

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

**SCHEDULE TO**

**Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)  
of the Securities Exchange Act of 1934**

**ENPHASE ENERGY, INC.**

**(Name of Subject Company (Issuer) and Filing Person (Offeror))**

**Certain Options to Purchase Common Stock, \$0.00001 Par Value Per Share  
(Title of Class of Securities)**

**29355A107**

**(CUSIP Number of Common Stock Underlying Class of Securities)**

**Paul B. Nahi**

**President, Chief Executive Officer**

**c/o Enphase Energy, Inc.**

**1420 North McDowell Boulevard**

**Petaluma, California 94954**

**(877) 797-4743**

**(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications On Behalf of Filing Person)**

**Copies to**

**John H. Sellers, Esq.**

**Cooley LLP**

**3175 Hanover Street**

**Palo Alto, CA 94304**

**(650) 843-5000**

**CALCULATION OF FILING FEE**

<b>Transaction Valuation*</b>	<b>Amount of Filing Fee**</b>
\$1,633,245	\$189.29

\* Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the Transaction Valuation assumes that all stock options to purchase shares of the issuer's common stock that may be eligible for repricing in the offer will be tendered pursuant to this offer. These stock options covered an aggregate of 3,801,046 shares of the issuer's common stock, and had an aggregate value of \$1,633,245 as of March 31, 2017, calculated based on a Black-Scholes option pricing model.

\*\* The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$115.90 per \$1,000,000 of the aggregate amount of the Transaction Valuation (or 0.1% of the aggregate Transaction Valuation). The Transaction Valuation set forth above was calculated for the sole purpose of determining the filing fee and should not be used for any other purpose.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: **Not applicable.**

Filing Party: **Not applicable.**

Form or Registration No.: **Not applicable.**

Date Filed: **Not applicable.**

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

third party tender offer subject to Rule 14d-1.

issuer tender offer subject to Rule 13e-4.

going-private transaction subject to Rule 13e-3.

amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

**Item 1. Summary Term Sheet.**

The information set forth under “Summary Term Sheet—Overview” and “Summary Term Sheet—Questions and Answers” in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the “Exchange Offer”), attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

**Item 2. Subject Company Information.**

(a) *Name and Address.* The issuer is Enphase Energy, Inc., a Delaware corporation (the “Company”). The Company’s principal executive offices are located at 1420 North McDowell Boulevard, Petaluma, California 94954 and the telephone number of its principal executive offices is (877) 797-4743.

(b) *Securities.* This Tender Offer Statement on Schedule TO relates to an offer by the Company to certain employee optionholders, subject to specified conditions, to exchange some or all of their outstanding options to purchase shares of the Company’s common stock, par value \$0.00001 per share (the “Common Stock”) for restricted stock unit awards. The Company’s independent directors will not be eligible to participate in this offer.

An option will be eligible for exchange (an “Eligible Option”) if it was granted under the Company’s 2006 Equity Incentive Plan, as amended (the “2006 Plan”), or 2011 Equity Incentive Plan, as amended (the “2011 Plan”), has an exercise price equal to or greater than \$2.03 per share (150% of the closing price of the Common Stock on March 30, 2017). As of March 30, 2017, there were 84,276,432 shares of Common Stock outstanding and Eligible Options to purchase 3,806,512 shares of Common Stock outstanding.

Pursuant to the Exchange Offer, in exchange for the cancellation of an Eligible Option, the Company will grant a new restricted stock unit award (the “New RSU”) following the Expiration Time (as defined in the Exchange Offer) for fewer shares and subject to the terms and conditions described in the Exchange Offer and in the related accompanying Election Form, attached hereto as Exhibit (a)(1)(C).

The information set forth in the Exchange Offer under “Summary Term Sheet—Overview,” “Summary Term Sheet—Questions and Answers,” Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”), Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) and Section 7 (“Price Range of Our Common Stock”) is incorporated herein by reference.

(c) *Trading Market and Price.* The information set forth in the Exchange Offer under Section 7 (“Price Range of Our Common Stock”) is incorporated herein by reference.

**Item 3. Identity and Background of Filing Person.**

(a) *Name and Address.* The Company is both the filing person and the subject company. The information set forth under Item 2(a) above and in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) are incorporated herein by reference. The address of each of the Company’s executive officers and directors, as follows, is 1420 North McDowell Boulevard, Petaluma, California 94954:

**Executive Officers**

Paul B. Nahi  
Humberto Garcia

**Title**

President, Chief Executive Officer  
Chief Financial Officer

**Directors**

Paul B. Nahi  
Steven J. Gomo  
Benjamin Kortlang  
Richard Mora  
Thurman John Rodgers  
John H. Weber

Director  
Director  
Director  
Director  
Director  
Director

**Item 4. Terms of the Transaction.**

(a) *Material Terms.* The information set forth in the Exchange Offer under “Summary Term Sheet—Overview,” “Summary Term Sheet—Questions and Answers,” Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”), Section 3 (“Procedures for Tendering Eligible Options”), Section 4 (“Withdrawal Rights”), Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”), Section 6 (“Conditions of the Exchange Offer”), Section 8 (“Information Concerning Us; Financial Information”); Section 10 (“Accounting Consequences of the Exchange Offer”), Section 11 (“Legal Matters; Regulatory Approvals”), Section 12 (“Material United States Tax Consequences”), and Section 13 (“Extension of the Exchange Offer; Termination; Amendment”) is incorporated herein by reference.

(b) *Purchases.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.

**Item 5. Past Contacts, Transactions, Negotiations and Agreements.**

(e) *Agreements Involving the Subject Company’s Securities.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference. The Plans included with the Exchange Offer and incorporated herein by reference as Exhibit (d)(1) and Exhibit (d)(2), respectively, also contain information regarding the subject company.

**Item 6. Purposes of the Transaction and Plans or Proposals.**

(a) *Purposes.* The information set forth in the Exchange Offer under Section 2 (“Purpose of the Exchange Offer; Additional Considerations”) is incorporated herein by reference.

(b) *Use of Securities Acquired.* The information set forth in the Exchange Offer under Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) and Section 10 (“Accounting Consequences of the Exchange Offer”) is incorporated herein by reference.

(c) *Plans.* The information set forth in the Exchange Offer under Section 2 (“Purpose of the Exchange Offer; Additional Considerations”) is incorporated herein by reference.

**Item 7. Source and Amount of Funds or Other Consideration.**

(a) *Source of Funds.* The information set forth in the Exchange Offer under Section 14 (“Fees and Expenses”) is incorporated herein by reference.

(b) *Conditions.* The information set forth in the Exchange Offer under Section 6 (“Conditions of the Exchange Offer”) is incorporated herein by reference.

(d) *Borrowed Funds.* Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

(a) *Securities Ownership.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.

(b) *Securities Transactions.* The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.

**Item 9. Persons/Assets, Retained, Employed, Compensated or Used.**

Not applicable.

**Item 10. Financial Statements.**

(a) *Financial Information.* The information set forth in Item 15 (“Exhibits, Financial Statement Schedules”) of the Company’s Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on March 16, 2017, which is incorporated herein by reference; the financial information contained in the Exchange Offer under Section 8 (“Information Concerning Us; Financial Information”) including Schedule A to the Exchange Offer; and Section 15 (“Additional Information”) of the Exchange Offer is incorporated herein by reference. See Section 15 (“Additional Information”) of the Exchange Offer for more information regarding how to obtain copies of or otherwise review such reports.

(b) *Pro Forma Information.* Not applicable.

**Item 11. Additional Information.**

(a) *Agreements, Regulatory Requirements and Legal Proceedings.*

- (1) The information set forth in the Exchange Offer under Section 9 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”) is incorporated herein by reference.
- (2) The information set forth in the Exchange Offer under Section 11 (“Legal Matters; Regulatory Approvals”) is incorporated herein by reference.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.

(c) *Other Material Information.* Not applicable.

**Item 12. Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
(a)(1)(A)	Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017
(a)(1)(B)	Form of E-Mail Announcement of Offer to Exchange Eligible Options for Restricted Stock Units
(a)(1)(C)	Election Form
(a)(1)(D)	Notice of Withdrawal of Election Form
(a)(1)(E)	Form of Communication to Eligible Holders Participating in the Exchange Offer Confirming Receipt of Election Form
(a)(1)(F)	Form of Communication to Eligible Holders Confirming Receipt of Notice of Withdrawal of Election Form
(a)(1)(G)	Form of Reminder E-Mail to Eligible Holders
(a)(1)(H)	Form of Confirmation Letter to Eligible Holders Participating in the Exchange Offer
(a)(1)(I)	Form of Restricted Stock Unit Grant Notice and Restricted Stock Unit Agreement (for New RSU grants)
(a)(1)(J)	Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Securities and Exchange Commission on March 16, 2017 and incorporated herein by reference
(b)	Not applicable
(d)(1)	2006 Equity Incentive Plan, as amended, and related documents, filed as Exhibit 99.1 to the Company’s registration statement on Form S-8 filed with the Securities and Exchange Commission on May 14, 2012 (SEC File No. 333-181382) and incorporated herein by reference

<u>Exhibit No.</u>	<u>Description</u>
(d)(2)	2011 Equity Incentive Plan, as amended and forms of agreement thereunder, filed as Exhibit 99.1 to the Company's quarterly report on Form 10-Q filed with the Securities and Exchange Commission on August 3, 2016 (SEC File No. 001-35480) and incorporated herein by reference
(d)(3)	Employment Agreement by and between Enphase Energy, Inc. and Paul Nahi, dated January 1, 2007, filed as Exhibit 10.5 to the Company's registration statement on Form S-1/A filed with the Securities and Exchange Commission on March 12, 2012 (SEC File No. 333-174925) and incorporated herein by reference
(d)(4)	Severance and Change in Control Benefit Plan, filed as Exhibit 10.1 to the Company's current report on Form 8-K filed with the Securities and Exchange Commission on May 8, 2013 (SEC File No. 001-35480) and incorporated herein by reference
(d)(5)	2011 Employee Stock Purchase Plan, filed as Exhibit 199.3 to the Company's registration statement on Form S-8 filed with the Securities and Exchange Commission on May 14, 2012 (SEC File No. 333-181382) and incorporated herein by reference
(d)(6)	Form of Indemnification Agreement by and between the Company and each of its directors and officers, filed as Exhibit 10.1 to the Company's registration statement on Form S-1/A with the Securities and Exchange Commission on May 12, 2012 (SEC File No. 333-174925) and incorporated herein by reference
(g)	Not applicable
(h)	Not applicable

**Item 13. Information Required by Schedule 13E-3.**

Not applicable.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

**ENPHASE ENERGY, INC.**

By: \_\_\_\_\_ /s/ Paul B. Nahi

Paul B. Nahi  
President, Chief Executive Officer

Date: April 3, 2017

## Index to Exhibits

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(g)	Not applicable

ENPHASE ENERGY, INC.  
1420 NORTH MCDOWELL BOULEVARD  
PETALUMA, CALIFORNIA 94954

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR RESTRICTED STOCK UNITS

SUMMARY TERM SHEET — OVERVIEW

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR RESTRICTED STOCK UNITS

**This offer and withdrawal rights will expire at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017, unless extended (or you may exercise withdrawal rights at any time after 9:00 p.m. Pacific time on Friday, May 26, 2017 if tendered securities have not yet been accepted).**

By this Offer to Exchange Eligible Options for Restricted Stock Units (the “*Exchange Offer*” or the “*Offer*”), Enphase Energy, Inc., which we refer to in this document as “*we*,” “*us*” or “*Enphase*,” is giving each Eligible Holder (as defined below) the opportunity to exchange an Eligible Option (defined below) for a New RSU (as defined below) as discussed below and in the attached disclosure document for the Exchange Offer (the “*Offering Memorandum*”).

The “*Expiration Time*” of the Offer is 4:00 p.m. U.S. Pacific Time on Monday, May 1, 2017. If we extend the period of time during which this Exchange Offer remains open, the term “*Expiration Time*” will refer to the last time and date on which this Exchange Offer expires.

You are an “*Eligible Holder*” if:

- on the date the Exchange Offer commences, you are employed in the U.S. by Enphase or any of our U.S. subsidiaries and have not been notified by us that your employment relationship with us is being terminated;
- you continue to be employed in the U.S. by Enphase or any of our U.S. subsidiaries, and have not submitted a notice of resignation or received a notice of termination, on or prior to the Expiration Time; and
- you are not deemed an “independent director” as defined under the rules of NASDAQ and as determined by our board of directors (the “*Board*”).

An “*Eligible Option*” is an outstanding option, that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$2.03 (150% of the closing sale price of our common stock on March 30, 2017); and
- was granted under our 2006 Equity Incentive Plan, as amended (“*2006 Plan*”), or our 2011 Equity Incentive Plan, as amended (“*2011 Plan*”).

If you choose to participate in the Exchange Offer and tender your Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you an award of restricted stock units (each, a “**New RSU**”) with the following terms (collectively, the “**New RSU Terms**”):

- Your New RSU will not include an exercise or purchase price. Your New RSU will represent your right to receive one share of our common stock for each New RSU that vests in the future.
- The number of shares to be granted to you under your New RSU will be determined using an exchange ratio that takes into account the exercise price of your tendered Eligible Option and approximates a value for value exchange ratio using a Black-Scholes valuation model with the closing price on March 30, 2017. The chart below illustrates the applicable exchange ratio for outstanding Eligible Options based on the dollar range of the exercise prices of such options.

Option Exercise Price Ranges	Percentage of New RSUs received for each Eligible Option Award*
\$13.00 - \$16.01	24%
\$7.00 - \$12.99	28%
\$6.00 - \$6.99	30%
\$5.00 - \$5.99	32%
\$3.00 - \$4.99	40%
\$2.03 - \$2.99	50%

\*Rounded down to the nearest share.

