Enphase Energy, Inc.
Form S-1/A
March 28, 2012
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**As filed with the Securities and Exchange Commission on March 28, 2012**

**Registration No. 333-174925**

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Amendment No. 9**

**to**

**FORM S-1**

**REGISTRATION STATEMENT**

**UNDER**

**THE SECURITIES ACT OF 1933**

# ENPHASE ENERGY, INC.

**(Exact name of registrant as specified in its charter)**

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

**201 1st Street, Suite 100**

**Petaluma, CA 94952**

**(707) 774-7000**

**(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)**

**Paul B. Nahi**

**Chief Executive Officer**

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

**201 1st Street, Suite 100**

**Petaluma, CA 94952**

**(707) 774-7000**

**(Name, address, including zip code, and telephone number, including area code, of agent for service)**

***Copies to:***

**John H. Sellers**
**Cooley LLP**
**3175 Hanover Street**
**Palo Alto, CA 94304**
**(650) 843-5000**

**Bruce K. Dallas**
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**1600 El Camino Real**
**Menlo Park, CA 94025**
**(650) 752-2000**

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

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

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

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

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

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

| Large accelerated filer ¨ | Accelerated filer ¨ | Non-accelerated filer þ (Do not check if a smaller reporting company) | Smaller reporting company ¨ |
|---|---|---|---|

**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered(2) | Proposed Maximum Offering Price Per Share(1) | Proposed Maximum Aggregate Offering Price(1)(2) | Amount of Registration Fee(3)(4) |
|---|---|---|---|---|
| Common Stock, $0.00001 par value | 8,363,636 shares | $7.00 | $58,545,452 | $6,709.31 |

(1) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(a) of the Securities Act of 1933, as amended.
(2) Includes 1,090,909 shares that the underwriters have the option to purchase to cover over-allotments, if any.
(3) Calculated pursuant to Rule 457(a) based on an estimate of the proposed maximum aggregate offering price.
(4) The registrant previously paid a registration fee of $11,610 in connection with the initial filing of this registration statement.

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

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

*PROSPECTUS (Subject to Completion)*

*Issued March 28, 2012*

# *7,272,727 Shares*

*COMMON STOCK*

***Enphase Energy, Inc. is offering 7,272,727 shares of its common stock. This is our initial public offering and no public market currently exists for our shares. We anticipate that the initial public offering price of our common stock will be between $6.00 and $7.00 per share.***

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

***Investing in our common stock involves substantial risks. See Risk Factors beginning on page 10.***

*PRICE $ A SHARE*

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

*We have granted the underwriters the right to purchase up to an additional 1,090,909 shares of common stock to cover over-allotments.*

*Entities affiliated with Third Point LLC ( Third Point ), Madrone Partners, L.P. ( Madrone ), KPCB Holdings, Inc., as nominee ( KPCB ) and Bay Partners have indicated an interest in purchasing up to an aggregate of $15.0 million of shares of our common stock in this offering at the price offered to the public. As of March 1, 2012, each of Third Point, Madrone, KPCB and Bay Partners beneficially owned more than 5% of our common stock and each is affiliated with a member of our board of directors. Because indications of interest are not binding agreements or commitments to purchase, these stockholders may elect not to purchase shares in this offering or the underwriters may elect not to sell any shares in this offering to such stockholders.*

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

*The underwriters expect to deliver the shares of common stock to purchasers on , 2012.*

*MORGAN STANLEY* *BofA MERRILL LYNCH* *DEUTSCHE BANK SECURITIES*

*JEFFERIES*

*LAZARD CAPITAL MARKETS* *THINKEQUITY LLC*

*, 2012*

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

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

**Until and including , 2012 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

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

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

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## PROSPECTUS SUMMARY

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

## ENPHASE ENERGY, INC.

We deliver microinverter technology for the solar industry that increases energy production, simplifies design and installation, improves system uptime and reliability, reduces fire safety risk and provides a platform for intelligent energy management. To date, the solar industry has relied on the traditional central inverter approach that has largely remained unchanged for the past two decades. We have built from the ground up a semiconductor-based microinverter system that converts direct current (DC) electricity to alternating current (AC) electricity at the individual solar module level, and bring a system-based, high technology approach to solar energy generation leveraging our design expertise across power electronics, semiconductors, networking and embedded and web-based software technologies. We are the market leader in the microinverter category and have grown rapidly since our first commercial shipment in mid-2008, with more than 1,700,000 units sold to date, representing over an estimated 42,000 solar installations. Given significant advantages over traditional central inverters, we believe that microinverter solutions will become the standard for residential and commercial solar.

