As confidentially submitted to the Securities and Exchange Commission on March 27, 2015
This draft registration statement has not been publicly filed with the
Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

Under
The Securities Act of 1933

SUNRUN INC.

(Exact name of Registrant as specified in its charter)

Delaware	**4931**	**26-2841711**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

595 Market Street, 29th Floor
San Francisco, California 94105
(415) 580-6900
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Lynn Jurich
Chief Executive Officer
Sunrun Inc.
595 Market Street, 29th Floor
San Francisco, California 94105
(415) 580-6900
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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

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, 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, please 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 statement 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Stock, $0.0001 par value per share	$	$

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the right to purchase to cover over-allotments, if any.

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 which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 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 preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion. Dated , 2015.

Shares

Common Stock

This is an initial public offering of shares of common stock by Sunrun Inc.

Prior to this offering, there has been no public market for shares of our common stock. The initial public offering price of the common stock is expected to be between $ and $. We intend to apply to list our common stock on the NASDAQ Stock Market under the symbol "RUN."

The underwriters have an option to purchase a maximum of additional shares to cover over-allotments of shares.

We are an "emerging growth company" as defined under the federal securities laws and, as such, are subject to reduced public company reporting requirements.

See "Risk Factors" beginning on page 13 to read about factors you should consider before buying shares of our common stock.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Issuer
Per share	$	$	$
Total	$	$	$

Delivery of the shares of common stock will be made on or about , 2015.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **Goldman, Sachs & Co.** **Morgan Stanley**

BofA Merrill Lynch **RBC Capital Markets**

KeyBanc Capital Markets **SunTrust Robinson Humphrey**

The date of this prospectus is , 2015

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We have not authorized anyone to provide any information or make any representations other than those contained in this prospectus or in 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 other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our 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.

Through and including , 2015 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

For investors outside of the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision. Unless the context otherwise requires, the terms "Sunrun," "the company," "we," "us" and "our" in this prospectus refer to Sunrun Inc. and its consolidated subsidiaries.

SUNRUN INC.

Our Mission

Our mission is to provide homeowners with clean, affordable solar energy and a best-in-class customer experience. In 2007, we pioneered the residential solar service model, creating a hassle-free, low-cost solution for homeowners seeking to lower their energy bills. By removing the high initial cost and complexity that used to define the residential solar industry, we have fostered the industry's rapid growth and exposed an enormous market opportunity. Our relentless drive to increase the accessibility of solar energy is fueled by our enduring vision: to create a planet run by the sun.

Overview

We provide clean, solar energy to homeowners at a significant savings to traditional utility energy. After inventing the residential solar service model and recognizing its enormous market potential, we leveraged our first-mover advantage to build out the infrastructure and capabilities necessary to rapidly acquire and serve customers in a low-cost and scalable manner. Today, our scalable operating platform provides us with a number of unique advantages. First, we are able to market our solar service offerings through multiple channels including our diverse partner network and direct-to-consumer operations. This multi-channel model supports broad sales and installation capabilities which together allow us to achieve capital-efficient growth. Second, we are able to provide differentiated solutions to our customers that, combined with a great customer experience, we believe will drive meaningful margin advantages for us over the long term.

Our core solar service offering provides homeowners with simple, predictable pricing for solar energy that is insulated from rising retail electricity prices. While homeowners have the option to purchase a solar energy system outright, most of our customers choose to buy solar as a service and enjoy the flexibility and savings that come from purchasing solar energy without a significant upfront investment. We install solar energy systems on our customers' homes and sell them solar power under a contract with a 20-year initial term. We typically target at least 20% savings to utility power for homeowners in their first year with us. We monitor, maintain and insure the system at no additional cost during the term of the contract. In exchange, we receive 20 years of predictable cash flows from high credit quality customers and qualify for tax and other benefits. We finance portions of these tax benefits and cash flows through tax equity and non-recourse debt structures in order to fund our upfront costs, overhead and growth investments. We develop valuable customer relationships that can extend beyond this initial contract term and provide us an opportunity to offer additional services in the future. Delivering a differentiated customer experience is core to our strategy. We emphasize a customized solution, including a design specific to each customer's home and pricing configurations that typically drive both customer savings and value to us.

Our platform of services and tools incorporates processes and software automation, streamlining customer origination and installation and simplifying ongoing maintenance and billing. We believe our platform empowers

new market entrants and smaller industry participants to profitably serve our large and underpenetrated market without making the significant investments in technology and infrastructure required to compete effectively against established industry players by improving efficiency and driving down system-wide costs. Our platform provides the support for our multi-channel model, which drives broad customer reach and capital-efficient growth. We have built a leading, diversified partner network of solar sales and installation companies. These partners include local solar installation contractors, sales and lead generation companies and large retailers that help us acquire customers and build solar energy systems, while we own and manage the systems and the 20-year customer experience.

We have made significant investments to expand our platform capabilities, including, in 2014, direct customer acquisition, direct system installation, and fulfillment and racking capabilities. To accelerate these efforts, we acquired the residential solar business of a long-time partner, Mainstream Energy Corporation, as well as its fulfillment and racking businesses, which we refer to collectively as "MEC". We will continue to evaluate investment and partnership opportunities to expand market reach and lower our cost structure in this dynamic and nascent market.

We have experienced substantial growth in our business and operations since our inception in 2007. As of December 31, 2014, we operated the second largest fleet of residential solar energy systems in the United States, with approximately 70,000 customers across 13 states. We have deployed an aggregate of 397 megawatts ("MW") as of December 31, 2014. As of December 31, 2014, our estimated nominal contracted payments remaining was approximately $1.6 billion, and our estimated retained value was $1.0 billion. In addition, we also have a long track record of attracting low-cost capital from diverse sources, including tax equity and debt investors. Since inception, we have raised tax-equity to finance the installation of solar energy systems with an estimated value of $2.8 billion.

Market Opportunity

The residential solar market opportunity is both large and significantly underpenetrated. Growth in the market has been driven by the advent of the residential solar service model, allowing homeowners to benefit from solar electricity without the upfront capital expense or taking on the perceived risks of solar energy system ownership. Additional financing alternatives such as loan products have also served to continue to expand the market. Today, residential solar has penetrated less than 1% of the 82 million single family detached homes in the United States. The total residential electricity revenues in the United States were $169 billion in 2013. According to GTM Research and the Solar Energy Industries Association ("SEIA"), the residential solar energy market is expected to deploy 5,242 MW of installed capacity in 2020, representing a 27% compounded annual growth rate ("CAGR") from 2014 installation levels.

The following recent trends have made solar energy a cost-effective power source for homeowners in an increasing number of markets:

- *Rising utility energy prices.* According to the U.S. Energy Information Administration ("EIA"), the average residential retail electricity prices from the power grid increased at a 3.4% CAGR from 2004 to 2013.
- *Declining solar energy system costs.* Solar energy system costs continue to decline due to decreasing hardware prices, increased installation efficiencies and lower customer acquisition costs. According to GTM Research, costs to install residential solar systems have declined 42% since 2011 and module prices have declined 80% since 2008.

The following federal, state, and local policies have also been strong factors affecting the market for distributed solar generation:

- *Federal Investment Tax Credit ("ITC").* Tax incentives have accelerated growth in U.S. solar energy system installations. Currently, business owners of solar energy systems can claim a tax credit worth 30% of the system's eligible tax basis (or the fair market value). While the tax credit for third-party-owned systems is set to step down to 10% on January 1, 2017, we expect the impact of any reduction to be mitigated by declining costs, rising electric rates and additional sources of low-cost financing.
- *Net metering.* A substantial majority of states have net metering policies whereby homeowners can offset electricity purchased from a utility by the amount of excess solar energy produced and sold to the utility. Net metering helps reduce peak electricity load and offsets the construction of new generation transmission and distribution facilities and the increased output from traditional generation facilities.
- *Solar renewable energy certificates ("SRECs") and other state incentives.* Solar renewable energy certificates have been implemented in certain states to provide an incentive for solar capacity additions, particularly for distributed generation. States offering a market for SRECs allow utilities to meet regulations requiring minimum limits for the amount of electricity that must be generated by renewable sources.

Our Distinctive Approach

Our goal is to attract high-quality customers with a great service at a competitive cost structure. We employ a distinctive two-pronged approach to achieve this goal: ongoing investment in an open platform of services and tools to drive cost efficiencies, as well as broad customer reach, and a differentiated customer experience that attracts high quality customers with strong unit margin.

Platform of Services and Tools: We have built a platform that supports a diversified value creation engine across our various channels. Our platform facilitates tight process controls and a best-in-class customer experience, exists as a market clearer for specialized sales and installation firms, and enables us to own and manage the ongoing customer relationship for all solar service customers originated through our partner ecosystem. This infrastructure underpins our ability to enjoy broad customer reach with a low system-wide cost structure and positions us for expansion to every market where distributed solar energy generation can offer homeowners savings versus traditional utility retail power.

Key elements of our platform include:

- *Brand.* We have invested to develop a strong brand presence for both our partners and us. We believe that our continuing investments in our brand will help expand our reach and reduce our cost to find and sell to new customers in both our direct and partner business. In addition, our growing reputation as a choice solar service provider increases the attractiveness of our platform for new and existing partners. Our sales and installation partners are able to leverage our brand to provide services under the Sunrun name.
- *Technology Suite*. BrightPath, our end-to-end software suite, is designed to enable us to manage every aspect of our customers' experience in a scalable manner. BrightPath supports the sales, installation, maintenance and monitoring of systems for both our direct and partner businesses.
- *Operational Process Excellence.* Over our eight-year operating history we have refined the key processes required to provide a great service at a competitive cost structure. This process excellence includes our sales and installation best practices, which we refine internally and share with partners through our dedicated training and partner management teams.

- *Fulfillment and Racking*. Our fulfillment business, AEE, provides our direct-to-consumer business as well as more than 1,300 solar installers and other resellers across the United States with access to modules, inverters, racking and other solar components. In addition, we design and manufacture industry-leading racking technology with our SnapNrack solution, enabling fast, safe, and beautiful solar installations.
- *Uninterrupted Project Finance and Asset Management.* Our ability to consistently raise low-cost tax equity and debt financing provides our partners with reliable access to funding and reduces the overall cost of solar energy to consumers.

We have the unique capability to reach customers through multiple channels because our platform is robust, nimble, and open to partners. We currently go to market through our direct-to-consumer channel, trusted solar partners that sell or install solar energy systems, and a growing set of strategic relationships with recognized non-solar brands. Our platform empowers partners, including top-tier retail operations, service partners, solar integrators, local entrepreneurs, and potential new market entrants to profitably provide our solar service offerings to their customers without incurring the significant investments necessary to compete with established industry players. We believe that these key elements of our open platform provide us with reach and scalability, a competitive cost structure and capital efficiency.

Differentiated Customer Experience: Our differentiated customer acquisition strategy attracts a large group of high-quality customers with strong unit margin. We provide our customers with tailored system design and customizable pricing for each home. Our significant investment in technology and analytics allows us to provide these benefits to customers through our direct-to-consumer channel and through our partners without compromising speed and efficiency in the sales process.

We believe that our strategy of providing a leading solar service at competitive prices through a high-quality sales process sets us apart and drives low customer acquisition costs through new customer referrals. We estimate nearly one out of every three of our new customers in our direct-to-consumer channel came through referrals in 2014. We have designed our customizable pricing and system design capabilities to offer all target homeowners a competitive service while uniquely attracting high-quality customers—those who realize enhanced savings at attractive unit margins to us. Through BrightPath, we are able to use high-resolution, site-specific data to provide customers that have favorable home characteristics with below-market pricing.

We focus our resources on markets with high electricity rates, favorable policy environments, and other characteristics that allow for low operational costs and favorable unit margins. As a result of this customer targeting and market selection, we generated an average nominal contract value of more than $35,000 per customer agreement sold in the quarter ended December 31, 2014. We believe that our distinctive approach will create a higher quality portfolio of solar energy assets that create significant value for our customers while generating reliable cash flow to us over time.

Our Strengths

We believe the following strengths will help position us to drive the mass adoption of residential solar in a manner that maximizes the value of our growing customer base over the long term:

- *Platform of Services and Tools.* We have built a robust operational and technology infrastructure that enables broad customer reach with a favorable cost structure.
- *Differentiated Customer Experience.* We strive to create a leading customer offering and experience through customer-friendly solar service features, tailored designs and customizable pricing for each homeowner, a highly consultative sales process, and a focus on customer savings.

- *Proven Execution*. We have established meaningful scale in residential solar to provide streamlined customer origination and installation and simplify ongoing maintenance and management of the customer experience for us and our partners. As of December 31, 2014, we had deployed 397 MW of residential systems, created $1.0 billion of estimated retained value, and executed thousands of service transfers (usually when our customers move).
- *Proven Access to Capital.* To date we have raised $1.4 billion in tax equity to fund the installation of solar energy systems with an estimated value of $2.8 billion. We have raised numerous investment funds—including 16 from repeat investors. Our capital providers rely on our ability to generate a diverse pool of high-quality 20-year customer agreements, build systems in a timely manner, and maintain performance in our growing fleet of tens of thousands of solar energy systems.
- *Policy and Regulatory Leadership.* We are dedicated to advancing solar-friendly policies throughout the country. We co-founded The Alliance for Solar Choice ("TASC"), which leads the national advocacy for rooftop solar and has led the industry to numerous favorable regulatory and legislative verdicts.
- *Industry Pioneering Management Team*. We have assembled an executive management team with over 100 years of combined experience leading successful growth businesses and public companies in both energy and consumer-facing industries while bringing extensive functional experience in sales, marketing, project finance, legal, and public policy to help drive the mass adoption of residential solar.

Our Strategy

We will continue to focus on our distinctive approach—building an open platform of services and tools and delivering a differentiated customer experience—to achieve our goal of generating industry-leading cash flow from a large, happy customer base. The following are key elements of our strategy:

- *Grow Our Direct-to-Consumer Presence*. We will continue to invest in and expand our direct-to-consumer channel, which enables us to reach homeowners and install systems using dedicated Sunrun personnel. Our direct-to-consumer strategy includes referrals, phone outreach, online sales, retail presence and direct-to-home sales. By managing the entire process from sales to installation to ongoing monitoring, we are well positioned to create value by pursuing attractive markets, driving cost savings and leveraging best practices across our partner network.
- *Expand Our Partnerships with Solar Partners, Strategic Partners, and Attractive New Market Participants.* Our open platform of services and tools allows us to engage with a wide variety of solar industry partners, as well as new industry participants such as retailers and service providers who would like to cost-effectively offer solar to new and existing customers. We will continue to invest in our ability to attract, convert, grow, and retain promising partners in order to facilitate capital-efficient growth.
- *Continue to Invest in Our Platform.* We plan to continue to invest in and develop complementary software, services and technologies to enhance the scalability of our platform and support a low system-wide cost structure.
- *Continue to Deliver a Differentiated Customer Experience.* We will continue to sell customer-friendly solar service offerings with customized configurations and pricing. We believe that our increasing set of proprietary pricing and system performance data in BrightPath will enable us to deliver accurate and compelling pricing to an increasing number of customers at attractive margins to us.
- *Expand Our Geographic Footprint*. We believe the market for residential solar remains significantly underpenetrated. We intend to leverage our versatile, scalable platform and unique multi-channel approach to expand into new markets as the economics for solar become more compelling.
- *Offer New Products and Services.* We will continue to innovate and expand our product and service offerings to homeowners. For example, we are currently piloting a combined solar and battery

service, which is designed to reduce demands on the existing energy distribution infrastructure by retaining the energy at the location of generation and use.

Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. Some of these risks include:

- We need to raise capital to finance the continued growth of our residential solar service business. If capital is not available to us on acceptable terms, as and when needed, our business and prospects would be materially and adversely impacted;
- The solar energy industry is an emerging market that is constantly evolving and may not develop to the size or at the rate we expect;
- Our ability to provide our solar service offerings to homeowners on an economically viable basis depends in part on our ability to finance these systems with fund investors who seek particular tax and other benefits;
- We have historically benefited from declining costs in our industry, and our business and financial results may be harmed as a result of increases in costs associated with our solar service offerings. If we do not reduce our cost structure in the future, our ability to become profitable may be impaired;
- Electric utility statutes and regulations and changes to statutes or regulations may present technical, regulatory and economic barriers to the purchase and use of our solar service offerings that may significantly reduce demand for such offerings;
- We face competition from traditional energy companies as well as solar energy companies;
- Regulations and policies related to rate design could deter potential homeowners from purchasing our solar service offerings, reduce the value of the electricity we produce, and reduce the savings that our homeowners could realize from our solar service offerings;
- We rely on net metering and related policies to offer competitive pricing to homeowners in all of our current markets, and changes to net metering policies may significantly reduce demand for electricity from our solar service offerings;
- Interconnection limits imposed by regulators may significantly reduce our ability to sell electricity from our solar service offerings in certain markets or slow interconnections, harming our growth rate and customer satisfaction scores; and
- Upon completion of this offering, our executive officers, directors and principal stockholders will continue to have substantial control over us, which will limit your ability to influence the outcome of important matters, including a change in control.

Corporate Information

Our principal executive offices are located at 595 Market Street, 29th Floor, San Francisco, California 94105, and our telephone number is (415) 580-6900. Our website address is www.sunrun.com. Information contained on, or that can be accessed through, our website does not constitute part of this prospectus and inclusions of our website address in this prospectus are inactive textual references only. We were formed in 2007 as a California limited liability company, and converted in 2008 into a Delaware corporation.

The Sunrun design logo, "Sunrun" and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of Sunrun Inc. Other trademarks and trade names referred to in this prospectus are the property of their respective owners.

Emerging Growth Company

The Jumpstart Our Business Startups Act ("JOBS Act") was enacted in April 2012 with the intention of encouraging capital formation in the United States and reducing the regulatory burden on newly public companies that qualify as "emerging growth companies." We are an emerging growth company within the meaning of the JOBS Act. As an emerging growth company, we may take advantage of certain exemptions from various public reporting requirements, including the requirement that our internal control over financial reporting be audited by our independent registered public accounting firm pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act"), certain requirements related to the disclosure of executive compensation in this prospectus and in our periodic reports and proxy statements and the requirement that we hold a nonbinding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions until we are no longer an emerging growth company.

We will cease to be an "emerging growth company" upon the earliest of: (i) the last day of the first fiscal year in which our annual gross revenues are $1.0 billion or more, (ii) the date on which we are deemed to be a "large accelerated filer" as defined in the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (iii) the date on which we have, during the previous rolling three year period, issued more than $1 billion in non-convertible debt securities, and (iv) the last day of the fiscal year following the fifth anniversary of this offering. We are irrevocably opting out of the extended transition periods available under the JOBS Act for complying with new or revised accounting standards.

See the section titled "*Risk Factors—Risks Related to Ownership of Our Common Stock and this Offering—As an emerging growth company within the meaning of the Securities Act, we will utilize certain modified disclosure requirements, and we cannot be certain if these reduced requirements will make our common stock less attractive to investors*" for certain risks related to our status as an emerging growth company.

THE OFFERING

Common stock offered by us	shares
Common stock to be outstanding after this offering	shares
Over-allotment option being offered by us	shares
Use of proceeds	We estimate that the net proceeds from the sale of shares of our common stock in this offering will be approximately $ million, based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. See the section titled "Use of Proceeds" for additional information.
Directed Share Program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the common stock offered hereby to . The sales will be made by through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered hereby.
Proposed NASDAQ Stock Market trading symbol	"RUN"

The number of shares of our common stock that will be outstanding after this offering is based on 79,089,491 shares of our common stock outstanding as of December 31, 2014 (including shares of our preferred stock on an as-converted basis), and excludes:

- 11,408,363 shares of our common stock issuable upon the exercise of options to purchase shares of our common stock outstanding as of December 31, 2014, with a weighted-average exercise price of $4.42 per share;
- 947,342 shares of our common stock issuable upon the vesting of restricted stock units ("RSUs") outstanding as of December 31, 2014; and

- shares of our common stock reserved for future issuance under our equity compensation plans, consisting of:
  - shares of our common stock reserved for future issuance under our 2015 Equity Incentive Plan ("2015 Plan") which will become effective prior to the completion of this offering; and
  - shares of our common stock reserved for future issuance under our 2015 Employee Stock Purchase Plan ("ESPP") which will become effective prior to the completion of this offering.

Our 2015 Plan and our ESPP each provide for annual automatic increases in the number of shares reserved thereunder, and our 2015 Plan also provides for increases in the number of shares reserved thereunder based on awards under certain of our other equity compensation plans that expire, are forfeited or otherwise repurchased by us. See the section titled "Executive Compensation—Employee Benefit and Stock Plans" for additional information.

Except as otherwise indicated, all information in this prospectus assumes:

- the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws, each of which will occur immediately prior to the completion of this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 54,840,767 shares of our common stock, which will occur immediately prior to the completion of this offering; and
- no exercise by the underwriters of their over-allotment option.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our consolidated financial and other data. We have derived the summary consolidated statement of operations data for the years ended December 31, 2013 and 2014 and the summary consolidated balance sheet data as of December 31, 2014 from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial and other data should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. See also the consolidated financial statements of MEC, which we acquired in February 2014, as well as the pro forma information contained elsewhere in this prospectus.

	Year Ended December 31,	
	2013	2014
	(In thousands, except per share data)	
Consolidated Statement of Operations Data:		
Revenue:		
Operating leases and incentives	$ 54,740	$ 84,006
Solar energy systems and product sales	—	114,551
Total revenue	54,740	198,557
Operating expenses:		
Cost of operating leases and incentives	43,088	72,898
Cost of solar energy systems and product sales	—	100,802
Sales and marketing	22,395	78,723
Research and development	9,984	8,386
General and administrative	33,242	68,098
Amortization of intangible assets	—	2,269
Total operating expenses	108,709	331,176
Loss from operations	(53,969)	(132,619)
Interest expense	11,752	27,521
Loss on early extinguishment of debt	—	4,350
Other expenses	365	3,043
Loss before income taxes	(66,086)	(167,533)
Income tax expense (benefit)	2,508	(4,980)
Net loss	(68,594)	(162,553)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(64,294)	(86,638)
Net loss attributable to common stockholders	$ (4,300)	$ (75,915)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.44)	$ (3.33)
Weighted average shares used in computing net loss per share attributable to common stockholders, basic and diluted	9,780	22,795
Pro forma net loss per share attributable to common stockholders, basic and diluted(1)	$	$
Weighted average shares used in computing pro forma net loss per share attributable to common stockholders, basic and diluted(1)		

(1) Pro forma net loss per share attributable to common stockholders, basic and diluted, as well as weighted average shares used in computing pro forma net loss per share attributable to common stockholders, give effect to the conversion of our convertible preferred stock into an aggregate of 54,840,767 shares of our common stock as of the beginning of the applicable period.

	As of December 31, 2014	
	Actual	Pro Forma as Adjusted(1)(2)
	(In thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 152,154	$
Solar energy systems, net	1,484,251	
Total assets	1,935,785	
Current portion of long-term debt	2,602	
Line of credit	48,597	
Long-term debt, less current portion	188,052	
Redeemable noncontrolling interests	135,948	
Total equity	416,772	

(1) The pro forma as adjusted column in the balance sheet data table above gives effect to the conversion of all outstanding shares of our convertible preferred stock as of December 31, 2014 into an aggregate of 54,840,767 shares of our common stock, which conversion will occur immediately prior to the completion of this offering, as if such conversion had occurred on December 31, 2014, and the sale and issuance by us of shares of our common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our cash and cash equivalents, total assets, and total equity by approximately $ million, assuming the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each one million increase or decrease in the number of shares of our common stock offered by us would increase or decrease, as applicable, our cash and cash equivalents, total assets, and total equity by approximately $ million, assuming the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us.

Key Operating Metrics

We regularly review a number of metrics, including the following key operating metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Some of these key operating metrics are estimates. The estimates are based on our management's beliefs and assumptions and on information currently available to management. Although we believe that we have a reasonable basis for each of these estimates, we caution you that these estimates are based on a combination of assumptions that may prove to be inaccurate over time. Such inaccuracies could be material, particularly given that the estimates relate to cash flows up to 30 years in the future. Furthermore, other companies may calculate these metrics differently than we do now or in the future, which would reduce their usefulness as a comparative measure. For additional information about our key operating metrics, including their

definitions and limitations, see the section of this prospectus captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating Metrics."

	Year Ended December 31,	
	2013	2014
	(Dollars in thousands, except per watt data)	
Megawatts deployed (during the period)	80	133
Cumulative megawatts deployed (end of period)	264	397
Customers (end of period)	48,998	73,113
Estimated nominal contracted payments remaining (end of period)	$ 995,455	$ 1,596,615
Estimated retained value (end of period)	$ 605,423	$ 1,000,064
Estimated retained value per watt (end of period)	$ 2.44	$ 2.40

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, results of operations, cash flows and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risks Related to Our Business and Our Industry

We need to raise capital to finance the continued growth of our residential solar service business. If capital is not available to us on acceptable terms, as and when needed, our business and prospects would be materially and adversely impacted.

Our future success depends on our ability to raise capital from third parties to grow our business. To date, we have funded our business principally through low-cost tax equity investment funds. If we are unable to establish new investment funds when needed, or upon desirable terms, the growth of our solar service business would be impaired.