- Your New RSU will be granted under our 2011 Plan.
- The vesting schedule of your New RSU will be as follows:
  - Any portion of a New RSU issued in exchange for the vested portion of an Eligible Option will be subject to a new one-year cliff vesting date with 100% of such portion of the New RSU vesting on May 15, 2018.
  - Any portion of a New RSU issued in exchange for the unvested portion of an Eligible Option will continue to vest over the remainder of the original vesting period of the unvested portion of the option provided however that the New RSU will vest and shares will be issued to you on a quarterly vesting schedule with fixed vesting dates occurring on February 15, May 15, August 15

and November 15 each year (each, a “**New RSU Vesting Date**”). New RSU shares will vest on the first New RSU Vesting Date that occurs following your completion of the required employment period (including, if applicable, completion of a one-year cliff vesting period), provided that the first New RSU Vesting Date will be August 15, 2017. For example, if 1/48 of your Eligible Option shares would have vested on each of May 1, June 1, July 1 and August 1, 2017, then 4/48 of the New RSU issued in exchange for such Eligible Option will vest and that number of New RSU shares will be issued to you on August 15, 2017. Following such issuance, 1/16 of your unvested New RSU shares will vest on each subsequent New RSU Vesting Date until the New RSU is fully vested and all shares have been issued to you.

- As with any unvested equity award, you must be an employee of the Company on each vesting date to vest in the New RSU shares on that date. In the event that your employment with the Company terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.

The commencement date of the Exchange Offer is scheduled for April 3, 2017. We are making the Exchange Offer upon the terms and subject to the conditions described in the Offering Memorandum and in the related Election Form distributed with the Offering Memorandum. You are not required to participate in the Exchange Offer. If you have received multiple option grants from Enphase that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be able to elect to tender for exchange as few or as many of your Eligible Option grants as you wish. If you tender for exchange one Eligible Option grant in the Exchange Offer, you do not need to tender any other Eligible Option grants you may hold; however, you must tender all of the shares underlying the selected Eligible Option. Eligible Options properly tendered in this offer and accepted by us for exchange will be cancelled and your New RSUs will be granted with the terms described above effective as of the close of trading on the first business day following the expiration date of the Exchange Offer.

See “Risk Factors” beginning on page 13 for a discussion of risks and uncertainties that you should consider before agreeing to exchange your Eligible Options for New RSUs.

Shares of our common stock are quoted on NASDAQ under the symbol “ENPH.” On Thursday, March 30, 2017, the closing price of our common stock as reported on NASDAQ was \$1.35 per share. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to participate in the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offering Memorandum, the Election Form, or other documents relating to the Exchange Offer) to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com).

## IMPORTANT

If you choose to participate in the Exchange Offer, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before 4:00 p.m. U.S. Pacific Time, on Monday, May 1, 2017 (or such later date as may apply if the Exchange Offer is extended), by one of the following means:

**By Email (By PDF or similar imaged document file)**

optionexchange@enphaseenergy.com

**By Hand**

To: HR Department

You are responsible for making sure that the Election Form is delivered to the recipient indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.

You do not need to return your stock option agreements for your Eligible Options to be cancelled and exchanged in the Exchange Offer. We will provide you with a written confirmation of the cancellation of such options along with a New RSU agreement for your New RSUs shortly following such grant/s.

Although the Compensation Committee of the Board has approved the Exchange Offer, consummation of the Exchange Offer is subject to the satisfaction or waiver of the conditions described in Section 6 ("**Conditions of the Exchange Offer**") of the Exchange Offer. Neither we nor the Board (or the Compensation Committee thereof) makes any recommendation as to whether you should participate, or refrain from participating, in the Exchange Offer. You must make your own decision whether to participate. You should consult your personal outside advisors if you have questions about your financial or tax situation as it relates to the Exchange Offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the fairness or merits of this transaction or the accuracy or adequacy of the information contained in the Exchange Offer. Any representation to the contrary is a criminal offense.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD PARTICIPATE IN THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU.

WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ELECTION FORMS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY

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INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

## SUMMARY TERM SHEET — QUESTIONS AND ANSWERS

The following are answers to some of the questions that you may have about the Exchange Offer. We encourage you to carefully read the remainder of this Offer to Exchange Eligible Options for Restricted Stock Units and the accompanying Election Form. Where appropriate, we have included references to the relevant sections of the Offering Memorandum where you can find a more complete description of the topics in this summary.

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## **Q1. Why is Enphase making the Exchange Offer?**

Equity awards are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. We believe equity awards help us achieve this objective in several important ways: by aligning our employees' interests with those of our stockholders, by motivating employees' performance toward our long term success and by encouraging our executives and employees who have received equity grants to continue their employment with us.

During the past several fiscal years, our stock price has declined. Over 80% of our outstanding stock options are "underwater," meaning the exercise price of each of those options is greater than our current stock price. This means that our historically granted stock options have little or no perceived value to the employees who hold them and therefore may no longer be effective as incentives to motivate and retain these individuals.

The Board believes that it is critical to our future success to revitalize the incentive value of certain of our outstanding equity awards to retain and motivate employees and recreate a personal stake in the long term financial success of Enphase, and thereby align their interests with those of our stockholders. The Board believes that with the proper balance between the long term components of our compensation structure (i.e., equity awards) and its short term components (i.e., salary and bonus), our employees will be properly motivated to align their interests with those of the stockholders and work toward reward for their contributions based upon increases in stock value. The Board also recognizes our competition's ability to attract and recruit top talent and views it as critical that Enphase be able to retain and motivate key employees in this way. The Board believes that it has a responsibility to address these issues and to properly incentivize our employees.

See Section 2 of the Offering Memorandum ("Purpose of The Exchange Offer; Additional Considerations") for more information.

## **Q2. Who is eligible to participate in the Exchange Offer?**

You are an "**Eligible Holder**" if:

- on the date the Exchange Offer commences, you are employed in the U.S. by Enphase or any of our subsidiaries and have not been notified by us that your employment relationship with Enphase is being terminated;
- you continue to be employed by us, and have not submitted a notice of resignation or received a notice of termination, on or prior to the expiration of the Exchange Offer; and
- you are not deemed an "independent director" as defined under the rules of NASDAQ and as determined by our Board.

See Section 1 of the Offering Memorandum ("Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer") for more information.

### Q3. Which options are subject to the Exchange Offer?

Under the Exchange Offer, Eligible Holders will be able to elect to tender for exchange outstanding Eligible Options.

An “**Eligible Option**” is an outstanding option, excluding any Performance Award (as defined below), that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$2.03 (150% of the closing sale price of our common stock on March 30, 2017); and
- was granted under our 2006 Equity Incentive Plan, as amended (“**2006 Plan**”), or our 2011 Equity Incentive Plan, as amended (“**2011 Plan**”).

### Q4. How do RSUs differ from stock options?

The table below outlines some key differences between stock options and RSUs:

	<u>Stock Options</u>	<u>RSUs</u>
What they are	The right to purchase a fixed number of shares of Enphase common stock in the future at a fixed price for a fixed period of time.	The right to receive shares of Enphase common stock in the future at no cost to you.
How they work	<p>Once a stock option grant vests, you can exercise the vested portion at any time until the expiration date of that option. Exercising means you buy the stock at the exercise price set on the date of grant.</p> <p>If the price of our common stock is greater than the exercise price when you exercise and sell the shares, you receive the gain (after payment of applicable taxes).</p> <p>However, when our stock price is <i>less</i> than the exercise price, the stock option has no intrinsic value and is considered to be underwater.</p>	Once an RSU vests, a share of Enphase common stock is issued to you and at no cost to you, other than withholding for applicable taxes associated with the RSU. An RSU has value equal to the current Enphase stock price. Once our stock is issued to you following the vesting of the RSU, you can either keep it as an investment or sell it.

**Q5. Will the terms and conditions of my New RSUs be the same as my exchanged options?**

No. RSUs are a different type of award than stock options, and the terms and conditions of your New RSUs, including the vesting schedule of your New RSUs, will be different from the exchanged options. In addition, the tax treatment of the New RSUs will differ significantly from the tax treatment of your exchanged options.

New RSUs will be granted under the 2011 Plan and will be subject to a restricted stock unit agreement.

**Q6. How many New RSUs will I receive for the Eligible Options I exchange?**

The number of New RSUs that you are eligible to receive in exchange for an Eligible Option depends on the exercise price of your Eligible Option. The chart below illustrates the applicable exchange ratio for outstanding Eligible Options and approximates a value for value exchange ratio using a Black-Scholes valuation model with the closing price on March 30, 2017.

<b>Option Exercise Price Ranges</b>	<b>Percentage of New RSUs received for each Eligible Option Award*</b>
\$13.00 - \$16.01	24%
\$7.00 - \$12.99	28%
\$6.00 - \$6.99	30%
\$5.00 - \$5.99	32%
\$3.00 - \$4.99	40%
\$2.03 - 2.99	50%

\*Rounded down to nearest share.

**Q7. Will my New RSUs have an exercise or purchase price?**

No. Your New RSUs will not have an exercise or purchase price. See Section 1 (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) for more information.

See Section 7 of the Offering Memorandum (“Price Range of Our Common Stock”) for information concerning our historical common stock prices.

**Q8. When will my New RSUs vest?**

Any portion of a New RSU issued in exchange for the vested portion of an Eligible Option will be subject to a new one-year cliff vesting date with 100% of such portion of the New RSU vesting on March 15, 2018.

Any portion of a New RSU issued in exchange for the unvested portion of an Eligible Option will continue to vest over the remainder of the original vesting schedule of the unvested portion of the option provided however that the New RSU will vest and shares will be issued to you on a quarterly vesting schedule with fixed vesting dates occurring on February 15, May 15, August 15 and November 15 each year (each, a “**New RSU Vesting Date**”). New RSU shares will vest on the first New RSU Vesting Date that occurs following your completion of the required employment period (including, if applicable, completion of a one-year cliff vesting period), provided that the first New RSU Vesting Date will be August 15, 2017. For example, if 1/48 of your Eligible Option shares would vest on each of May 1, June 1, July 1 and August 1, 2017, then 4/48 of the New RSU issued in exchange for such Eligible Option will vest and that number of New RSU shares will be issued to you on August 15, 2017. Following such issuance, 1/16 of your unvested New RSU shares will vest on each subsequent New RSU Vesting Date until the New RSU is fully vested and all shares have been issued to you.

As with any unvested equity award, you must be an employee of the Company on each vesting date to vest in the New RSU shares on that date. In the event that your employment with the Company terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.

**Q9. Do I need to exercise my New RSUs in order to receive shares?**

No. Unlike stock options, which you must exercise in order to receive the vested shares subject to the option, you do not need to exercise RSUs in order to receive shares. If your New RSUs vest in accordance with the vesting schedule described above and set forth in the applicable RSU agreement, you will automatically receive the shares subject to the New RSUs promptly thereafter (less taxes). Generally, New RSUs that do not vest will be forfeited to the Company, as determined in accordance with the 2011 Plan.

**Q10. If I participate in the Exchange Offer, when will my New RSUs be granted?**

Unless we amend or terminate the Exchange Offer in accordance with its terms, we will grant you New RSUs as to which you properly made a valid election (and did not validly revoke that election), effective as of the first business day following the Expiration Time (such date, the “**New RSU Grant Date**”, is currently expected to be May 4, 2017) to reflect the New RSU Terms.

See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) for more information.

**Q11. What happens to my New RSUs if I terminate my employment with Enphase?**

Vesting of your New RSUs will cease upon termination of your employment with Enphase. Your unvested RSUs will be forfeited back to us and the shares will return to the 2011 Plan.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain in employment with Enphase or any of our subsidiaries. The terms of your employment with Enphase and our subsidiaries remain unchanged. We cannot guarantee or provide you with

any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our employment until the expiration of the Exchange Offer and/or the grant date for the New RSUs or thereafter during the vesting period of the New RSUs. In addition, we cannot provide any assurance that your employment with Enphase will continue past the vesting date of any New RSU issued in exchange for an Eligible Option that would have been vested and exercisable as of your termination date had the Eligible Option not been exchanged for a New RSU.

See Section 1 of the Offering Memorandum (“Eligible Holders; Eligible Options and; the Proposed Exchange; Expiration and Extension of the Exchange Offer”) and Section 5 of the Offering Memorandum (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) for more information.

**Q12. Must I participate in the Exchange Offer?**

No. Participation in the Exchange Offer is completely voluntary. If you choose not to participate in the Exchange Offer, then your Eligible Options will remain outstanding with their current terms.

**Q13. How should I decide whether or not to participate in the Exchange Offer?**

We are providing substantial information to assist you in making your own informed decision. Please read all the information contained in the various sections of the Exchange Offer below, including without limitation the information in Section 2 (“Purpose of The Exchange Offer; Additional Considerations”), Section 7 (“Price Range of Our Common Stock”), Section 9 (“Information Concerning Us; Financial Information”), Section 10 (“Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities”), Section 12 (“Material United States Tax Consequences”) and Section 16 (“Additional Information”). You may seek your own outside legal counsel, accountant and/or financial advisor for further advice. No one from Enphase or any of our subsidiaries is, or will be, authorized to provide you with advice, recommendations or additional information in this regard.

In addition to reviewing the materials provided, please note the following:

1. The Exchange Offer is not a one-for-one exchange. You will receive fewer New RSUs than your Eligible Options.
2. RSUs provide value upon vesting even if our common stock price does not increase after the grant date. However, because the exchange ratios for the option exchange are not one-for-one, it is possible that, at some point in the future, the Eligible Options you choose to exchange could be economically more valuable than the New RSUs received by you pursuant to the Exchange.
3. New RSUs granted in the Exchange will be subject to new longer vesting schedules, even if the Eligible Options you exchange were fully vested.
4. You should carefully consider the tax consequences of RSU awards. In general, your New RSUs will be taxed when they vest. You are strongly encouraged to

consult with your personal legal counsel, accountant, financial and/or tax advisor(s) for advice on these matters.

Please also review the “Risk Factors” that appear after this Section.

**Q14. How do I find out how many Eligible Options I have and what their exercise prices are?**

The Election Form distributed along with the Exchange Offer document includes a list of your Eligible Options as of March 31, 2017. You can at any time confirm the number of option grants that you have, their grant dates, remaining term, exercise prices, vesting schedule and other information by logging into your E\*Trade account at [www.etrade.com](http://www.etrade.com).

**Q15. Can I tender for exchange stock options that I have already fully exercised?**

No. The Exchange Offer applies only to outstanding unexercised Eligible Options. An option that has been fully exercised is no longer outstanding.

**Q16. Can I tender for exchange the remaining unexercised portion of an Eligible Option that I have already partially exercised?**

Yes. If before April 3, 2017 you exercised an Eligible Option in part, the remaining unexercised portion of the Eligible Option could be tendered for exchange in the Exchange Offer. See Section 3 (“Procedures for Tendering Eligible Options”) for more information.

