of the Amendment). The Company further respectfully submits that its presentation is consistent with prevailing current practice for registration statements for initial public offerings.

The Company further advises the Staff that the Company does not believe that it has omitted any disclosure of a related-person transaction required per Instruction 1.b of Regulation S-K Item 404(a).

31. Please tell us whether the shares mentioned in the penultimate sentence of footnote (4) are in the table. If so, please tell us the authority on which you rely to omit the names of the individuals with voting and/or investment power over those shares.

The Company respectfully advises the Staff that the shares attributed to "individuals and entities affiliated with KPCB Green Growth Fund, LLC" in footnote (4) to the beneficial ownership table are included in the number of shares attributed to KPCB Holdings, Inc., as nominee, in the beneficial ownership table on page 131.

In addition, the Company advises the Staff that in omitting the names of the individuals and entities affiliated with KPCB Green Growth Fund, LLC, the Company relies upon Regulation S-K Item 403(a), which provides that the Company must identify the beneficial owner(s) of more than five percent of any class of the Company's voting securities. The Company also advises the Staff that the unnamed individuals and entities affiliated with the KPCB Green Growth Fund, LLC do not hold in the aggregate more than five percent of any class of the Company's voting securities. Further, such individuals and entities hold less than five percent of the aggregate number of shares held, for administrative convenience, in the name of KPCB Holdings, Inc., as nominee, and less than one half of one percent of the Common Stock outstanding as of June 30, 2011, based upon the various assumptions set forth on page 130 of the Amendment and in footnote (4) to the beneficial ownership table set forth on page 132 of the Amendment.

The Company supplementally advises the Staff that other registrants, including RPX Corporation, Silver Spring Networks, Inc., Luca Technologies, Inc., Ironplanet, Inc. and Amyris, Inc., have each included in recent registration statements a very similar description of Kleiner Perkins Caufield & Byers' nominee structure, including that a number of shares held by "KPCB Holdings, Inc., as nominee" are held on behalf of affiliated individuals and/or entities which each exercise their own voting and dispositive control over the shares for their own accounts, without naming such affiliated individuals and/or entities.

Description of Capital Stock, page 128 Warrants, page 129

32. Please tell us which exhibits represent the warrants mentioned in the third and fourth paragraphs on page 130.

The Company respectfully advises the Staff that the warrant referenced in the third paragraph of page 135 of the Amendment is the Warrant Agreement to Purchase Shares of Preferred Stock, between the Company and Hercules Technology Growth Capital, Inc., dated June 13, 2011, previously filed as Exhibit 4.6 to the Registration Statement.

The Company further advises the Staff that the warrants referenced in the fourth paragraph of page 135 of the Amendment are represented by that certain Form of Warrant to Purchase Common Stock filed as Exhibit 4.7 to the Amendment, issued by the Company to certain of the Company's lenders in connection with the Subordinated Convertible Loan Facility and Security Agreement, dated as of June 14, 2011, by and between KPCB Holdings, Inc. as nominee (as agent and lender), certain other lenders, and the Company, as amended, filed as Exhibit 10.22 to the Amendment.

Material U.S. Federal Income and Estate Tax Consequences…, page 136

33. We reissue prior comment 68 because your statement that the disclosure "is for general information only" appears to continue to attempt to disclaim responsibility for your disclosure.

In response to the Staff's comment, the Company has revised its disclosure on pages 141 and 143 of the Amendment.

Underwriters, page 140

34. Please disclose the substance of your response to the second sentence of prior comment 69. Also, please expand your response to the last sentence of prior comment 69 to address Regulation S-K Item 601(b)(10)(ii)(A); it remains unclear why you believe a contract with an affiliate of an underwriter of your IPO would be immaterial to the investors in the IPO.

The Company has considered the Staff's comment and respectfully advises the Staff that it continues to believe that the supply and services agreements with MS Solar Solutions Corp. ("***MSSS***") are not required to be filed as exhibits to the Registration Statement pursuant to Regulation S-K, Item 601. As discussed in the Company's response letter to the Staff dated July 25, 2011, these agreements are not "underwriting contract[s] or agreement[s]… pursuant to which the securities being registered are to be distributed" within the meaning of Regulation S-K, Item 601(b)(1). In addition, the agreements relate to the sale by the Company of its microinverters and related services to MSSS and were thus entered into in the ordinary course of business. As such, the Company believes these agreements do not qualify as material contracts under Regulation S-K, Item 610(b)(10)(i).

Furthermore, the Company believes that the commercial agreements with MSSS are not material contracts within the meaning of Regulation S-K, Item 601(b)(10)(ii)(A) which requires the filing of "contract[s] to which… *underwriters* are parties" unless such contracts are "immaterial in amount or significance." Although MSSS is an affiliate of one of the several

underwriters in the initial public offering, Item 601(b)(10)(ii)(A) refers only to contracts with "underwriters" in its description of material contracts that need to be filed, and does not refer to affiliates of such underwriters. Section 2(a)(11) of the Securities Act of 1933, as amended, defines "underwriter" as any "person has purchased from an issuer with a view to, or offers or sells for an issuer in connection with, the distribution of any security, or participates, or has a direct or indirect participation in any such undertaking, or participates or has a participation in the direct or indirect underwriting of any such undertaking" and does not capture affiliates of such persons. MSSS has not participated in the initial public offering and thus is not itself an underwriter; its only connection to the offering is through its affiliation with one of the several underwriters. Even if the supply and services agreements with MSSS were deemed to be "contracts to which… underwriters are parties," the Company believes such contracts are immaterial in amount and significance. In the six months ended June 30, 2011, the Company has generated less than 0.6% of its total revenue from these agreements (and the agreements have not generated any revenue prior to the second quarter of 2011), and thus they are immaterial in amount. Given that the commercial agreements with MSSS are ordinary course, have not generated any significant revenue to date and are unrelated to the initial public offering, the Company believes investors in the initial public offering would deem the agreements immaterial in significance.

In response to the balance of the Staff's comment, the Company has revised the disclosure on page 148 of the Amendment to disclose the substance of its response to the second sentence of comment 69 of the Staff's prior comment letter dated July 12, 2011.

Financial Statements

Stock Compensation, page F-57

35. We reference your response to comment 27. Please disclose the specific voting, conversion, dividend, liquidation and other rights of the preferred stock issuances and the basis for the significant differences between the price of the preferred stock and the estimated fair value of the common shares of $.45 per share in January 2011. Please clarify how you considered the different features of the preferred stock when estimating the value of the common stock.

The Company has revised its disclosure on page 58 of the Amendment in response to the Staff's comment.

Exhibits and Financial Statement Schedules, page II-4

36. We note that exhibits 10.12 and 10.22 filed by you continue to omit schedules and exhibits; therefore, we reissue our prior comment 74.

In response to the Staff's comment, the Company has re-filed Exhibits 10.12 and 10.22 with complete sets of schedules and exhibits.

Please do not hesitate to contact me at (650) 843-5070 if you have any questions or would like any additional information regarding these responses.

Sincerely,

/s/ John H. Sellers
John H. Sellers

cc: Paul B. Nahi, President and Chief Executive Officer, Enphase Energy, Inc.
Sanjeev Kumar, Chief Financial Officer, Enphase Energy, Inc.
Gary Caine, Deloitte & Touche LLP
Bruce K. Dallas, Davis Polk & Wardwell LLP
Marina Remennik, Cooley LLP