The contract terms in certain of our existing investment fund documents contain various conditions with respect to our ability to draw on financing commitments from the fund investors, including conditions that restrict our ability to draw on such commitments if an event occurs that could reasonably be expected to have a material adverse effect on the fund or, in some instances, us. If we were not able to satisfy such conditions due to events related to our business, a specific investment fund, developments in our industry, including tax or regulatory changes, or otherwise, and as a result, we were unable to draw on existing funding commitments, we could experience a material adverse effect on our business, liquidity, financial condition, results of operations and prospects. If any of the investors that currently invest in our investment funds were to decide not to invest in future investment funds to finance our solar service offerings due to general market conditions, concerns about our business or prospects or any other reason, or materially change the terms under which they were willing to provide future financing, we would need to identify new investors to invest in our investment funds and our cost of capital may increase.

There can be no assurance that we will be able to continue to successfully access capital in a manner that supports the growth of our business. Certain sources of capital may not be available in the future, and competition for any available funding may increase. We cannot be sure that we will be able to maintain necessary levels of funding without incurring high funding costs, unfavorable changes in the terms of funding instruments or the liquidation of certain assets. If we were unable to continue to offer a competitive investment profile, we may lose access to these funds or they may only be available on less favorable terms than those provided to our competitors or currently provided to us. If we were to be unable to arrange new or alternative methods of financing on favorable terms, our business, financial condition, results of operations and prospects could be materially and adversely affected.

The solar energy industry is an emerging market that is constantly evolving and may not develop to the size or at the rate we expect.

The solar energy industry is an emerging and constantly evolving market opportunity. We believe the solar energy industry will take several years to fully develop and mature, and we cannot be certain that the market will grow at the rate we expect. Any future growth of the solar energy market and the success of our solar service offerings depend on many factors beyond our control, including recognition and acceptance of the solar service market by consumers, the pricing of alternative sources of energy and our ability to provide our solar service

offerings cost effectively. If the markets for solar energy do not develop at the rate we expect, our business may be adversely affected. Solar energy has yet to achieve broad market acceptance and depends in part on continued support in the form of rebates, tax credits and other incentives from federal, state and local governments. If this support diminishes, our ability to obtain external financing on acceptable terms, or at all, could be materially adversely affected. Such funding limitations could lead to inadequate financing support for the anticipated growth in our business. Furthermore, growth in residential solar energy depends in part on macroeconomic conditions, retail prices of electricity and homeowner preferences, each of which can change quickly. Declining macroeconomic conditions, including in the job markets and residential real estate markets, could contribute to instability and uncertainty among homeowners and impact their financial wherewithal, credit scores or interest in entering into long-term contracts, even if such contracts would generate immediate and long-term savings. Market prices of retail electricity generated by utilities or other energy sources could decline for a variety of reasons, as discussed further below. Any such declines in macroeconomic conditions or changes in homeowner preferences would adversely impact our business.

Our ability to provide our solar service offerings to homeowners on an economically viable basis depends in part on our ability to finance these systems with fund investors who seek particular tax and other benefits.

Our solar service offerings have been eligible for federal investment tax credits ("ITCs"), U.S. Treasury grants and other tax benefits. We have relied on, and will continue to rely on, tax equity investment funds, which are financing structures that monetize a substantial portion of those benefits, in order to finance our solar service offerings. If, for any reason, we were unable to continue to monetize those benefits through these arrangements, we may be unable to provide and maintain our solar service offerings for homeowners on an economically viable basis.

The availability of this tax-advantaged financing depends upon many factors, including:

- our ability to compete with other solar energy companies for the limited number of potential fund investors, each of which has limited funds and limited appetite for the tax benefits associated with these financings;
- the state of financial and credit markets;
- changes in the legal or tax risks associated with these financings; and
- non-renewal of these incentives or decreases in the associated benefits.

The federal government currently offers a 30% ITC (the "Commercial ITC") under Section 48(a) of the Internal Revenue Code of 1986, as amended (the "Code"), for the installation of certain solar power facilities prior to December 31, 2016, for taxpayers using solar property in a trade or business. This Commercial ITC will be, pursuant to current law, reduced from approximately 30% of the fair market value of the solar energy systems to approximately 10% for solar energy systems placed in service after December 31, 2016. The Commercial ITC reductions will reduce the amount we can monetize pursuant to investment fund structures. Moreover, potential investors must remain satisfied that the funding structures that we offer will make the tax benefits associated with solar energy systems available to these investors, which depends both on the investors' assessment of the tax law and the absence of any unfavorable interpretations of that law. Adverse changes in existing law or interpretations of existing law by the Internal Revenue Service (the "IRS") and the courts could reduce the willingness of investors to invest in funds associated with these solar energy systems. Accordingly, we cannot assure you that this type of financing will continue to be available to us. New investment fund structures or other financing mechanisms may also become available, and if we are unable to take advantage of these fund structures and financing mechanisms, we may be at a competitive disadvantage. If, for any reason, we were unable to finance our solar service offerings through tax-advantaged structures or if we were unable to realize or monetize Commercial ITCs or other tax benefits, we may no longer be able to provide our solar service offerings to new homeowners on an economically viable basis, which would have a material adverse effect on our business, financial condition and results of operations.

We have historically benefited from declining costs in our industry, and our business and financial results may be harmed as a result of increases in costs associated with our solar service offerings. If we do not reduce our cost structure in the future, our ability to become profitable may be impaired.

Declining costs related to raw materials, manufacturing and the sale and installation of our solar service offerings has been a key driver in the pricing of our solar service offerings and, more broadly, homeowner adoption of solar energy. While historically the prices of solar panels and raw materials have declined, the cost of solar panels and raw materials could increase in the future due a variety of factors, including trade barriers, export regulations, regulatory or contractual limitations, industry market requirements and changes in technology and industry standards. Any such increases could slow our growth and cause our financial results and operational metrics to suffer. For example, in the past, we and our solar partners purchased a significant portion of the solar panels used in our solar service offerings from manufacturers based in China or such panels have contained components from China. The U.S. government has imposed antidumping and countervailing duties on solar cells manufactured in China. In addition, we may face other increases in our operating expense, including increases in wages or other labor costs, as well as marketing, sales or branding related costs. In addition, we invested heavily in building our direct-to-consumer capabilities in 2014 after our acquisition of MEC. These investments included significantly increasing our installation capacity through the opening of new branches, increasing our hiring in construction and in associated management personnel, and increasing brand and sales and marketing expenses. We may continue to make significant investments to drive growth in the future. Increases in any of these costs could adversely affect our results of operations and financial condition and harm our business and prospects. If we are unable to reduce our cost structure in the future, we may not be able to achieve profitability, which could have a material adverse effect on our business and prospects.

Electric utility statutes and regulations and changes to statutes or regulations may present technical, regulatory and economic barriers to the purchase and use of our solar service offerings that may significantly reduce demand for such offerings.

Federal, state, and local government statutes and regulations concerning electricity heavily influence the market for our solar service offerings. These statutes and regulations relate to electricity pricing, net metering, incentives, taxation, competition with utilities, and the interconnection of homeowner-owned and third party-owned solar energy systems to the electrical grid. These statutes and regulations are constantly evolving. Governments, often acting through state utility or public service commissions, change and adopt different rates for residential customers on a regular basis and these changes can have a negative impact on our ability to deliver savings to homeowners.

Utilities, their trade associations, and fossil fuel interests in the country, each of which has significantly greater economic and political resources than the residential solar industry, are currently challenging solar-related policies to reduce the competitiveness of residential solar energy. Any adverse changes in solar-related policies could have a negative impact on our business and prospects.

We face competition from traditional energy companies as well as solar energy companies.

The solar energy industry is highly competitive and continually evolving as participants strive to distinguish themselves within their markets and compete with large utilities. We believe that our primary competitors are the established utilities that supply energy to homeowners by traditional means. We compete with these utilities primarily based on price, predictability of price, and the ease by which homeowners can switch to electricity generated by our solar service offerings. If we cannot offer compelling value to homeowners based on these factors, then our business and revenues will not grow. Utilities generally have substantially greater financial, technical, operational and other resources than we do. As a result of their greater size, these competitors may be able to devote more resources to the research, development, promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. Furthermore, these competitors are able to devote substantially more resources and funding to regulatory and lobbying efforts.

Utilities could also offer other value-added products or services that could help them compete with us even if the cost of electricity they offer is higher than ours. In addition, a majority of utilities' sources of electricity are non- solar, which may allow utilities to sell electricity more cheaply than us. In addition, regulated utilities are increasingly seeking approval to 'rate-base' their own residential solar businesses. Rate-basing means that utilities would receive guaranteed rates of return for their solar businesses. This is already commonplace for utility scale solar projects and commercial solar projects. While few utilities to date have received regulatory permission to rate base residential solar, our competitiveness would be significantly harmed should more utilities receive such permission because we do not receive guaranteed profits for our solar service offerings.

We also face competition from other residential solar service providers. Some of these competitors have a higher degree of brand name recognition, differing business and pricing strategies, and greater capital resources than we have and have extensive knowledge of our target markets. If we are unable to establish or maintain a consumer brand that resonates with homeowners, or compete with the pricing offered by our competitors, our sales and market share position may be adversely affected as our growth is dependent on originating new homeowners. We may also face competitive pressure from companies who offer lower priced consumer offerings than us.

We also compete with companies that are not regulated like traditional utilities but that have access to the traditional utility electricity transmission and distribution infrastructure. These energy service companies are able to offer homeowners electricity supply-only solutions that are competitive with our solar service offerings on both price and usage of solar energy technology while avoiding the long-term agreements and physical installations that our current fund-financed business model requires. This may limit our ability to attract homeowners, particularly those who wish to avoid long-term contracts or have an aesthetic or other objection to putting solar panels on their roofs.

We also face competition from purely finance-driven nonintegrated competitors that subcontract out the installation of solar energy systems, from installation businesses (including solar partners) that seek financing from external parties, from large construction companies and from electrical and roofing companies. In addition, local installers that might otherwise be viewed as potential solar partners may gain market share by being able to be first providers in new local markets. Some of these competitors may provide energy at lower costs than we do.

As the solar industry grows and evolves, we will also face new competitors who are not currently in the market, as well as existing and new competitors that achieve significant developments in alternative technologies or new products such as storage solutions, loan products or other programs related to third-party ownership. Our failure to adapt to changing market conditions, to compete successfully with existing or new competitors and to adopt new or enhanced technologies could limit our growth and have a material adverse effect on our business and prospects.

Regulations and policies related to rate design could deter potential homeowners from purchasing our solar service offerings, reduce the value of the electricity we produce, and reduce the savings that our homeowners could realize from our solar service offerings.

All states regulate investor-owned utility retail electricity pricing. In addition, there are numerous publicly owned utilities and electric cooperatives that establish their own retail electricity pricing through some form of regulation or internal process. These regulations and policies could deter potential homeowners from purchasing our solar service offerings. For example, utilities are seeking rate design changes to "de-couple" rates. This form of "de-coupling" means changing rates to charge lower volume-based rates, or the rates charged for kilowatt hour of electricity purchased by a residential customer, and higher unavoidable fixed charges that a homeowner is subject to when they purchase solar energy from third parties. This form of rate design would adversely impact our business by reducing the value of the electricity our solar energy systems produce and reducing the savings homeowners receive by purchasing our solar service offerings. In addition to changes in general rates charged to all residential customers, utilities are increasingly seeking solar-specific charges (which may be fixed charges,

capacity-based charges, or other rate changes). Any of these changes could materially reduce the demand for our products and could limit the number of markets in which our products are competitive with electricity provided by the utilities.

We rely on net metering and related policies to offer competitive pricing to homeowners in all of our current markets, and changes to net metering policies may significantly reduce demand for electricity from our solar service offerings.

As of December 31, 2014, a substantial majority of states have adopted net metering policies, including each of the states where we currently serve homeowners. Net metering policies provide homeowners with a one-for-one full retail credit within a monthly billing period for electricity that the solar energy system exports to the electric grid. At the end of the monthly billing period, if the homeowner has generated excess electricity within that month, the homeowner typically carries forward a credit for any excess electricity to be offset against future utility purchases. While the value of credits carried forward from month to month varies from state to state, all intra-month credits are at the full retail rate. At the end of an annual billing period or calendar year, utilities either continue to carry forward a credit, or reconcile the homeowner's final annual or calendar year bill using different rates (including zero credit) for the exported electricity.

Utilities, their trade associations, and fossil fuel interests in the country are currently challenging net metering policies, and seeking to either eliminate it, cap it, or impose charges on homeowners that have adopted net metering. Some states, including California, currently set limits on the total percentage of a utility's customers that can adopt net metering. If the net metering caps in California or other jurisdictions are reached without an expansion of net metering policies, homeowners in the future will be unable to recognize the cost savings associated with net metering they currently enjoy. If changes to net metering policies occur without grandfathering to existing homeowners, those existing homeowners could be negatively impacted which could create a default risk from those homeowners. Our ability to sell our solar service offerings may be adversely impacted by the failure to expand existing limits to net metering. The failure to adopt a net metering policy where it currently is not in place would pose a barrier to entry in those states. Additionally, the imposition of charges that only or disproportionately impact homeowners that utilize net metering would adversely impact our business.

Our business currently depends on the availability of utility rebates, tax credits and other financial incentives in addition to other tax benefits. The expiration, elimination or reduction of these rebates and incentives could adversely impact our business.

U.S. federal, state and local governmental bodies provide incentives to end users, distributors, installers and manufacturers of solar energy systems to promote solar energy. These incentives include ITCs, as discussed above, as well as other tax credits, rebates and other financial incentives, such as system performance payments and payments for solar renewable energy credits ("SRECs") associated with solar energy generation. We rely on these incentives to lower our cost of capital and to incent investors to invest in our funds, all of which enables us to lower the price we charge homeowners for our solar service offerings. However, these incentives may expire on a particular date (as discussed above with respect to ITCs), end when the allocated funding is exhausted, or be reduced or terminated without notice. The financial value of certain incentives may also decrease over time. For example, the values of SRECs are volatile and could decrease over time as the supply of SREC-producing solar energy systems installed in a particular market increases. We monetize SRECs through forward sales. If we are unable to deliver these contracted SRECs, we may be required to make up the shortfall of SRECs through purchases on the open market or make payments of liquidated damages.

Our business model also relies on multiple tax exemptions offered at the state and local levels. For example, solar energy systems are generally not considered in determining values for calculation of local and state real and personal property taxes as a result of applicable property tax exemptions. If solar energy systems were not excluded, the property taxes payable by homeowners would be higher, which could offset any potential savings our solar service offerings could offer. For example, in the state of Arizona, the Arizona Department of Revenue

has determined that a personal property tax exemption on solar panels does not apply to solar panels that are leased (as opposed to owned), such that leased panels in Arizona may ultimately subject the homeowner to an increase in personal property taxes and this increased personal property tax could reduce or eliminate entirely the savings that these solar panels would otherwise provide to the homeowner. Although we are involved in ongoing litigation challenging the Arizona personal property tax determination, there can be no assurances that this litigation will be resolved in a manner that is favorable to us or other solar companies. In addition, we rely on certain state and local tax exemptions that apply to the sale of equipment, sale of power, or both. These state and local sales tax exemptions can be changed by the state legislature and other regulators, and such a change could adversely impact our business.

We are not currently regulated as a utility under applicable laws, but we may be subject to regulation as a utility in the future or become subject to new federal and state regulations for any additional solar service offerings we may introduce in the future.

Federal, state, and municipal laws do not currently regulate us as a utility. As a result, we are not subject to the various regulatory requirements applicable to U.S. utilities. However, any federal, state, local or otherwise applicable regulations could place significant restrictions on our ability to operate our business and execute our business plan by prohibiting or otherwise restricting our sale of electricity. These regulatory requirements could include restricting our sale of electricity, as well as regulating the price of our solar service offerings. If we were subject to the same regulatory authorities as utilities in the United States or if new regulatory bodies were established to oversee our business, then our operating costs could materially increase.

Our business depends in part on the regulatory treatment of third-party owned solar energy systems.

Our leases and power purchase agreements are third-party ownership arrangements. Sales of electricity by third parties face regulatory challenges in some states and jurisdictions. These challenges pertain to issues such as whether third-party-owned systems qualify for the same levels of rebates or other non-tax incentives available for homeowner-owned solar energy systems, whether third-party-owned systems are eligible at all for these incentives, and whether third-party-owned systems are eligible for net metering and the associated significant cost savings. Reductions in, or eliminations of, the current treatment of third-party arrangements could reduce demand for our systems, adversely impact our access to capital and cause us to increase the price we charge homeowners for energy.

Interconnection limits imposed by regulators may significantly reduce our ability to sell electricity from our solar service offerings in certain markets or slow interconnections, harming our growth rate and customer satisfaction scores.

Interconnection rules establish the circumstances in which rooftop solar will be connected to the electricity grid. Interconnection limits imposed by regulators may curb our growth in key markets. Utilities throughout the country have different rules and regulations regarding interconnection and some utilities cap or limit the amount of solar energy that can be interconnected to the grid. Our systems do not provide power to homeowners until they are interconnected to the grid. The vast majority of our current homeowners are connected to the grid, and we expect homeowners to continue to be connected to the grid in the future. Interconnection regulations are based on claims from utilities regarding the amount of solar electricity that can be connected to the grid without causing grid reliability issues or requiring significant grid upgrades. These interconnection limits have slowed the pace of our installations in Hawaii and could slow our installations in other markets, harming our growth rate and customer satisfaction scores.

We may be required to make payments or contribute assets to our investors upon the occurrence of certain events, including one-time reset or true-up payments or upon the exercise of a redemption option by one of our investors.

Our fund investors typically advance capital to us based on estimates. The models we use to calculate prepayments in connection with certain of our investment funds will be updated for each investment fund at a fixed date occurring after placement in service of all solar energy systems or an agreed upon date (typically within the first year of the applicable term) to reflect certain specified conditions as they exist at such date, including the ultimate system size of the equipment that was leased, how much it cost, and when it went into service. As a result of this true up, applicable payments are resized, and we may be obligated to refund the investor's prepayments or to contribute additional assets to the investment fund. Further, our estimated retained value may be reduced. In addition, certain of our fund investors have the right to require us to purchase their interests in the investment funds after a set period of time, generally at a price equal to the greater of a set purchase price or fair market value of the interests at the time of the repurchase. Any significant refunds, capital contributions or purchases that we may be required to make could adversely affect our liquidity or financial condition.

A material drop in the retail price of utility-generated electricity or electricity from other sources would harm our business, financial condition and results of operations.

We believe that a homeowner's decision to buy solar energy from us is primarily driven by a desire to lower electricity costs. Decreases in the retail prices of electricity from utilities or other energy sources would harm our ability to offer competitive pricing and could harm our business. The price of electricity from utilities could decrease as a result of:

- the construction of a significant number of new power generation plants, including nuclear, coal, natural gas or renewable energy technologies;
- the construction of additional electric transmission and distribution lines;
- a reduction in the price of natural gas or other natural resources as a result of new drilling techniques or other technological developments, a relaxation of associated regulatory standards, or broader economic or policy developments;
- energy conservation technologies and public initiatives to reduce electricity consumption; and
- development of new energy technologies that provide less expensive energy.

A reduction in utility electricity prices would make the purchase of our solar service offerings less attractive. If the retail price of energy available from utilities were to decrease due to any of these or other reasons, we would be at a competitive disadvantage. As a result, we may be unable to attract new homeowners and our growth would be limited.

It is difficult to evaluate our business and prospects due to our limited operating history.

Until 2014, we focused our efforts primarily on the sales, financing, and monitoring of solar energy systems for residential customers, with installation provided by our solar partners. In February 2014, we purchased the residential sales and installation business of Mainstream Energy Corporation, as well as its fulfillment business, AEE Solar, and its racking business, SnapNrack. We refer to these businesses collectively as "MEC." We have limited experience managing the fulfillment and racking lines of business, and we may not be successful in maintaining or growing the revenue from these businesses. Further, we have limited experience, in comparison to our solar partner model, in our direct-to-consumer business, and as a result, we may fail to grow as quickly or achieve the revenue scale targeted in connection with such model. We may also be unsuccessful in expanding our customer base through installation of our solar service offerings within our current markets or in new markets we may enter. Additionally, we cannot assure you that we will be successful in generating substantial revenue from our current solar service offerings or from any additional solar service offerings we may introduce in the future. Our limited operating history, combined with the rapidly evolving and competitive nature of our industry, may not provide an adequate basis for you to evaluate our results of operations and business prospects. In addition, we

only have limited insight into emerging trends, such as alternative energy sources, commodity prices in the overall energy market, and legal and regulatory changes that impact the solar industry, any of which could adversely impact our business, prospects and results of operations.

We have incurred losses and may be unable to achieve or sustain profitability in the future.

We have incurred net losses in the past, and we had an accumulated deficit of $58.9 million as of December 31, 2014. We will continue to incur net losses as we increase our spending to finance the expansion of our operations, expand our installation, engineering, administrative, sales and marketing staffs, and implement internal systems and infrastructure to support our growth. We do not know whether our revenue will grow rapidly enough to absorb these costs and our limited operating history makes it difficult to assess the extent of these expenses or their impact on our results of operations. Our ability to achieve profitability depends on a number of factors, including but not limited to:

- growing our customer base;
- finding investors willing to invest in our investment funds on favorable terms;
- maintaining or further lowering our cost of capital;
- reducing the cost of components for our solar service offerings;
- growing and maintaining our channel partner network;
- growing our direct-to-consumer business to scale; and
- reducing our operating costs by lowering our customer acquisition costs and optimizing our design and installation processes and supply chain logistics.

Even if we do achieve profitability, we may be unable to sustain or increase our profitability in the future.

Our results of operations may fluctuate from quarter to quarter, which could make our future performance difficult to predict and could cause our results of operations for a particular period to fall below expectations, resulting in a decline in the price of our common stock.

Our quarterly results of operations are difficult to predict and may fluctuate significantly in the future. We have experienced seasonal and quarterly fluctuations in the past. However, given that we are an early-stage company operating in a rapidly changing industry, those fluctuations may be masked by our recent growth rates and thus may not be readily apparent from our historical results of operations. As such, our past quarterly results of operations may not be good indicators of future performance.

In addition to the other risks described in this “Risk Factors” section, the following factors could cause our results of operations and key performance indicators to fluctuate:

- the expiration or initiation of any governmental tax rebates or incentives;
- significant fluctuations in homeowner demand for our solar service offerings;
- changes in financial markets, which could restrict our ability to access available financing sources;
- seasonal or weather conditions that impact sales, energy production and system installations;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- announcements by us or our competitors of new products or services, significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- changes in our pricing policies or terms or those of our competitors, including utilities;

- changes in regulatory policy related to solar energy generation;
- the loss of one or more key partners;
- actual or anticipated developments in our competitors' businesses or the competitive landscape;
- actual or anticipated changes in our growth rate;
- general economic, industry and market conditions; and
- changes to our cancellation rate.

In the past, we have experienced seasonal fluctuations in sales and installations, particularly in the fourth quarter. This has been the result of decreased sales through the holiday season and weather-related installation delays. For these or other reasons, the results of any prior quarterly or annual periods should not be relied upon as indications of our future performance. In addition, our actual revenue or key operating metrics in future quarters may fall short of the expectations of investors and financial analysts, which could have a material adverse effect on the trading price of our common stock.

If we fail to manage our recent and future growth effectively, we may be unable to execute our business plan, maintain high levels of customer service or adequately address competitive challenges.

We have experienced significant growth in recent periods, and we intend to continue to expand our business significantly within existing markets and in a number of new locations in the future. This growth has placed, and any future growth may place, a significant strain on our management, operational and financial infrastructure. In particular, we will be required to expand, train and manage our growing employee base and solar partners. Our management will also be required to maintain and expand our relationships with homeowners, suppliers and other third parties and attract new homeowners and suppliers, as well as to manage multiple geographic locations.

In addition, our current and planned operations, personnel, systems and procedures might be inadequate to support our future growth and may require us to make additional unanticipated investment in our infrastructure, including additional costs for the expansion of our employee base and our solar partners as well as marketing and branding costs. Our success and ability to further scale our business will depend, in part, on our ability to manage these changes in a cost-effective and efficient manner. If we cannot manage our growth, we may be unable to take advantage of market opportunities, execute our business strategies or respond to competitive pressures. This could also result in declines in quality or homeowner satisfaction, increased costs, difficulties in introducing new solar service offerings or other operational difficulties. Any failure to effectively manage growth could adversely impact our business and reputation.

Servicing our debt requires a significant amount of cash to comply with certain covenants and satisfy payment obligations, and we may not have sufficient cash flow from our business to pay our substantial debt and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our total consolidated indebtedness, including our working capital facility and capital lease obligations, was $246.6 million as of December 31, 2014. This includes $48.6 million under the corporate line of credit at December 31, 2014, as well as non-recourse debt facilities entered into by our subsidiaries. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures to operate our business. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

We expect to incur substantially more debt in the future, which could intensify the risks to our business.

We and our subsidiaries expect to incur additional debt in the future, subject to the restrictions contained in our debt instruments. Our existing debt arrangements restrict our ability to incur additional indebtedness, including secured indebtedness, and we may be subject to similar restrictions under the terms of future debt arrangements. These restrictions could inhibit our ability to pursue our business strategies. Increases in our existing debt obligations would further heighten the debt related risk discussed above.

Furthermore, there is no assurance that we will be able to enter into new debt instruments on acceptable terms. If we were unable to satisfy financial covenants and other terms under existing or new instruments or obtain waivers or forbearance from our lenders or if we were unable to obtain refinancing or new financings for our working capital, equipment and other needs on acceptable terms if and when needed, our business would be adversely affected.

The production and installation of solar energy systems depends heavily on suitable meteorological conditions. If meteorological conditions are unexpectedly unfavorable, the electricity production from our solar service offerings may be below our expectations, and our ability to timely deploy new systems may be adversely impacted.