**Q17. Can I tender for exchange a portion of an Eligible Option?**

No partial exchange will be permitted. If you elect to tender an Eligible Option for exchange, you must tender the entire outstanding (i.e. unexercised) portion of that Eligible Option. You will be able to elect to tender as few or as many of your Eligible Option grants as you wish. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Option grants that are properly tendered. See Section 3 (“Procedures for Tendering Eligible Options”) for more information.

**Q18. What if I am on an authorized leave of absence during the Exchange Offer?**

Any Eligible Holder who is on an authorized leave of absence will be able to participate in the Exchange Offer. See Section 1 (“Eligible Options; Eligible Holders; the Proposed Exchanges; Expiration and Extension of the Exchange Offer”) for more information.

**Q19. What happens if my employment with Enphase terminates before the Expiration Time?**

If you have tendered Eligible Options under the Exchange Offer and you cease providing services to Enphase or any of our subsidiaries for any reason, or if you submit a notice of resignation or receive a notice of termination before the Exchange Offer expires (which is referred to as the Expiration Time), you will no longer be eligible to participate in the Exchange

Offer, and we will not accept your Eligible Options for exchange and you will not be eligible for the grant of New RSUs. In that case, generally you may exercise your existing Eligible Options to the extent they are vested for a limited time after your termination date and in accordance with their original terms.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain an employee or other service provider of Enphase or any of our subsidiaries. The terms of your service with Enphase and our subsidiaries remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our service until the expiration of the Exchange Offer and/or the grant date for the New RSU or thereafter. In addition, we cannot provide any assurance that your employment with Enphase will continue past the vesting date of any New RSU issued in exchange for an Eligible Option that would have been vested and exercisable as of your termination date had the Eligible Option not been exchanged for a New RSU.

See Section 1 (“Eligible Options; Eligible Holders; the Proposed Exchanges; Expiration and Extension of the Exchange Offer”) and Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”) for more information.

**Q20. Will I owe taxes if I participate in the Exchange Offer?**

Neither the acceptance of the Offer nor the grant of your New RSUs will be a taxable event for U.S. federal income tax purposes. See Section 12 (“Material United States Tax Consequences”) for more information regarding the tax aspects of RSUs.

You should consult with your tax advisor to determine the personal tax consequences of participating in the Exchange Offer. If you are an Eligible Holder who is subject to the tax laws of a country other than the U.S. or of more than one country, you should be aware that there may be additional or different tax consequences that may apply to you. We advise all Eligible Holders who may consider tendering for exchange their Eligible Options to consult with their own tax advisors with respect to the federal, state, local and foreign tax consequences of participating in the Exchange Offer.

**Q21. Will I owe taxes if I do not participate in the Exchange Offer?**

In general, the rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. See Section 12 (“Material United States Tax Consequences”) for more information.

**Q22. What will happen to my Eligible Options if I participate in the Exchange Offer?**

We will cancel all of your Eligible Options tendered by you and accepted by us for exchange in the Exchange Offer.

**Q23. Is it possible for my New RSUs to become underwater?**

No. The New RSUs will not have an exercise or purchase price so they will never be underwater.

**Q24. What happens to Eligible Options that I choose not to tender or that are not accepted for exchange in the Exchange Offer?**

Generally, there will be no impact to Eligible Options that you choose not to tender for exchange prior to the original Expiration Time. However, if (1) any of your Eligible Options are currently treated as Incentive Stock Options (“ISOs”), (2) the Exchange Offer remains outstanding for more than 29 calendar days – that is, if we extend the Exchange Offer beyond the original Expiration Time, and (3) you do not reject this Offer within the first 29 calendar days in which it is outstanding – that is, by Monday, May 1, 2017, your Eligible Options may cease to be treated as ISOs as of the Expiration Time. If the fair market value of our common stock as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your holding periods under your Eligible Options (as further described below in the section called “Taxation of Incentive Stock Options”) will start over on the Expiration Time. Therefore, if you wish to reject this Exchange Offer and you wish to avoid the possible impact on your ISO status, you should do so by completing and submitting the Election Form on or prior to 4:00 p.m. U.S. Pacific Time on Monday, May 1, 2017.

We will not accept for exchange any options that are tendered that do not qualify as Eligible Options. If you tender an option that is not an Eligible Option, as applicable, or is otherwise not accepted for exchange, we will send you a separate notification following the expiration of the Exchange Offer explaining why your tendered option did not qualify as an Eligible Option, or otherwise was not accepted for exchange.

**Q25. How long do I have to decide whether to participate in the Exchange Offer?**

The Exchange Offer expires at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017. No exceptions will be made to this deadline, unless we extend it. Although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the Exchange Offer at any time. If we extend the Exchange Offer, we will publicly announce the extension and the new expiration date no later than 6:00 a.m., U.S. Pacific Time, on the next business day after the last previously scheduled or announced expiration date.

See Section 13 (“Extension of Exchange Offer; Termination; Amendment”) for more information.

**Q26. How do I tender my Eligible Options for exchange?**

If you are an Eligible Holder on the date that you choose to tender your Eligible Options, you may tender your Eligible Options for exchange at any time before the Exchange Offer expires at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017.

To validly tender your Eligible Options, you must deliver a properly completed and signed Election Form, and any other documents required by the Election Form to the attention of the HR Department, by hand, or by email (by PDF or similar imaged document file) to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com).

You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled effective as of the New RSU Grant Date if we accept your Eligible Options for exchange. We will separately send to you the grant documents relating to your New RSUs following the New RSU Grant Date for your signature.

Your Eligible Options will not be considered tendered until we receive a properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017. If you miss this deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the signed Election Form only by hand or by email (by PDF or similar imaged document file). The method of delivery is at your own option and risk. You are responsible for making sure that the Election Form is delivered to the person, department or email address indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.

We reserve the right to reject any or all tenders of Eligible Options that we determine are not in appropriate form or that we determine would be unlawful to accept. Subject to our rights to extend, terminate and amend the Exchange Offer, we expect to accept all properly tendered option grants on or around Thursday, May 4, 2017, following the expiration date of the Exchange Offer.

See Section 3 (“Procedures for Tendering Eligible Options”) for more information.

**Q27. When and how can I withdraw previously tendered Eligible Options?**

You may withdraw your tendered Eligible Options at any time before the Exchange Offer expires at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017, and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options at any time after 9:00 p.m. Pacific Time on Friday, May 26, 2017. If we extend the Exchange Offer beyond that time, you may withdraw your tendered Eligible Options (i) at any time until the extended expiration of the Exchange Offer or (ii) at any time after 9:00 p.m. Pacific Time on Friday, May 26, 2017, if we have not yet accepted the Eligible Options pursuant to the Exchange Offer.

To withdraw tendered Eligible Options, you must deliver to us a properly completed and signed Notice of Withdrawal of Election Form (the “**Notice of Withdrawal**”) with the required information while you still have the right to withdraw the tendered Eligible Options. The Notice of Withdrawal may be delivered by any of the means indicated for a valid tender as set forth in Question 22 above.

If you miss this deadline to withdraw but remain an Eligible Holder, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Notice of Withdrawal we receive before the expiration date and time.

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered to us. You must allow for delivery time based on

the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time.

Once you have withdrawn Eligible Options, you may re-tender Eligible Options only by again following the procedures described for validly tendering option grants in the Exchange Offer as discussed in Question 27 above.

See Section 4 (“Withdrawal Rights”) for more information.

**Q28. How will I know whether you have received my Election Form or my Notice of Withdrawal?**

We will send you an email or other form of communication, as appropriate, to confirm receipt of your Election Form or Notice of Withdrawal shortly after we receive it. However, it is your responsibility to ensure that we receive your Election Form or Notice of Withdrawal, as applicable, prior to the expiration date of the Exchange Offer. See Section 3 (“Procedures for Tendering Eligible Options”) for more information.

**Q29. What will happen if I do not return my Election Form by the deadline?**

If we do not receive your Election Form by the deadline, then all Eligible Options held by you will remain outstanding at their original exercise price and subject to their original terms. If you prefer not to tender any of your Eligible Options in the Exchange Offer, you do not need to do anything. See Section 3 (“Procedures for Tendering Eligible Options”) for more information.

**Q30. What if I have any questions regarding the Exchange Offer?**

You should direct questions about the Exchange Offer (including requests for additional or paper copies of the Exchange Offer and other Exchange Offer documents which will be promptly furnished to you at Enphase’s expense) [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com).

## RISK FACTORS

Participation in the Exchange Offer involves a number of potential risks and uncertainties, including those described below. You should consider, among other things, these risks and uncertainties before deciding whether or not to request that we amend your Eligible Options in the manner described in the Exchange Offer.

### **Risks Related to the Exchange Offer**

*Your cancelled Eligible Options may be worth more than the New RSUs that you receive in exchange for them.*

Because the number of shares to be granted to you under your New RSUs will be fewer than the number of shares outstanding under your Eligible Options, it is possible that, at some point in the future, due to increases in our stock price, those Eligible Options would have been economically more valuable than the New RSUs granted pursuant to the Offer.

*You may incur additional taxes in connection with the vesting and settlement of the New RSUs for U.S. tax purposes.*

For more detailed information regarding the tax treatment of stock options (incentive stock options and nonstatutory stock options) and RSUs, see Section 12 (“Material United States Tax Consequences”).

### **Risks Related to Our Business and Common Stock**

You should carefully review the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission (the “SEC”) on March 16, 2017, as well as the other information provided in the Exchange Offer and the other materials that we have filed with the SEC, before making a decision as to whether or not to tender your Eligible Options. You may access these filings electronically at the SEC’s Internet site at <http://www.sec.gov>. In addition, we will provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 16 (“**Additional Information**”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review these reports.

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## OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW RSUS

### Section 1. Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer.

Enphase Energy, Inc. (“**Enphase**”) is offering certain optionholders the opportunity to exchange certain options for New RSUs. As described in this Section 1 of this Offer to exchange Eligible Options for New RSUs (this “**Offering Memorandum**”), Eligible Options that are tendered and accepted prior to the Expiration Time (each defined below) will be exchanged for New RSUs in exchange for an Eligible Holder’s agreement to accept fewer shares, a revised vesting schedule and the tax treatment of the New RSUs.

We are making the Offer on the terms and subject to the conditions described in this Offering Memorandum, as they may be amended from time to time, and these terms and conditions constitute the “**Exchange Offer**” or the “**Offer**.” The Exchange Offer is not conditioned on the acceptance of the Exchange Offer by a minimum number of award holders or the tender of elections to exchange options covering a minimum number of shares.

#### *Eligible Holders*

All individuals who were granted an Eligible Option and who, as of the date the Exchange Offer commences and as of the Expiration Time, are current employees of Enphase or our subsidiaries in the U.S., and have not been notified by us that their employment or service relationship with us is being terminated may participate in the Offer (the “**Eligible Holders**”). To be an Eligible Holder you must continue to be employed by us, and have not submitted a notice of resignation or received a notice of termination, between the date the Exchange Offer commences and the Expiration Time.

You will not be eligible to tender Eligible Options for exchange in the Exchange Offer if you cease to be an Eligible Holder for any reason prior to the Expiration Time, including retirement, disability or death. An individual who is on an authorized leave of absence and is otherwise an Eligible Holder on such date will be eligible to tender Eligible Options in the Exchange Offer. A leave of absence is considered “authorized” if it was approved in accordance with our policies.

Your employment with us will remain “at-will” regardless of your participation in the Exchange Offer and can be terminated by you or us at any time.

None of our “independent directors” as defined under the rules of NASDAQ and as determined by our board of directors (the “**Board**”) is eligible to participate in the Offer. As of the date hereof, our independent directors are Steven J. Gomo, Benjamin Kortlang, Richard Mora, Thurman John Rodgers and John H. Weber.

An “**Eligible Option**” is an outstanding option, excluding any Performance Award (as defined below) that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$2.03 (150% of the closing sale price of our common stock on March 30, 2017);
- was granted under our 2006 Equity Incentive Plan, as amended (“**2006 Plan**”), or our Equity Incentive Plan, as amended (“**2011 Plan**”).

*The Proposed Exchange*

If you choose to participate in the Exchange Offer and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you New RSUs (each, a “**New RSU**”) with the following terms (collectively, the “**New RSU Terms**”):

- Your New RSU will not have an exercise or purchase price. Your New RSU will represent your right to receive one share of our common stock for each New RSU that vests.
- The number of shares to be granted to you under your New RSU will be determined using an exchange ratio that takes into account the exercise price of your tendered Eligible Option and approximates a value for value exchange ratio using a Black-Scholes valuation model with the closing price on March 30, 2017. The chart below illustrates the applicable exchange ratio for outstanding Eligible Options based on the exercise prices of such options.

Option Exercise Price Ranges	Percentage of New RSUs received for each Eligible Option Award*
\$13.00 - \$16.01	24%
\$7.00 - \$12.99	28%
\$6.00 - \$6.99	30%
\$5.00 - \$5.99	32%
\$3.00 - \$4.99	40%
\$2.03 - \$2.99	50%

\*Rounded down to the nearest share.

- Your New RSU will be granted under our 2011 Plan.
- The vesting schedule of your New RSU will be as follows:
  - Any portion of a New RSU issued in exchange for the vested portion of an Eligible Option will be subject to a new one-year cliff vesting date with 100% of such portion of the New RSU vesting on May 15, 2018.
  - Any portion of a New RSU issued in exchange for the unvested portion of an Eligible Option will continue to vest over the remainder of the original vesting schedule of the unvested portion of the option provided however that the New RSU will vest and shares will be issued to you on a quarterly vesting schedule with fixed vesting dates occurring on February 15, May 15, August 15 and November 15 each year (each, a “**New RSU Vesting Date**”). New RSU shares will vest on the first New RSU Vesting Date that occurs following your completion of the required employment period (including, if applicable, completion of a one-year cliff vesting period), provided that the first New RSU Vesting Date will be August 15, 2017. For example, if 1/48 of your Eligible Option shares would have vested on each of May 1, June 1, July 1 and August 1, 2017, then 4/48 of the New RSU issued in exchange for such Eligible Option will vest and that number of New RSU shares will be issued to you on August 15, 2017. Following such issuance, 1/16 of your unvested New RSU shares will vest on each subsequent New RSU Vesting Date until the New RSU is fully vested and all shares have been issued to you.
  - As with any unvested equity award, you must be an employee of the Company on each vesting date to vest in the New RSU shares on that date. In the event that your employment with the Company terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.
- Nothing in the Exchange Offer should be construed to confer upon you the right to remain in service with Enphase or any of our subsidiaries. The terms of your service with Enphase and our subsidiaries remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our service until the expiration of the Exchange Offer and/or the grant date for the New RSUs or thereafter.