Our microinverter systems have been installed in all 50 U.S. states and eight Canadian provinces. We sell our microinverter systems primarily to distributors who resell them to solar installers. Over 3,700 installers in North America have installed our microinverters through March 1, 2012, and this number is increasing by approximately 100 new installers per month. We also sell directly to large installers as well as through original equipment manufacturers, or OEMs, and strategic partners. A substantial majority of our revenue has been generated by sales within the United States. Sales to customers in Canada commenced in 2009 and accounted for approximately 12% of our total net revenues in 2011. In the fourth quarter of 2011, we began selling our microinverter systems in France, Italy and the Benelux region.

### Market Opportunity

The global solar PV market witnessed rapid growth from 18 gigawatts (GW), or $75.3 billion, of installed capacity coming online during 2010 to 25 GW, or $86.3 billion, in 2011. While global solar PV installations are expected to decline 7% to 23 GW in 2012, in future years growth is expected to remain robust, with new solar installations expected to reach 48 GW, or $105.8 billion, in 2015, according to IHS iSuppli. The solar PV market consists of two primary on-grid solar markets: distributed solar systems for residential and commercial buildings, and centralized large scale solar PV installations owned and operated by utilities.

The global market for inverter technology in 2011 was almost 27 GW, or $6.8 billion, and the market is expected to grow to 46 GW, or $10.1 billion, by 2015, according to IMS Research. Historically, traditional central inverters have been the only inverter technology used for solar PV installations. As compared to microinverter systems, we believe that traditional central inverters have a number of design and performance challenges limiting innovation and their ability to reduce cost of solar systems, including the following:

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

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*Reliability issues*. Traditional central inverters are the single most common component of solar installations to fail, resulting in system downtime and adversely impacting total energy output. As a result, central inverters typically carry warranties of only 5 to 10 years.

*Complex design and installation requirements*. The central inverter-based solar PV installation requires greater effort on the part of the installer, both in terms of design and on-site labor. Central inverter installations require string design and calculations for safe and reliable operation, as well as specialized equipment such as DC combiners, conduits and disconnects. In addition, the use of high-voltage DC requires specialized knowledge and training and safety precautions to install central inverter technology.

*Lack of monitoring*. The majority of solar installations with central inverter technology offer limited monitoring capabilities. A failure of the central inverter will often go unnoticed for days or even weeks. If a module fails or is not performing to specification, the resulting loss of energy can go unnoticed for an extended period of time.

*Safety issues*. Central inverter solar PV installations have a wide distribution of high-voltage (600 volts in the United States and 1,000 volts in Europe) DC wiring. If damaged, DC wires can generate sustained electrical arcs, reaching temperatures of more than 5,000 °F. This creates the risk of fire for solar PV installation owners and injury for installers and maintenance personnel.

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

*Installer*. Solar PV installers aim for simple installation design, fast installation times and maximum system performance and predictability. The installation of high-voltage DC central inverter technology, however, requires significant preparation, precautionary safety measures, time-consuming string calculations, extensive design expertise and specialized installation equipment, training and knowledge. Together, these factors significantly increase complexity and cost of installation and limit overall productivity for the installer.

*System owner*. Solar system owners aim for high energy production, low cost, high reliability and low maintenance requirements, as well as reduced fire risks. With traditional central inverters, owners often are unable to optimize the size or shape of their solar PV installations due to string design limitations. As such, they experience performance loss from shading and other obstructions, can face frequent system failures and lack the ability to effectively monitor the performance of their solar PV installation. In addition, central inverter installations operate at high-voltage DC which bears significant fire risks. Further, due to their large size, central inverter installations can affect architectural aesthetics of the house or commercial building.