The energy produced and revenue and cash flows generated by a solar energy system depend on suitable solar and weather conditions, both of which are beyond our control. Furthermore, components of our systems, such as panels and inverters, could be damaged by severe weather or natural catastrophes, such as hailstorms, tornadoes or earthquakes. In these circumstances, we generally would be obligated to bear the expense of repairing the damaged solar energy systems that we own. Sustained unfavorable weather also could unexpectedly delay the installation of our solar energy systems, leading to increased expenses and decreased revenue and cash flows in the relevant periods. Weather patterns could change, making it harder to predict the average annual amount of sunlight striking each location where our systems are installed. This could make our solar service offerings less economical overall or make individual systems less economical. Any of these events or conditions could harm our business, financial condition and results of operations.

Our business is concentrated in certain markets, putting us at risk of region specific disruptions

As of December 31, 2014, a large portion of our total sales and installations were in California and Hawaii, and we expect much of our near-term future growth to occur in these states, further concentrating our customer base and operational infrastructure. Accordingly, our business and results of operations are particularly susceptible to adverse economic, regulatory, political, weather and other conditions in such markets and in other markets that may become similarly concentrated. In addition, our corporate and sales headquarters are located in San Francisco, California, an area that is at a heightened risk of earthquakes. We may not have adequate insurance, including business interruption insurance, to compensate us for losses that may occur from any such significant events, including damage to our solar energy systems. A significant natural disaster, such as an earthquake, could have a material adverse impact on our business, results of operations and financial condition. In addition, acts of terrorism or malicious computer viruses could cause disruptions in our or our solar partners' businesses or the economy as a whole. To the extent that these disruptions result in delays or cancellations of installations or the deployment of our solar service offerings, our business, results of operations and financial condition would be adversely affected.

Loan financing or direct-to-consumer developments could adversely impact our business.

Although the third-party ownership leasing model continues to be used in the residential solar market in many states, there is a possibility of a shift from the long-term leasing model to an outright purchase model with the development of loan financing or other direct-to-consumer products. Increases in direct-to-consumer or third-party loan financing products or outright purchases could result in the demand for long-term leasing to decline,

which would require us to shift our product focus to respond to the market trend and could have an adverse effect on our business. In 2014, the majority of our customers chose to enter into leases or power purchase agreements as opposed to buying a solar energy system for cash or through a loan provided by a third-party. Our financial model is impacted by the volume of homeowners who choose to enter into leases or power purchase agreements, and an increase in the number of customers who choose to purchase solar energy systems (whether for cash or through third-party financing) may harm our business and financial results.

In addition to the Commercial ITC, the federal government currently offers a 30% ITC under Section 25D of the Code ("Individual ITC"). The Individual ITC is available to individual taxpayers who install solar property on their homes and is scheduled to expire at the end of 2016. We expect the demand for our direct-to-consumer product to be adversely affected to the extent such Individual ITC is not extended (with or without some level of reduction).

Our growth depends in part on the success of our relationships with third parties, including our solar partners.

A key component of our growth strategy is to develop or expand our relationships with third parties. For example, we are investing resources in establishing strategic relationships with market players across a variety of industries, including large retailers, to generate new customers. A significant portion of our business depends on attracting and retaining new and existing solar partners. Negotiating relationships with our solar partners, investing in due diligence efforts with potential solar partners, training such third parties and contractors, and monitoring them for compliance with our standards require significant time and resources and may present greater risks and challenges than expanding a direct sales or installation team. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to grow our business and address our market opportunity could be impaired. Even if we are able to establish and maintain these relationships, we may not be able to execute on our goal of leveraging these relationships to meaningfully expand our business, brand recognition and customer base. This would limit our growth potential and our opportunities to generate significant additional revenue or cash flows.

We and our solar partners depend on a limited number of suppliers of solar panels and other system components to adequately meet anticipated demand for our solar service offerings. Any shortage, delay or component price change from these suppliers, or the acquisition of any of these suppliers by a competitor, could result in sales and installation delays, cancellations and loss of market share.

We and our solar partners purchase solar panels, inverters and other system components from a limited number of suppliers, making us susceptible to quality issues, shortages and price changes. If we or our solar partners fail to develop, maintain and expand our relationships with these or other suppliers, we may be unable to adequately meet anticipated demand for our solar service offerings, or we may only be able to offer our systems at higher costs or after delays. If one or more of the suppliers that we or our solar partners rely upon to meet anticipated demand ceases or reduces production, we may be unable to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and we may be unable to satisfy this demand. The acquisition of a supplier by one of our competitors could limit our access to such components and require significant redesigns of our solar energy systems or installation procedures and have a material adverse effect on our business.

In particular, there are a limited number of suppliers of inverters, which are components that convert electricity generated by solar panels into electricity that can be used to power the home. For example, once we design a system for use with a particular inverter, if that type of inverter is not readily available at an anticipated price, we may incur additional delay and expense to redesign the system. Further, the inverters on our solar energy systems generally carry only 10-year warranties. If there is an inverter equipment shortage in a year when a substantial number of inverters on our systems need to be replaced, we may not be able to replace the inverters to maintain proper system functioning or may be forced to do so at higher than anticipated prices, either of which would adversely impact our business.

There have also been periods of industry-wide shortage of key components, including solar panels, in times of rapid industry growth. For example, new or unexpected changes in rooftop fire codes or building codes may require new or different system components to satisfy compliance with such newly effective codes or regulations, which may not be readily available for distribution to us or our suppliers. The manufacturing infrastructure for some of these components has a long lead time, requires significant capital investment and relies on the continued availability of key commodity materials, potentially resulting in an inability to meet demand for these components and, as a result, could negatively impact our ability to install systems in a timely manner. Further, any decline in the exchange rate of the U.S. dollar compared to the functional currency of our component suppliers could increase our component prices. Any of these shortages, delays or price changes could limit our growth, cause cancellations or adversely affect our operating margins, and result in loss of market share and damage to our brand.

As the primary entity that contracts with homeowners, we are subject to risks associated with construction, cost overruns, delays, regulatory compliance and other contingencies, any of which could have a material adverse effect on our business and results of operations.

We are a licensed contractor in certain communities that we service, and we are ultimately responsible as the contracting party for every solar energy system installation. We may be liable, either directly or through our solar partners, to homeowners for any damage we cause to them, their home, belongings or property during the installation of our systems. For example, we, either directly or through our solar partners, frequently penetrate homeowners' roofs during the installation process and may incur liability for the failure to adequately weatherproof such penetrations following the completion of construction. In addition, because the solar energy systems we or our solar partners deploy are high voltage energy systems, we may incur liability for any failure to comply with electrical standards and manufacturer recommendations.

Further, we or our solar partners may face construction delays or cost overruns, which may adversely affect our or our solar partners' ability to ramp up the volume of installation in accordance with our plans. Such delays or overruns may occur as a result of a variety of factors, such as labor shortages, defects in materials and workmanship, adverse weather conditions, transportation constraints, construction change orders, site changes, labor issues and other unforeseen difficulties, any of which could lead to increased cancellation rates, reputational harm and other adverse effects.

In addition, the installation of solar energy systems, energy-storage systems and other energy-related products requiring building modifications are subject to oversight and regulation in accordance with national, state and local laws and ordinances relating to building, fire and electrical codes, safety, environmental protection, utility interconnection and metering, and related matters. We also rely on certain of our employees to maintain professional licenses in many of the jurisdictions in which we operate, and our failure to employ properly licensed personnel could adversely affect our licensing status in those jurisdictions. It is difficult and costly to track the requirements of every individual authority having jurisdiction over our installations and to design solar energy systems to comply with these varying standards. Any new government regulations or utility policies pertaining to our systems may result in significant additional expenses to us and our homeowners and, as a result, could cause a significant reduction in demand for our solar service offerings.

While we have a variety of stringent quality standards that we apply in the selection of our solar partners, we do not control our suppliers and solar partners or their business practices. Accordingly, we cannot guarantee that they follow our standards or ethical business practices, such as fair wage practices and compliance with environmental, safety and other local laws. A lack of demonstrated compliance could lead us to seek alternative suppliers or contractors, which could increase our costs and result in delayed delivery or installation of our products, product shortages or other disruptions of our operations. Violation of labor or other laws by our suppliers and solar partners or the divergence of a supplier's or solar partners' labor or other practices from those generally accepted as ethical in the United States or other markets in which we do business could also attract negative publicity for us and harm our business, brand and reputation in the market.

We typically bear the risk of loss and the cost of maintenance, repair and removal on solar energy systems that are owned or leased by our investment funds.

We typically bear the risk of loss and are generally obligated to cover the cost of maintenance, repair and removal for any solar energy system that we sell or lease to our investment funds. At the time we sell or lease a solar energy system to an investment fund, we enter into a maintenance services agreement where we agree to operate and maintain the system for a fixed fee that is calculated to cover our future expected maintenance costs. If our solar energy systems require an above-average amount of repairs or if the cost of repairing systems were higher than our estimate, we would need to perform such repairs without additional compensation. If our solar energy systems, a majority of which are located in California and Hawaii, are damaged as the result of a natural disaster beyond our control, losses could exceed or be excluded from, our insurance policy limits, and we could incur unforeseen costs that could harm our business and financial condition. We may also incur significant costs for taking other actions in preparation for, or in reaction to, such events. We purchase property insurance with industry standard coverage and limits approved by an investor's third-party insurance advisors to hedge against such risk, but such coverage may not cover our losses.

Disruptions to our solar production metering solution could negatively impact our revenues and increase our expenses.

Our ability to invoice homeowners for the energy produced by our solar energy systems and monitor solar energy production for various purposes depends on the operation of our metering solution. We could incur significant expense and disruption to our operations in connection with failures of our metering solution, including meter hardware failures and failure of the cellular technology that we use to communicate with those meters. Many of our meters operate on either the 2G or 3G cellular data networks, which are expected to sunset before the term of our contract with homeowners. Upgrading our metering solution may cause us to incur a significant expense. Additionally, our meters communicate data through proprietary software, which we license from our metering partners. Should we be unable to continue to license, on agreeable terms, the software necessary to communicate with our meters, it could cause a significant disruption in our business and operations.

Problems with product quality or performance may cause us to incur warranty expenses and performance guarantee expenses, may lower the residual value of our solar energy systems and may damage our market reputation and cause our financial results to decline.

Homeowners who buy energy from us under leases or power purchase agreements are covered by production guaranties and roof penetration warranties. As the owners of the solar energy systems, we or our investment funds receive a warranty from the inverter and solar panel manufacturers, and, for those solar energy systems that we do not install directly, we receive workmanship and material warranties as well as roof penetration warranties from our solar partners. For example, we recently had to replace a significant number of defective inverters, the cost of which was borne by the manufacturer. However, our customers were without solar service for a period of time while the work was done, which impacted customer satisfaction. Furthermore, one or more of our third-party manufacturers or solar partners could cease operations and no longer honor these warranties, leaving us to fulfill these potential obligations to homeowners. Further, we provide a performance guarantee with certain solar service offerings pursuant to which we compensate homeowners on an annual basis if their system does not meet the electricity production guarantees set forth in their agreement with us. Homeowners who buy energy from us under leases or power purchase agreements are covered by production guarantees equal to the length of the term of these agreements, typically 20 years.

Because of our limited operating history, we have been required to make assumptions and apply judgments regarding a number of factors, including our anticipated rate of warranty claims and the durability, performance and reliability of our solar energy systems. Our assumptions could prove to be materially different from the actual performance of our systems, causing us to incur substantial expense to repair or replace defective solar energy systems in the future or to compensate homeowners for systems that do not meet their production guarantees. Product failures or operational deficiencies also would reduce our revenue from power purchase or

lease agreements because they are dependent on system production. Any widespread product failures or operating deficiencies may damage our market reputation and adversely impact our financial results.

Product liability claims against us could result in adverse publicity and potentially significant monetary damages.

If our solar service offerings, including our racking systems or other products, injured someone, we would be exposed to product liability claims. Because solar energy systems and many of our other current and anticipated products are electricity-producing devices, it is possible that consumers or their property could be injured or damaged by our products, whether by product malfunctions, defects, improper installation or other causes. We rely on third-party manufacturing warranties, warranties provided by our solar partners and our general liability insurance to cover product liability claims and have not obtained separate product liability insurance. Any product liability claim we face could be expensive to defend and divert management's attention. The successful assertion of product liability claims against us could result in potentially significant monetary damages that could require us to make significant payments, as well as subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems and other products. In addition, product liability claims, injuries, defects or other problems experienced by other companies in the residential solar industry could lead to unfavorable market conditions to the industry as a whole, and may have an adverse effect on our ability to attract homeowners, thus affecting our growth and financial performance.

The residual value of our solar energy systems at the end of the associated term of the lease or power purchase agreement may be lower than projected, which may adversely affect our financial performance and valuation.

We depreciate the costs of our solar energy systems over 20 years to a residual value. At the end of the initial 20-year term, customers may choose to purchase their solar energy systems, ask to remove the system at our cost or renew their customer agreements. Homeowners may choose to not renew or purchase for any reason, such as pricing, decreased energy consumption, relocation of residence or switching to a competitor product. Furthermore, it is difficult to predict how future environmental regulations may affect the costs associated with the removal, disposal or recycling of our solar energy systems. If the value in trade or renewal revenue at the end of the contract is less than we expect, after giving effect to any associated removal and redeployment costs, we may be required to recognize all or some of the remaining unamortized costs. This could materially impair our future results of operations.

We have guaranteed a minimum return to be received by an investor in one of our investment funds, which could adversely affect our business and financial condition if we were required to make any payments as a result of this guarantee.

We have guaranteed payments to the investor in one of our investment funds in the case that the investor does not achieve a specified minimum internal rate of return in this fund, which rate is assessed annually. The amounts of potential future payments under this guarantee depend on the amounts and timing of future distributions to the investor from funds and the tax benefits that accrue to the investor from the fund's activities. Because of uncertainties associated with estimating the timing and amounts of distributions to the investor, we cannot determine the potential maximum future payments that we could have to make under this guarantee. We may agree to similar terms with other third-party fund investors in the future. Any significant payments that we may be required to make under such guarantees, now or in the future, could adversely affect our financial condition.

Federal tax law is not clear regarding when our projects can be considered to have been "placed in service," and we have obligations to indemnify some of our fund investors if the IRS is successful in asserting that the relevant fund did not place in service the system it owns. Our business and financial condition could be adversely affected if we were required to make any payments as a result of this indemnity.

Generally, only the entity that originally places a solar system in service may claim a Commercial ITC. The term "placed in service" for federal tax purposes is not statutorily defined, and while the IRS and tax court decisions have provided general guidance related to the factors that should determine when property is placed in service for federal tax purposes, it has not provided any guidance specifically related to this issue for residential solar systems. We have indemnification obligations in place with some of our fund investors for ITC losses resulting from systems being transferred to their funds after having been placed in service for federal tax purposes. If the IRS were to assert that these residential solar energy systems were placed in service for federal tax purposes, before being transferred to the relevant fund, it could lead to the loss of the ITCs claimed on these systems, and any resulting indemnification payments that we may be required to make to our fund investors, now or in the future, could adversely affect our financial condition. Furthermore, if the Commercial ITC steps down as is contemplated under current law from 30% to 10% in 2017, there may be confusion as to which year some of our systems are placed in service for federal tax purposes and which of the 30% and 10% tax credit can be claimed on such systems.

Damage to our brand and reputation or failure to expand our brand would harm our business and results of operations.

We depend significantly on our brand and reputation for high-quality solar service offerings, engineering and customer service to attract homeowners and grow our business. If we fail to continue to deliver our solar service offerings within the planned timelines, if our solar service offerings do not perform as anticipated or if we damage any homeowners' properties or cancel projects, our brand and reputation could be significantly impaired. We also depend greatly on referrals from homeowners for our growth. Therefore, our inability to meet or exceed homeowners' expectations would harm our reputation and growth through referrals. Further, we have focused particular attention on expeditiously growing our direct sales force and our solar partners, leading us in some instances to hire personnel or partner with third parties who we may later determine do not fit our company culture. If we cannot manage our hiring and training processes to avoid potential issues related to expanding our sales team or solar partners and maintain appropriate customer service levels, our business and reputation may be harmed and our ability to attract homeowners would suffer. In addition, if we were unable to achieve a similar level of brand recognition as our competitors, some of which currently have a broader brand footprint as a result of a larger direct sales force, more resources and longer operational history, we could lose recognition in the marketplace among prospective customers, suppliers and partners, which could affect our growth and financial performance. Our growth strategy involves marketing and branding initiatives that will involve incurring significant expenses in advance of corresponding revenues. We cannot assure you that such marketing and branding expenses will result in the successful expansion of our brand recognition or increase our revenues.

A failure to hire and retain a sufficient number of employees and service providers in key functions would constrain our growth and our ability to timely complete homeowners' projects and successfully manage homeowner accounts.

To support our growth, we need to hire, train, deploy, manage and retain a substantial number of skilled employees, engineers, installers, electricians, sales and project finance specialists. Competition for qualified personnel in our industry is increasing, particularly for skilled personnel involved in the installation of solar energy systems. We may be unable to attract or retain qualified and skilled installation personnel or installation companies to be our solar partners, which would have an adverse effect on our business. We and our solar partners also compete with the homebuilding and construction industries for skilled labor. As these industries grow and seek to hire additional workers, our cost of labor may increase. The unionization of the industry's labor force could also increase our labor costs. Shortages of skilled labor could significantly delay a project or

otherwise increase our costs. Because our profit on a particular installation is based in part on assumptions as to the cost of such project, cost overruns, delays or other execution issues may cause us to not achieve our expected margins or cover our costs for that project. In addition, because we are headquartered in the San Francisco Bay Area, we compete for a limited pool of technical and engineering resources that requires us to pay wages that are competitive with relatively high regional standards for employees in these fields. Further, we need to continue to expand upon the training of our customer service team to provide high-end account management and service to homeowners before, during and following the point of installation of our solar energy systems. Identifying and recruiting qualified personnel and training them requires significant time, expense and attention. It can take several months before a new customer service person is fully trained and productive at the standards that we have established. If we are unable to hire, develop and retain talented customer service personnel, we may not be able to realize the expected benefits of this investment or grow our business.

In addition, to support the growth and success of our direct-to-consumer channel, we need to recruit, retain and motivate a large number of sales personnel on a continuing basis. We compete with many other companies for qualified sales personnel, and it could take many months before a new salesperson is fully trained on our solar service offerings. If we are unable to hire, develop and retain qualified sales personnel or if they are unable to achieve desired productivity levels, we may not be able to compete effectively.

If we or our solar partners cannot meet our hiring, retention and efficiency goals, we may be unable to complete homeowners' projects on time or manage homeowner accounts in an acceptable manner or at all. Any significant failures in this regard would materially impair our growth, reputation, business and financial results. If we are required to pay higher compensation than we anticipate, these greater expenses may also adversely impact our financial results and the growth of our business.

The loss of one or more members of our senior management or key employees may adversely affect our ability to implement our strategy.

We depend on our experienced management team, and the loss of one or more key executives could have a negative impact on our business. In particular, we are dependent on the services of our chief executive officer and co-founder, Lynn Jurich, and our Chairman and co-founder, Edward Fenster. We also depend on our ability to retain and motivate key employees and attract qualified new employees. Neither our founders nor our key employees are bound by employment agreements for any specific term, and we may be unable to replace key members of our management team and key employees in the event we lose their services. Integrating new employees into our management team could prove disruptive to our operations, require substantial resources and management attention and ultimately prove unsuccessful. We recently hired our Chief Financial Officer in March 2015, and it will take time for this executive officer to become fully integrated into his new role. An inability to attract and retain sufficient managerial personnel who have critical industry experience and relationships could limit or delay our strategic efforts, which could have a material adverse effect on our business, financial condition and results of operations.

We may not realize the anticipated benefits of past or future acquisitions, and integration of these acquisitions may disrupt our business and management.

We acquired MEC in February 2014. We may in the future acquire additional companies, project pipelines, products, or technologies or enter into joint ventures or other strategic initiatives. We may not realize the anticipated benefits of past or future acquisitions, and any acquisition has numerous risks that are not within our control. These risks include the following, among others:

- difficulty in assimilating the operations and personnel of the acquired company, especially given our unique culture;
- difficulty in effectively integrating the acquired technologies or products with our current products and technologies;

- difficulty in maintaining controls, procedures, and policies during the transition and integration;
- disruption of our ongoing business and distraction of our management and employees from other opportunities and challenges due to integration issues;
- difficulty integrating the acquired company's accounting, management information, and other administrative systems;
- inability to retain key technical and managerial personnel of the acquired business;
- inability to retain key customers, vendors, and other business partners of the acquired business;
- inability to achieve the financial and strategic goals for the acquired and combined businesses;
- incurring acquisition-related costs or amortization costs for acquired intangible assets that could impact our results of operations;
- significant post-acquisition investments which may lower the actual benefits realized through the acquisition;
- potential failure of the due diligence processes to identify significant issues with product quality, legal and financial liabilities, among other things;
- potential inability to assert that internal controls over financial reporting are effective; and
- potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities, which could delay or prevent such acquisitions.

Our failure to address these risks, or other problems encountered in connection with our past or future acquisitions, could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, incremental expenses or the write-off of goodwill, any of which could harm our financial condition or results of operations.

Mergers and acquisitions of companies are inherently risky, may not produce the anticipated benefits and could adversely affect our business, financial condition, or results of operations.

If we are unsuccessful in developing and maintaining our proprietary technology, including our BrightPath software, our ability to attract and retain solar partners could be impaired, our competitive position could be harmed and our revenue could be reduced.

Our future growth depends on our ability to continue to develop and maintain our proprietary technology that supports our solar service offerings, including our BrightPath software. In addition, we rely, and expect to continue to rely, on licensing agreements with certain third parties for aerial images that allow us to efficiently and effectively analyze a homeowner's rooftop for solar energy system specifications. In the event that our current or future products require features that we have not developed or licensed, or we lose the benefit of an existing license, we will be required to develop or obtain such technology through purchase, license or other arrangements. If the required technology is not available on commercially reasonable terms, or at all, we may incur additional expenses in an effort to internally develop the required technology. In addition, our BrightPath software was developed, in part, with U.S. federal government funding. When new technologies are developed with U.S. government funding, the government obtains certain rights in any resulting patents, including a nonexclusive license authorizing the government to use the invention for non-commercial purposes. These rights may permit the government to disclose our confidential information to third parties and to exercise "march-in" rights to use or allow third parties to use our patented technology. We are also subject to certain reporting and other obligations to the U.S. government in connection with funding for BrightPath. If we were unable to maintain our existing proprietary technology, our ability to attract and retain solar partners could be impaired, our competitive position could be harmed and our revenue could be reduced.

Our business may be harmed if we fail to properly protect our intellectual property, and we may also be required to defend against claims or indemnify others against claims that our intellectual property infringes on the intellectual property rights of third parties.

We believe that the success of our business depends in part on our proprietary technology, including our software, information, processes and know-how. We rely on copyright, trade secret and patent protections to secure our intellectual property rights. Although we may incur substantial costs in protecting our technology, we cannot be certain that we have adequately protected or will be able to adequately protect it, that our competitors will not be able to utilize our existing technology or develop similar technology independently, that the claims allowed with respect to any patents held by us will be broad enough to protect our technology or that foreign intellectual property laws will adequately protect our intellectual property rights. Moreover, we cannot be certain that our patents provide us with a competitive advantage. Despite our precautions, it may be possible for third parties to obtain and use our intellectual property without our consent. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business. In the future, some of our products could be alleged to infringe existing patents or other intellectual property of third parties, and we cannot be certain that we will prevail in any intellectual property dispute. In addition, any future litigation required to enforce our patents, to protect our trade secrets or know-how or to defend us or indemnify others against claimed infringement of the rights of third parties could harm our business, financial condition and results of operations.

The Office of the Inspector General of the U.S. Department of Treasury has issued subpoenas to a number of significant participants in the rooftop solar energy installation industry, including us. The subpoena we received requires us to deliver certain documents in our possession relating to our participation in the U.S. Treasury grant program. These documents are being delivered to the Office of the Inspector General of the U.S. Department of Treasury, which is investigating the administration and implementation of the U.S. Treasury grant program.

In July 2012, we and other companies that are significant participants in both the solar industry and the cash grant program under Section 1603 of the American Recovery and Reinvestment Act of 2009 received subpoenas from the U.S. Department of Treasury's Office of the Inspector General. Our subpoena requested, among other things, documents that relate to our applications for U.S. Treasury grants and communications with certain other solar service companies or certain firms that appraise solar energy property for U.S. Treasury grant application purposes. The Inspector General is working with the Civil Division of the U.S. Department of Justice to investigate the administration and implementation of the U.S. Treasury grant program, including possible misrepresentations concerning the fair market value of the solar power systems submitted for grant under that program made in grant applications by companies in the solar industry, including us. We are continuing to produce documents and testimony as requested by the Inspector General, and we intend to continue to cooperate fully with the Inspector General and the Department of Justice. We are not able to predict how long this review will be on-going. If, at the conclusion of the investigation, the Inspector General concludes that misrepresentations were made, the Department of Justice could decide to bring a civil action to recover amounts it believes were improperly paid to us. If it were successful in asserting this action, we could be required to pay damages and penalties for any funds received based on such misrepresentations (which, in turn, could require us to make indemnity payments to certain of our fund investors). Such consequences could have a material adverse effect on our business, liquidity, financial condition and prospects. Additionally, the period of time necessary to resolve the investigation is uncertain, and this matter could require significant management and financial resources that could otherwise be devoted to the operation of our business.