The Exchange Offer is scheduled to expire at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017, referred to as the “**Expiration Time**”, unless and until we, in our sole discretion, extend the expiration date of the Exchange Offer. See Section 13 (“Extension of Exchange Offer; Termination; Amendment”) for a description of our rights to extend, terminate and amend the Exchange Offer.

If you do not elect to tender your Eligible Options before the Expiration Time, such awards will remain subject to their current terms, including the current exercise price and vesting schedule.

**Section 2. Purpose of the Exchange Offer; Additional Considerations.**

Equity awards are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. We believe equity awards help us achieve this objective in several important ways: by aligning our employees’ interests with those of our stockholders, by motivating employees’ performance toward our long term success and by encouraging our executives and employees who have received equity grants to continue their employment with us.

During the past two fiscal years, our stock price has declined. Over 80% of our outstanding stock options are “underwater,” meaning the exercise price of those options is greater than our current stock price. This means that a substantial portion of our historically granted stock options have little or no perceived value to the employees or other service providers who hold them and therefore may no longer be effective as incentives to motivate and retain these individuals.

The Board believes that it is critical to our future success to revitalize the incentive value of our outstanding equity awards to retain and motivate employees, consultants and advisors and recreate a personal stake in the long term financial success of Enphase, and thereby align their interests with those of our stockholders. The Board believes that with the proper balance between the long term components of our compensation structure (i.e., equity awards) and its short term components (i.e., salary and bonus), key employees and other service providers will be properly motivated to align their interests with those of the stockholders and work toward reward for their contributions based upon increases in stock value. The Board also recognizes our competition’s ability to attract and recruit top talent and views it as critical that Enphase be able to retain and motivate key employees in this way. The Board believes that it has a responsibility to address these issues and to properly incentivize our employees and other service providers.

In deciding whether to tender one or more Eligible Options pursuant to the Exchange Offer, you should know that we continually evaluate and explore strategic opportunities as they arise. At any given time, we may be engaged in discussions or negotiations with respect to one or more corporate transactions of the type described below. We also grant equity awards in the ordinary course of business to our directors and our current and new employees, including our executive officers. Our directors and employees, including our executive officers, from time to time may acquire or dispose of our securities. We may from time to time repurchase our own

outstanding securities after we have announced any decision by the Board to authorize us to do so, in accordance with applicable securities laws. In addition, we may pursue opportunities to raise additional capital through the issuance of equity or convertible debt securities. If this occurs, 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. We cannot assure you that additional financing will be available on terms favorable to us, or at all.

Subject to the foregoing and except as otherwise disclosed in the Exchange Offer or in our filings with the SEC, we presently have no plans, proposals or negotiations that relate to or would result in:

- any extraordinary corporate transaction, such as a material merger, reorganization or liquidation, involving us;
- any purchase, sale or transfer of a material amount of our assets;
- any material change in our present dividend policy or our indebtedness or capitalization;
- any material change in our present board of directors or executive officers, including any plans to change the number or term of our directors or to fill any existing board vacancies or to change the material terms of any executive officer's employment;
- any other material change in our corporate structure or business;
- our common stock not being traded on a national securities exchange;
- our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended, or the Exchange Act;
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course or pursuant to existing options or other rights; or
- any change in our certificate of incorporation or bylaws, or any actions that may impede the acquisition of control of us by any person.

WE DO NOT MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU SHOULD EVALUATE CAREFULLY ALL OF THE INFORMATION IN THE EXCHANGE OFFER AND CONSULT YOUR OWN

FINANCIAL AND TAX ADVISORS. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS FOR EXCHANGE.

### **Section 3. Procedures for Tendering Eligible Options.**

If you wish to tender any or all of your Eligible Options for exchange, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017 (or such later date as may apply if the Exchange Offer is extended), by one of the following means:

By Email (By PDF or similar imaged document file):  
To [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com)

*By Hand:*  
To: HR Department

Except as described in the following sentence, the Election Form must be signed by the Eligible Holder who tendered the Eligible Option exactly as the Eligible Holder's name appears on the stock option agreement relating to the Eligible Option. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the Election Form. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled in exchange for New RSUs if we accept your Eligible Options for exchange.

Your Eligible Options will not be considered tendered until we receive the properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017. If you miss this deadline or submit an Election Form that is not properly completed as of the deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the signed Election Form only by hand or by email (by PDF or similar imaged document file). The method of delivery is at your own option and risk. You are responsible for making sure that the Election Form is delivered to the recipient indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form before 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017.

*Determination of Validity; Rejection of Eligible Options; Waiver of Defects; No Obligation to Give Notice of Defects.*

To validly tender your Eligible Options pursuant to the Exchange Offer you must remain an Eligible Holder and must not have given a notice of resignation or received a notice of termination prior to the first business day after the expiration date of the Exchange Offer.

If you elect to tender an Eligible Option for exchange, you must tender the entire Eligible Option. If you have received multiple option grants from us that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be able to elect to tender as few or

as many of your Eligible Option grants as you wish. If you tender one Eligible Option grant in the Exchange Offer, you do not need to tender any other Eligible Option grants you may hold. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Options that are properly tendered.

We will determine all questions as to form of documents and the validity, eligibility, time of receipt and acceptance of any tender of Eligible Options. Neither Enphase nor any other person is obligated to give notice of any defects or irregularities in tenders. No tender of Eligible Options will be deemed to have been properly made until all defects or irregularities have been cured by the tendering Eligible Holder or waived by us. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties.

This is a one-time offer, and we will strictly enforce this offer period, subject only to any extension of the expiration date of the Exchange Offer that we may grant in our sole discretion. Subject to Rule 13e-4 under the Exchange Act, we also reserve the right to waive any of the conditions of the Exchange Offer or any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Holder.

*Our Acceptance Constitutes an Agreement.*

Your tender of Eligible Options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Exchange Offer and will be controlling, absolute and final, subject to your withdrawal rights under Section 4 (“Withdrawal Rights”) and our acceptance of your tendered Eligible Options in accordance with Section 5 (“Acceptance of Eligible Options for Exchange; Grant of New RSUs”). Our acceptance for exchange of Eligible Options tendered by you pursuant to the Exchange Offer will constitute a binding agreement between Enphase and you upon the terms and subject to the conditions of the Exchange Offer.

Subject to our rights to terminate and amend the Exchange Offer in accordance with Section 6 (“Conditions of the Exchange Offer”), we expect to accept for exchange all properly tendered Eligible Options that have not been validly withdrawn at the Effective Time, and we expect to cancel the Eligible Options accepted for exchange in exchange for the grant of the New RSUs on the New RSU Grant Date with the New RSU Terms. However, if the New Exercise Price would be above the exercise price of your Eligible Option tendered in the Exchange Offer, we will not accept your tendered awards and they will not be exchanged. If the Expiration Time is extended, then the New RSU Grant Date would be similarly extended.

#### **Section 4.      Withdrawal Rights.**

If you elect to accept the Exchange Offer as to some or all of your Eligible Options and later change your mind, you may withdraw your tendered option grants by following the procedure described in this Section 4. Please note that, just as you may not tender only part of an Eligible Option grant, you also may not withdraw your election with respect to only a portion of an Eligible Option grant. If you elect to withdraw a previously tendered Eligible Option grant,

you must withdraw the entire Eligible Option, but need not withdraw any other tendered Eligible Options.

We will permit any options tendered in the Exchange Offer to be withdrawn at any time during the period the Exchange Offer remains open, and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options that have not been accepted at any time after 9:00 p.m. Pacific Time on Friday, May 26, 2017. Please note that, upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn at the Expiration Time, which is expected to be 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017 unless further extended.

To validly withdraw tendered Eligible Options, you must deliver to us (using one of the same delivery methods described in Section 3) a properly completed and signed Notice of Withdrawal while you still have the right to withdraw the tendered Eligible Options. Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline for withdrawal but remain an Eligible Holder of Enphase or any of our U.S. subsidiaries, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer.

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered to the recipient indicated in Section 3 above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time.

The Notice of Withdrawal must specify the Eligible Options to be withdrawn. Except as described in the following sentence, the Notice of Withdrawal must be signed by the Eligible Holder who tendered the Eligible Options to be withdrawn exactly as such Eligible Holder's name appears on the Election Form previously submitted. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the Notice of Withdrawal. We have filed with the SEC a form of the Notice of Withdrawal as an exhibit to the Schedule TO. We will deliver a copy of the Notice of Withdrawal form to all optionholders that validly elect to participate in the Exchange Offer.

You may not rescind any withdrawal, and any Eligible Options you withdraw will thereafter be deemed not properly tendered for purposes of the Exchange Offer, unless you properly re-tender those Eligible Options before the expiration date of the Exchange Offer by following the procedures described in Section 3 of the Exchange Offer.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any Notice of Withdrawal, nor will anyone incur any liability for failing to give notice of any defects or irregularities. We will determine all questions as to the form and validity, including time of receipt, of Notices of Withdrawal. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determinations of these matters will be final and binding.

## **Section 5. Acceptance of Eligible Options for Exchange; Grant of New RSUs.**

Upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn at the time of expiration of the Exchange Offer, which is currently scheduled to expire at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017, unless extended (or if we have not accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 9:00 p.m. Pacific Time on Friday, May 26, 2017). We expect to cancel the Eligible Options accepted for exchange in exchange for the grant of the New RSUs on the New RSU Grant Date with the New RSU Terms. If the Exchange Offer is extended, then the New RSU Grant Date will be similarly extended.

Promptly after we grant the New RSUs, we will send each tendering Eligible Holder a “confirmation letter” indicating the Eligible Options that we have accepted for exchange. In addition, we will separately send to each tendering Eligible Holder the grant documents relating to the Eligible Holder’s New RSUs following the New RSU Grant Date for signature. We have filed with the SEC a form of this letter and the New RSU grant documents as an exhibit to the Schedule TO.

If you have tendered Eligible Options under the Exchange Offer and your service terminates for any reason, or if you submit a notice of resignation or receive a notice of termination, before the Exchange Offer expires, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange. In that case, generally you may exercise your existing options for a limited time after your termination date to the extent they are vested and in accordance with their terms.

## **Section 6. Conditions of the Exchange Offer.**

Notwithstanding any other provision of the Exchange Offer, we will not be required to accept any Eligible Options tendered for exchange, and we may terminate or amend the Exchange Offer, in each case subject to Rule 13e-4(f)(5) under the Exchange Act, if at any time on or after the date hereof and prior to the expiration date of the Exchange Offer, any of the following events has occurred, or has been determined by us, in our reasonable judgment, to have occurred:

(a) there shall have been threatened or instituted any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or other person, domestic or foreign, before any court, authority, agency or tribunal that directly or indirectly challenges the making of the Exchange Offer, the exchange of some or all of the Eligible Options tendered for exchange, or otherwise relates in any manner to the Exchange Offer or that, in our reasonable judgment, could materially affect our business, condition (financial or other), assets, income, operations, prospects or stock ownership;

(b) there shall have been threatened, instituted or taken, any action, or any approval, exemption or consent shall have been withheld, or any statute, rule, regulation, judgment, order or injunction shall have been proposed, sought, promulgated, enacted, entered, amended, interpreted, enforced or deemed to be applicable to the Exchange Offer or us, by or

from any court or any regulatory or administrative authority, agency or tribunal that, in our reasonable judgment, would directly or indirectly:

- (i) make it illegal for us to accept some or all of the tendered Eligible Options for exchange, or otherwise restrict or prohibit consummation of the Exchange Offer or otherwise relate in any manner to the Exchange Offer;
- (ii) delay or restrict our ability, or render us unable, to accept the tendered Eligible Options for exchange; or
- (iii) impair the contemplated benefits of the Exchange Offer to us;
- (c) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or automated quotation system or in the over-the-counter market;
- (d) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States;
- (e) the commencement or escalation of a war or other national or international calamity directly or indirectly involving the United States, which could reasonably be expected to affect materially or adversely, or to delay materially, the completion of the Exchange Offer;
- (f) a tender or Exchange Offer (other than the Exchange Offer) with respect to some or all of our capital stock, or a merger or acquisition proposal for us, shall have been proposed, announced or publicly disclosed or we shall have learned that:
  - (i) any person, entity or “group” within the meaning of Section 13(d)(3) of the Exchange Act has acquired more than 5% of our outstanding common stock, other than a person, entity or group which had publicly disclosed such ownership with the SEC prior to the date of commencement of the Exchange Offer;
  - (ii) any such person, entity or group which had publicly disclosed such ownership prior to such date has acquired additional common stock constituting more than 1% of our outstanding shares; or
  - (iii) any new group has been formed that beneficially owns more than 5% of our outstanding common stock that, in our judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the Exchange Offer or with such acceptance for exchange of Eligible Options;
- (g) any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to record for financial reporting purposes compensation expense against our earnings in connection with the Exchange Offer, other than as contemplated as of the commencement date of this offer (as described in Section 11 of this Offering Memorandum);

(h) a material loss or interference with our business or properties from fire, explosion, earthquake, flood or other casualty, whether or not covered by insurance, or from any labor dispute;

(i) a decrease of greater than 33% of the market price of our common stock from the price of \$1.35 (the closing price per share of our common stock on March 30, 2017) or significant volatility in the market price of our stock resulting from any number of factors, including fluctuations in our operating results, announcements of technological innovations or new products, the announcement, commencement, developments in proprietary rights, or changes in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, condition (financial or other), operating results, operations or prospects or on the trading in our common stock, or that, in our reasonable judgment, makes it inadvisable to proceed with the Exchange Offer;

(j) any of the situations described above existed at the time of commencement of the Exchange Offer and that situation, in our reasonable judgment, deteriorates materially after commencement of the Exchange Offer;

(k) changes in the general political, market, economic or financial conditions in the United States or abroad that could, in our reasonable judgment, have a material adverse effect on our business, financial condition, operating results, operations or prospects or on the trading in our common stock, or that, in our reasonable judgment, makes it inadvisable to proceed with the Exchange Offer; or

(l) any changes occur in our business, financial condition, assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to us.