**Our Solution**

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

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

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Our Envoy communications gateway is installed in the system owner s home or business and serves as a networking hub that collects data from the microinverter array and sends the information to our hosted data center. One Envoy is typically sold with each solar installation and can support up to 100 Enphase microinverters.

Our Enlighten web-based software collects and analyzes this information to enable system owners to monitor and realize the highest performance of their solar PV system and also provides an online portal specifically designed for installers to enable them to track and manage all of their Enphase enabled projects and monitor and analyze the performance of their installed systems. Historically, Enlighten service revenue has represented less than 1% of total revenues in each reporting period.

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

Key elements of our solution include:

*Productive Superior Energy Production.* Our microinverter system enables the maximum possible energy production from each module, overcoming a fundamental design limitation of central inverters which are limited by the lowest performing module.

*Reliable Longer Life and No Single Point of Failure.* Reduction of component count, primarily through semiconductor integration in our microinverter, and the distributed architecture of our microinverter system, allow us to design a reliable system that can withstand harsh environmental conditions and offer system owners a 100% system uptime guarantee.

*Simple Ease of Design and Installation.* Using microinverter technology, an installer can design a system of any size and any roof configuration with a simple modular approach, with minimal impact to the aesthetics of a home or building.

*Smart Module-Level Monitoring and Analytics.* Our microinverter system allows us to collect energy production information in real-time on a per solar module basis, offering installers and system owners visibility into how their system is performing and the ability to continuously optimize energy production.

*Safe All AC Solution.* Important to both installers and system owners, microinverters are safer because they process low DC voltages relative to central inverters.

**Competitive Strengths**

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

*Market Leader and Rapid Adoption.* We are the market leader in the microinverter product category, and believe that our proven ability to innovate quickly will continue to allow us to build on our leading market position.

*System Approach.* By integrating the Enphase microinverter technology with Envoy, our proprietary communications gateway, and our Enlighten web-based software, we offer significant design and operating benefits beyond the core power conversion functionality.

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*Strong Focus on Technology and Research and Development.* Our proximity to Silicon Valley and the past experience of our founders and executive officers in the technology industry have enabled us to recruit engineers with strong skills in power electronics, semiconductors, powerline communications and networking, and software design, which we have complemented with significant solar industry expertise from other members of our team.

*Field-Proven Reliability.* Our microinverters have established significantly improved reliability relative to traditional central inverter technology. Based on data from a sample of 2009 and 2010 North American residential and small commercial installations, Westinghouse Solar indicates that our microinverters have a failure rate of 0.207% compared to a significantly higher failure rate of 9.43% for traditional central inverters.

*Capital Efficient and Scalable Manufacturing.* We outsource all of our hardware manufacturing to manufacturing partners, including Flextronics, resulting in a low fixed-cost structure and reduced capital expenditure and working capital requirements.

*Rapidly Expanding Distribution Channels.* Since we sold our first microinverter system in 2008, the base of installers using our products has grown to over 3,700 installers in North America as of March 1, 2012, and this number is increasing at a rate of approximately 100 each month.

*Intense Focus on Customer Service for Installers.* We believe we have cultivated an organizational focus on installer satisfaction that differentiates us from central inverter manufacturers, resulting in a high level of installer retention and repeat business.

**Our Strategy**

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

*Continue to Penetrate Our Core Markets.* We intend to capitalize on our market leadership in the microinverter category and our growing momentum with installers and owners to further our market share position in our core markets in the United States and Canada.

*Enter New Geographic Markets Rapidly.* We intend to expand into new markets with new products and local go-to-market capabilities, including further expansion in France, Italy and the Benelux region.

*Increase Power and Efficiency and Reduce Cost per Watt.* Our engineering team is focused on continuing to increase average power conversion efficiency above 96% and AC output power beyond 215 watts and further reducing cost per watt.

*Extend Our Technological Innovation.* We distinguish ourselves from other inverter companies with our system-based and high-tech approach, and the ability to leverage strong research and development capabilities.

*Expand Our Product Offering for Larger Commercial and Utility-Scale Installations.* We intend to expand our product offering by introducing new microinverter systems targeted at larger commercial and utility-scale installations.