If the Internal Revenue Service or the U.S. Treasury Department makes determinations that the fair market value of our solar energy systems is materially lower than what we have claimed, we may have to pay significant amounts to our fund investors and our business, financial condition and prospects may be materially and adversely affected.

We and our fund investors claim the Commercial ITC or the U.S. Treasury grant in amounts based on the fair market value of our solar energy systems. We have obtained independent appraisals to determine the fair market values we report for claiming Commercial ITCs and U.S. Treasury grants. The IRS and the U.S. Treasury Department review these fair market values. With respect to U.S. Treasury grants, the U.S. Treasury Department reviews the reported fair market value in determining the amount initially awarded, and the IRS and the U.S. Treasury Department may also subsequently audit the fair market value and determine that amounts previously awarded must be repaid to the U.S. Treasury Department or that excess awards constitute taxable income for U.S. federal income tax purposes. With respect to Commercial ITCs, the IRS may review the fair market value on audit and determine that the tax credits previously claimed must be reduced. If the fair market value is determined in these circumstances to be less than we reported, we may owe our fund investors an amount equal to this difference, plus any costs and expenses associated with a challenge to that valuation. We could also be subject to tax liabilities, including interest and penalties. If the IRS or the U.S. Treasury Department further disagrees now or in the future with the amounts we reported regarding the fair market value of our solar energy systems, or if we receive an adverse outcome with respect to the Department of Treasury Inspector General investigation, it could have a material adverse effect on our business, financial condition and prospects. For example, a hypothetical five percent downward adjustment in the fair market value of the solar energy systems for which we have been awarded approximately $270.0 million in U.S. Department of Treasury grants since the beginning of the U.S. Treasury grant program through December 31, 2014, would obligate us to repay approximately $14 million to our fund investors. Two of our investment funds have been subject to audit by the IRS related to this issue. One of these audits has been closed with no adjustment. The other audit is still ongoing.

We are subject to legal proceedings, regulatory inquiries and litigation, and we may be named in additional legal proceedings, become involved in regulatory inquiries or be subject to litigation in the future, all of which are costly, distracting to our core business and could result in an unfavorable outcome, or a material adverse effect on our business, financial condition, results of operations, or the trading price for our securities.

We are involved in legal proceedings and receive inquiries from government and regulatory agencies, including the pending Treasury investigation discussed above and under “Business—Legal Proceedings.” In the event that we are involved in significant disputes or are the subject of a formal action by a regulatory agency, we could be exposed to costly and time consuming legal proceedings that could result in any number of outcomes. Although outcomes of such actions vary, any current or future claims or regulatory actions initiated by or against us, whether successful or not, could result in expensive costs, costly damage awards or settlement amounts, injunctive relief, increased costs of business, fines or orders to change certain business practices, significant dedication of management time, diversion of significant operational resources, or otherwise harm our business.

Further, we are currently involved in an ongoing consumer rights class action lawsuit, as well as a wage and hour class action. If we are not successful in these cases, we may be required to pay significant monetary damages, which could hurt our results of operations. Lawsuits are time-consuming and expensive to resolve and divert management’s time and attention. Although we carry general liability insurance, our insurance may not cover potential claims or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict how the courts will rule in the class action lawsuits or any other potential lawsuit against us. Decisions in favor of parties that bring lawsuits against us could subject us to significant liability for damages, adversely affect our results of operations and harm our reputation.

A failure to comply with laws and regulations relating to our interactions with current or prospective residential customers could result in negative publicity, claims, investigations, and litigation, and adversely affect our financial performance.

Our business involves transactions with homeowners. We must comply with numerous federal, state and local laws and regulations that govern matters relating to our interactions with homeowners, including those pertaining to privacy and data security, consumer financial and credit transactions, home improvement contracts, warranties and direct-to-home solicitation. These laws and regulations are dynamic and subject to potentially differing interpretations, and various federal, state and local legislative and regulatory bodies may expand current laws or regulations, or enact new laws and regulations, regarding these matters. Changes in these laws or regulations or their interpretation could dramatically affect how we do business, acquire customers, and manage and use information we collect from and about current and prospective customers and the costs associated therewith. We strive to comply with all applicable laws and regulations relating to our interactions with residential customers. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Our non-compliance with any such law or regulations could also expose us to claims, proceedings, litigation and investigations by private parties and regulatory authorities, as well as substantial fines and negative publicity, each of which may materially and adversely affect our business. We have incurred, and will continue to incur, significant expenses to comply with such laws and regulations, and increased regulation of matters relating to our interactions with residential customers could require us to modify our operations and incur significant additional expenses, which could have an adverse effect on our business, financial condition and results of operations.

Compliance with occupational safety and health requirements and best practices can be costly, and noncompliance with such requirements may result in potentially significant penalties, operational delays and adverse publicity.

The installation of solar energy systems requires our employees and employees of our solar partners to work with complicated and potentially dangerous electrical systems. The evaluation and installation of our energy-related products require these employees to work in locations that may contain potentially dangerous levels of asbestos, lead or mold or other substances. We also maintain large fleets of vehicles that these employees use in the course of their work. There is substantial risk of serious injury or death if proper safety procedures are not followed. Our operations are subject to regulation under the U.S. Occupational Safety and Health Act ("OSHA") and equivalent state laws. Changes to OSHA requirements, or stricter interpretation or enforcement of existing laws or regulations, could result in increased costs. If we fail to comply with applicable OSHA regulations, even if no work-related serious injury or death occurs, we may be subject to civil or criminal enforcement and be required to pay substantial penalties, incur significant capital expenditures, or suspend or limit operations. Any accidents, citations, violations, injuries or failure to comply with industry best practices may subject us to adverse publicity, damage our reputation and competitive position and adversely affect our business.

Rising interest rates will adversely impact our business.

Rising interest rates will increase our cost of capital. Our future success depends on our ability to raise capital from fund investors and obtain secured lending to help finance the deployment of our solar service offerings. Part of our business strategy is to seek to reduce our cost of capital through these arrangements to improve our margins, offset future reductions in government incentives and maintain the price competitiveness of our solar service offerings. Rising interest rates may have an adverse impact on our ability to offer attractive pricing on our solar service offerings to homeowners.

The majority of our cash flows to date have been from solar service offerings under customer agreements that have been monetized under various investment fund structures. One of the components of this monetization is the present value of the payment streams from homeowners who enter into these customer agreements. If the rate of return required by capital providers, including debt providers, rises as a result of a rise in interest rates, it will reduce the present value of the homeowner payment stream and consequently reduce the total value derived

from this monetization. Any measures that we could take to mitigate the impact of rising interest rates on our ability to secure third-party financing could ultimately have an adverse impact on the value proposition that we offer homeowners.

We are exposed to the credit risk of homeowners and payment delinquencies on our accounts receivable.

Our customer agreements are typically for 20 years and require the homeowner to make monthly payments to us. Accordingly, we are subject to the credit risk of homeowners. As of December 31, 2014, the average FICO score of our customers under a lease or power purchase agreement was approximately 760, but this may decline to the extent FICO score requirements under future investment funds are relaxed. While to date homeowner defaults have been immaterial, we expect that the risk of homeowner defaults may increase as we grow our business. Due to the immaterial amount of homeowner defaults to date, our reserve for this exposure is minimal, and our future exposure may exceed the amount of such reserves. If we experience increased homeowner credit defaults, our revenues and our ability to raise new investment funds could be adversely affected. If economic conditions worsen, certain of our homeowners may face liquidity concerns and may be unable to satisfy their payment obligations to us on a timely basis or at all, which could have a material adverse effect on our financial condition and results of operations.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members and officers.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the listing requirements of the NASDAQ Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. To maintain and improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm our business and results of operations. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future, which will increase our costs and expenses.

We use "open source" software in our solutions, which may require that we release the source code of certain software subject to open source licenses or subject us to possible litigation or other actions that could adversely affect our business.

We utilize software that is licensed under so-called "open source," "free" or other similar licenses. Open source software is made available to the general public on an "as-is" basis under the terms of a non-negotiable license. We currently combine our proprietary software with open source software but not in a manner that we believe requires the release of the source code of our proprietary software to the public. However, our use of open source software may entail greater risks than use of third-party commercial software. Open source licensors generally do not provide warranties or other contractual protections regarding infringement claims or the quality of the code. In addition, if we combine our proprietary software with open source software in a certain manner, we could, under certain open source licenses, be required to release the source code of our proprietary software to the public. This would allow our competitors to create similar offerings with lower development effort and time. We may also face claims alleging noncompliance with open source license terms or infringement or misappropriation of proprietary software. These claims could result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for

open source software that we use change, we may be forced to re-engineer our solutions, incur additional costs or discontinue the use of these solutions if re-engineering cannot be accomplished on a timely basis. Although we monitor our use of open source software to avoid subjecting our offerings to unintended conditions, few courts have interpreted open source licenses, and there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to use our proprietary software. We cannot guarantee that we have incorporated or will incorporate open source software in our software in a manner that will not subject us to liability or in a manner that is consistent with our current policies and procedures.

Any unauthorized disclosure or theft of personal information we gather, store and use could harm our reputation and subject us to claims or litigation.

We receive, store and use personal information of homeowners, including names, addresses, e-mail addresses, credit information and other housing and energy use information. Unauthorized disclosure of such personal information, whether through breach of our systems by an unauthorized party, employee theft or misuse, or otherwise, could harm our business. If we were subject to an inadvertent disclosure of such personal information, or if a third party were to gain unauthorized access to homeowners' personal information we possess, we could be subject to claims or litigation arising from damages suffered by homeowners. In addition, we could incur significant costs in complying with the multitude of federal, state and local laws regarding the unauthorized disclosure of personal information. Finally, any perceived or actual unauthorized disclosure of such information could harm our reputation, substantially impair our ability to attract and retain homeowners and have an adverse impact on our business.

Our management will not be required to evaluate the effectiveness of our internal control over financial reporting until the end of the fiscal year for which our second annual report is due. If we are unable to maintain effective internal control over financial reporting, investors may lose confidence in the accuracy of our financial reports.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting. Beginning with our second annual report following this offering, we will be required to provide a management report on internal control over financial reporting. When we are no longer an emerging growth company, our management report on internal control over financial reporting will need to be attested to by our independent registered public accounting firm. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

We may fail to maintain effective internal controls over financial reporting, in which case we may not detect errors on a timely basis and our financial statements may be materially misstated. In addition, we cannot guarantee that our internal control over financial reporting will prevent or detect all errors and fraud. The risk of errors is increased in light of the complexity of our business and investment funds. For example, we must deal with significant complexity in accounting for our fund structures and the resulting allocation of net income (loss) between our stockholders and noncontrolling interests under the hypothetical liquidation book value ("HLBV") method as well as the income tax consequences of these fund structures. As we enter into additional investment funds, which may have contractual provisions different from those of our existing funds, the analysis as to whether we consolidate these funds, the calculation under the HLBV method, and the analysis of the tax impact could become increasingly complicated. This additional complexity could require us to hire additional resources and increase the chance that we experience errors in the future.

In connection with the audits of our consolidated financial statements for the years ended December 31, 2013 and 2012, we identified material weaknesses in our internal control over financial reporting relating to certain aspects of our financial statement close process and our accounting for income taxes. A material

weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. These material weaknesses resulted from an aggregation of deficiencies.

The accounting policies associated with our investment funds are complex, which contributed to the material weaknesses in our internal control over financial reporting. For a certain fund arrangement, we initially characterized the transfer of legal title to certain solar energy systems and the associated prepaid cash flows as a sale as opposed to a lease pass-through arrangement. Additionally, our accrual for certain milestone payments was incomplete.

We incorrectly accounted for our deferred tax liabilities, prepaid tax asset and the related amortization as it related to income taxes incurred on intercompany transactions. The foregoing resulted in the restatement of our 2012 consolidated financial statements. In addition, deficiencies in the design and operation of our internal controls resulted in audit adjustments and delayed our financial statement close process for the years ended December 31, 2013 and 2012.

If we fail to maintain effective internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, which could cause the price of our common stock to decline. In addition, we could become subject to investigations by the NASDAQ Stock Market, the SEC or other regulatory authorities, which could require additional management attention and which could adversely affect our business.

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

As of December 31, 2014, we had U.S. federal net operating loss carryforwards of approximately $454.5 million and state net operating loss carryforwards of approximately $409.6 million, which begin expiring in varying amounts from 2028 through 2034 if unused. Under Sections 382 and 383 of the Code if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes, such as research tax credits, to offset its post-change income and taxes may be limited. In general, an "ownership change" occurs if there is a cumulative change in our ownership by "5% shareholders" that exceeds 50 percentage points over a rolling three-year period. Similar rules may apply under state tax laws. Any such limitations on our ability to use our net operating loss carryforwards and other tax assets could adversely impact our business, financial condition and results of operations.

Risks Related to Ownership of Our Common Stock and this Offering

Upon completion of this offering, our executive officers, directors and principal stockholders will continue to have substantial control over us, which will limit your ability to influence the outcome of important matters, including a change in control.

Upon completion of this offering, our executive officers, directors and each of our stockholders who beneficially own 5% or more of our outstanding common stock and their affiliates, in the aggregate, will beneficially own approximately % of the outstanding shares of our common stock, based on the number of shares outstanding as of , 2015. As a result, these stockholders, if acting together, will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. They may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying or preventing a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock and might ultimately affect the market price of our common stock.

An active trading market for our common stock may never develop or be sustained.

We intend to apply for the listing of our common stock on the NASDAQ Stock Market under the symbol "RUN." However, we cannot assure you that an active trading market for our common stock will develop on that exchange or elsewhere or, if developed, that any market will be sustained. Accordingly, we cannot assure you of the liquidity of any trading market, your ability to sell your shares of our common stock when desired or the prices that you may obtain for your shares of our common stock.

The market price of our common stock may be volatile, and you could lose all or part of your investment.

Prior to the completion of this offering, there has been no public market for shares of our common stock. The initial public offering price of our common stock will be determined through negotiation between us and the underwriters. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell shares of our common stock following this offering. In addition, the market price of our common stock following this offering is likely to be highly volatile, may be higher or lower than the initial public offering price of our common stock and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance.

Fluctuations in the market price of our common stock could cause you to lose all or part of your investment because you may not be able to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the market price of our common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of companies in our industry or companies that investors consider comparable;
- changes in operating performance and stock market valuations of other companies generally, or those in our industry in particular;
- sales of shares of our common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our results of operations;
- changes in tax and other incentives that we rely upon in order to raise tax equity investment funds;
- changes in the regulatory environment and utility policies and pricing, including those that could reduce the savings we are able to offer to customers;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations or principles;

- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

A total of , or %, of the outstanding shares of our capital stock after this offering will be restricted from immediate resale but may be sold in the near future. The large number of shares of our capital stock eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our common stock.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering, and the perception that these sales could occur may also depress the market price of our common stock. Based on shares of our capital stock outstanding as of , 2015, we will have shares of our capital stock outstanding after this offering. Our executive officers, directors and the holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our capital stock for 180 days following the date of this prospectus. As a result of these agreements, the provisions of our investors' rights agreement described further in the section titled "Description of Capital Stock—Registration Rights" and the provisions of Rule 144 or Rule 701 under the Securities Act, shares of our capital stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our common stock sold in this offering will be immediately available for sale in the public market; and
- beginning 180 days after the date of this prospectus, the remainder of the shares of our capital stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144 and our insider trading policy.

Following the expiration of the lock-up agreements referred to above, stockholders owning an aggregate of up to shares of our common stock can require us to register shares of our capital stock owned by them for public sale in the United States. In addition, we intend to file a registration statement to register approximately shares of our capital stock reserved for future issuance under our equity compensation plans. Upon effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods, the expiration or waiver of the market standoff agreements and lock-up agreements referred to above and applicable volume and restrictions that apply to affiliates, the shares of our capital stock issued upon exercise of outstanding options to purchase shares of our common stock will be available for immediate resale in the United States in the open market.

Future sales of our common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the market price of our common stock to decline and make it more difficult for you to sell shares of our common stock.

Anti-takeover provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors and therefore depress the trading price of our common stock.

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws include provisions:

- creating a classified board of directors whose members serve staggered three-year terms;
- authorizing "blank check" preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors; and
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents certain stockholders holding more than 15% of our outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding capital stock not held by such stockholder.

Any provision of our amended and restated certificate of incorporation, amended and restated bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our amended and restated bylaws will provide that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated bylaws, which will become effective prior to the completion of this offering, provide that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any of our directors, officers or other employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to the Delaware General Corporation Law or (iv) any action asserting a claim governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition.

Our management will have broad discretion over the use of proceeds and may apply the proceeds of this offering in ways that may not improve our operating results or increase the value of your investments.

We intend to use the net proceeds to us from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We cannot specify with certainty the particular uses of the net proceeds to us from this offering. Accordingly, our management will have considerable discretion in the

application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, is substantially higher than the pro forma net tangible book value per share of our outstanding capital stock upon the completion of this offering. Therefore, if you purchase shares of our common stock in this offering, you will incur immediate dilution of $ in the net tangible book value per share from the price you paid. In addition, investors purchasing shares of our common stock from us in this offering will have contributed % of the total consideration paid to us by all stockholders who purchased shares of our common stock, in exchange for acquiring approximately % of the outstanding shares of our common stock as of , 2015 after giving effect to this offering. The exercise of outstanding options to purchase shares of our common stock will result in further dilution.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market or our competitors, or if they adversely change their recommendations regarding our common stock, the market price of our common stock and trading volume could decline.

The market for our common stock will be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us adversely change their recommendations regarding our common stock, or provide more favorable recommendations about our competitors, the market price of our common stock would likely decline. If any of the analysts who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price of our common stock and trading volume to decline.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors may need to rely on sales of our common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of our common stock.

Additional stock issuances could result in significant dilution to our stockholders.

We may issue additional equity securities to raise capital, make acquisitions or for a variety of other purposes. Additional issuances of our stock may be made pursuant to the exercise or conversion of new or existing convertible debt securities, warrants, stock options or other equity incentive awards to new and existing service providers. Any such issuances will result in dilution to existing holders of our stock. We rely on equity-based compensation as an important tool in recruiting and retaining employees. The amount of dilution due to equity-based compensation of our employees and other additional issuances could be substantial.

As an emerging growth company within the meaning of the Securities Act, we will utilize certain modified disclosure requirements, and we cannot be certain if these reduced requirements will make our common stock less attractive to investors.

We are an emerging growth company, and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies.” These exemptions include not being required to have our

independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We have in this prospectus utilized, and we plan in future filings with the SEC to continue to utilize, the modified disclosure requirements available to emerging growth companies. As a result, our stockholders may not have access to certain information they may deem important.

We could remain an "emerging growth company" for up to five years following the anniversary of this offering, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenue reaches or exceeds $1.0 billion, (2) the date that we become a "large accelerated filer" as defined in the Exchange Act, which could occur as early as January 1, 2017 or (3) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the preceding three-year period.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our ability to finance solar energy systems through financing arrangements with fund or other investors;
- our ability to establish new investment funds;
- the impact that existing electric utility industry regulations, and changes to those regulations, may have on demand for the purchase and use of solar energy systems;
- our reliance on net metering and related policies to offer competitive pricing to our customers in some of our key markets;
- our dependence on the availability of rebates, tax credits and other financial incentives;
- our dependence on the regulatory treatment of third-party owned solar energy systems;
- determinations by the Internal Revenue Service or the U.S. Treasury Department of the fair market value of our solar energy systems;
- the retail price of utility-generated electricity or electricity from other energy sources;
- our ability to maintain an adequate rate of revenue growth;
- our business plan and our ability to effectively manage our growth;
- our ability to further penetrate existing markets and expand into new markets;
- our expectations concerning relationships with third parties, including the attraction and retention of qualified channel partners;
- the calculation of certain of our key financial metrics;
- the effects of increased competition in our market and our ability to compete effectively;
- the effects of seasonal trends on our operating results;
- the cost of solar panels and the residual value of solar panels after the expiration of our customer agreements;
- our ability to maintain, protect and enhance our brand and intellectual property; and
- our expected use of proceeds from this offering.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this prospectus.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" and elsewhere in this prospectus. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties

emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

MARKET AND INDUSTRY DATA

This prospectus contains estimates and information concerning our industry, including market size and growth rates of the markets in which we participate, that are based on industry publications and reports. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications and reports.

Certain information in the text of this prospectus is contained in independent industry publications. The source of these independent industry publications is provided below:

(1) U.S. Census Bureau, 2013 American Community Survey, September 2014

(2) Greentech Media, Inc. and Solar Energy Industries Association, Inc., U.S. Solar Market Insight Report Q2 2014, September 2014

(3) Advanced Energy Economy, Advanced Energy Now 2014 Market Report, February 2014

(4) U.S. Energy Information Administration, Annual Energy Outlook 2014 With Projections to 2040, April 2014

(5) U.S. Energy Information Administration, Electric Power Monthly with Data for December 2014, February 2015

(6) Greentech Media Research U.S. PV Leaderboard for Q4 2014

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment in full.

Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each one million increase or decrease in the number of shares of our common stock offered by us would increase or decrease, as applicable, the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us.

We intend to use the net proceeds to us from this offering for general corporate purposes, including working capital, operating expenses and capital expenditures. We cannot specify with certainty the particular uses of the net proceeds to us from this offering. Accordingly, we will have broad discretion in using these proceeds, provided that we comply with the terms and conditions contained in our revolving line of credit facility. Pending the use of proceeds to us from this offering as described above, we intend to invest the net proceeds from this offering in short-term and long-term interest-bearing obligations, including government and investment-grade debt securities and money market funds.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not expect to pay any dividends on our capital stock in the foreseeable future. Any future determination to declare dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that our board of directors may deem relevant. In addition, our revolving line of credit facility contains restrictions on payments of cash dividends.

CAPITALIZATION

The following table sets forth our cash and cash equivalents, as well as our capitalization, as of December 31, 2014 as follows:

- on an actual basis;
- on a pro forma basis, giving effect to the conversion of all outstanding shares of our convertible preferred stock into an aggregate of 54,840,767 shares of our common stock and the filing and effectiveness of our amended and restated certificate of incorporation in Delaware, as if such conversion and filing and effectiveness had occurred on December 31, 2014; and
- on a pro forma as adjusted basis, giving effect to the pro forma adjustments set forth above and the issuance and sale of shares of our common stock in this offering, based upon the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our consolidated financial statements and related notes, and the sections titled "Selected Consolidated Financial and Other Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" that are included elsewhere in this prospectus.

	As of December 31, 2014		
(In thousands, except per share amounts)	**Actual**	**Pro Forma**	**Pro Forma as Adjusted(1)**
Cash and cash equivalents	$ 152,154	$	$
Total debt and capital lease obligations	246,605		
Redeemable noncontrolling interest in subsidiaries	135,948		
Stockholders' equity:			
Convertible preferred stock, par value $0.0001 per share: 57,028 shares authorized, 54,841 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	5		
Common stock, par value $0.0001 per share: 119,547 shares authorized, 24,249 shares issued and outstanding, actual; shares authorized, shares issued and outstanding, pro forma and shares authorized, shares issued and outstanding, pro forma as adjusted	2		
Additional paid-in capital	383,860		
Accumulated deficit	(58,850)		
Total stockholders' equity	325,017		
Noncontrolling interests in subsidiaries	91,755		
Total capitalization	$ 799,325	$	$

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, our cash and cash equivalents, additional paid-in capital, and total stockholders' equity by approximately $ million, assuming the number of shares of our common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each one million increase or

decrease in the number of shares of our common stock offered by us would increase or decrease, as applicable, our cash and cash equivalents, additional paid-in capital, and total stockholders' equity by approximately $ million, assuming the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us.

If the underwriters exercise their over-allotment option in full, pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity, total capitalization and shares outstanding as of December 31, 2014, would be $ million, $ million, $ million, $ million and , respectively.

See the section titled "Prospectus Summary—The Offering" for a description of the shares of our capital stock that are or are not reflected as outstanding shares on a pro forma basis in the table above.

DILUTION

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

Our pro forma net tangible book value as of December 31, 2014 was $ million, or $ per share. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of December 31, 2014, after giving effect to the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 54,840,767 shares of our common stock, which conversion will occur immediately prior to the completion of this offering.

After giving effect to the sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2014 would have been $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to investors purchasing shares of our common stock in this offering. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of December 31, 2014	$	
Increase in pro forma net tangible book value per share attributable to investors purchasing shares of our common stock in this offering		
Pro forma as adjusted net tangible book value per share of our common stock immediately after the completion of this offering		$
Dilution in pro forma as adjusted net tangible book value per share to investors purchasing shares of our common stock in this offering		$

If the underwriters exercise their over-allotment option in full, the pro forma as adjusted net tangible book value per share of our common stock immediately after the completion of this offering would be $ per share, and the dilution in pro forma net tangible book value per share to investors purchasing shares of our common stock in this offering would be $ per share.

The following table presents, as of December 31, 2014, after giving effect to (i) the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 54,840,767 shares of our common stock, which conversion will occur immediately prior to the completion of this offering, and (ii) the sale of shares of our common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, the difference between the existing stockholders and the investors purchasing shares of our common stock in this offering with respect to the number of shares of our common stock purchased from us, the total consideration paid or to be paid to us, and the average price per share paid or to be paid to us, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
Investors purchasing shares of our common stock in this offering					
Totals		100%	$	100%	

Except as otherwise indicated, the above discussion and tables assume no exercise of the underwriters' over-allotment option. If the underwriters exercise their over-allotment option in full, our existing stockholders would own % and the investors purchasing shares of our common stock in this offering would own % of the total number of shares of our common stock outstanding immediately after completion of this offering.