The conditions to the Exchange Offer are for our benefit. We may assert them prior to the expiration date of the Exchange Offer regardless of the circumstances giving rise to them (other than circumstances caused by our action or inaction). We may waive the conditions, in whole or in part, at any time and from time to time prior to the expiration date of the Exchange Offer, whether or not we waive any other condition to the Exchange Offer. Subject to any order or decision by a court or arbitrator of competent jurisdiction, any determination we make concerning the events described in this Section 6 will be final and binding upon all persons.

#### **Section 7. Price Range of Our Common Stock.**

The Eligible Options give Eligible Holders the right to acquire shares of our common stock. None of the Eligible Options are traded on any trading market. Our common stock has been traded on NASDAQ under the symbol “*ENPH*.”

The following table sets forth on a per share basis the high and low sales prices for our common stock on NASDAQ, as applicable, during the periods indicated.

Year Ended December 31, 2016	High	Low
First quarter	\$3.73	\$1.76
Second quarter	\$2.80	\$1.73
Third quarter	\$2.14	\$1.16
Fourth quarter	\$1.50	\$0.95
Year Ended December 31, 2015	High	Low
First quarter	\$15.25	\$10.20
Second quarter	\$14.17	\$7.54
Third quarter	\$7.86	\$3.42
Fourth quarter	\$5.37	\$1.63
Year Ended December 31, 2014	High	Low
First quarter	\$8.75	\$6.26
Second quarter	\$9.00	\$6.82
Third quarter	\$17.97	\$8.49
Fourth quarter	\$15.82	\$9.86

As of March 31, 2017, we had 38 stockholders of record and 84,276,432 shares were issued and outstanding. Because brokers and other institutions on behalf of stockholders hold many of our shares, we are unable to estimate the total number of beneficial stockholders represented by these record holders. On Thursday, March 30, 2017, the closing price for our common stock as reported on NASDAQ was \$1.35 per share. We recommend that you obtain current market quotations for our common stock before deciding whether or not to tender your Eligible Options for exchange. The price of our common stock has been, and in the future may be, volatile and could decline. The trading price of our common stock has fluctuated in the past and is expected to continue to do so in the future as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many companies and that have often been unrelated or disproportionate to the operating performance of those companies.

## **Section 8. Information Concerning Us; Financial Information.**

### *Information Concerning Us.*

We deliver simple, innovative and reliable energy management solutions that advance the worldwide potential of renewable energy. Our semiconductor-based microinverter system converts direct current (DC) electricity to alternating current (AC) electricity at the individual solar module level, and brings a system-based, high technology approach to solar energy generation leveraging our design expertise across power electronics, semiconductors, networking, and cloud-based software technologies. Our technology was designed to increase energy production, simplify design and installation, improve system uptime and reliability, reduce fire risk, and provide a platform for intelligent energy management. Since inception, we have shipped more than 13 million microinverters, representing over 3 gigawatts of solar photovoltaic (PV) generating capacity, and more than 580,000 Enphase residential and commercial systems have been deployed in over 100 countries.

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 offices are located at 1420 North McDowell Boulevard, Petaluma, California 94954, USA and our telephone number is (877) 797-4743. Our website address is [www.enphase.com](http://www.enphase.com). Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Exchange Offer.

*Financial Information.*

A summary of certain financial information is attached as Schedule A to the Exchange Offer and should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission (“**SEC**”) on March 16, 2017, which is incorporated herein by reference.

*Additional Information.*

For more information about us, please refer to our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, or SEC, on March 16, 2017, and our other filings made with the SEC. We recommend that you review the materials that we have filed with the SEC before making a decision on whether or not to tender your Eligible Options. We will also provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 15 (“Additional Information”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review such reports.

**Section 9. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities.**

As of March 31, 2017, our executive officers and non-employee directors as a group held outstanding option grants to purchase an aggregate of 2,649,925 shares of our common stock with a weighted average exercise price of \$3.55. Eligible Options held by all Eligible Holders to purchase an aggregate of 3,801,046 shares of our common stock with a weighted average exercise price of \$6.22 per share will be outstanding immediately prior to the scheduled expiration of the Exchange Offer. Non-employee directors, or “independent directors” as defined under NASDAQ rules, will not be eligible to participate in the Exchange Offer and therefore none of them hold Eligible Options.

The following table shows the number of shares subject to options of Enphase held by our executive officers and directors as of March 31, 2017, and the number of shares they hold subject to Eligible Options as of March 31, 2017.

Executive Officers and Directors	Number of Shares Underlying All Options	Maximum Number of Shares Underlying Eligible Options
Paul B. Nahi President, Chief Executive Officer		
<i>Director</i>	1,655,588	852,747
Steven J. Gomo <i>Director</i>	192,288	0
Benjamin Kortlang <i>Director</i>	130,920	0
Richard Mora <i>Director</i>	117,910	0
Thurman John Rodgers <i>Director</i>	171,029	0
John H. Weber <i>Director</i>	111,557	0
Humberto Garcia <i>Chief Financial Officer</i>	270,633	70,633
<b>Total</b>		

Except as otherwise described in the Exchange Offer or in our filings with the SEC, including our Preliminary Proxy Statement filed on Schedule 14A on March 31, 2017, our Annual Report on Form 10-K for the year ended December 31, 2016 filed on March 16, 2017, and other than outstanding stock options and other stock awards granted to our directors, executive officers and other employees and consultants pursuant to our various equity incentive plans, which are described in the notes to our consolidated financial statements as set forth in the above-referenced Annual and Quarterly Reports, neither we nor, to our knowledge, any of our executive officers or directors, any person controlling us or any executive officer or director of such control person, is a party to any agreement, arrangement or understanding with respect to any of our securities, including but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

During the past 60 days, we have not granted any other Eligible Options and no Eligible Options have been exercised. Neither we, nor, to the best of our knowledge, any member of our Board or any of our executive officers, nor any affiliate of ours, engaged in transactions involving the Eligible Options during the past 60 days.

#### **Section 10. Accounting Consequences of the Exchange Offer.**

We have adopted the provisions of ASC Topic 718 regarding accounting for share-based payments. Under ASC Topic 718, we will recognize the grant date fair value of the tendered Eligible Options, plus the incremental compensation cost of the New RSUs. The incremental compensation cost will be measured as the excess, if any, of the fair value of the New RSUs, over the fair value of the original Eligible Options prior to exchange. The fair value of New RSUs will be measured as of the New RSU Grant Date and the fair value of the Eligible Options surrendered will be measured as of the Expiration Time. This incremental compensation cost will be recognized in compensation expense ratably over the vesting period of the New RSUs.

The amount of compensation cost will depend on a number of factors, including the level of participation in the Exchange Offer and the exercise price per share of Eligible Options, as applicable, exchanged in the Exchange Offer. Since these factors cannot be predicted with any certainty at this time and will not be known until the expiration of the Exchange Offer, we cannot predict the exact amount of the charge that would result from the Exchange Offer.

#### **Section 11. Legal Matters; Regulatory Approvals.**

We are not aware of any material pending or threatened legal actions or proceedings relating to the Exchange Offer. We are not aware of any margin requirements or anti-trust laws applicable to the Exchange Offer. We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of Eligible Options and grant of New RSUs as contemplated by the Exchange Offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the completion of the Exchange Offer as contemplated herein. Should any such approval or other action be required, we presently contemplate that we will use commercially reasonable efforts to seek such approval or take such other action. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under the Exchange Offer to accept tendered Eligible Options for exchange and to grant New RSUs with the New RSU Terms, would be subject to obtaining any such governmental approval.

#### **Section 12. Material United States Tax Consequences.**

The following is a summary of the anticipated material U.S. federal income tax consequences of the Exchange Offer. This tax summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of Eligible Holders. The tax consequences for individuals who are subject to the tax laws of a country other than the United States or of more than one country may differ from the U.S. federal income tax consequences summarized herein. The rules governing the tax treatment of stock options are complex. ***You should consult with your tax advisor to determine the personal tax consequences to you of rejecting or participating in the Exchange Offer.***

##### *Tax Effects of Rejecting the Offer*

In general, the rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. However, if (1) any of your Eligible Options are currently treated as ISOs, (2) the Exchange Offer remains outstanding for more than 29 calendar days – that is, if we extend the Exchange Offer beyond the original Expiration Time, and (3) you do not reject this Offer within the first 29 calendar days in which it is outstanding – that is, by May 1, 2017, your Eligible Options may cease to be treated as ISOs as of the Expiration Time. If the fair market value of our common stock as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your holding periods under your Eligible Options (as further described below in the section called “Taxation of Incentive Stock Options”) will start over on the Expiration Time. Therefore, if you wish to reject this Exchange Offer and you wish to avoid the possible impact on ISO status, you should do so on or prior to 4:00 p.m. U.S. Pacific Time on Monday, May 1, 2017.

## *Tax Effects of Accepting the Offer*

Neither the acceptance of the Offer nor the exchange of your Eligible Option will be a taxable event for U.S. federal income tax purposes. You will not recognize any income, gain or loss as a result of the exchange and cancellation of your Eligible Options for New RSUs for U.S. federal income tax purposes.

### *Taxation of Incentive Stock Options*

Generally, an optionholder will not recognize any income, gain or loss on the granting of an ISO. Upon the exercise of an ISO, an optionholder is typically not subject to U.S. federal income tax except for the possible imposition of alternative minimum tax. Rather, the optionholder is taxed for U.S. federal income tax purposes at the time he or she disposes of the stock subject to the option.

If the date upon which the optionholder disposes of the stock subject to an ISO is more than two years from the date on which the ISO was granted (the “**2-Year Holding Period**”) and more than one year from the date on which the optionholder exercised the option (the “**1-Year Holding Period**”), then the optionholder’s entire gain or loss is characterized as long-term capital gain or loss, rather than as ordinary income. However, if the optionholder fails to satisfy both the 2-Year Holding Period and the 1-Year Holding Period, then a portion of the optionholder’s profit from the sale of the stock subject to the ISO will be characterized as ordinary income and a portion may be short-term capital gain if the 1-year Holding Period has not been satisfied. The portion of the profit that is characterized as ordinary income will be equal to the lesser of (a) the excess of the fair market value of the stock on the date of exercise over the exercise price of the option and (b) the excess of the sales price over the exercise price of the option. This deferral of the recognition of tax until the time of sale of the stock, as well as the possible treatment of the “spread” as long-term capital gain, are the principal advantages of your options being treated as ISOs.

### *Taxation of Nonstatutory Stock Options*

Generally, an optionholder will not recognize any income, gain or loss on the granting of an NSO. Upon the exercise of an NSO, an optionholder will recognize ordinary income on each purchased share equal to the difference between the fair market value of the stock on the date of exercise and the exercise price of the NSO.

If and when an optionholder sells the stock purchased upon the exercise of an NSO, any additional increase or decrease in the fair market value on the date of sale, as compared to the fair market value on the date of exercise, will be treated as a capital gain or loss. If the optionholder has held those shares for more than one year from the date of exercise, such gain or loss will be a long-term capital gain or loss. If the optionholder has held those shares for not more than one year from the date of exercise, such gain or loss will be a short-term capital gain or loss.

Generally, an individual will not recognize any income, gain or loss on the granting of an RSU. Upon the vesting of an RSU and the issuance of the vested RSU shares, an individual will recognize ordinary income on each issued share equal to the fair market value of the shares on the date of issuance.

If and when an individual sells the stock issued upon the vesting of an RSU, any additional increase or decrease in the fair market value on the date of sale, as compared to the fair market value on the date of issuance, will be treated as a capital gain or loss. If the individual has held those shares for more than one year from the date of issuance, such gain or loss will be a long-term capital gain or loss. If the individual has held those shares for not more than one year from the date of issuance, such gain or loss will be a short-term capital gain or loss.

*Withholding*

We will withhold all required local, state, federal, foreign and other taxes and any other amount required to be withheld by any governmental authority or law with respect to ordinary compensation income recognized with respect to the exercise of a stock option or vesting of an RSU by an award holder who has been employed by us. We will require any such Eligible Holder to make arrangements to satisfy this withholding obligation prior to the delivery or transfer of any shares of our common stock.

**Section 13. Extension of the Exchange Offer; Termination; Amendment.**

We may, from time to time, extend the period of time during which the Exchange Offer is open and delay accepting any Eligible Options tendered to us by disseminating notice of the extension to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by Rule 13e-4(e)(3) under the Exchange Act. If the Exchange Offer is extended, we will provide appropriate notice of the extension and the new expiration date no later than 6:00 a.m. U.S. Pacific Time on the next business day following the previously scheduled expiration date of the Exchange Offer. For purposes of the Exchange Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

We also expressly reserve the right, in our reasonable judgment, prior to the expiration date of the Exchange Offer, to terminate or amend the Exchange Offer upon the occurrence of any of the conditions specified in Section 6 (“Conditions of the Exchange Offer”), by disseminating notice of the termination to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by applicable law.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 (“Conditions of the Exchange Offer”),

has occurred or is deemed by us to have occurred, to amend the Exchange Offer in any respect prior to the expiration date. Any notice of such amendment required pursuant to the Exchange Offer or applicable law will be disseminated promptly to Eligible Holders in a manner reasonably designed to inform Eligible Holders of such change and filed with the SEC as an amendment to the Schedule TO.

If we materially change the terms of the Exchange Offer or the information concerning the Exchange Offer, or if we waive a material condition of the Exchange Offer, we will extend the Exchange Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Exchange Act. Under these rules, the minimum period during which a tender or Exchange Offer must remain open following material changes in the terms of or information concerning a tender or Exchange Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

In addition, if we decide to take any of the following actions, we will publish notice or otherwise inform you in writing of such action and keep the Exchange Offer open for at least 10 business days after the date of such notification:

- we increase or decrease the amount of consideration offered for the Eligible Options; or
- we increase or decrease the number of Eligible Options that may be tendered in the Exchange Offer.

**Section 14. Fees and Expenses.**

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Eligible Options pursuant to the Exchange Offer. You will be responsible for any expenses incurred by you in connection with your election to participate in the Exchange Offer, including, but not limited to, mailing, faxing and telephone expenses, as well as any expenses associated with any tax, legal or other advisor consulted or retained by you in connection with the Exchange Offer.