*Development of a Smart Energy Management Platform.* We intend to build upon our strong position as the leading supplier of microinverters and energy management systems to expand beyond solar and to create a smart energy management platform for

integrated smart energy devices and services.

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**Challenges**

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

*Operating Losses*. We have incurred net losses each year since our inception, and we may continue to incur additional net losses in future years as we continue to invest substantial resources to support the growth of our business.

*Operating History*. We have only been in existence since 2006 and did not begin shipping our products in commercial quantities until mid-2008, and this limited operating history makes it difficult to evaluate our current business and future prospects.

*Demand for Solar Energy Solutions*. Our future success depends on continued demand for solar energy solutions and the ability of solar equipment vendors to meet this demand. If the demand for solar energy solutions does not continue to grow or grows at a slower rate than we anticipate, our business will suffer.

*Government Subsidies*. Reductions in, or eliminations or expirations of, governmental incentives could result in decreased demand for and lower revenue from solar PV systems, which would adversely affect sales of our products.

*Market Acceptance*. If we fail to achieve broad market acceptance of our products, or fail to develop solutions to address larger commercial and utility scale markets, there would be an adverse impact on our ability to increase our revenue, gain market share and achieve and sustain profitability.

*Gross Profit and Profitability*. Our gross profit has varied in the past and is likely to continue to vary significantly from period to period, and fluctuations in gross profit may adversely affect our ability to manage our business or achieve or maintain profitability.

*Competition*. The inverter industry is highly competitive and we expect to face increased competition as new and existing companies introduce microinverter products which could negatively impact our results of operations and market share. SMA Solar Technology AG, Power-One Inc. and SunPower Corp., leading inverter vendors serving the residential and small commercial inverter markets, are expected to introduce microinverter products in 2012. In addition, several new entrants to the microinverter market have recently announced plans to ship or have already shipped products, including some of our OEM customers and partners.

*Initial Capital Investments*. Our microinverter system requires a higher upfront capital investment than our competition s central inverter products, and our potential customers may be unwilling to invest more capital upfront, which would negatively impact our growth and sales.

**Corporate Information**

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

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

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**THE OFFERING**

| | |
|---|---|
| **Common stock offered by us** | 7,272,727 shares |
| **Over-allotment option** | 1,090,909 shares |
| **Common stock to be outstanding after this offering** | 37,328,347 shares |
| **Use of proceeds** | We anticipate that we will use the net proceeds of this offering primarily for general corporate purposes. Pending the specific use of net proceeds as described in this prospectus, we intend to invest the net proceeds to us from this offering in short-term investment grade and U.S. government securities. See Use of Proceeds. |
| **Proposed NASDAQ symbol** | ENPH |

Entities affiliated with Third Point LLC ( Third Point ), Madrone Partners L.P. ( Madrone ), KPCB Holdings, Inc., as nominee ( KPCB ) and Bay Partners have indicated an interest in purchasing up to an aggregate of $15.0 million of shares of our common stock in this offering at the price offered to the public. As of March 1, 2012, each of Third Point, Madrone, KPCB and Bay Partners beneficially owned more than 5% of our common stock and each is affiliated with a member of our board of directors. Because these indications of interest are not binding agreements or commitments to purchase, these stockholders may elect not to purchase shares in this offering or the underwriters may elect not to sell any shares in this offering to such stockholders. The underwriters will not receive any underwriting discounts or commissions from any sales of shares to these existing stockholders.

The number of shares of our common stock that will be outstanding immediately after this offering is based on 30,055,620 shares of common stock outstanding as of December 31, 2011, after giving effect to (i) the conversion of our outstanding convertible preferred stock into 25,170,918 shares of common stock immediately prior to the completion of this offering and (ii) the conversion of the outstanding principal amount of our junior secured convertible loan facility and paid-in-kind interest as of December 31, 2011 into 3,186,644 shares of common stock at a conversion price of $6.50, the midpoint of the price range set forth on the cover page of this prospectus, and excludes:

- 357,459 shares of common stock issuable upon exercise of outstanding warrants as of December 31, 2011, with a weighted-average exercise price of $5.86 per share;
- 6,255,867 shares of common stock issuable upon the exercise of outstanding stock options under our 2006 Equity Incentive Plan, as of December 31, 2011, with a weighted-average exercise price of $1.83 per share;
- 2,643,171 shares of common stock reserved for future issuance under our 2011 Equity Incentive Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in Executive Compensation Employee Benefit Plans ; and
- 669,603 shares of common stock reserved for future issuance under our 2011 Employee Stock Purchase Plan, which will become effective prior to the completion of this offering and contains provisions that will automatically increase its share reserve each year, as more fully described in Executive Compensation Employee Benefit Plans .