See the section titled "Prospectus Summary—The Offering" for a description of the shares of our capital stock that are or are not reflected as outstanding shares on a pro forma basis in the table and discussion above.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following selected consolidated statement of operations data for the years ended December 31, 2013 and 2014 and selected consolidated balance sheet data as of December 31, 2013 and 2014 have been derived from our audited financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following selected financial and other data in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included elsewhere in this prospectus. See also the consolidated financial statements of MEC, which we acquired in February 2014, as well as the pro forma information contained elsewhere in this prospectus.

	Year Ended December 31,	
	2013	2014
	(In thousands, except per share data)	
Consolidated Statement of Operations Data:		
Revenue:		
Operating leases and incentives	$ 54,740	$ 84,006
Solar energy systems and product sales	—	114,551
Total revenue	54,740	198,557
Operating expenses:		
Cost of operating leases and incentives	43,088	72,898
Cost of solar energy systems and product sales	—	100,802
Sales and marketing	22,395	78,723
Research and development	9,984	8,386
General and administrative	33,242	68,098
Amortization of intangible assets	—	2,269
Total operating expenses	108,709	331,176
Loss from operations	(53,969)	(132,619)
Interest expense	11,752	27,521
Loss on early extinguishment of debt	—	4,350
Other expenses	365	3,043
Loss before income taxes	(66,086)	(167,533)
Income tax expense (benefit)	2,508	(4,980)
Net loss	(68,594)	(162,553)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interest	(64,294)	(86,638)
Net loss attributable to common stockholders	(4,300)	(75,915)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.44)	$ (3.33)
Weighted average shares used in computing net income loss per share attributable to common stockholders, basic and diluted	$ 9,780	$ 22,795
Pro forma net loss per share attributable to common stockholders, basic and diluted(1)	$	$
Weighted average shares used in computing pro forma net income (loss) per share attributable to common stockholders, basic and diluted(1)		

(1) Pro forma net loss per share attributable to common stockholders, basic and diluted, as well as weighted average shares used in computing pro forma net loss per share attributable to common stockholders, give effect to the conversion of our convertible preferred stock into an aggregate of 54,840,767 shares of our common stock as of the beginning of the applicable period.

	December 31,	
	2013	2014
	(In thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 99,699	$ 152,154
Solar energy systems, net	1,080,996	1,484,251
Total assets	1,330,584	1,935,785
Long-term debt, current portion	2,214	2,602
Line of credit	24,000	48,597
Long-term debt, less current portion	141,546	188,052
Redeemable noncontrolling interests	109,665	135,948
Total equity	227,927	416,772

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section titled "Selected Consolidated Financial and Other Data" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. Factors that could cause or contribute to such differences include those identified below and those discussed in the section titled "Risk Factors" included elsewhere in this prospectus.

Overview

We provide clean, solar energy to homeowners at a significant savings compared to traditional utility energy. We have been selling solar energy to residential customers through a variety of offerings since we were founded in 2007. We, either directly or through one of our solar partners, install a solar energy system on a customer's home and either sell the system to the homeowner or, as is more often the case, sell the energy generated by the system to the homeowner pursuant to a lease or power purchase agreement ("PPA") with no or low upfront costs. We refer to these leases and PPAs as "customer agreements." Following installation, a system is interconnected to the local utility grid. The home's energy usage is provided by the solar energy system, with any additional energy needs provided by the local utility. Through the use of a bi-directional utility meter, any excess solar energy that is not immediately used by the homeowner is exported to the utility grid, and the homeowner receives a credit for the excess energy from their utility to offset future usage of utility-generated energy.

Until 2014, we provided our solar service offerings primarily through our partner channel and relied on our partners to sell and install systems for our customers. In February 2014, we purchased the residential sales and installation business of Mainstream Energy Corporation, as well as its fulfillment business, AEE Solar, and its racking business, SnapNrack. We refer to these businesses collectively as "MEC." Following the MEC acquisition, we began offering our solar energy products both directly to the homeowner and through our solar partners, which include sales and installation partners, and strategic partners, which include retail partners. In addition, we sell solar energy panels and other products to resellers through AEE and SnapNrack. We offer our solar energy service to customers in 13 states and sell solar energy panels and other products to resellers throughout the United States.

We compete mainly with traditional utilities. In the markets we serve, our strategy is to price the energy we sell below prevailing retail electricity rates. As a result, the price our customers pay to buy energy from us varies depending on the state where the customer lives and the local traditional utility that otherwise provides electricity to the customer as well as the prices other solar energy companies charge in that region. Even within the same neighborhood, site-specific characteristics drive meaningful variability in the revenue and cost profiles of each home. Using our proprietary technology, we target homes with advantageous revenue and cost characteristics, which means we are often able to offer pricing that allows customers to save more on their energy bill while maintaining our ability to meet our targeted returns. For example, with the insights provided by our technology, we can offer competitive pricing to customers with homes that have favorable characteristics, such as roofs that allow for easy installation, high electricity consumption, or low shading, effectively passing through the cost savings we are able to achieve on these installations to the homeowner.

Our ability to offer customer agreements depends in part on our ability to finance the purchase and installation of the solar energy systems by monetizing the resulting customer cash flows and related investment tax credits ("ITCs"), accelerated tax depreciation and other incentives from governments and local utilities. We monetize these incentives under tax equity investment funds which are generally structured as non-recourse project financings. Since inception, we have established 19 investment funds, which represent financing for an estimated $2.8 billion in value of solar energy systems on a cumulative basis. We intend to establish additional investment funds and may also use debt and other financing strategies to fund our growth.

Investment Funds

Our customer agreements provide for recurring customer payments, typically over 20 years, and the related solar energy systems are generally eligible for ITCs, accelerated tax depreciation and other government or utility incentives. Our financing strategy is to monetize these benefits at a low weighted-average cost of capital. This low cost of capital enables us to offer attractive pricing to our customers for the energy generated by the solar energy system on their homes. Historically, we have monetized a portion of the value created by our customer agreements and the related solar energy systems through investment funds. These assets are attractive to fund investors due to the long-term, recurring nature of the cash flows generated by our customer agreements, the high credit scores of our customers, the fact that energy is a non-discretionary good and our low loss rates. As of December 31, 2014, our average customer under a lease or PPA had a FICO score of over 760 and we had collected approximately 99% of cumulative billings due from customers. In addition, fund investors can receive attractive after-tax returns from our investment funds due to their ability to utilize ITCs, accelerated depreciation and certain government or utility incentives associated with the funds' ownership of solar energy systems.

Since inception, we have formed 19 investment funds. Of these 19 funds, 14 are currently still active and are described below. We have established different types of investment funds to implement our asset monetization strategy. Depending on the nature of the investment fund, cash may be contributed to the investment fund by the investor upfront or in stages based on milestones associated with the design, construction or interconnection status of the solar energy systems. The cash contributed by the fund investor is used by the investment fund to purchase solar energy systems. The investment funds either own or enter into a master lease with a Sunrun subsidiary for the solar energy systems, customer agreements and associated incentives. We receive on-going cash distributions from the investment funds representing a portion of the monthly customer payments received. We use the upfront cash as well as on-going distributions to cover our costs associated with purchasing and installing the solar energy systems. In addition, we also use debt, equity and other financing strategies to fund our operations. The allocation of the economic benefits between us and the fund investor and the corresponding accounting treatment varies depending on the structure of the investment fund.

We currently utilize three legal structures in our investment funds, which we refer to as: (i) lease pass-throughs, (ii) partnership flips and (iii) joint venture ("JV") inverted leases. We reflect lease pass-through arrangements on our consolidated balance sheet as a lease pass-through financing obligation. We record the investor's interest in partnership flips or JV inverted leases (which we define collectively as consolidated joint ventures) as noncontrolling interests or redeemable noncontrolling interests. These consolidated joint ventures are usually redeemable at our option and, in certain cases, at the investor's option. If redemption is at our option or the consolidated joint ventures are not redeemable, we record the investor's interest as a noncontrolling interest and account for the interest using the hypothetical liquidation at book value ("HLBV") method. If the investor has the option to put their interest to us, we book the investor's interest as redeemable noncontrolling interest at the greater of the HLBV and the redemption value. As of December 31, 2014, one JV inverted lease is not redeemable and is accounted for using a pro rata income allocation.

The table below provides an overview of our current investment funds:

		Consolidated Joint Ventures		
	Lease Pass-Through	Partnership Flip	JV Inverted Lease	
Consolidation	Owner entity consolidated, tenant entity not consolidated	Single entity, consolidated	Owner and tenant entities consolidated	Owner and tenant entities consolidated
Balance sheet classification	Lease pass-through financing obligation	Noncontrolling interest	Redeemable noncontrolling interest	Noncontrolling interest
Method of calculating investor interest	Effective interest rate method	HLBV	Greater of HLBV or redemption value	Pro rata
Liability as of December 31, 2014	$185.4 million	N/A	N/A	N/A
Noncontrolling interest balance (redeemable or otherwise) as of December 31, 2014	N/A	$85.8 million	$135.9 million	$6.0 million
Number of funds (as of December 31, 2014)	4	5	4	1
MW deployed (as of December 31, 2014)	84.0	83.6	126.3	20.7

Lease Pass-Through

In this investment fund structure, the investors make a series of large up-front payments as well as, in some instances, subsequent smaller quarterly lease payments to one of our subsidiaries in exchange for the assignment of cash flows from customer agreements and certain other benefits associated with the customer agreements and related solar energy systems. We account for the payments from investors as borrowings by recording the proceeds received as lease pass-through financing obligations. The financing obligation is typically reduced by recurring customer payments received under the customer agreements assigned to the funds, and if applicable, any U.S. Treasury grants, the fair value of the ITCs monetized, and proceeds from the contracted resale of assigned solar renewable energy certificates ("SRECs") as they are received by the investor over the term of the assignment agreement, approximately 20 years. We account for these investment funds in our consolidated financial statements as if we are the lessor in the arrangement with the customer, and we record on our consolidated financial statements activities arising from the customer agreements and any related U.S. Treasury grants, ITCs, incentive rebates, and SREC sales. The interest charge on our lease pass-through financing obligations is imputed at the inception of the fund based on the effective interest rate in the arrangement giving rise to the obligation and is updated prospectively as appropriate.

Consolidated Joint Ventures

Partnership Flips. Under partnership flip structures, we and our fund investors contribute cash into a partnership entity. The partnership uses the cash to acquire solar energy systems developed by us and sells or leases the energy produced under customer agreements. Each fund investor receives a minimum target rate of return, typically on an after-tax basis, which varies by investment fund. Prior to the fund investor receiving its minimum target rate of return, the fund investor receives the majority of the value attributable to customer payments and accelerated tax depreciation, and substantially all of the ITCs. Once the fund investor has received its minimum target rate of return, we receive substantially all of the value attributable to the remaining customer payments and other incentives. In this format, in part owing to the allocation of depreciation benefits to the investor, the investor's pre-tax return is much lower than the investor's after-tax return.

Under our partnership flip structure, we have determined that we control the variable interest entity ("VIE"), and accordingly we consolidate the entity and book the investor's interest as a noncontrolling interest.

Inverted Leases. Under our inverted lease structure, we and the fund investor set up a multi-tiered investment vehicle that is comprised of two partnership entities which facilitate the pass through of the tax benefits to the fund investors. In this structure we contribute solar energy systems to an "owner" partnership

entity in exchange for interests in the owner partnership and the fund investors contribute cash to a "tenant" partnership in exchange for interests in the tenant partnership, which in turn makes an investment in the owner partnership entity in exchange for interests in the owner partnership. The owner partnership uses the cash contributions received from the tenant partnership to purchase systems from us and/or fund installation of such systems. The owner partnership leases the contributed solar energy systems to the tenant partnership under a master lease, and the tenant partnership pays the owner partnership rent for those systems both upfront and on an ongoing basis. The tenant partnership sells energy from the solar energy systems to customers pursuant to the terms of the applicable customer agreements. Customer payments made to the tenant partnership are used to pay expenses (including fees to us), make master lease rent payments and pay preferred return distributions to the fund investor. The owner partnership distributes cash to us and the tenant partnership. As the tenant partnership is an investor in the owner partnership, this allows the fund investors to receive a portion of the accelerated tax depreciation and operating losses associated with the ownership of the assets. In this format, in part owing to the allocation of depreciation benefits to the investor, the investor's pre-tax return is much lower than the investor's after-tax return. Under our existing JV inverted lease structure, a substantial portion of the value generated by the solar energy systems is provided to the fund investor for a specified period of time, which is generally based upon the period of time corresponding to the expiry of the recapture period associated with the ITCs. After that point in time, we receive substantially all of the value attributable to the long-term recurring customer payments and the other incentives.

Under our JV inverted lease structure, we have determined that we control the VIE, and accordingly we consolidate the entity and book the investor's interest as a noncontrolling interest or redeemable noncontrolling interest. For all of our JV inverted leases, the redeemable noncontrolling interest is carried on our balance sheet at the greater of the redemption value and the amount that, if its assets were hypothetically sold at their book value, the partnership or we would be required to pay the investor, according to the liquidation waterfall of the entity pursuant to the agreement with the fund investor. We also have one JV inverted lease fund whereby we have a pro rata interest in the entity and we account for the noncontrolling interest's share of income on a pro rata basis. Accordingly, the noncontrolling interest of this fund is carried on our balance sheet at the cumulative amount of capital contributions, reduced by cumulative distributions paid to the investor, as well as the pro rata share of their income. For further information, see the section entitled "Components of Statements of Operations—Net Loss attributable to common stockholders."

For further information regarding our investment funds, including the associated risks, see "Risk Factors—Our ability to provide our solar service offerings to homeowners on an economically viable basis depends in part on our ability to finance these systems with fund investors who seek particular tax and other benefits" and Note 14 to our consolidated financial statements appearing elsewhere in this prospectus.

Key Operating Metrics

We regularly review a number of metrics, including the following key operating metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. Some of our key operating metrics are estimates. These estimates are based on our management's beliefs and assumptions and on information currently available to management. Although we believe that we have a reasonable basis for each of these estimates, we caution you that these estimates are based on a combination of assumptions that may prove to be inaccurate over time. Such inaccuracies could be material, particularly given that the estimates relate to cash flows up to 30 years in the future. Underperformance of the solar energy systems, payment defaults by our homeowners, cancellations of signed contracts, system transfers, competition from other distributed solar energy companies, development in the distributed solar energy market and the energy market more broadly, technical innovation, macroeconomic conditions, developments in the regulatory environment, government incentives or other factors described under the section of this prospectus captioned "Risk Factors" could cause our actual results to differ materially from our calculations. Furthermore, other companies may calculate these metrics differently than we do now or in the future, which would reduce their usefulness as a comparative measure.

Megawatts Deployed and Cumulative Megawatts Deployed

We track the electricity-generating capacity of our solar energy systems as measured in megawatts. Because the size of solar energy systems varies greatly due to roof design, sun exposure and other factors, we believe that tracking the aggregate megawatt production capacity of the systems is an indicator of the growth rate of our residential solar service. We track megawatts deployed in a given period as an indicator of asset growth in the period. We track cumulative megawatts deployed as of the end of a given period as an indicator of our historical growth.

Megawatts deployed represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to customer agreements, for which we have (i) confirmation that the systems are installed on the roof, subject to final inspection, or (ii) in the case of certain system installations by our partners, accrued at least 80% of the expected project cost.

The following sets forth the megawatt production capacity of solar energy systems we have deployed during the period presented and the cumulative megawatts deployed from inception to the end of each period presented:

	For the Year Ended December 31,	
	2013(1)	2014(1)
Megawatts deployed	80	133
Cumulative megawatts deployed (end of period)	264	397

(1) Pro forma for the full periods presented for MEC, which we acquired in February 2014.

Customers

We track the number of customers with solar energy systems that are installed or are under contract to install, net of cancellations.

	As of December 31,	
	2013(1)	2014(1)
Customers	48,998	73,113

(1) Pro forma for the full periods presented for MEC, which we acquired in February 2014.

Estimated Nominal Contracted Payments Remaining

Our customer agreements, which consist of leases and PPAs, create recurring customer payments over the term of the customer agreement, typically 20 years. We refer to these payment obligations as “estimated nominal contracted payments remaining.” As of December 31, 2014, we had $1.6 billion in estimated nominal contracted payments remaining.

We track the estimated nominal contracted payments remaining as of specified dates. Estimated nominal contracted payments remaining equals the sum of the remaining cash payments that our customers are expected to pay over the terms of their agreements with us, including estimated uncollected prepayments, for systems contracted as of the measurement date. Estimated nominal contracted payments remaining do not reflect potential customer losses, which to date have been insignificant. For a PPA, we multiply the contract price per kilowatt-hour by the estimated annual energy output of the associated solar energy system to determine the estimated nominal contracted payments. For a lease, we include the monthly fees and upfront fee, if any, as set forth in the lease. The estimated nominal contracted payments remaining for a particular PPA or lease decline as the payments are made. Estimated nominal contracted payments include value attributable to customer agreements

that are owned by our investment funds. Fund investors have contractual rights to a portion of these nominal contracted payments.

Estimated nominal contracted payments remaining is a forward-looking number, and we use judgment in developing the assumptions used to calculate it. For a PPA, the primary assumption in the calculation is the annual energy output of the associated solar energy systems, which is estimated based on typical annual sun hours given the system's location, nameplate production capacity of the system, and estimated declines in the solar equipment productivity over the life of the system. Those assumptions may not prove to be accurate over time.

The following table sets forth, with respect to our long-term customer agreements, the estimated nominal contracted payments remaining as of the end of each period presented (in thousands):

	As of December 31,	
	2013	2014
Estimated nominal contracted payments remaining	$ 995,455	$1,596,615

The estimated nominal contracted payments remaining metric does not factor in renewal or sale of the solar energy system at the end of the initial 20-year term of the customer agreement. Our solar energy systems have a useful life in excess of 20 years. At the end of the original contract term, customers have the option to renew the contract at a then-determined price, purchase the system or have us remove the system. The solar energy systems will already be installed on the customer's home, which we believe will facilitate customer acceptance of our renewal or purchase offer and result in limited additional costs to us.

Estimated Retained Value

Estimated retained value represents the cash flows, discounted at 6% that we expect to receive from homeowners pursuant to customer agreements, net of estimated cash distributions to investors in consolidated joint ventures and estimated operating expenses for systems contracted as of the measurement date. In calculating estimated retained value, we do not deduct customer payments we are obligated to pass through to investors in lease pass-throughs. These amounts are reflected on our balance sheet as long-term and short-term lease pass-through obligations, similar to the way that debt obligations are presented. In determining our financing strategy, we use lease pass-throughs and long-term debt in an equivalent fashion. The longer tenor, pre-tax cost of capital and accounting methodology associated with our lease pass-throughs are more similar to debt than consolidated joint venture funds. Consistent with industry convention, the calculation of estimated retained value assumes that homeowners renew their customer agreements at a rate of 90% of the customer's contractual price in effect at the time of renewal. The following table sets forth our estimated retained value as of the end of each period presented:

	Year Ended December 31,	
	2013	2014
	(In thousands)	
Estimated retained value	$ 605,423	$1,000,064

Estimated retained value is defined as the net present value, discounted at 6%, of estimated nominal contracted payments remaining plus contracted SRECs net of estimated cash payments we believe we will be obligated to distribute to tax equity investors, and estimated expenses. All such estimated expenses associated with the operations, maintenance, and administrative activities of the solar energy systems are subtracted for the purpose of calculating estimated retained value. These expenses vary by investment fund based on the requirements of the particular fund and are estimated as a cost per kilowatt. Based on third-party engineering data, we currently estimate these expenses start at $10.00 per kilowatt for prepaid customer agreements and $23.00 per kilowatt for monthly customer agreements during the initial contract term, both escalated at 2.5%

annually. During the assumed renewal period, these expenses are estimated to have started at $23.00 per kilowatt, escalated at 2.5% annually. We also include the replacement cost of inverters, which have a 10 to 25-year warranty, using the latest available cost estimates. Our other costs and exposure related to this equipment is assumed to be covered by the applicable product's warranty and our channel partner warranties. Expected distributions to fund investors vary between the different investment funds and are based on individual investment fund contract provisions. For investment funds subject to HLBV accounting (i.e., partnerships flips and most inverted lease transactions), we deduct all estimated future cash distributions to fund investors. For funds not subject to HLBV accounting (e.g., lease pass-throughs), we include all cash flows arising from the fund in estimated retained value, as the amount associated with future liability to investment fund investors is reflected on our balance sheet. Our lease pass-through financing obligation was $77.3 million and $185.4 million as of December 31, 2013 and December 31, 2014, respectively. These distributions to fund investors are estimated based on contracted rates, expected sun hours, and the production capacity of the solar equipment installed.

Estimated retained value per watt is calculated by dividing the estimated retained value as of the measurement date by the aggregate nameplate capacity of solar energy systems under customer agreements as of such date.

	As of December 31,	
	2013	2014
Estimated retained value per watt	$ 2.44	$ 2.40

We have chosen to initially introduce our solar energy systems in states where utility rates, climate conditions and regulatory policies provide for the most compelling market for distributed solar energy. Although we believe that there are many strategic and economic opportunities in other markets for us, estimated retained value per watt may decrease over time to the extent conditions in new or existing markets become less attractive.

All our customer agreements include a purchase option for the homeowner at the end of the initially contracted term at fair market value, which is typically determined at the time of the expiration of the initial contracted term. We believe the fair market value of a solar energy system upon the date of such purchase option approximates the present value of cash flows the system would be expected to produce during its remaining useful life.

Because all of our customers are still within the initially contracted term of their customer agreements, we cannot know for certain whether it is more likely that customers will renew their lease, purchase their system, or request system removal. In the absence of such data, we assume it is more likely than not that customers will exercise their purchase option, and therefore for depreciation purposes have determined that the useful life of the solar energy system is the initial contractual term. As such, we depreciate our solar energy systems ratably over the useful life to us, generally 20 years, to a residual value, which is estimated to be the fair market value of the system at expiration of the initial term.

However, for purposes of our estimated retained value metric, we estimate the retained value of our systems using the established industry convention, which assumes substantially all customers renew their customer agreements for 10 years at an assumed rate that equals 90% of the customer's contractual rate in effect at the time of renewal. Because the fair market value purchase price of a solar energy system at the end of the initially contracted term should approximate the renewal value to us of that system, we do not believe an assumption of either renewal or customer purchase creates a meaningful difference in the expected value of a customer.

Estimated retained value and estimated retained value per watt are reporting metrics forecasted as of specified dates. They are forward-looking numbers, and we use judgment in developing the assumptions used to calculate them. Those assumptions may not prove to be accurate over time.

We consider a discount rate of 6% to be appropriate based on recent market transactions that demonstrate that a portfolio of residential solar homeowner contracts is an asset class that can be securitized successfully on a long term basis, with a coupon of less than 5%. The table below provides a range of estimated retained value amounts if different discount rate assumptions were used:

Renewal rate	Discount Rate		
	4%	6%	8%
		(In thousands)	
80%	$ 1,234,364	$ 955,519	$ 761,695
90%	1,303,230	1,000,064	790,860
100%	1,372,097	1,044,608	820,025

Estimated retained value and estimated retained value per watt amounts do not consider the impact of other events that could adversely affect the cash flows generated by the solar energy system during the contract term and anticipated renewal period. These events could include, but are not limited to, non-payment of obligated amounts by the homeowner, declines in utility rates for residential electricity or early contract termination by the homeowner as a result of the homeowner purchasing the solar energy system in connection with the sale of the home on which the solar energy system is installed. As of December 31, 2014, we had collected approximately 99% of cumulative billings due from customers. In addition, losses associated with early contract terminations have been immaterial to our business.

Factors Affecting Our Performance

Availability of Capital

Our future success depends on our ability to raise capital from third parties on competitive terms to help finance the deployment of our residential solar energy systems. To date, we have relied heavily on tax equity funding to grow our business and have successfully raised 19 investment funds, which represent financing for an estimated $2.8 billion in value of solar energy systems on a cumulative basis. However, there have been a limited number of potential investment fund investors, due in part to the illiquid nature of these investments and in part to the limited number of investors who are able to utilize the tax benefits generated by these investment funds. The principal tax credit in which fund investors in our industry rely is the Commercial ITC. By statute, the ITC is scheduled to decrease to 10% from 30% of the fair market value of a solar energy system on January 1, 2017. As a result, the amounts that fund investors are willing to invest in the future could decrease or we may be required to provide a larger allocation of customer payments to investors in future funds as a result of this scheduled decrease. For certain of our investment funds, we are contractually required under certain circumstances to make payments to fund investors so that they receive value equivalent to the tax benefits they expected to receive when entering into such funds. For additional information regarding our investment funds, see "—Investment Funds." In addition, with certain funds, we contribute a portion of the cash that is used to acquire solar energy systems. We intend to establish additional investment funds and to use debt, equity or other financing strategies to fund our operations, including our obligations to make contributions to investment funds. Such other financing strategies may increase our cost of capital.