**Section 15. Additional Information.**

With respect to the Exchange Offer, we have filed with the SEC a Tender Offer Statement on Schedule TO, as may be amended, of which the Exchange Offer is a part. The Exchange Offer document does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. Before making a decision on whether or not to tender your Eligible Options, we highly recommend that you review the Schedule TO, including its exhibits, and the following materials that we have filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission, or SEC, on March 16, 2017;

- our Preliminary Proxy Statement for our 2017 Annual Meeting of Stockholders, filed with the SEC on March 31, 2017; and
- the description of our common stock contained in our registration statement on Form 8-A filed with the SEC on April 28, 2012, including any amendments or reports filed for the purposes of updating this description.

These filings may be examined, and copies may be obtained, at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, DC 20549.

You may obtain information on the operation of the public reference room by calling the SEC at (800) SEC-0330. Our SEC filings are also available to the public on the SEC's Internet site at <http://www.sec.gov>. We also make available on or through our corporate website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish it to the SEC.

We will also promptly provide without charge to each person to whom we deliver a copy of the Exchange Offer, upon their written or oral request, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com)

The information about us contained in the Exchange Offer should be read together with the information contained in the documents to which we have referred you.

#### **Section 16. Miscellaneous.**

The Exchange Offer and our SEC reports referred to above include forward-looking statements. Words such as "believes," "will," "should," "could," "expects," "anticipates," "estimates," "plans," "objectives," and other similar statements of expectation identify forward-looking statements. These forward-looking statements involve risks and uncertainties, including those described in our Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on March 16, 2017, that could cause actual results to differ materially from those expressed in the forward-looking statement. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. While we believe our plans, intentions and expectations reflected in these forward-looking statements are reasonable, these plans, intentions or expectations may not be achieved. WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY

REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

ENPHASE ENERGY, INC.  
APRIL 3, 2017

**Selected Financial Data**

The following selected financial data should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2016, filed with the SEC on March 16, 2017, which is incorporated herein by reference.

**ENPHASE ENERGY, INC.**

**Consolidated Balance Sheets**  
**(In thousands, except par value)**

	December 31,	
	2016	2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 17,764	\$ 28,452
Accounts receivable, net of allowances of \$2,921 and \$1,808 at December 31, 2016 and 2015, respectively	61,019	46,099
Inventory	31,960	40,800
Prepaid expenses and other	7,121	6,417
Total current assets	117,864	121,768
Property and equipment, net	31,440	32,118
Goodwill	3,664	3,745
Intangibles, net	945	2,220
Other assets	9,663	5,677
Total assets	<u>\$ 163,576</u>	<u>\$ 165,528</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 31,696	\$ 25,569
Accrued liabilities	22,937	19,292
Deferred revenues	6,411	3,915
Warranty obligations, current portion (includes \$3,296 and \$2,601 measured at fair value at December 31, 2016 and 2015, respectively)	8,596	7,072
Revolving credit facility	10,100	17,000
Current portion of term loan	3,032	—
Total current liabilities	82,772	72,848
Deferred revenues, non-current	33,893	25,115
Warranty obligations, non-current (includes \$7,036 and \$3,581 measured at fair value at December 31, 2016 and 2015, respectively)	22,818	23,475
Other non-current liabilities	2,025	2,641
Term loan, less current portion	20,768	—
Total liabilities	162,276	124,079
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.00001 par value, 10,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.00001 par value, 100,000 shares authorized; 62,269 and 45,821 shares issued and outstanding at December 31, 2016 and 2015, respectively	1	—
Additional paid-in capital	252,126	224,732
Accumulated deficit	(250,535)	(183,073)
Accumulated other comprehensive loss	(292)	(210)
Total stockholders' equity	1,300	41,449
Total liabilities and stockholders' equity	<u>\$ 163,576</u>	<u>\$ 165,528</u>

## ENPHASE ENERGY, INC.

**Consolidated Statements of Operations**  
(In thousands, except per share data)

	Years Ended December 31,		
	2016	2015	2014
Net revenues	\$ 322,591	\$ 357,249	\$ 343,904
Cost of revenues	264,583	249,032	230,861
Gross profit	58,008	108,217	113,043
Operating expenses:			
Research and development	50,703	50,819	45,386
Sales and marketing	38,810	45,877	41,003
General and administrative	27,418	30,830	31,083
Restructuring and other charges	3,777	—	—
Total operating expenses	120,708	127,526	117,472
Loss from operations	(62,700)	(19,309)	(4,429)
Other income (expense), net:			
Interest expense	(2,773)	(501)	(1,863)
Other expense	(514)	(893)	(994)
Total other expense, net	(3,287)	(1,394)	(2,857)
Loss before income taxes	(65,987)	(20,703)	(7,286)
Provision for income taxes	(1,475)	(1,379)	(766)
Net loss	\$ (67,462)	\$ (22,082)	\$ (8,052)
Net loss per share, basic and diluted	\$ (1.34)	\$ (0.49)	\$ (0.19)
Shares used in computing net loss per share, basic and diluted	50,519	44,632	42,903

**Subject:** Enphase Energy, Inc. Offer to Exchange Eligible Options for Restricted Stock Units

**To:** Eligible Holders

**Date:** April 3, 2017

We are pleased to announce that Enphase is commencing an Offer to Exchange Eligible Options for Restricted Stock Units (referred to as the “**Exchange Offer**”) today, Monday, April 3, 2017. The Exchange Offer program allows eligible employees who received certain stock option grants the opportunity to exchange those options for replacement restricted stock unit awards. The terms of the Exchange Offer are detailed in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the “**Offering Memorandum**”) that was filed with the U.S. Securities and Exchange Commission and can be accessed at <http://investor.enphase.com/sec.cfm> or using the link below:

[Link to Exchange Offer]

Attached to this e-mail is the Election Form related to the Exchange Offer, which includes a listing of your Eligible Options for exchange.

You can access a Notice of Withdrawal form by using the following link: [Link to Withdrawal Form]

Please carefully read **all** of the documents included in the Offering Memorandum. In order to participate in the Exchange Offer, you must meet the criteria and follow the instructions set forth in the attached Election Form, including returning, as indicated in the attached document, your properly completed and signed Election Form by email to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com), or by hand to the HR Department, so that we receive the form before **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017.**

We will be holding information sessions regarding the Exchange Offer on Tuesday, April 4 and Thursday, April 6. The meeting requests for the information sessions will be sent out on April 3.

If, after the scheduled information sessions, you have any additional questions about the Exchange Offer, you can contact me at:

Bridget Pedersen  
Phone: (707) 763-4784, ext. 7458  
E-Mail: [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com)

However, please understand that I cannot advise you on whether or not to exchange your Eligible Options. Enphase recommends that you speak with your own financial advisor to address questions about your personal decision whether to participate in the Exchange Offer.

Thanks,

Bridget Pedersen

Director of Human Resources

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## ELECTION FORM

**Before signing this Election Form, please make sure you have received, read and understand the documents that make up this Offer**, including (1) the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 filed with the U.S. Securities and Exchange Commission and separately delivered to you by e-mail (the “**Offering Memorandum**”). (2) the e-mail from Bridget Pedersen, dated April 3, 2017; (3) the Instructions to this Election Form attached hereto; (4) this Election Form; and (5) the Agreement to Terms of Election before completing and signing this page. The Exchange Offer is subject to the terms of these documents as they may be amended. This Offer expires at 4:00 p.m., Pacific Time, on Monday, May 1, 2017, unless extended. **PLEASE FOLLOW THE INSTRUCTIONS ATTACHED TO THIS FORM.**

**If you wish to participate in the Offer for an Eligible Option, please check the “Yes” box in the “Exchange Eligible Option” column. Each Eligible Option you elect to tender for exchange must be tendered in whole. Please note that if the “No” box is checked under the “Exchange Entire Eligible Option” column, the Eligible Option will not be exchanged and your Eligible Option will remain outstanding subject to its original terms.**

Name	Employee ID	Option Grant Number	Option Grant Date	Option Exercise Price	Option Shares Eligible for Exchange as of March 31, 2017	Option Shares Vested as of March 31, 2017	Option Exchange Election
							<input type="checkbox"/> Yes, exchange Eligible Option <input type="checkbox"/> No, retain Eligible Option
							<input type="checkbox"/> Yes, exchange Eligible Option <input type="checkbox"/> No, retain Eligible Option
							<input type="checkbox"/> Yes, exchange Eligible Option <input type="checkbox"/> No, retain Eligible Option
							<input type="checkbox"/> Yes, exchange Eligible Option <input type="checkbox"/> No, retain Eligible Option
							<input type="checkbox"/> Yes, exchange Eligible Option <input type="checkbox"/> No, retain Eligible Option

Each Eligible Option you elect to tender for exchange will be cancelled and we will grant you a new restricted stock unit award (each, a “**New RSU**”) with the following terms (collectively, the “**New RSU Terms**”):

- Your New RSU does not include an exercise or purchase price. Your New RSU represents your right to receive one share of our common stock for each New RSU that vests in the future.
- The number of shares to be granted to you under your New RSU will be determined using an exchange ratio that takes into account the exercise price of your tendered Eligible Option. The chart below illustrates the applicable exchange ratio for outstanding Eligible Options based on the dollar range of the exercise prices of such options.

Option Exercise Price Ranges	Percentage of New RSUs received for each Eligible Option Award*
\$13.00 - \$16.01	24%
\$7.00 - \$12.99	28%
\$6.00 - \$6.99	30%
\$5.00 - \$5.99	32%
\$3.00 - \$4.99	40%
\$2.03 - \$2.99	50%

\*Rounded down to the nearest share.

Your New RSU will be granted under our 2011 Plan.

- The vesting schedule of your New RSU will be as follows:
  - Any portion of a New RSU issued in exchange for the vested portion of an Eligible Option will be subject to a new one-year cliff vesting date with 100% of such portion of the New RSU vesting on May 15, 2018.
  - Any portion of a New RSU issued in exchange for the unvested portion of an Eligible Option will continue to vest over the remainder of the original vesting period of the unvested portion of the option provided however that the New RSU will vest and shares will be issued to you on a quarterly vesting schedule with fixed vesting dates occurring on February 15, May 15, August 15 and November 15 each year (each, a “***New RSU Vesting Date***”). New RSU shares will vest on the first New RSU Vesting Date that occurs following your completion of the required employment period (including, if applicable, completion of a one-year cliff vesting period), provided that the first New RSU Vesting Date will be August 15, 2017.

As with any unvested equity award, you must be an employee of the Company on each vesting date to vest in the New RSU shares on that date. In the event that your employment with the Company terminates for any reason prior to the vesting date of any unvested portion of your New RSU, such unvested portion shall expire on your termination date.

**[Remainder of Page Intentionally Left Blank]**

**BY PARTICIPATING, YOU AGREE TO ALL TERMS OF THE OFFER AS SET FORTH IN THE EXCHANGE OFFER DOCUMENTS.**

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the expiration date, which will be 4:00 p.m., Pacific Time, on Monday, May 1, 2017, unless we extend the Exchange Offer. The last valid election in place prior to the expiration of the Exchange Offer shall control.

*Your signature and submission of this Election Form indicates that you have read and agreed to the Agreement to the Terms of Election attached hereto.*

\_\_\_\_\_  
(Signature of Optionee)

\_\_\_\_\_  
(Optionee's Name, please print in full)

Date: April \_\_, 2017

## AGREEMENT TO THE TERMS OF ELECTION

To: Enphase Energy, Inc.  
1420 North McDowell Boulevard  
Petaluma, California 94954  
Attention: HR Department  
Email: optionexchange@enphaseenergy.com

### I acknowledge that:

1. I tender to Enphase for exchange those potentially Eligible Options specified on this Election Form and understand that, upon acceptance by Enphase, this Election Form will constitute a binding agreement between Enphase and me. I have checked the box corresponding to the potentially Eligible Options that I want to tender for exchange.
2. I understand that any election that I make to tender an option for exchange that does not qualify as an Eligible Option will not be accepted and such options will remain in effect with their current terms and conditions following the Exchange Offer.
3. I understand that if I validly tender an Eligible Option for exchange and such Eligible Option is accepted, such Eligible Option will automatically be cancelled by Enphase in exchange for the grant of a New RSU with the applicable New RSU Terms described in the Offering Memorandum.
4. I understand that each New RSU issued to me will be for a lesser number of shares than the Eligible Option.
5. I understand that the New RSUs will be granted pursuant to the Enphase 2011 Equity Incentive Plan, as amended.
6. I understand that the New RSUs will have a different vesting schedule than the Eligible Options tendered in this Exchange Offer.
7. Enphase has advised me to consult with my own advisors as to the consequences of participating or not participating in the Exchange Offer.
8. To remain eligible to tender Eligible Options for exchange pursuant to the Exchange Offer, I understand that I must remain an Eligible Holder and must not have received nor given a notice of termination prior to the date and time that the Exchange Offer expires, which is scheduled to be **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017**, unless the Exchange Offer is extended. I understand that if I die or cease providing services to Enphase and its subsidiaries prior to the expiration date of the Exchange Offer, Enphase will not accept my Eligible Options for exchange and I or my estate or beneficiaries, as the case may be, will retain my Eligible Options with their current terms and conditions.
9. I understand that if I cease providing services to Enphase and its subsidiaries for any reason before all of the shares represented by a New RSU vest, I will forfeit any unvested portion of my New RSU, subject to the terms and conditions of my RSU agreement.
10. I understand that neither the ability to participate in the Exchange Offer nor actual participation in the Exchange Offer will be construed as a right to continued employment or service with Enphase or any of its subsidiaries.
11. I understand that in accordance with Sections 6 and 13 of the Offering Memorandum, Enphase may terminate, modify or amend the Exchange Offer and postpone its acceptance and cancellation of any Eligible Options that I have tendered for exchange. In any such event, I understand that the Eligible Options tendered for exchange but not accepted will remain in effect with their current terms and conditions.

12. I understand that this election is entirely voluntary, and I am aware that I may change or withdraw my decision to tender my Eligible Options at any time until the Exchange Offer expires as described in the Instructions to this Election Form. **I understand that this decision to tender my Eligible Options will be irrevocable as of 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017, unless the Exchange Offer is extended.**

13. I understand that I may receive certain future “confirmation letters” or other communications from Enphase in connection with the Exchange Offer, including a communication confirming if Enphase has received this Election Form and whether Enphase ultimately accepts or rejects this Election Form. Unless I have hereby provided Bridget Pedersen with an alternative e-mail address or alternative instructions for contacting me as hereby specified below, I hereby confirm that I will have access to my regular Enphase e-mail for purposes of these future communications.