Unless otherwise indicated, all information in this prospectus assumes:

- the automatic conversion of all outstanding shares of our preferred stock into shares of our common stock effective immediately prior to the closing of this offering;

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the automatic conversion of outstanding warrants to purchase shares of our convertible preferred stock into warrants to purchase an aggregate number of 214,930 shares of common stock immediately prior to the completion of this offering;

the amendment and restatement of our certificate of incorporation and the amendment and restatement of our bylaws immediately upon the completion of this offering;

the automatic conversion of the outstanding principal amount of our junior secured convertible loan facility and paid-in-kind interest into 3,262,118 shares of common stock upon closing of this offering at a conversion price equal to $6.50, the midpoint of the price range set forth on the cover page of this prospectus, on April 4, 2012;

no exercise by the underwriters of their right to purchase up to an additional 1,090,909 shares of common stock from us; and

a 1-for-9.08 reverse stock split of our common stock and preferred stock, which was effected on March 23, 2012.

The outstanding principal amount of our junior secured convertible loan facility and paid-in-kind interest automatically converts into shares of our common stock upon closing of this offering at a conversion price equal to the lesser of $8.8984 or the initial public offering price. Because the number of shares that will be issued upon conversion of our junior secured convertible loan facility depends upon the actual initial public offering price per share in this offering and the closing date of this offering, the actual number of shares issuable upon such conversion and the number of shares outstanding following this offering may differ from the number of shares set forth above.

If our junior secured convertible loan facility converts at the initial public offering price, a $1.00 increase in the assumed initial public offering price of $6.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would decrease the number of shares of our common stock issued on conversion of our junior secured convertible loan facility, and therefore the number of shares to be outstanding after this offering, by 434,951 shares, assuming that the closing date of this offering is April 4, 2012. A $1.00 decrease in the assumed initial public offering price of $6.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase the number of shares of our common stock issued on conversion of the junior secured convertible loan facility, and therefore the number of shares to be outstanding after this offering, by 593,115 shares, assuming that the closing date of this offering is April 4, 2012. To the extent the closing date of this offering occurs after April 4, 2012, the junior secured convertible loan facility will continue to accrue interest at a rate of 9% and additional shares of our common stock will be issued upon conversion of this additional accrued interest. Likewise, if the closing date occurs prior to April 4, 2012, fewer shares will be issued upon conversion of the junior secured convertible loan facility.

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## SUMMARY CONSOLIDATED FINANCIAL DATA

The following table summarizes our consolidated financial data. We have derived the summary consolidated statements of operations data for the years ended December 31, 2009, 2010 and 2011 and the consolidated balance sheet data as of December 31, 2011 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of our results to be expected in any future period. The summary of our consolidated financial data set forth below should be read together with our consolidated financial statements and the related notes, as well as the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, appearing elsewhere in this prospectus.

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2009 | 2010 | 2011 |
| | (in thousands, except per share data) | | |
| **Consolidated Statements of Operations Data:** | | | |
| Net revenues | $ 20,194 | $ 61,661 | $ 149,523 |
| Cost of revenues[(1)] | 23,223 | 55,159 | 120,454 |
| Gross profit (loss) | (3,029) | 6,502 | 29,069 |
| Operating expenses: | | | |
| Research and development[(1)] | 8,411 | 14,296 | 25,099 |
| Sales and marketing[(1)] | 2,651 | 6,558 | 17,454 |
| General and administrative[(1)] | 2,603 | 6,365 | 15,228 |
| Total operating expenses | 13,665 | 27,219 | 57,781 |