Investments in Our Growth

A key component of our growth strategy is to continue to invest in our platform and develop or expand our relationships with both solar partners and strategic partners. For example, we invested heavily in building our direct-to-consumer capabilities in 2014 after our acquisition of MEC. As a result of the acquisition, our number of employees increased from less than 300 to nearly 1,000. Following the acquisition, we have continued to significantly invest in our direct-to-consumer capabilities. These investments included significantly increasing our installation capacity through the opening of new branches, increasing our hiring in construction and in associated management personnel, and increasing brand and sales and marketing expenses. We have also had to significantly expand our internal controls, procedures and policies to operate this new, direct-to-consumer

business. We will continue to make significant investments to drive growth in the future. If these investments do not result in anticipated growth or if we are unable to effectively manage and operate our direct-to-consumer business, our business and results of operations will be harmed. In addition, we are continuing to invest resources in marketing and branding, expanding the technological capabilities of our platform and related infrastructure, and establishing strategic relationships with large retailers and other third parties to generate new customers. These investments have caused and may continue to cause significant variance in our per unit margins and total operating results. If we are unable to reduce our cost structure in the future, we may not be able to achieve profitability, which could have a material adverse effect on our business and prospects. We also continue to invest in identifying and attracting new solar partners to our network and maintaining relationships with existing solar partners. Negotiating relationships with our partners, investing in due diligence efforts before entering into such partner relationships, training such partners and monitoring them for compliance with our standards requires significant time and resources. If we are unsuccessful in establishing or maintaining our relationships with these third parties, our ability to grow our business and our brand recognition could be impaired. Even if we are able to establish and maintain these relationships, we may not be able to execute on our goal of leveraging these relationships to meaningfully expand our business, brand recognition and customer base. This would limit our growth potential and our opportunities to generate significant additional revenue and cash flow.

Government Incentives and Regulation

Our cost of capital, the price we can charge for electricity, the cost of our systems and the demand for residential solar energy is impacted by a number of federal, state and local government incentives and regulations, including tax credits, particularly the ITC, tax abatements, rebate programs and net metering policies. These programs have been challenged from time to time by utilities, governmental authorities and others. As discussed above, the ITC is scheduled to decrease and other incentives may decrease in the future. A reduction in such incentives could adversely affect our results of operations, cost of capital and growth prospects. In addition, we have received U.S. Treasury grants with respect to some of the solar energy systems that we have installed in the past, and like others in our industry, we are subject to an investigation by the U.S. Treasury Department in relation to our applications for these cash grants. See the section titled “Business—Government Regulations and Incentives.”

Although we are not regulated as a utility, federal, state, and local government statutes and regulations concerning electricity heavily influence the market for our products and services. These statutes and regulations often relate to electricity pricing, net metering, incentives, taxation, competition with utilities, and the interconnection of customer-owned electricity generation. In the United States, governments continuously modify these statutes and regulations. Governments, often acting through state utility or public service commissions, change and adopt different rates for residential customers on a regular basis, and these changes can have a negative impact on our ability to deliver savings to customers.

Cost of Solar Energy Systems

The declining cost of solar panels and the raw materials necessary to manufacture them has been a key driver in the pricing of our solar service offerings and customer adoption of solar energy. While historically the prices of solar panels and raw materials have declined, we do not expect significant future declines, and prices for these items could increase in the future due to a variety of factors, including trade barriers, export regulations, regulatory or contractual limitations, industry market requirements and changes in technology and industry standards. In the past, we and our solar partners purchased a significant portion of the solar panels and other components used in our solar service offerings from manufacturers based in China. The U.S. government has imposed antidumping and countervailing duties on solar cells manufactured in China. Any increase in the cost of solar panels, other components of solar energy systems and raw materials would increase the costs of our solar service offerings, and could reduce our ability to offer compelling pricing to homeowners, slow our growth and cause our financial results to suffer.

Expansion into New Markets

We currently sell solar energy to residential customers in 13 states. We have focused on these states because the utility-generated energy prices, sun exposure, climate conditions, regulatory policies, and government incentives in these states provide the most compelling market for distributed solar energy. We believe that these states remain significantly underpenetrated, and we intend to further penetrate these markets by investing, marketing and expanding our reach within these states. We also plan to expand into new states that present attractive economics for us and homeowners. These economics will be driven by all of the foregoing factors as well as our ability to leverage our platform and infrastructure and reduce costs. We believe our multi-channel platform allows for rapid and cost efficient entry into new geographic markets, with the flexibility to test new markets through both our partner network and direct-to-consumer solar service offerings.

Evolving Market Opportunity

The residential solar service market is new and still evolving. The future growth of this market and the success of our solar service offerings depend on many factors beyond our control, including recognition and acceptance by homeowners and our ability to provide our solar service offerings cost-effectively. Residential solar service has yet to achieve broad market acceptance and depends on continued governmental incentives and favorable regulatory policies. If this support diminishes, our ability to obtain external financing on acceptable terms, or at all, could be materially and adversely affected. Growth in this market also depends in part on macroeconomic conditions and consumer preferences, each of which can change quickly. Declining macroeconomic conditions, including in the job markets and residential real estate markets, could contribute to instability and uncertainty among homeowners and impact their financial wherewithal, credit scores or interest in entering into long-term customer agreements with us, even if such agreements would generate immediate and long-term savings.

Components of Statements of Operations

Revenue

We generate revenue from (1) operating leases and incentives and (2) solar energy systems and product sales commencing in 2014 as a result of the MEC acquisition.

Operating Leases and Incentives

Operating leases and incentives revenue is primarily comprised of revenue from our customer agreements, solar energy system rebate incentives and sales of SRECs generated by our solar energy systems to third parties, as well as revenue associated with ITCs assigned to investment funds that are classified as lease pass-through arrangements.

We classify and account for our customer agreements as operating leases. We recognize revenue from these agreements either on a straight-line basis over the term of the agreements or as we generate and sell energy to customers. The term of these agreements is typically 20 years.

We consider the proceeds from solar energy system rebate incentives to be minimum lease payments under our customer agreements and recognize such payments as revenue over the contract term on a straight-line basis.

We also apply for and receive SRECs and sell them to third parties in certain jurisdictions for energy generated by our solar energy systems. We recognize revenue related to the sale of SRECs upon delivery to the third party.

Finally, under our investment funds that are classified as lease pass-through arrangements, we recognize revenue by allocating a portion of the cash consideration received from the investors to the estimated fair value

of the ITCs assigned to such investment funds. The ITCs are subject to recapture under the Internal Revenue Code ("Code") if the underlying solar energy system either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed-in-service date. The recapture amount decreases on the anniversary of the permission to operate ("PTO") date. We recognize revenue as the recapture provisions lapse, with one-fifth of the estimated fair value of the assigned ITC recognized on each anniversary of the solar energy systems' PTO date over the following five years.

Solar Energy Systems and Product Sales

Solar energy systems sales are comprised of revenue from the sale of solar energy systems directly to homeowners. We generally recognize revenue from solar energy systems sold to homeowners when we install the solar energy system and it passes inspection by the authority having jurisdiction, provided all other revenue recognition criteria have been met.

Product sales revenue primarily consists of revenue from the sale of solar panels, inverters, racking systems and other solar-related equipment to resellers and is recognized at the time title is transferred, generally upon shipment.

Operating Expenses

Operating expenses are classified by the related activity and assigned department of our personnel. Personnel costs include salaries, bonuses, benefits and stock-based compensation. Corporate overhead costs include information technology and facilities costs that are allocated based upon the estimated use by personnel in the related classification below.

Cost of Operating Leases and Incentives

Operating leases and incentives cost of revenue is primarily comprised of (1) the depreciation of solar energy systems, as reduced by amortization of U.S. Treasury grant income, (2) amortization of initial direct costs ("IDCs"), (3) lease operations, monitoring and maintenance costs including associated personnel costs, (4) allocated corporate overhead costs.

Cost of Solar Energy Systems and Product Sales

Solar energy systems cost of revenue and product sales cost of revenue primarily consists of direct and indirect material and personnel costs for solar energy systems installations and product sales. Other costs include engineering and design costs, estimated warranty costs, freight costs, allocated corporate overhead costs, vehicle depreciation costs and personnel costs associated with supply chain, logistics, operations management, safety and quality control.

Sales and Marketing

Sales and marketing expenses include personnel costs as well as advertising, promotional and other marketing related expenses. Sales and marketing expenses also include referral fees, allocated corporate overhead costs, travel and professional services.

Research and Development

Research and development expenses include personnel costs, allocated corporate overhead costs, and other costs related to the development of our BrightPath software suite as well as our racking equipment.

General and Administrative

General and administrative expenses include personnel costs related to accounting, finance, structured finance services, legal, executive staff and human resources. General and administrative expenses also include professional services and allocated corporate overhead costs as well as certain fees paid to fund investors.

Amortization of Intangible Assets

We acquired intangible assets in connection with the acquisition of MEC. We recorded intangible assets at their fair value of $15.4 million as of the acquisition date. Such intangible assets are being amortized over their estimated useful lives, which range from four months to 10 years.

Non-operating Expenses

Interest Expense

Interest expense primarily consists of the interest charges associated with long term borrowing and lease pass-through financing obligations. Our revolving line of credit and syndicated term loans are subject to variable interest rates. Our notes payable and bank and non-bank term loans bear fixed interest rates. The interest charge on our lease pass-through financing obligations is imputed at the inception of the related transaction based on the effective interest rate in the arrangement giving rise to the obligation and updated prospectively as appropriate. Interest expense also includes the amortization of deferred financing costs associated with such borrowings, partially offset by a nominal amount of interest income generated from our cash holdings in interest-bearing accounts. In the future we may incur additional indebtedness to fund our operations, and our interest expense would correspondingly increase.

Loss on Early Extinguishment of Debt

Loss on early extinguishment of debt consists of loss from early extinguishment of certain non-bank term loans in 2014.

Other Expenses

Other expenses consist principally of our portion of the net loss in our investment in The Alliance for Solar Choice ("TASC"), which is accounted for under the equity method of accounting.

Income Tax Expense

We are subject to taxation in the United States, where all of our business is conducted. Our effective tax rates differ from the statutory rate primarily due to noncontrolling and redeemable noncontrolling interest adjustments and prepaid tax expense on intercompany gains.

As of December 31, 2014, we had approximately $454.5 million of federal and $409.6 million of state net operating loss carryforwards ("NOLs"), available to offset future taxable income, if any, which expire in varying amounts beginning in 2028 and 2020 for federal and state purposes, respectively, if unused. It is possible that we will not generate taxable income in time to use these NOLs before their expiration.

Net Loss Attributable to Common Stockholders

As discussed above under "—Investment Funds," 10 of our 14 active investment funds are consolidated joint ventures. We determine the net loss attributable to common stockholders by deducting from net loss the net loss attributable to noncontrolling interests and redeemable noncontrolling interests in these funds. The net loss attributable to noncontrolling interests and redeemable noncontrolling interests represents the fund investors' allocable share in the results of operations of these investment funds. For these funds, we have determined that the provisions in the contractual arrangements represent substantive profit sharing arrangements, where the allocations to the partners sometimes differ from the stated ownership percentages. We have further determined

that, for these arrangements, the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach using the HLBV method.

Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests and redeemable noncontrolling interests in the consolidated statements of operations reflect changes in the amounts the fund investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual provisions of these funds, assuming the net assets of the respective investment funds were liquidated at recorded amounts determined in accordance with generally accepted accounting principles in the United States ("GAAP"). The fund investors' interest in the results of operations of these investment funds is initially determined by calculating the difference in the noncontrolling interests and redeemable noncontrolling interests' claim under the HLBV method at the start and end of each reporting period, after taking into account any capital transactions between the fund and the fund investors and subject to the redemption provisions in certain funds. For these funds, the redeemable noncontrolling interests balance is the greater of the carrying value calculated under the HLBV method and the redemption value. While the application of HLBV is performed consistently, the results of that application and its impact on the income or loss allocated between us and the noncontrolling interests and redeemable noncontrolling interests depend on the respective funds' specific contractual liquidation provisions. The HLBV results are generally affected by the tax attributes allocated to the fund investors including tax bonus depreciation and ITCs or U.S. Treasury grants in lieu of the ITCs, the amount of preferred returns that have been paid to the fund investors by the investment funds, and the allocation of tax income or losses in a liquidation scenario.

The contractual liquidation provisions of our consolidated joint ventures (which include our partnership flips and JV inverted leases) provide that the allocation percentages between us and the investor change, or "flip," under certain circumstances, such as upon the achievement of the fund investor's targeted rate of return, the passage of time, or the expiration of the recapture period associated with ITCs. Prior to the point at which the allocation percentage flips, the investor is entitled to receive a majority of the value generated by the solar energy systems. At the flip point, we become entitled to receive most of the value. The difference between our current partnership flip structures and JV inverted lease structures that drives a significant impact on our results from the application of the HLBV method is how the flip point is determined.

For investment funds that have a partnership flip structure, the flip point is tied to the achievement of the fund investor's targeted rate of return. The receipt of tax benefits by the fund investor count towards the achievement of such target, which reduces the amount distributable to the fund investor in a hypothetical liquidation under these funds' contractual liquidation provisions. This results in a net loss attributable to the fund investor over the periods in which these tax benefits are received as a result of our application of the HLBV method.

For investment funds that have a JV inverted lease structure, the flip point is typically tied to the expiration of the recapture period associated with ITCs. An investor in a fund with a JV inverted lease fund structure will receive tax benefits similar to an investor in a fund that has adopted a partnership structure. However, unlike the partnership flip structure, the receipt of tax benefits by the fund investor does not impact the amount distributable to the fund investor in a hypothetical liquidation under these funds' contractual liquidation provisions. At the flip point, the fund investor's claims on the net assets of the investment fund generally decreases. This results in a net loss attributable to the fund investor in the period when the flip occurs as a result of our application of the HLBV method. As discussed above under "—Investment Funds," we also have one JV inverted lease whereby we have a pro rata interest in the entity, and we account for the noncontrolling interest's share of income on a pro rata basis.

These differences are a result of the specific contractual provisions for each of our existing funds and are not necessarily indicative of terms for our future partnership flip or JV inverted lease structures. Future investment funds may contain different features than those that we currently employ, and as a result, the application of the HLBV method and resulting allocation of net income or loss may be different from our existing funds.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the consolidated financial statements and notes thereto included elsewhere in this prospectus.

	Year Ended December 31,	
	2013	2014
	(in thousands, except per share data)	
Consolidated statement of operations data:		
Revenue:		
Operating leases and incentives	$ 54,740	$ 84,006
Solar energy systems and product sales	—	114,551
Total revenue	54,740	198,557
Operating expenses:		
Cost of operating leases and incentives	43,088	72,898
Cost of solar energy systems and product sales	—	100,802
Sales and marketing	22,395	78,723
Research and development	9,984	8,386
General and administrative	33,242	68,098
Amortization of intangible assets	—	2,269
Total operating expenses	108,709	331,176
Loss from operations	(53,969)	(132,619)
Interest expense	11,752	27,521
Loss on early extinguishment of debt	—	4,350
Other expenses	365	3,043
Loss before income taxes	(66,086)	(167,533)
Income tax provision (benefit)	2,508	(4,980)
Net loss	(68,594)	(162,553)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(64,294)	(86,638)
Net loss attributable to common stockholders	$ (4,300)	$ (75,915)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.44)	$ (3.33)
Weighted average shares used in computing net loss attributable to common stockholder, basic and diluted	9,780	22,795

Comparison of the Years Ended December 31, 2013 and 2014

Revenue

	Year Ended December 31,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Operating leases and incentives	$ 54,740	$ 84,006	$ 29,266	53%
Solar energy systems and product sales	—	114,551	114,551	n/a
Total revenue	$ 54,740	$ 198,557	$143,817	263%

The $143.8 million increase in total revenue was primarily attributable to the revenue from solar energy systems and product sales of $114.6 million as a result of the acquisition of MEC in 2014. The increase in solar energy systems and product sales was primarily driven by product sales to resellers. Revenue from operating

leases and incentives increased by $29.3 million in 2014 due to an increase in solar energy systems under customer agreements that were placed in service. From December 31, 2013 to December 31, 2014, cumulative megawatts deployed increased from 80 to 133. Operating leases and incentives revenue in 2014 includes $5.6 million in ITC revenue due to the lapsing of the first year of the ITC recapture period associated with solar energy systems placed in service in 2013 under lease pass-through arrangements.

Operating Expenses

	Year Ended December 31,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Cost of operating lease and incentives	$ 43,088	$ 72,898	$ 29,810	69%
Cost of solar energy systems and product sales	—	100,802	100,802	n/a
Sales and marketing	22,395	78,723	56,328	252%
Research and development	9,984	8,386	(1,598)	(16)%
General and administrative expense	33,242	68,098	34,856	105%
Amortization of intangible assets	—	2,269	2,269	n/a
Total operating expenses	$ 108,709	$ 331,176	$222,467	205%

Cost of Operating Leases and Incentives. The $29.8 million increase in cost of operating leases and incentives was primarily due to an increase in the solar energy systems under customer agreements that were placed in service during the year. As a result, depreciation expense on solar energy systems increased by $13.3 million, allocated overhead costs increased by $2.6 million, and personnel costs for operations, monitoring and maintenance increased by $1.9 million in 2014. Additionally, upon our acquisition of MEC, we incurred $8.8 million in indirect, non-capitalizable costs associated with procuring, warehousing and managing raw materials associated with solar energy systems subject to customer agreements. The remaining increase relates to metering services, maintenance, insurance, registration and other fees.

Cost of Solar Energy Systems and Product Sales. The cost of solar energy systems and product sales of $100.8 million in 2014 represents the direct and indirect material and personnel costs of solar energy systems sold directly to customers as well as solar panels, inverters and other solar-related products sold to resellers. We did not sell solar energy systems or products prior to our acquisition of MEC in 2014.

Sales and Marketing Expense. The $56.3 million increase in sales and marketing expense was attributable to the expansion of our direct-to-consumer channel as a result of our acquisition of MEC in February 2014, as well as our continued efforts to grow our business by entering new markets, increasing internal lead generation through advertising and other channels, and increased hiring of sales and marketing personnel. As a result, personnel and travel costs increased by $29.0 million, advertising and promotional costs increased by $15.4 million, allocated overhead increased by $7.0 million, and professional service fees increased by $3.9 million during 2014.

Research and Development. The $1.6 million decrease in research and development expenses primarily resulted from a shift in 2014 toward activities that qualified for capitalization as internally developed software rather than a decrease in research and development activity. We expect to continue to make significant investments in research and development.

General and Administrative Expense. The $34.9 million increase in general and administrative expenses primarily resulted from increased personnel costs of $11.1 million as a result of our acquisition of MEC in 2014 as well as an increase in professional service and legal fees of $11.1 million driven primarily from our efforts in preparing to become a public company, as well as general corporate costs associated with supporting overall growth and the formation of five additional investment funds in 2014. We also experienced a $5.5 million

increase in stock-based compensation expense and a $3.8 million increase in commitment and other fees that we incurred in connection with various investments funds, as well as a $2.0 million increase in allocated overhead in 2014.

Non-Operating Expenses

	Year Ended December 31,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Interest expense	$ 11,752	$ 27,521	$15,769	134%
Loss on early extinguishment of debt	—	4,350	4,350	n/a
Other expenses	365	3,043	2,678	734%
Total interest and other expenses, net	$ 12,117	$ 34,914	$22,797	188%

Interest Expense. The increase in interest expense of $15.8 million was related to a full year of interest on borrowings entered into in 2013 as well as imputed interest on additional lease pass-through obligations entered into in 2014.

Other Expense. The increase in other expenses of $2.7 million primarily represents our loss from our investment in TASC in 2014.

Income Tax Expense (Benefit)

	Year Ended December 31,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Income tax expense (benefit)	$ 2,508	$ (4,980)	$(7,488)	n/a

Income Tax Expense (Benefit). The $7.5 million change in income tax expense (benefit) was primarily a result of an increase in the net loss during the year offset by changes in a prepaid tax asset related to our intercompany sales of solar energy systems to our consolidated investment funds. As these investment funds are consolidated by us, the gain on the sale of solar energy systems is not recognized in our consolidated financial statements. However, this gain is recognized for tax reporting purposes. Since these transactions are intercompany sales, any tax expense is deferred and recorded as a prepaid tax asset and amortized as tax expense over the depreciable life of the underlying solar energy systems.

Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests

	Year Ended December 31,		Change	
	2013	2014	$	%
	(dollars in thousands)			
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	$ (64,294)	$ (86,638)	$(22,344)	35%

The increase in net loss attributable to noncontrolling interests and redeemable noncontrolling interests consisted of an increase of $5.0 million in the loss allocation from noncontrolling interests and an increase of $17.3 million in the loss allocation from redeemable noncontrolling interests. The losses attributable to noncontrolling interests and redeemable noncontrolling interests for 2014 were primarily driven by accelerated depreciation allowances under applicable tax rules, as well as the receipt of ITCs which were primarily allocated to noncontrolling interests and redeemable noncontrolling interests.

Liquidity and Capital Resources

As of December 31, 2014, we had cash and cash equivalents of $152.2 million, which consisted principally of cash held in checking and money market accounts with financial institutions. Since inception, we have financed our operations primarily from investment fund arrangements that we have formed with fund investors, borrowings, preferred stock equity offerings and cash generated from our operations. Our principal uses of cash are funding our business, including the costs of acquisition and installation of solar energy systems, satisfaction of our obligations under our debt instruments and other working capital requirements. Our business model requires substantial outside financing arrangements to grow the business and facilitate the deployment of additional solar energy systems.

The solar energy systems that are operational are expected to generate a positive return rate over the customer agreement, typically 20 years. However, in order to grow, we are dependent on financing from outside parties. If financing is not available to us on acceptable terms if and when needed, we may be required to reduce planned spending, which could have a material adverse effect on our operations. While there can be no assurances, we anticipate raising additional required capital from new and existing investors. We believe our cash and cash equivalents, investment fund commitments and available borrowings as further described below will be sufficient to meet our anticipated cash needs for at least the next 12 months.

The following table summarizes our cash flows:

	Year Ended December 31,	
	2013	2014
	(in thousands)	
Consolidated cash flow data:		
Net cash provided by (used in) operating activities	$ 23,374	$ (7,928)
Net cash used in investing activities	(325,754)	(463,968)
Net cash provided by financing activities	312,294	524,351
Net increase in cash and cash equivalents	$ 9,914	$ 52,455

Operating Activities

During 2014, we used $7.9 million in net cash from operations. The primary driver of our operating cash inflow consists of payments received from customers. During 2014, we had an increase in deferred revenue of approximately $97.4 million relating to upfront lease payments received from customers and solar energy system incentive rebate payments received from various state and local utilities and prepayment for future deliveries of SRECs. The increase generated from deferred revenue was offset by our operating cash outflows of $93.4 million from our net loss excluding non-cash and non-operating items. Changes in working capital, primarily accounts receivable, prepaid assets and accounts payable, resulted in a use of cash of $11.9 million.

During 2013, we generated $23.4 million in net cash from operations. During 2013, we had an increase in deferred revenue of $57.1 million relating to upfront lease payments received from customers and solar energy system incentive rebate payments received from various state and local governments. We had operating cash outflows of $34.8 million from our net loss excluding non-cash and non-operating items. Changes in working capital provided cash of $1.1 million.

Investing Activities

Our investing activities consist primarily of capital expenditures and to a lesser extent, the acquisitions of businesses in 2014.

During 2014, we used $464.0 million in cash in investing activities. Of this amount, we used $412.3 million to acquire and install solar energy systems and components under our long-term customer agreements. We also used $15.3 million for the acquisition of vehicles, office equipment, leasehold improvements and furniture and spent approximately $36.4 million in cash for the acquisitions of businesses, which includes the backlog purchased in connection with a new installer partner relationship, as well as the MEC acquisition.

During 2013, we used $325.8 million in investing activities. Of this amount, we used $322.0 million in cash to acquire and install solar energy systems under operating leases with our customers. We also used $3.7 million in cash for the acquisition of vehicles, office equipment, leasehold improvements and furniture.

Financing Activities

During 2014, we generated $524.4 million from financing activities. The primary source of our financing comes from fund investors who make upfront contributions that enable the purchase of solar energy systems. During 2014 we received $311.7 million in net proceeds from fund investors. We also raised $143.4 million, net of transaction costs, from the issuance of convertible preferred stock, and $184.8 million, net of debt issuance costs from long-term borrowing, offset by debt repayment of $120.1 million. We also received $2.7 million from the exercise of employee stock options and $1.6 million from state grants in 2014.

During 2013, we generated $312.3 million from financing activities. During 2013, we received $166.3 million in net proceeds from fund investors. We also received $142.8 million, net of debt issuance costs, from long-term borrowings and $29.3 million from U.S. Treasury grants. During 2013, we paid $22.0 million to acquire the noncontrolling interests in three investment funds. Lastly, we increased restricted cash by $4.6 million in 2013.

Sources of Funds

Investment Fund Commitments

As of December 31, 2014, we had 14 active investment funds with undrawn committed capital for the five funds that had not yet been fully drawn down of approximately $198.0 million. We intend to establish new investment funds in 2015, and we may also use debt, equity or other financing strategies to finance our business.

Our future success depends on our ability to raise capital from third parties, in particular through the formation of investment funds. If we are unable to establish additional investment funds, we will be required to obtain additional financing in order to continue to grow our business or finance the deployment of solar energy systems and use cash on hand until such additional financing has been secured. We assign to our investment funds long-term customer agreements and related incentives associated with solar energy systems in accordance with the criteria of the specific funds. Upon such assignment and the satisfaction of certain conditions precedent, we are able to draw down on the investment fund commitments. The conditions precedent to funding vary across our investment funds but generally require that we have entered into a contract with the customer, that the customer meets certain credit criteria, that the solar energy system is expected to be eligible for the ITC, that we have a recent appraisal from an independent appraiser establishing the fair market value of the system and that the property is in an approved state. All of the capital contributed by our fund investors into the investment funds is, depending on the investment fund structure, either paid to us to acquire solar energy systems or distributed to us following our contribution of solar energy systems to the investment fund. Some fund investors have additional criteria that are specific to those investment funds. Once received by us, these proceeds are generally used for working capital to develop and deliver solar energy systems.