Alternative contact information:

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14. I acknowledge that I have received the Offer to Exchange Eligible Options for Restricted Stock Units, including the *Summary Term Sheet – Questions and Answers* (collectively, the “**Offer Documents**”) from Enphase, dated April 3, 2017, and I agree to all of the terms and conditions of the Offer Documents.

## INSTRUCTIONS TO ELECTION FORM

- 1. DEFINED TERMS.** All terms used in this Election Form but not defined have the meanings given them in the Offer to Exchange Eligible Options for Restricted Stock Units, dated April 3, 2017 filed with the U.S. Securities and Exchange Commission and separately delivered to you by e-mail (the "**Offering Memorandum**"). References in this Election Form to "Enphase," "we," "us," "our," and "ours" mean Enphase Energy, Inc.
- 2. EXPIRATION DATE.** The Exchange Offer and any rights to tender or to withdraw a tender of Eligible Options expire at **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017**, unless the Exchange Offer is extended (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 9:00 p.m. Pacific Time on **Friday May 26, 2017**).
- 3. DELIVERY OF ELECTION FORM.** If you intend to tender Eligible Options under the Exchange Offer, a signed copy of this Election Form must be **received** by Enphase before **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017** (or such later date as may apply if the Exchange Offer is extended) by one of the following means:

***By Email (By PDF or similar imaged document file)***

optionexchange@enphaseenergy.com

***By Hand***

Attention: HR Department

Your Election Form will be effective only **upon receipt** by us. Enphase will accept delivery of the signed Election Form only by one of the methods of delivery described above. The method of delivery is at your own option and risk. **You are responsible for making sure that the Election Form is delivered to the recipient indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.**

You are not required to tender any of your Eligible Options for exchange. If you choose to tender for exchange a particular Eligible Option, you must tender the entire option, but need not tender other Eligible Options held by you. On the Election Form, please check the box corresponding to the Eligible Option/s that you wish to tender for exchange. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled if we accept your Eligible Options for exchange and grant you New RSUs.

- 4. WITHDRAWAL OF ELECTION.** Tenders of Eligible Options made under the Exchange Offer may be withdrawn at any time before **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017**, unless we extend the expiration date, in which case withdrawals must be received before such later expiration date and time (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 9:00 p.m. Pacific Time on **Friday, May 26, 2017**).

To withdraw tendered Eligible Options, you must deliver by hand or email (a PDF or similar imaged document file) a properly completed and signed Notice of Withdrawal to the attention of the HR Department or by email to optionexchange@enphaseenergy.com. Withdrawals may not be rescinded and any Eligible Options withdrawn will not be considered to be properly tendered unless the withdrawn Eligible Options are properly re-tendered before the expiration date by following the procedures described in Instruction 3 above.

- 5. SIGNATURES.** Please sign and date this Election Form. Except as described in the following sentence, this Election Form must be signed by the Eligible Holder who holds the Eligible Options to be tendered exactly as such Eligible Holder's name appears on the applicable option or stock appreciation right agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on this Election Form.

6. **REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance regarding the Exchange Offer (including requests for additional or hard copies of the Exchange Offer or this Election Form) should be directed to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com).
7. **IRREGULARITIES.** We will determine all questions as to the number of shares subject to Eligible Options tendered and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Eligible Options for exchange. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties. We may reject any or all tenders of Eligible Options for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. We may waive any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Holder before the expiration of the Exchange Offer. No Eligible Options will be accepted for exchange until the Eligible Holder exchanging the Eligible Options has cured all defects or irregularities to our satisfaction, or they have been waived by us, prior to the expiration date. Neither we nor any other person is obligated to give notice of any defects or irregularities involved in the exchange of any Eligible Options.
8. **CONDITIONAL OR CONTINGENT OFFERS.** We will not accept any alternative, conditional or contingent tenders.
9. **IMPORTANT U.S. TAX INFORMATION.** You should refer to Section 12 of the Offering Memorandum, which contains important U.S. tax information. We encourage you to consult with your own financial and tax advisors if you have questions about your financial or tax situation.

ENPHASE ENERGY, INC.  
NOTICE OF WITHDRAWAL OF ELECTION FORM

INSTRUCTIONS

If you previously elected to accept the offer by Enphase Energy, Inc. (“**Enphase**”) to exchange some or all of your outstanding Eligible Options for New RSUs, subject to the terms and conditions set forth in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the “**Offering Memorandum**”) and you would like to change your election and withdraw the tender of any of your Eligible Options for exchange, **you must complete and sign this Notice of Withdrawal of Election Form ( the “Notice of Withdrawal”) and return it to Enphase so that we receive it before 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017**, unless the Exchange Offer is extended. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time. Notwithstanding anything herein to the contrary, unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 9:00 p.m. Pacific Time on **Friday, May 26, 2017**.

Once the Notice of Withdrawal is signed and complete, please return it to Enphase by one of the following means:

**By Hand**

To: Enphase Energy, Inc.  
1420 North McDowell Boulevard  
Petaluma, California 94954  
Attention: HR Department

**By Email (By PDF or similar imaged document file):**

To: [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com)

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered to the department or address indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time. **Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline to submit the Notice of Withdrawal but remain an Eligible Holder, any previously tendered Eligible Options will be cancelled pursuant to the Exchange Offer in exchange for the grant of New RSUs.**

You must sign the Notice of Withdrawal exactly as your name appears on the Election Form you previously submitted. If your signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity for you, the signer’s full title and proper evidence of the authority of that person to act in that capacity must be identified on this Notice of Withdrawal.

If you do not receive a confirmation of receipt of your Notice of Withdrawal from us within five business days after the date your Notice of Withdrawal should have been received by us, or if you submit your Notice of Withdrawal less than five business days before Monday, May 1, 2017, please contact Bridget Pedersen at [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com) or by telephone at (707) 763-4784 ext. 7458 to confirm that we have received your Notice of Withdrawal.

**YOU DO NOT NEED TO COMPLETE AND RETURN THIS NOTICE OF WITHDRAWAL UNLESS YOU WISH TO WITHDRAW A PREVIOUS TENDER OF ELIGIBLE OPTIONS FOR EXCHANGE.**

**NOTICE OF WITHDRAWAL**

To: Enphase Energy, Inc.  
1420 North McDowell Boulevard  
Petaluma, California 94954  
Attention: HR Department  
Email: optionexchange@enphaseenergy.com

I previously received a copy of the Offering Memorandum, dated April 3, 2017, and the Election Form. I signed and returned the Election Form, in which I elected to tender some or all of my Eligible Options for exchange. I understand that Enphase will not accept any conditional or partial returns of individual Eligible Option grants and that, if I wish to withdraw my election, for each Eligible Option grant previously tendered, I must withdraw my election as to the entire Eligible Option grant. I wish to change that election and withdraw from the Exchange Offer with respect to the Eligible Option grants listed below:

Employee ID	Option Grant Number	Option Grant Date	Option Exercise Price	Option Shares Eligible for Exchange as of March 31, 2017
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- 1.
- 2.
- 3.
- 4.

I further understand that, by signing this Notice of Withdrawal and delivering it to Enphase, I withdraw my acceptance of the Exchange Offer with respect to the Eligible Option grants listed above and reject the Exchange Offer. By rejecting the Exchange Offer with respect to the Eligible Option grants listed above, I understand that my Eligible Options will not be cancelled in exchange for the grant of New RSUs, and I will retain those option rights, with their existing exercise price, term, vesting schedule and other terms and conditions. I agree that Enphase has made no representations or warranties to me regarding my rejection of the Exchange Offer. The withdrawal of the Eligible Options listed above is at my own discretion. I agree that Enphase will not be liable for any costs, taxes, losses or damages I may incur as a result of my decision to withdraw the Eligible Options listed above.

I elect to withdraw the Eligible Option grants listed above that I previously chose to exchange pursuant to the Exchange Offer and, therefore, I have completed and signed this Notice of Withdrawal exactly as my name appears on the Election Form that I previously submitted.

\_\_\_\_\_  
Eligible Holder's Signature

\_\_\_\_\_  
Date and Time

\_\_\_\_\_  
Eligible Holder's Name (please print or type)

3.

**FORM OF  
COMMUNICATION TO ELIGIBLE HOLDERS PARTICIPATING IN  
THE EXCHANGE OFFER CONFIRMING RECEIPT OF ELECTION FORM**

Date:

To:

From: Enphase Energy, Inc.

Re: Confirmation of Receipt of Election Form

This message confirms that we have received your Election Form. This confirmation should not, however, be construed to imply that the Election Form or any other documents that you have submitted have been properly completed or are otherwise in proper form or that we have accepted your Eligible Options for exchange. If your Election Form is properly completed and signed, and all eligibility requirements are met, we expect to accept your Eligible Options elected for exchange and to grant you New RSUs, subject to the terms and conditions set forth in the Exchange Offer, promptly following the expiration of the Exchange Offer at 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017, unless the Exchange Offer is extended by us. Any Eligible Options listed on your Election Form for which you checked the “Yes, exchange eligible option” box, will be cancelled and New RSUs granted in exchange in the manner described in the Offering Memorandum.

Unless you withdraw your tendered Eligible Options by providing us a properly completed and signed Notice of Withdrawal before 4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017 (or, if the Exchange Offer is extended, before the new termination date (provided, however, that unless we have accepted your tendered Eligible Options, you may also withdraw any such tendered Eligible Options at any time after 9:00 p.m. Pacific Time on Friday, May 26, 2017), we will, subject to the conditions of the Exchange Offer, cancel all Eligible Options that you have properly tendered and grant you New RSUs in exchange. If you do not withdraw your tendered Eligible Options and we accept your Eligible Options for exchange, promptly following the expiration of the Exchange Offer we will provide you with a “confirmation letter” confirming that your Eligible Options have been accepted for exchange. In addition, we will separately send to you the grant documents relating to the New RSUs for signature. Your Election Form may be changed or revoked at any time by delivering a new properly completed and signed Election Form bearing a later date so long as we receive the documents before the expiration of the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Exchange Offer, the Election Form or other documents relating to the Exchange Offer) to Bridget Pedersen by sending an email to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com) or by calling (707) 763-4784, ext. 7458.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the “*Offering Memorandum*”).

**FORM OF COMMUNICATION TO ELIGIBLE HOLDERS  
CONFIRMING RECEIPT OF NOTICE OF WITHDRAWAL OF ELECTION FORM**

Date:

To:

From: Enphase Energy, Inc.

Re: Confirmation of Receipt of Notice of Withdrawal of Election Form

This message confirms that we have received your Notice of Withdrawal of Election Form (the “*Notice of Withdrawal*”). This confirmation should not, however, be construed to imply that the Notice of Withdrawal or any other documents that you have submitted have been properly completed or are otherwise in proper form or that we have accepted your Notice of Withdrawal. If the Notice of Withdrawal is properly completed and signed and timely received by us, you will have withdrawn all of the Eligible Options listed on the Notice of Withdrawal and you will have revoked your prior acceptance of our offer to exchange such Eligible Options. With respect to those Eligible Options listed on the Notice of Withdrawal, we will not exchange such awards for New RSUs and you will retain your Eligible Options previously tendered for exchange with their existing exercise price, term, vesting schedule and other terms and conditions.

If your Notice of Withdrawal is properly completed and signed, we will accept your rejection of the Exchange Offer. Your Eligible Options listed on the Notice of Withdrawal will remain outstanding after the Offer closes at **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017**, unless the Exchange Offer is extended by us.

You should direct questions about the Offer or requests for assistance (including requests for additional or paper copies of the Offer, the Election Form, or other documents relating to the Offer) to Bridget Pedersen by sending an email to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com) or by calling (707) 763-4784, ext. 7458.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the “*Offering Memorandum*”).

**Subject:** REMINDER – Enphase Energy, Inc. Offer to Exchange Eligible Options for Restricted Stock Units

**To:** Eligible Holders

**Date:** April 24, 2017

This email is intended to serve as a reminder that we are nearing the expiration of the Exchange Offer described in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the “*Offering Memorandum*”). The Exchange Offer and withdrawal rights will remain open until **4:00 p.m., U.S. Pacific Time, on Monday, May 1, 2017**, unless the Exchange Offer is extended (provided, however, that if we have not accepted the tendered Eligible Options, you may also withdraw any such tendered securities at any time after 9:00 p.m. Pacific Time on **Friday, May 26, 2017**.) The submission of all Election Forms and/or Notice of Withdrawal forms must be made by the deadline noted above, or the Expiration Time if the expiration of the Exchange Offer is extended. We cannot accept late submissions.

If you have any questions about the Offer, you can contact:

Bridget Pedersen  
Phone: (707) 763-4784 ext. 7458  
E-Mail: [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com)

**This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO and accompanying documents which you may access on our website at <http://investor.enphase.com/financials.cfm> or through the SEC website at [www.sec.gov](http://www.sec.gov). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offering Memorandum.**

**FORM OF CONFIRMATION LETTER TO ELIGIBLE HOLDERS  
PARTICIPATING IN THE EXCHANGE OFFER**

Date:

To:

From: Enphase Energy, Inc.

Re: Confirmation of Acceptance of Election Form

Thank you for your submission of the Election Form. We confirm with this letter that we have accepted your Election Form. Subject to the other terms and conditions of the Exchange Offer, your Eligible Options will be cancelled and New RSUs will be granted to you. Shortly, we will be sending you a grant notice and award agreement for your New RSUs that contain the terms of the New RSUs (the "***New RSU Agreement***") as described in the Offer to Exchange Eligible Options for Restricted Stock Units dated April 3, 2017 (the "***Offering Memorandum***"). The New RSU Agreement will be delivered electronically.

In the meanwhile, if you have any questions, please send an email to [optionexchange@enphaseenergy.com](mailto:optionexchange@enphaseenergy.com) or call Bridget Pedersen at (707) 763-4784 ext. 7458.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offering Memorandum.

1.

**ENPHASE ENERGY, INC.  
RESTRICTED STOCK UNIT GRANT NOTICE  
2011 EQUITY INCENTIVE PLAN**

Enphase Energy, Inc. (the “**Company**”), pursuant to its 2011 Equity Incentive Plan (the “**Plan**”), hereby awards to Participant a Restricted Stock Unit Award for the number of stock units set forth below (the “**Award**”). The Award is subject to all of the terms and conditions as set forth in the Plan and the Restricted Stock Unit Agreement, both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Restricted Stock Unit Agreement will have the same definitions as in the Plan or the Restricted Stock Unit Agreement. In the event of any conflict between the terms of the Award and the Plan, the terms of the Plan will control.

Participant: \_\_\_\_\_  
 Date of Grant: \_\_\_\_\_  
 Vesting Commencement Date: See below  
 Number of Restricted Stock Units/Shares: \_\_\_\_\_

**Vesting Schedule:** [Customize for each Participant based on vesting provisions in the Offering Memorandum], subject to Participant’s Continuous Service with the Company, as defined in the Plan.]

**Issuance Schedule:** The shares of Common Stock to be issued in respect of the Award will be issued in accordance with the issuance schedule set forth in Section 6 of the Restricted Stock Unit Agreement.

**Additional Terms/Acknowledgements:** The undersigned Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Restricted Stock Unit Agreement and the Plan. Participant further acknowledges that as of the Date of Grant, this Restricted Stock Unit Grant Notice, the Restricted Stock Unit Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersedes all prior oral and written agreements on that subject, with the exception of (i) any employment or severance arrangement that would provide for vesting acceleration of the Award upon the terms and conditions set forth therein and (ii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law.

**ENPHASE ENERGY, INC.**

**PARTICIPANT:**

By: \_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Signature

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENTS:** (i) Restricted Stock Unit Agreement, (ii) 2011 Equity Incentive Plan

**ENPHASE ENERGY, INC.**  
**2011 EQUITY INCENTIVE PLAN**

**RESTRICTED STOCK UNIT AGREEMENT**

Pursuant to the Restricted Stock Unit Grant Notice (the “**Grant Notice**”) and this Restricted Stock Unit Agreement (the “**Award Agreement**”) and in consideration of your services, Enphase Energy, Inc. (the “**Company**”) has awarded you (“**Participant**”) a Restricted Stock Unit Award (the “**Award**”) pursuant to Section 6(b) of the Company’s 2011 Equity Incentive Plan (the “**Plan**”) for the number of Restricted Stock Units/shares indicated in the Grant Notice. Capitalized terms not explicitly defined in this Award Agreement or the Grant Notice will have the same meanings given to them in the Plan. The terms of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

**1. GRANT OF THE AWARD.** This Award represents the right to be issued on a future date one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 below) as indicated in the Grant Notice. As of the Date of Grant, the Company will credit to a bookkeeping account maintained by the Company for your benefit (the “**Account**”) the number of Restricted Stock Units/shares of Common Stock subject to the Award. This Award was granted in consideration of your services to the Company. Except as otherwise provided herein, you will not be required to make any payment to the Company or an Affiliate (other than services to the Company or an Affiliate) with respect to your receipt of the Award, the vesting of the Restricted Stock Units or the delivery of the Company’s Common Stock to be issued in respect of the Award. Notwithstanding the foregoing, the Company reserves the right to issue you the cash equivalent of Common Stock, in part or in full satisfaction of the delivery of Common Stock upon vesting of your Restricted Stock Units, and, to the extent applicable, references in this Award Agreement and the Grant Notice to Common Stock issuable in connection with your Restricted Stock Units will include the potential issuance of its cash equivalent pursuant to such right.

**2. VESTING.** Subject to the limitations contained herein, your Award will vest, if at all, in accordance with the vesting schedule provided in the Grant Notice, provided that vesting will cease upon the termination of your Continuous Service. Upon such termination of your Continuous Service, the Restricted Stock Units/shares of Common Stock credited to the Account that were not vested on the date of such termination will be forfeited at no cost to the Company and you will have no further right, title or interest in or to such underlying shares of Common Stock.

**3. NUMBER OF SHARES.** The number of Restricted Stock Units/shares subject to your Award may be adjusted from time to time for Capitalization Adjustments, as provided in the Plan. Any additional Restricted Stock Units, shares, cash or other property that becomes subject to the Award pursuant to this Section 3, if any, will be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award. Notwithstanding the provisions of this Section 3, no fractional shares or rights for fractional shares of Common Stock will be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

**4. SECURITIES LAW COMPLIANCE.** You may not be issued any Common Stock under your Award unless the shares of Common Stock underlying the Restricted Stock Units are either (i) then registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award must also comply with other applicable laws and regulations governing the Award, and you will not receive such Common Stock if the Company determines that such receipt would not be in material compliance with such laws and regulations.

5. **TRANSFER RESTRICTIONS.** Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of this Award or the shares issuable in respect of your Award, except as expressly provided in this Section 5. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan. The restrictions on transfer set forth herein will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, will thereafter be entitled to receive any distribution of Common Stock to which you were entitled at the time of your death pursuant to this Award Agreement. In the absence of such a designation, your legal representative will be entitled to receive, on behalf of your estate, such Common Stock or other consideration.

(a) **Death.** Your Award is transferable by will and by the laws of descent and distribution. At your death, vesting of your Award will cease and your executor or administrator of your estate will be entitled to receive, on behalf of your estate, any Common Stock or other consideration that vested but was not issued before your death.

(b) **Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration hereunder, pursuant to a domestic relations order, official marital settlement agreement or other divorce or separation instrument that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this Award with the Company General Counsel prior to finalizing the domestic relations order or marital settlement agreement to verify that you may make such transfer, and if so, to help ensure the required information is contained within the domestic relations order or marital settlement agreement.

6. **DATE OF ISSUANCE.**

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the withholding obligations set forth in this Award Agreement, in the event one or more Restricted Stock Units vests, the Company will issue to you one (1) share of Common Stock for each Restricted Stock Unit that vests on the applicable vesting date(s) (subject to any adjustment under Section 3 above, and subject to any different provisions in the Grant Notice). The issuance date determined by this paragraph is referred to as the “**Original Issuance Date**”.

(b) If the Original Issuance Date falls on a date that is not a business day, delivery will instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Plan**”)), and

(ii) either (1) Withholding Taxes do not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Taxes by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer pursuant to Section 11 of this Agreement (including but not limited to a commitment under a 10b5-1 Plan) and (C) not to permit you to pay the Withholding Taxes in cash or from other compensation otherwise payable to you by the Company,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company’s Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of Treasury Regulations Section 1.409A-1(d).

(c) The form of delivery of the shares of Common Stock in respect of your Award (*e.g.*, a stock certificate or electronic entry evidencing such shares) will be determined by the Company.

7. **DIVIDENDS.** You will receive no benefit or adjustment to your Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment; provided, however, that this sentence will not apply with respect to any shares of Common Stock that are delivered to you in connection with your Award after such shares have been delivered to you.

8. **RESTRICTIVE LEGENDS.** The shares of Common Stock issued under your Award will be endorsed with appropriate legends as determined by the Company.

9. **EXECUTION OF DOCUMENTS.** You hereby acknowledge and agree that the manner selected by the Company by which you indicate your consent to your Grant Notice is also deemed to be your execution of your Grant Notice and of this Award Agreement. You further agree that such manner of indicating consent may be relied upon as your signature for establishing your execution of any documents to be executed in the future in connection with your Award.

**10. AWARD NOT A SERVICE CONTRACT.**

(a) Your Continuous Service with the Company or an Affiliate is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Award Agreement (including, but not limited to, the vesting of your Award or the issuance of the shares subject to your Award), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Award Agreement or the Plan will: (i) confer upon you any right to continue in the employ of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Award Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Award Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

(b) By accepting this Award, you acknowledge and agree that the right to continue vesting in the Award is earned only by continuing as an employee, director or consultant at the will of the Company or an Affiliate and that the Company has the right to reorganize, sell, spin-out or otherwise restructure one or more of its businesses or Affiliates at any time or from time to time, as it deems appropriate (a “**reorganization**”). You further acknowledge and agree that such a reorganization could result in the termination of your Continuous Service, or the termination of Affiliate status of your employer and the loss of benefits available to you under this Award Agreement, including but not limited to, the termination of the right to continue vesting in the Award. You further acknowledge and agree that this Award Agreement, the Plan, the transactions contemplated hereunder and the vesting schedule set forth herein or any covenant of good faith and fair dealing that may be found implicit in any of them do not constitute an express or implied promise of continued engagement as an employee or consultant for the term of this Award Agreement, for any period, or at all, and will not interfere in any way with your right or the right of the Company or an Affiliate to terminate your Continuous Service at any time, with or without cause and with or without notice, and will not interfere in any way with the Company’s right to conduct a reorganization.

#### 11. WITHHOLDING OBLIGATIONS.

(a) On each vesting date, and on or before the time you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Common Stock issuable to you and otherwise agree to make adequate provision in cash for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the “**Withholding Taxes**”). Additionally, the Company or any Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes obligation relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “**FINRA Dealer**”) (pursuant to this authorization and without further consent) whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date shares of Common Stock are issued to you pursuant to Section 6) equal to the amount of such Withholding Taxes; *provided, however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company’s required tax withholding obligations using the minimum statutory withholding rates for federal, state, local and, if applicable, foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and *provided further*, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Company’s Compensation Committee. However, the Company does not guarantee that you will be able to satisfy the Withholding Taxes through any of the methods described in the preceding provisions and in all circumstances you remain responsible for timely and fully satisfying the Withholding Taxes.

(b) Unless the tax withholding obligations of the Company and any Affiliate are satisfied, the Company will have no obligation to deliver to you any Common Stock or other consideration pursuant to this Award.

(c) In the event the Company’s obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of

the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

**12. TAX CONSEQUENCES.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and will not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so. You understand that you (and not the Company) will be responsible for your own tax liability that may arise as a result of this investment or the transactions contemplated by this Award Agreement.

**13. UNSECURED OBLIGATION.** Your Award is unfunded, and as a holder of a vested Award, you will be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Award Agreement. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Award Agreement until such shares are issued to you pursuant to Section 6 of this Award Agreement. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Award Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

**14. NOTICES.** Any notice or request required or permitted hereunder will be given in writing to each of the other parties hereto and will be deemed effectively given on the earlier of (i) the date of personal delivery, including delivery by express courier, or delivery via electronic means, or (ii) the date that is five (5) days after deposit in the United States Post Office (whether or not actually received by the addressee), by registered or certified mail with postage and fees prepaid, addressed to the Company at its primary executive offices, attention: Stock Plan Administrator, and addressed to you at your address as on file with the Company at the time notice is given.

**15. HEADINGS.** The headings of the Sections in this Award Agreement are inserted for convenience only and will not be deemed to constitute a part of this Award Agreement or to affect the meaning of this Award Agreement.

**16. ADDITIONAL ACKNOWLEDGEMENTS.** You hereby consent and acknowledge that:

(a) Participation in the Plan is voluntary and therefore you must accept the terms and conditions of the Plan and this Award Agreement and Grant Notice as a condition to participating in the Plan and receipt of this Award. This Award and any other awards under the Plan are voluntary and occasional and do not create any contractual or other right to receive future awards or other benefits in lieu of future awards, even if similar awards have been granted repeatedly in the past. All determinations with respect to any such future awards, including, but not limited to, the time or times when such awards are made, the size of such awards and performance and other conditions applied to the awards, will be at the sole discretion of the Company.

(b) The future value of your Award is unknown and cannot be predicted with certainty. You do not have, and will not assert, any claim or entitlement to compensation, indemnity or damages arising from the termination of this Award or diminution in value of this Award and you irrevocably release the Company, its Affiliates and, if applicable, your employer, if different from the Company, from any such claim that may arise.

(c) The rights and obligations of the Company under your Award will be transferable by the Company to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by, the Company's successors and assigns.

(d) You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

(e) You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award and fully understand all provisions of your Award.

(f) This Award Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

(g) All obligations of the Company under the Plan and this Award Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and assets of the Company.

**17. GOVERNING PLAN DOCUMENT.** Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Your Award (and any compensation paid or shares issued under your Award) is subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company and any compensation recovery policy otherwise required by applicable law. No recovery of compensation under such a clawback policy will be an event giving rise to a right to voluntarily terminate employment upon a resignation for “good reason,” or for a “constructive termination” or any similar term under any plan of or agreement with the Company.

**18. EFFECT ON OTHER EMPLOYEE BENEFIT PLANS.** The value of the Award subject to this Award Agreement will not be included as compensation, earnings, salaries, or other similar terms used when calculating benefits under any employee benefit plan (other than the Plan) sponsored by the Company or any Affiliate except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any or all of the employee benefit plans of the Company or any Affiliate.

**19. CHOICE OF LAW.** The interpretation, performance and enforcement of this Award Agreement will be governed by the law of the State of Delaware without regard to that state's conflicts of laws rules.

**20. SEVERABILITY.** If all or any part of this Award Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Award Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Award Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

**21. OTHER DOCUMENTS.** You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

**22. AMENDMENT.** This Award Agreement may not be modified, amended or terminated except by an instrument in writing, signed by you and by a duly authorized representative of the Company. Notwithstanding the foregoing, this Award Agreement may be amended solely by the Board by a writing which specifically states that it is amending this Award Agreement, so long as a copy of such amendment is delivered to you, and provided that, except as otherwise expressly provided in the Plan, no such amendment materially adversely affecting your rights hereunder may be made without your written consent. Without limiting the foregoing, the Board reserves the right to change, by written notice to you, the provisions of this Award Agreement in any way it may deem necessary or advisable to carry out the purpose of the Award as a result of any change in applicable laws or regulations or any future law, regulation, ruling, or judicial decision, provided that any such change will be applicable only to rights relating to that portion of the Award which is then subject to restrictions as provided herein.

**23. COMPLIANCE WITH SECTION 409A OF THE CODE.** This Award is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). Notwithstanding the foregoing, if it is determined that the Award fails to satisfy the requirements of the short-term deferral rule and is otherwise deferred compensation subject to Section 409A, and if you are a "Specified Employee" (within the meaning set forth in Section 409A(a)(2)(B)(i) of the Code) as of the date of your "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h) and without regard to any alternative definition thereunder), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the earlier of: (i) the fifth business day following your death, or (ii) the date that is six (6) months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of adverse taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is intended to constitute a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

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This Award Agreement will be deemed to be signed by the Company and the Participant upon the signing or electronic acceptance by the Participant of the Restricted Stock Unit Grant Notice to which it is attached.