Debt Instruments

Revolving Line of Credit. In December 2014, we entered into a revolving credit agreement with a syndicate of banks to obtain funding for working capital, letters of credit and general corporate needs. The revolving credit

agreement has a $50.0 million committed facility which includes a $1.0 million sub-limit for the issuance of letters of credit. Borrowed funds bear interest at an annual rate of 1.00% plus the prime rate. The fee for letters of credit is 2.00% per annum, and the fee for undrawn commitments is 0.25% per annum. The facility is secured by certain of our assets. This facility matures in December 2016. As of December 31, 2014, the unpaid principal amount, net of lender fees, under the facility was $48.6 million, and the remaining $0.8 million of the facility was issued under a letter of credit. In connection with entering into this revolving credit agreement, we used approximately $24.0 million of the proceeds to fully repay our outstanding borrowings under our prior revolving credit facility outstanding as of December 31, 2013.

Under the terms of the revolving credit agreement, we are required to meet various restrictive covenants, including meeting certain reporting requirements, such as the completion and presentation of audited consolidated financial statements. We also are required to maintain specified consolidated EBITDA minimums for each quarter. In addition we are required to maintain a minimum liquidity ratio of cash (with certain limits) plus eligible receivables to all indebtedness owing to the lenders of at least 1.35 to 1.00, and to maintain minimum cash on deposit with the agent or any lender or in one or more of the permitted accounts of $20.0 million in the aggregate at all times, $25.0 million in the aggregate as of the last day of each calendar month, and $25.0 million in the aggregate on average for each calendar month. If the liquidity ratio is less than 2.00 to 1.00, the applicable margin for borrowed funds increases to 2.25%, and fees for letters of credit increase to 5.00%. We were in compliance with all debt covenants as of December 31, 2014.

Syndicated Credit Facilities. In December 2014, two of our subsidiaries entered into secured credit facilities agreements with Investec Bank PLC, as administrative agent and sole book runner, and a syndicate of certain financial institutions as lenders. These credit agreements have an aggregate committed facility of $195.4 million which is comprised of a $158.5 million senior term loan (Term Loan A) and a $24.0 million subordinated term loan (Term Loan B) of which $110.0 million and $20.0 million, respectively, were initially available and drawn pursuant to the facilities' terms and outstanding as of December 31, 2014, a $5.0 million working capital revolver commitment for additional liquidity and credit support to the Term Loan A borrower, and a $7.9 million senior secured revolving letter of credit facility for the purpose of satisfying the required debt service reserve amount of the Term Loan A borrower. The borrowed funds bear interest at a rate of LIBOR plus 2.75% with a 25 basis point step up triggered on the fourth anniversary for Term Loan A, the working capital revolver and the revolving letter of credit facility, and LIBOR plus 5.00% with a LIBOR floor of 1.00% for Term Loan B. The loan proceeds, after repayment of $94.4 million of non-bank term loans described below, payment of lender fees and other transaction fees and expenses, and funding of debt service reserves, were used for general corporate purposes.

Prepayments are permitted under Term Loan A at par without premium or penalty, and Term Loan B with prepayment penalties ranging from 0%-2% depending on the timing of the prepayment. This facility matures on December 31, 2021.

Under the terms of the credit facilities, we are required to meet various restrictive covenants, including meeting certain reporting requirements, such as the completion and presentation of audited consolidated financial statements. We are also required to maintain debt service reserves, as defined in the credit agreements, in amounts at least equal to the next six months of scheduled interest and principal for each of the Term Loan A and Term Loan B. We and our subsidiaries were in compliance with these covenants as of December 31, 2014.

Non-Bank Term Loans. In 2013, three of our subsidiaries entered into various credit agreements with non-bank lenders, whereby the lenders provided the subsidiaries with aggregate commitments for term loans up to a total of $119.5 million. The proceeds were used to finance our acquisition of the noncontrolling interests in three of our investment funds for $22.0 million, and to obtain funding for working capital. Two of the loans bore interest at a standard rate of LIBOR plus 8.25% subject to a LIBOR floor of 1.25%, with a minimum cash coupon of 7% per annum, and the third loan bears interest at a fixed rate of 9.079%. For the fixed rate loan, we may incur up to $9.5 million of borrowings with a maturity date of December 31, 2024. For the two variable rate

loans, on each scheduled payment date, to the extent cash flows to the borrowers from the pledged subsidiaries are insufficient to pay the full amount of interest accrued on the outstanding loan balances at the standard rate, the borrowers pay cash interest in an amount at least equal to the minimum cash coupon, and the unpaid interest is paid-in-kind through additions to the principal amount at a rate equal to the standard rate plus a payment in kind addition of 0.50%. The loans are collateralized by the assets and related cash flows of the borrowers' subsidiaries and are non-recourse to our other assets. In December 2014, we paid $94.4 million to repay the two variable rate loans, including accrued interest and a prepayment premium using the proceeds of the syndicated credit facilities described above. In conjunction with the prepayment, we incurred a loss on extinguishment charge of $4.3 million which is recorded in non-operating loss from ordinary operations in our statement of operations. We and our subsidiaries were in compliance with the covenants under these loans as of December 31, 2014. As of December 31, 2014, the principal amount outstanding under non-bank term loans was $3.5 million, all of which consisted of a fixed rate loan.

Bank Term Loan. In December 2013, one of our subsidiaries entered into a credit agreement with a commercial bank, whereby the bank provided this subsidiary with a term loan of $38.0 million. The proceeds of this term loan after fees and expenses were distributed to the members of this subsidiary, including us, in proportion to the members' pro-rata interest in the subsidiary. The loan bears interest at 6.25% and has a maturity date of April 12, 2022. As of December 31, 2014, we had incurred $38.0 million in borrowings under this agreement and the principal amount outstanding was $34.5 million. The loan is collateralized by the assets and related cash flows of the subsidiary and is non-recourse to our other assets. We and our subsidiaries were in compliance with the covenants under this loan as of December 31, 2014.

Notes Payable. In December 2013, one of our subsidiaries entered into a note purchase agreement with an investor for the issuance of senior notes in exchange for proceeds of $27.2 million to obtain funding for general corporate purposes. The notes bear interest at a rate of 12% and any accrued and unpaid interest is paid-in-kind at the same rate. As of December 31, 2014, the principal amount outstanding under these notes was $29.6 million. The notes mature on December 30, 2018. The notes are collateralized by the assets and related cash flows of certain of our subsidiaries and are non-recourse to our other assets.

Issuance of Convertible Preferred Stock

In 2014, we issued and sold an aggregate of 10,878,984 shares of Series E convertible preferred stock for $13.83 per share for aggregate net proceeds of $143.4 million. Each share of the Series E preferred stock is convertible into one share of common stock at the option of the stockholder or automatically upon the offering contemplated by this prospectus or the consent of a majority of the Series E preferred stockholders. The conversion price is subject to adjustment, subject to certain exceptions, upon issuance of common stock at a price below the conversion price of the Series E preferred stock, or issuance of certain convertible instruments with a conversion price or exercise price below the then effective conversion price of the Series E convertible preferred stock. We obtained such financing to fund our growing operations and to bolster our financial condition in advance of this offering.

Use of Funds

Our principal uses of cash are funding our operations, including the costs of acquiring and installing solar energy systems, satisfaction of our obligations under our debt instruments, and other working capital requirements. Over the past two years, our revenue and operating expenses have increased from year to year due to the significant growth of our business. We anticipate that our operating and capital expenditures will increase as we continue to grow our business.

We expect our operating cash requirements to increase in the future as we increase sales and marketing activities to expand into new markets and increase sales coverage in markets in which we currently operate. In addition, the agreements governing many of our investment funds include options that, when exercised, either require us to purchase, or allow us to elect to purchase, our fund investor's interest in the investment fund.

Generally, these options are exercisable for a set period of time beginning upon the later of (1) five years after the date on which the last solar energy system included in the fund has been placed into service, or (2) the date on which the fund investor achieves a specified return on their investment. The purchase price for the fund investor's interest varies by fund but is generally the greater of a specified amount, which ranges from approximately $7.2 million to $15.0 million, or the fair market value of such interest at the time the option is exercised. As of December 31, 2014, the aggregate amount we could be required to redeem under these agreements was $88.0 million. Such options are expected to become exercisable in the future, and the exercise of one or more options could require us to expend significant funds. Regardless of whether these options are exercised, we will need to raise financing to support our operations, and such financing may not be available to us on acceptable terms, or at all. As discussed in "—Financing Activities" above, we acquired the noncontrolling interests in three of our investment funds in 2013, which acquisition was not executed through the exercise of the aforementioned options. If we were unable to raise financing when needed, our operations and ability to execute our business strategy could be adversely affected. We may seek to raise financing through the sale of equity, equity-linked securities or the incurrence of indebtedness. Additional equity or equity-linked financing would be dilutive to our stockholders. If we raise funding through the incurrence of indebtedness, such indebtedness would have rights that are senior to holders of our equity securities and could contain covenants that restrict our operations.

Contractual Obligations and Other Commitments

The following table summarizes our contractual obligations as of December 31, 2014:

	Payments Due by Period(1)				
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years	Total
			(in thousands)		
Contractual Obligations:					
Debt obligations (including future interest)	$ 16,002	$ 122,454	$ 148,040	$ 23,676	$ 310,172
Distributions payable to noncontrolling interests and redeemable noncontrolling interests	6,764	—	—	—	6,764
Purchase of photovoltaic modules	70,000	—	—	—	70,000
Capital lease obligations (including accrued interest)	2,598	5,088	324	—	8,010
Operating lease obligations	3,973	9,659	1,520	—	15,152
Total contractual obligations	$ 99,337	$ 137,201	$ 149,884	$ 23,676	$ 410,098

(1) The foregoing table does not include the amount we could be required to expend under our redemption obligations discussed above.

Off-Balance Sheet Arrangements

We include in our consolidated financial statements all assets and liabilities and results of operations of our investment funds as discussed above under "Investment Funds." We do not have any off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to certain market risks in the ordinary course of our business. Our primary exposures include changes in interest rates because certain borrowings bear interest at floating rates based on LIBOR plus a specified margin. We sometimes manage our interest rate exposure on floating-rate debt by entering into derivative instruments to hedge all or a portion of our interest rate exposure in certain debt facilities. We do not

enter into any derivative instruments for trading or speculative purposes. Changes in economic conditions could result in higher interest rates, thereby increasing our interest expense and operating expenses and reducing funds available for capital investments, operations and other purposes. A hypothetical 10% increase in our interest rates on our variable rate debt facilities would have increased our interest expense by $1.0 million and $0.5 million for the years ended December 31, 2014 and December 31, 2013, respectively.

Emerging Growth Company

We are an emerging growth company within the meaning of the rules under the Securities Act, and we will utilize certain exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies. For example, we will not have to provide an auditor's attestation report on our internal controls for future annual reports on Form 10-K as otherwise required by Section 404(b) of the Sarbanes-Oxley Act. In addition, Section 107 of the JOBS Act provides that an emerging growth company can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to utilize this extended transition period.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. In many instances, we could have reasonably used different accounting estimates, and in other instances, changes in the accounting estimates are reasonably likely to occur from period-to-period. Actual results could differ significantly from our estimates. Our future financial statements will be affected to the extent that our actual results materially differ from these estimates. For further information on all of our significant accounting policies, see Note 2 to our consolidated financial statements included elsewhere in this prospectus.

We believe that assumptions and estimates associated with our principles of consolidation, revenue recognition, impairment of long-lived assets, goodwill impairment analysis, stock-based compensation expense and common stock valuation, provision for income taxes and valuation of noncontrolling interests and redeemable noncontrolling interests have the greatest impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

Principles of Consolidation

Our consolidated financial statements include our accounts and those of our subsidiaries in which we have a controlling financial interest. The typical condition for a controlling financial interest is holding a majority of the voting interests of an entity. However, a controlling financial interest may also exist in entities, such as VIEs, through arrangements that do not involve controlling financial interests. We consolidate any VIE of which we are the primary beneficiary, which is defined as the party that has (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses or receive benefits of the VIE that could potentially be significant to the VIE. We evaluate our relationships with our VIEs on an ongoing basis to determine whether we continue to be the primary beneficiary. Our financial statements reflect the assets and liabilities of VIEs that we consolidate. All intercompany transactions and balances have been eliminated in consolidation. For further information regarding consolidation of our investment funds, see Investment Funds above.

Revenue Recognition

We sell the energy that our solar energy systems produce through long-term customer agreements. We also derive a portion of our revenue from solar energy system rebate incentives, sales of SRECs generated from our solar energy systems and ITCs assigned to investment funds that are classified as lease pass-through arrangements.

Following the acquisition of MEC in February 2014, we began selling solar energy systems to homeowners, as well as related products, such as solar panels, inverters, racking systems and other solar-related equipment, to resellers.

We recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed and determinable, and (iv) collection of the related receivable is reasonably assured.

Operating Leases and Incentives Revenue. Operating leases and incentives revenue represent both ongoing and advance payments received under the terms of the customer agreements, which typically have terms of 20 years. Revenue from advance payments including prepayment options is deferred and begins to be recognized when PTO is given by the local utility company or on the date daily operation commences if utility approval is not required, provided all other revenue criteria are met.

We have determined that our customer agreements should be accounted for as operating leases after evaluating the following lease classification criteria: (i) whether there is a transfer of ownership or bargain purchase option at the end of the lease, (ii) whether the lease term is greater than 75% of the useful life, or (iii) whether the present value of minimum lease payments exceeds 90% of the fair value at lease inception.

In the majority of our customer agreements, we charge a fixed fee per kilowatt hour based on the amount of electricity the solar energy system actually produces, with an annual fixed percentage price escalation to address the impact of inflation and utility rate increases over the period of the contract. In these cases, we consider the customer payments to be contingent lease payments which are excluded from minimum lease payments used for purposes of assessing the lease classification criteria above. Accordingly, we recognize these electricity payments as earned, provided all other revenue recognition criteria discussed above are met.

We also offer customer agreements whereby the customers' monthly payment is a pre-determined amount calculated based on the expected solar energy generation and includes an annual fixed percentage price escalation (to address the impact of inflation and utility rate increases) over the period of the contracts, which are typically 20 years. We record operating lease revenue from minimum lease payments on a straight-line basis over the life of the lease term, provided all other revenue recognition criteria are met.

We also apply for and receive upfront rebates and incentives offered by certain state and local governments and local utility companies on behalf of our customers for solar facilities installed on certain of our customers' premises. We consider these rebates to be minimum lease payments which are generally recognized on a straight-line basis over the life of the lease term. The difference between the payments received and the revenue recognized is recorded as deferred revenue on the consolidated balance sheet.

SREC revenue arises from the sale of environmental credits generated by solar energy systems. If the solar energy systems do not generate the amount of electricity required to earn SRECs sold forward or if for any reason the electricity generated does not produce SRECs for a particular state, we may be required to make up the shortfall of SRECs through purchases on the open market or make payments of liquidated damages. SREC revenue is recorded in operating leases and incentives revenue in the period that the SRECs are delivered to third parties.

For lease pass-through structures, we monetize the ITCs associated with the systems subject to customer agreements by assigning them to the investor together with the future associated customer payments. A portion of the cash consideration received from the investor is allocated to the estimated fair value of the assigned ITCs. The estimated fair value of the ITCs is determined by applying the expected internal rate of return to the investor to the gross amount of the ITCs that may be claimed by the investor.

The ITCs are subject to recapture under the Code if the underlying solar energy systems either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed in service date. The recapture amount decreases by one-fifth on the anniversary of the placed in service date, which begins upon PTO. As we have an obligation to ensure the solar energy system is in service and operational for a term of five years to avoid any recapture of the ITCs, we recognize revenue as the recapture provisions lapse provided the other revenue recognition criteria have been met. The monetized ITCs are initially recorded as deferred revenue on the consolidated balance sheet, and subsequently, one-fifth of the monetized ITCs will be recognized as operating leases and incentives revenue in the consolidated statement of operations on each anniversary of the solar energy system's PTO date over the following five years.

Solar Energy Systems and Product Sales. For solar energy systems sold to customers, we recognize revenue, net of any applicable governmental sales taxes, when we install the solar facilities and it passes inspection by the responsible city department, provided all other revenue recognition criteria are met. The installation projects of our solar energy systems are typically completed in a short period of time. Prior to our acquisition of MEC in February 2014, we did not directly sell solar energy systems to homeowners.

Product sales revenue is recognized at the time the goods are shipped or when title is transferred. Shipping and handling fees charged to customers are included in net sales. Shipping and handling costs incurred are included in cost of sales. Total shipping and handling fees were $2.4 million during 2014. Taxes assessed by government authorities that are directly imposed on revenue producing transactions are excluded from product sales revenue. Prior to our acquisition of MEC in February 2014, we did not sell solar-related products to homeowners.

Impairment of Long-Lived Assets

The carrying amounts of our long-lived assets, including solar energy systems and definite-lived intangible assets, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Factors that we consider in deciding when to perform an impairment review would include significant negative industry or economic trends, and significant changes or planned changes in our use of the assets. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. If the useful life is shorter than originally estimated, we amortize the remaining carrying value over the new shorter useful life. No impairment of any long-lived assets was identified in 2013 or 2014.

Goodwill Impairment Analysis

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net tangible and identifiable intangible assets acquired. Our goodwill balance is a result of the acquisition of MEC in February 2014. We have determined that we operate as one reporting unit, and our goodwill is recorded at the enterprise level. We perform our annual impairment test of goodwill on October 1 of each year or whenever events or circumstances change or occur that would indicate that goodwill might be impaired. When assessing goodwill for impairment, we use qualitative and, if necessary, quantitative methods. We also consider our enterprise value and, if necessary, our discounted cash flow model, which involves assumptions and estimates, including our future financial performance, weighted-average cost of capital and interpretation of currently

enacted tax laws. Circumstances that could indicate impairment and require us to perform an impairment test include a significant decline in our financial results, a significant decline in our enterprise value relative to our net book value, an unanticipated change in competition or our market share and a significant change in our strategic plans. We did not have any goodwill prior to 2014, and no impairment charges have been recorded to date.

Stock-Based Compensation

We grant stock options to our employees, including our executive officers and employee members of our board of directors, and recognize employee stock-based compensation expense based on the fair value of stock options at grant date. We estimate the fair value of stock options using the Black-Scholes option-pricing model. This model requires us to use certain estimates and assumptions such as: (i) the fair value of our common stock, which is estimated using the methodology as discussed below in *Common Stock Valuation*; (ii) the expected volatility of our common stock, which is based on the volatility data of a group of publicly traded peer companies in our industry; (iii) the expected terms of our stock options, which are based on the historical average vesting terms and contractual lives of our stock options; (iv) the expected dividend yield, which is 0%, as we have not paid and do not anticipate paying dividends on our common stock; and (v) the risk-free interest rates, which are based on the U.S. Treasury yield curves in effect at the grant date with maturities equal to the expected terms of the options granted. Our stock options have a contractual term of 10 years and generally vest over four years, with 25% vesting after one year and the remainder vesting monthly thereafter over 36 months. If any of the assumptions used in the Black-Scholes model changes significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

The following table summarizes the assumptions relating to our stock options granted in 2013 and 2014:

	Year Ended December 31,	
	2013	2014
Risk-free interest rate	0.70% – 2.06%	0.89% – 2.01%
Volatility	54.31% – 55.80%	37.32% – 44.68%
Expected term (in years)	5.00 – 6.08	3.50 – 6.08
Dividend yield	0%	0%

We record stock-based compensation expense net of estimated forfeitures so that expense is recorded for only those stock-based awards that we expect to vest. We estimate forfeitures based on our historical forfeiture of equity awards adjusted to reflect future changes in facts and circumstances, if any. We will revise our estimated forfeiture rate if actual forfeitures differ from our initial estimates. We record stock-based compensation expense for stock options on a straight-line basis over the vesting term.

We also granted restricted stock units (“RSUs”) to certain non-employee service providers. Certain RSUs granted to non-employees vest upon the satisfaction of both a performance-based condition and service condition. We start recognizing non-employee stock-based compensation expense on RSUs subject to performance-based conditions and service conditions when the performance conditions are met based on the fair value of our common stock at that date. We subsequently re-measure the associated expense at each reporting period until the RSUs vest or when the service condition is met.

We will continue to use judgment in evaluating the expected term, expected volatility and forfeiture rate related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to the estimates of our expected volatility, expected terms and forfeiture rates, which could materially impact our future stock-based compensation expense as it relates to the future grants of our stock-based awards.

Common Stock Valuation

At each grant date, our board of directors determined the fair value of the common stock underlying our stock options with reference to a third party valuation. The board of directors intended the exercise price per share for each option grant to be not less than the per share fair value of our common stock underlying those options on each grant date. Additionally, the common stock valuation is used to determine the total purchase consideration used in our acquisition accounting. The common stock valuations were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation. The assumptions we used in the valuation models were based on future expectations combined with management judgment. Our board of directors is comprised of a majority of non-employee directors who we believe have the relevant experience and expertise to determine the fair value of our common stock on each grant date. Following completion of this offering and so long as our common stock is publicly traded, estimates regarding the fair value of our common stock will not be necessary. In the absence of a public trading market for our common stock, our board of directors, with input from management, exercised significant judgment and considered numerous objective and subjective factors to determine the common stock value as of the date of each option grant, including the following factors:

- Contemporaneous valuations performed by an unrelated third-party valuation specialist, as set forth in the chart below;
- The prices, rights, preferences, and privileges of our preferred stock relative to those of our common stock;
- The prices of our preferred stock sold to outside investors in arm's-length transactions;
- Our operating and financial performance;
- Current business conditions and projections;
- The market performance of comparable publicly traded companies;
- Our history and the introduction of new products and services;
- Our stage of development;
- The hiring of key personnel;
- The likelihood of achieving a liquidity event for our common stock, such as an initial public offering or sale of the company in the prevailing market conditions;
- Any adjustment necessary to recognize a lack of marketability for our common stock;
- Individual sales of our common stock; and
- The U.S. and global capital market conditions.

In valuing our common stock, our board of directors determined the equity value of our business generally using the market comparable approach valuation method. When applicable, we also considered recent preferred stock offerings or sales of company stock method as a data point in our valuation method. The market comparable approach estimates equity value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined which is applied to the subject company's results of operations to estimate the value of the subject company. In our valuations, the multiple of the comparable companies was determined using a ratio of net income and market capitalization as of the valuation date. The estimated value was then discounted by a non-marketability factor due to the fact that stockholders of private companies do not have access to trading markets similar to those enjoyed by stockholders of public companies, which impacts liquidity. To determine our peer group of companies, we considered solar service providers and leasing companies. We selected those that were similar to us in size, stage of life cycle, and financial leverage.

The sales of company stock method estimates value by considering prior sales of the subject company's equity. When considering prior sales of the company's equity, the valuation considers the size of the equity sale, the relationship of the parties involved in the transaction, and the timing of the equity sale.

Once we determined an equity value, we utilized the probability weighted expected return method ("PWERM") to allocate the equity value to each of our classes of stock. Under this method we analyze future values of the company based on several likely liquidity scenarios. These scenarios may include an initial public offering, a strategic sale or a merger of the company. The value of the common stock was determined for each scenario at the time of each future liquidity event and discounted back to the present using a risk-adjusted discount rate. The present values of the common stock under each scenario are then weighted based on the probability of each occurring to determine an indication of the value of the common stock. Estimates obtained from a third-party valuation specialist of the fair value of our common stock are set forth below as of the indicated dates:

Valuation Date	Per Share Value
December 31, 2012	$ 3.19
January 24, 2014	5.88
June 30, 2014	9.40
September 30, 2014	8.24

In the case of certain grants issued in between certain valuation dates, we considered the amount of time between the valuation date and the grant date to determine whether to use the latest common stock valuation determined pursuant to one of the methods described above or a straight-line interpolation between the two valuation dates. This determination included an evaluation of whether the subsequent valuation indicated that any significant change in valuation had occurred between the previous valuation and the grant date. We used straight-line interpolation to determine the estimated fair value of our common stock for grants issued in November 2013, March 2014, April 2014, and June 2014. We determined that the straight-line interpolation provides the most reasonable basis for the valuations for the options granted on the interim dates because we did not identify any single event that occurred during this interim period that would have caused a material change in fair value. For the November 2013 grants, we determined it the most reasonable basis to for the valuation of options granted was to interpolate between October 1, 2013 and January 24, 2014 because we believe the increase in value occurred during the fourth quarter due to improvements in our prospects enabled by additional completed and potential tax equity, debt and equity financings, and acquisitions.

We granted stock options with the following exercise prices between January 1, 2013 and the date of this prospectus:

Grant Date	Number of Stock Options Granted	Exercise Price	Fair Value Per Share of Common Stock	Aggregate Grant Date Fair Value
February 20, 2013	1,229,736	$ 3.19	$ 3.19	$ 1,998,237
April 12, 2013	935,072	3.19	3.19	1,510,630
May 30, 2013	1,562	3.19	3.19	3,867
July 30, 2013	932,250	3.19	3.19	1,568,176
September 4, 2013	1,299,000	3.19	3.19	2,192,716
November 22, 2013	408,100	3.19	4.81	1,232,427
February 1, 2014	576,878	3.87-16.49(1)	5.88	1,592,115
March 17, 2014	2,404,914	5.88	7.05	8,681,740
April 11, 2014	980,250	5.88	7.61	3,989,618
June 1, 2014	47,400	5.88	8.75	236,052
August 18, 2014	837,165	9.40	9.40	3,490,978
September 10, 2014	72,550	9.40	9.40	313,416
September 22, 2014	80,000	9.40	9.40	301,600
December 24, 2014	299,900	8.24	8.24	1,018,245

(1) Exercise price range reflects exercise prices of stock options assumed in the MEC acquisition.

Provision for Income Taxes

We account for income taxes under an asset and liability approach. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and the amounts recognized for income tax reporting purposes, net operating loss carryforwards and other tax credits measured by applying currently enacted tax laws. A valuation allowance is provided when necessary to reduce deferred tax assets to an amount that is more likely than not to be realized.

We sell solar energy systems to the investment funds. As the investment funds are consolidated by us, the gain on the sale of the solar energy systems is not recognized in the consolidated financial statements. However, this gain is recognized for tax reporting purposes. Since these transactions are intercompany sales for book purposes, any tax expense incurred related to these intercompany sales is deferred and recorded as a prepaid tax asset and amortized over the estimated useful life of the underlying solar energy systems which has been estimated to be 20 years.

We determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. We use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

Our policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Our noncontrolling interests and redeemable noncontrolling interests represent fund investors' interests in the net assets of certain investment funds, which we consolidate, that we have entered into in order to finance the costs of solar energy facilities under operating leases. We have determined that the provisions in the contractual arrangements of the investment funds represent substantive profit-sharing arrangements, which gives rise to the noncontrolling interests and redeemable noncontrolling interests. We have further determined that for all but one of these arrangements, the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach using the HLBV method.

Attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests under the HLBV method requires the use of significant assumptions to calculate the amounts that fund investors would receive upon a hypothetical liquidation. Changes in these assumptions can have a significant impact on the amount that fund investors would receive upon a hypothetical liquidation.

We classify certain noncontrolling interests with redemption features that are not solely within our control outside of permanent equity on our consolidated balance sheets. Redeemable noncontrolling interests are reported using the greater of their carrying value at each reporting date as determined by the HLBV method or their estimated redemption value in each reporting period. Estimating the redemption value of the redeemable noncontrolling interests requires the use of significant assumptions and estimates such as projected future cash flows at the time the redemption feature can be exercised. Changes in these assumptions and estimates can have a significant impact on the calculation of the redemption value.

INDUSTRY OVERVIEW

Market Opportunity

Solar power is experiencing remarkable growth across the United States and is transforming electricity generation to satisfy consumer needs. Today's utility-based electricity system suffers from a number of critical problems related to aging infrastructure, environmental and health effects of fossil fuels such as coal and natural gas, and the volatility of global fuel prices. Solar power offers the potential to generate electricity with no polluting emissions, no depletion of natural resources, and no risks of fuel price volatility. Generating power on-site at the point of consumption, rather than centrally, eliminates the cost, complexity, interdependencies, and inefficiencies associated with transmission and distribution.

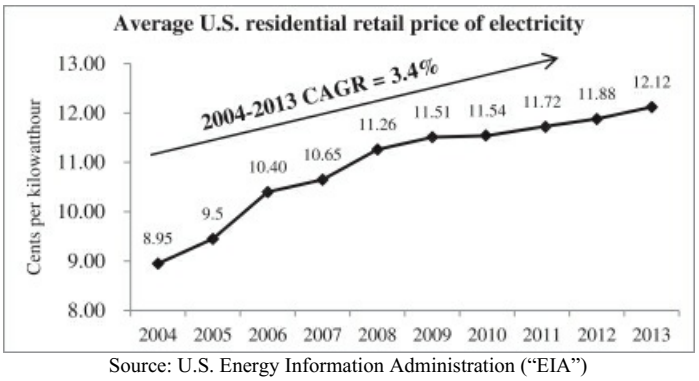
For homeowners looking to lower their energy costs or reduce their environmental footprint, the option to install a solar energy system can be an appealing yet complicated undertaking. Many cities, counties and states have interrelated and unnecessarily complicated permitting, inspection and regulatory requirements for residential solar projects that potentially discourage consumers from adopting solar. Additionally, the upfront cost of a system can be a burden to many homeowners as the prices of an average residential system run in the tens of thousands of dollars.

Historically, the growth of residential solar energy was driven by homeowners purchasing solar energy systems. Growth in the market has been driven by the advent of the residential solar service model, allowing homeowners to benefit from solar electricity without the upfront capital expense or taking on the perceived risks of solar system ownership. Additional financing alternatives such as loan products have also served to continue to expand the market. Leasing residential solar, either through purchasing power produced from a solar energy system or by set monthly lease payments, takes the complicated process of financing, permitting, and installing a solar energy system along with a complex suite of state and federal incentives and turns them into a simple service with immediate savings to homeowners. A homeowner can avoid the ongoing monitoring and periodic maintenance of a system through paying only for the energy produced from the solar energy system or leasing the system. Integrated solar service companies are able to arrange financing by aggregating large numbers of residential projects into funds which attract potential investors.

The residential solar market opportunity is both large and significantly underpenetrated. Today, residential solar has penetrated less than 1% of the 82 million single family detached homes in the United States. The total residential electricity revenues in the United States were $169 billion in 2013. As prices of residential retail electricity increase and the cost of solar energy systems decreases, the market for residential solar will continue to expand. According to GTM Research and the Solar Energy Industries Association ("SEIA"), the residential solar energy market is expected to deploy 5,242 megawatts (MW) of installed capacity in 2020, representing a 27% compounded annual growth rate ("CAGR") from 2014 installation levels.

Rising Utility Energy Prices

According to the U.S. Energy Information Administration ("EIA"), the average residential retail electricity price from the power grid increased at a 3.4% CAGR from 2004 to 2013. According to data from the EIA, average residential electricity prices will continue to rise, which will expand the potential market opportunity and demand by U.S. residential solar customers. As retail electricity prices increase, the number of markets for which solar energy generation becomes viable is expected to increase, and the economics of distributed solar energy will continue to improve.



Source: U.S. Energy Information Administration ("EIA")

Declining Solar Energy System Costs

Solar energy system costs continue to decline due to decreasing hardware prices, increased installation efficiencies and lower customer acquisition costs. This has led to solar energy as a cost-effective option for customers in more markets. According to GTM Research, costs to install residential solar systems have declined 42% since 2011 and module prices have declined 80% since 2008. In 2014 alone, residential solar installation costs declined 10%. Additionally, the low cost of financing with improved tax equity rates and access to low-cost securitization and other financing products contributed to the increase in residential solar.

Policies and Incentives

The following federal, state, and local policies have also been strong factors affecting the market for distributed solar generation:

- *Federal Investment Tax Credit ("ITC").* Tax incentives have accelerated growth in U.S. solar energy system installations. Currently, business owners of solar energy systems can claim a tax credit worth 30% of the system's eligible tax basis (or the fair market value). While the tax credit for third-party-owned systems is set to step down to 10% on January 1, 2017, we expect the impact of this reduction to be mitigated by declining costs, rising electric rates and additional sources of low-cost financing.
- *Net metering.* A substantial majority of states have net metering policies whereby homeowners can offset electricity purchased from a utility by the amount of excess solar energy produced and sold to the utility. Net metering helps reduce peak electricity load and offsets the construction of new generation transmission and distribution facilities and the increased output from traditional generation facilities. According to the Database of State Incentives for Renewables and Efficiency, a substantial majority of states have net metering policies, the majority of which credit homeowners for on-site power production that exceeds on-site power demand at the retail rate. Regulators have adopted or expanded net metering policies over 150 times during the last three decades, and we are not aware of any contractions during that period.
- *Solar renewable energy certificates ("SRECs") and other state incentives.* Solar renewable energy certificates have been implemented in certain states to provide an incentive for solar capacity additions, particularly for distributed generation. States offering a market for SRECs allow utilities to meet regulations requiring minimum limits for the amount of electricity that must be generated by renewable sources. Some states specifically require a minimum amount of distributed solar energy generation while some states (e.g., Arizona, California, Massachusetts and New York) offer rebates for the installation of residential solar energy systems. In addition, certain states offer tax credits and incentives for solar energy systems that we are able to monetize. Support remains for these programs, although system costs have declined in our key markets such that we are not reliant on these incentives.

BUSINESS

Our Mission

Our mission is to provide homeowners with clean, affordable solar energy and a best-in-class customer experience. In 2007, we pioneered the residential solar service model, creating a hassle-free, low-cost solution for homeowners seeking to lower their energy bills. By removing the high initial cost and complexity that used to define the residential solar industry, we have fostered the industry's rapid growth and exposed an enormous market opportunity. Our relentless drive to increase the accessibility of solar energy is fueled by our enduring vision: to create a planet run by the sun.

Business Overview

We provide clean, solar energy to homeowners at a significant savings to traditional utility energy. After inventing the residential solar service model and recognizing its enormous market potential, we leveraged our first-mover advantage to build out the infrastructure and capabilities necessary to rapidly acquire and serve customers in a low-cost and scalable manner. Today, our scalable operating platform provides us with a number of unique advantages. First, we are able to market our solar service offerings through multiple channels, including our diverse partner network and direct-to-consumer operations. This multi-channel model supports broad sales and installation capabilities, which together allow us to achieve capital-efficient growth. Second, we are able to provide differentiated solutions to our customers that, combined with a great customer experience, we believe will drive meaningful margin advantages for us over the long-term.

Our core solar service offering provides homeowners with simple, predictable pricing for solar energy that is insulated from rising retail electricity prices. While homeowners have the option to purchase a solar energy system outright, most of our customers choose to buy solar as a service and enjoy the flexibility and savings that come from purchasing solar energy without a significant upfront investment. We install solar energy systems on our customers' homes and sell them solar power under a contract with a 20-year initial term. We typically target at least 20% savings to utility power for homeowners in their first year with us. We monitor, maintain and insure the system at no additional cost during the term of the contract. In exchange, we receive 20 years of predictable cash flows from high credit quality customers and qualify for tax and other benefits. We finance portions of these tax benefits and cash flows through tax equity and non-recourse debt structures in order to fund our upfront costs, overhead and growth investments. We develop valuable customer relationships that can extend beyond this initial contract term and provide us an opportunity to offer additional services in the future.

Since our founding we have continued to invest in a platform of services and tools to enable large scale operations for us and our partner network. The platform incorporates processes and software automation based upon eight years of learning and investment in the dynamic residential solar market. This platform streamlines customer origination and installation and simplifies ongoing maintenance and billing. It is built with an open architecture to enable our partners to plug in and benefit from our investments. We believe our platform empowers new market entrants and smaller industry participants to profitably serve our large and underpenetrated market without making the significant investments in technology and infrastructure required to compete effectively against established industry players by improving efficiencies and driving down system-wide costs. Our platform provides the support for our multi-channel model, which drives broad customer reach and capital-efficient growth.

We are an innovator in bringing scalable new channels for customer acquisition and solar installation to market. Historically, our primary focus towards these efforts was in building out a leading, diversified partner network of solar sales and installation companies. These partners include local solar installation contractors, sales and lead generation companies and large retailers that help us acquire customers and build solar energy systems, while we own and manage the systems and the 20-year customer experience. The ecosystem we built provides

broad reach, positioning us for sustained and rapid growth through a capital efficient business model. Our network of partners continues to thrive and expand today.

We have made significant investments to expand our platform capabilities, including, in 2014, direct customer acquisition, direct system installation, and fulfillment and racking capabilities. To accelerate these efforts, we acquired the residential solar business of a long-time partner, Mainstream Energy Corporation, as well as its fulfillment and racking businesses, which we refer to collectively as MEC. Throughout 2014, we integrated MEC onto the Sunrun platform to enhance the competitiveness of our existing partner network with these new capabilities. We also made significant investments to scale our acquired direct-to-consumer sales and installation business, which delivered customer growth of approximately 200% in the fourth quarter of 2014 versus the same period in the previous year while operating independently as MEC. We will continue to evaluate investment and partnership opportunities to expand market reach and lower our cost structure in this dynamic and nascent market.

Delivering a differentiated customer experience is core to our strategy. We emphasize a customized solution, including a design specific to each customer's home and pricing configurations that typically drive both customer savings and value to us. We believe that our passion for engaging our customers, developing a trusted brand, and providing a customized solar service offering resonates with our customers who are accustomed to a traditional residential power market that is often overpriced and lacking in customer choice.

We have experienced substantial growth in our business and operations since our inception in 2007. As of December 31, 2014, we operated the second largest fleet of residential solar energy systems in the United States, with approximately 70,000 customers across 13 states. We have deployed an aggregate of 397 megawatts ("MW") as of December 31, 2014. As of December 31, 2014, our estimated nominal contracted payments remaining was approximately $1.6 billion, and our estimated retained value was $1.0 billion. In addition, we also have a long track record of attracting low-cost capital from diverse sources, including tax equity and debt investors. Since inception, we have raised tax-equity to finance the installation of solar energy systems with an estimated value of $2.8 billion.

Our Distinctive Approach

Our goal is to attract high-quality customers with a great service at a competitive cost structure. We believe this will lead to our long-term objective of generating industry-leading cash flow from a large, happy customer base. We employ a distinctive two-pronged approach to achieve this goal: ongoing investment in an open platform of services and tools to drive cost efficiencies, as well as broad customer reach, and a differentiated customer experience that attracts high-quality customers with strong unit margins.

Platform of Services and Tools

We have built a platform that supports a diversified value creation engine across our various channels. Our platform streamlines customer origination and installation and simplifies ongoing maintenance and customer experience. It supports our direct-to-consumer business and is open to our partners (including existing industry players and new market entrants) to plug in and benefit from our years of experience and investment. Our platform facilitates tight process controls and a best-in-class customer experience, exists as a market clearer for specialized sales and installation firms, and enables us to own and manage the ongoing customer relationship for all solar service customers originated through our partner ecosystem. This infrastructure underpins our ability to enjoy broad customer reach with a low system-wide cost structure and positions us for expansion to every market where distributed solar energy generation can offer homeowners savings versus traditional utility retail power.

Key elements of the platform include:

- *Brand:* We have invested to develop a strong brand presence that benefits both our partners and us. We believe that our continuing investments in our brand will help expand our reach and reduce our cost to find and sell to new customers in both our direct and partner business. In addition, our growing reputation as a choice solar service provider increases the attractiveness of our platform for new and existing partners. Our sales and installation partners are able to leverage our brand to provide services under the Sunrun name.
- *Technology Suite*. BrightPath, our end-to-end software suite, supports both our direct-to-consumer and partner channels and is designed to enable us to manage every aspect of our customers' experience in a scalable manner. BrightPath evaluates approximately 1,000 design options in minutes, taking into account energy production, efficiency, shading, bill of materials, system cost and pricing offers before generating a customized solar design and proposed financial terms for each home we quote.
- *Operational Process Excellence.* Over our eight-year operating history, we have refined the key processes required to provide a great service at a competitive cost structure. This process excellence includes our sales and installation best practices, which we refine internally and share with partners through our dedicated training and partner management teams. The sales and installation process is only the start of our long-term customer relationship as we continue our customer relationship through ongoing electricity production, system monitoring and maintenance. As of December 31, 2014, we have executed thousands of home transfers, answered thousands of customer inquiries, analyzed hundreds of thousands of potential customer homes, collected approximately 99% of all billings due, and generated approximately 890 GWh of electricity. We are constantly working to optimize and automate these operational efforts as we scale.
- *Fulfillment and Racking*. Our fulfillment business, AEE, provides our direct-to-consumer business as well as more than 1,300 solar installers and other resellers across the United States with access to modules, inverters, racking and other solar components. The insights gained from AEE's installers (and potential future partners) help inform our expansion strategy and new partner selection process. In addition, we design and manufacture industry-leading racking technology with our SnapNrack solution, enabling fast, safe, and beautiful solar installations. Our fulfillment and SnapNrack solutions enable us and our partners to realize the advantages of our purchasing power and innovative racking technologies. SnapNrack has recently completed the design of SnapNrack InvisiLight, a mounting solution that eliminates rails in system installation, which is designed to reduce material and labor costs while providing fast, safe and beautiful installations. InvisiLight is expected to be released in 2015.
- *Uninterrupted Project Finance and Asset Management.* Our ability to consistently raise low-cost tax equity and debt financing provides our partners with reliable access to funding and reduces the overall cost of solar energy to our customers.

We have the unique capability to reach customers through multiple channels because our platform is robust, nimble, and open to partners. We currently go to market through our direct-to-consumer channel, trusted solar partners that sell or install solar energy systems, and a growing set of strategic relationships with recognized non-solar brands. In this underpenetrated market, we have experienced very limited channel conflict. Less than 5% of all potential customers receiving a proposal from Sunrun or one of our solar partners in 2014 received competing proposals from within the Sunrun network. In addition, our platform empowers partners, including top-tier retail operations, service partners, solar integrators, local entrepreneurs, and potential new market entrants to profitably provide our solar service offerings to their customers without incurring the significant investments necessary to compete with established industry players. We believe that this nascent and attractive market will continue to attract talented entrepreneurs and sophisticated adjacent industry players to the Sunrun ecosystem. Finally, our platform provides flexibility in our expansion strategy by allowing us to combine partner and direct-to-consumer investments in any particular geography as market conditions change.

We believe that these key elements of our open platform provide us with the following competitive advantages:

- *Reach and Scalability*. Our goal is to make solar a mainstream energy source. Doing so requires that we provide customers with ubiquitous and seamless access to our solar service offerings. Our multi-channel approach enables broad market coverage with little channel conflict. Today, we estimate that 90% of the populations in our largest markets, California and Hawaii, live within 30 miles of one of our 140 direct and partner locations. Our ability to rapidly onboard new partners and build out our direct-to-consumer efforts positions us for fast expansion to every market where distributed solar energy generation can offer homeowners savings versus traditional utility power. Finally, by combining our direct efforts and the specialization of our various partners in the Sunrun ecosystem, we are positioned for low-cost growth including attractive customer acquisition costs and efficient execution.
- *Competitive Cost Structure*. Our platform investments are designed to support a competitive cost structure for both partners and our direct-to-consumer channels. We have invested heavily in areas that benefit from economies of scale, such as technology, customer servicing, marketing, training, and procurement. We partner strategically in areas that often enjoy fewer scale advantages, such as local installation and customer acquisition. We believe our platform empowers partners to profitably serve the market without making significant investments in technology and infrastructure. As a result, our partners can operate at a lower cost structure and/or at higher margins than they would on their own. Finally, we expect the significant investments we made in 2014 to build out the capacity of our direct-to-consumer business to support further economies of scale in the future.
- *Capital Efficiency*. Competing in the residential solar industry can require significant capital investment. Our multi-channel approach and open platform allow us to leverage our investment spend and grow in a capital efficient way as we share the benefits of our investment with our partners. This arrangement offers us the benefits of vertical integration without the significant investment required to scale a purely direct-to-consumer model. While we deploy our direct-to-consumer channel alongside our partners in markets where the long-term opportunity justifies the fixed-cost investment, we benefit from our partners' investment and experience when evaluating, entering, and expanding into new markets. As solar becomes compelling in more geographies, we are able to enter through selected partnerships without having to make significant upfront investments of time and capital. Accordingly, as of December 31, 2014 we had amassed $1.0 billion in estimated retained value, while only having raised $306 million in equity capital.

Differentiated Customer Experience

Our differentiated customer acquisition strategy attracts a large group of high-quality customers with strong unit margin.

We are building a brand based on best-in-class solar service offerings and customer experience at competitive prices. Our solar service is powered by what we believe to be the industry's most customer-friendly features, including a leading performance guarantee and roof warranty. We provide our customers with tailored system design and customizable pricing for each home. Our significant investment in technology and analytics allows us to provide these benefits to customers through our direct-to-consumer channel and through our partners without compromising speed and efficiency in the sales process. Through our trust-based and consultative sales approach, we educate potential customers about the savings and other benefits of our solar service. We believe that our strategy of providing a leading solar service at competitive prices through a high-quality sales process sets us apart and drives low customer acquisition costs through new customer referrals. We estimate nearly one out of every three of our new customers in our direct-to-consumer channel came through referrals in 2014.

We believe that our differentiated customer experience positions us to realize favorable economic and operational outcomes over the long term. We have designed our customizable pricing and system design capabilities to offer all target homeowners a competitive service while uniquely attracting high-quality customers—those who realize enhanced savings at attractive unit margins to Sunrun. Through BrightPath, we

are able to use high-resolution, site-specific data to provide customers that have favorable home characteristics (such as roofs that allow for easy installation, high electricity consumption, or low shading) with below-market pricing. Even within the same neighborhood, site-specific characteristics drive dramatic variability in the revenue and cost profiles—and thus unit margin potential—of each home. For example, a common variance of just 100 kWh / kW (or approximately 7%) of a typical system's annual production can impact nominal contract value of a system by approximately $1,800. There are also many costs that are more appropriately applied per home rather than per watt, which makes homes with larger systems more cost effective. As compared to competitors, we believe this strategy has created a customer base with larger, more productive and more valuable systems.

Over time, we believe the accumulation of proprietary pricing and system performance data in BrightPath will enable us to continue to improve our site assessment capabilities to deliver accurate and compelling pricing to an increasing number of customers. As the market develops, we believe that our ability to identify homes with leading unit-margin potential and provide market-leading pricing for these customers will become a prominent competitive advantage.

We focus our resources on markets with high electricity rates, favorable policy environments, and other characteristics that allow for low operational costs and favorable unit margins. As a result of this customer targeting and market selection, we generated an average nominal contract value of more than $35,000 per customer agreement sold in the quarter ended December 31, 2014. We believe that our distinctive approach will create a higher quality portfolio of solar energy assets that create significant value for our customers while generating reliable cash flow to us over time.

Our Strengths

We believe the following strengths will help position us to drive the mass adoption of residential solar in a manner that maximizes the value of our growing customer base over the long term:

- *Platform of Services and Tools.* We have built a platform that supports a diversified value creation engine. This infrastructure underpins our ability to enjoy broad customer reach with a low system-wide cost structure and positions us for expansion to every market where distributed solar energy generation can offer homeowners savings versus traditional utility retail power.
- *Differentiated Customer Experience.* We strive to create a leading customer offering and experience. We do this through various methods: customer-friendly solar service features; tailored designs and customizable pricing for each homeowner; a highly consultative sales process; and a focus on customer savings. This differentiated customer acquisition strategy attracts a large group of high-quality customers who support strong unit margins.
- *Proven Execution*. Since we pioneered the residential solar service industry in 2007, we have built a track record of successful execution. We have established meaningful scale in residential solar to provide streamlined customer origination and installation and simplify ongoing maintenance and management of the customer experience for us and our partners. As of December 31, 2014, we had deployed 397 MW of residential systems, created $1.0 billion of estimated retained value, and executed thousands of service transfers (usually when our customers move).
- *Proven Access to Capital.* To date we have raised $1.4 billion in tax equity to fund the installation of solar energy systems with an estimated value of $2.8 billion. We have raised numerous investment funds—including 16 from repeat investors. Our capital providers rely on our ability to generate a diverse pool of high-quality 20-year customer agreements, build systems in a timely manner, and maintain performance in our growing fleet of tens of thousands of solar energy systems.
- *Policy and Regulatory Leadership.* Residential electricity, including solar, is highly regulated at multiple levels of government. We are dedicated to advancing solar-friendly policies throughout the country. We

co-founded The Alliance for Solar Choice ("TASC"), which leads the national advocacy for rooftop solar and has led the industry to numerous favorable regulatory and legislative verdicts. Our capital light market entry and exit capabilities through our partner network allow us to be nimble enough to quickly benefit from regulatory opportunities and avoid regulatory-caused market disruptions. We will continue to focus on the key regulatory and legislative threats to consumer choice as we promote a policy framework that will be beneficial to homeowners and the environment.

- *Industry Pioneering Management Team.* Our founders, Lynn Jurich and Edward Fenster, pioneered solar as a service in 2007 and have grown our business to serve over 70,000 customers as of December 31, 2014. We have assembled an executive management team with over 100 years of combined experience leading successful growth businesses and public companies in both energy and consumer-facing industries while bringing extensive functional experience in sales, marketing, project finance, legal, and public policy to help drive the mass adoption of residential solar.

Our Strategy

We will continue to focus on our distinctive approach—building an open platform of services and tools and delivering a differentiated customer experience—to achieve our goal of generating industry-leading cash flow from a large, happy customer base. The following are key elements of our strategy:

- *Grow Our Direct-to-Consumer Presence*. We will continue to invest in and expand our direct-to-consumer channel, which enables us to reach homeowners and install systems using dedicated Sunrun personnel. Our direct-to-consumer strategy includes referrals, phone outreach, online sales, retail presence and direct-to-home sales. We plan to continue to invest in direct response methods in which customers can transact directly over the phone or in-store through our retailer partnerships, all as part of our ongoing efforts to drive lower customer acquisition costs. By managing the entire process from sales to installation to ongoing monitoring, we are well positioned to create value by pursuing attractive markets, driving cost savings and leveraging best practices across our partner network.
- *Expand Our Partnerships with Solar Partners, Strategic Partners, and Attractive New Market Participants.* Our open platform of services and tools allows us to engage with a wide variety of solar industry partners, as well as new industry participants such as retailers and service providers who would like to cost-effectively offer solar to new and existing customers. We will continue to invest in our ability to attract, convert, grow, and retain promising partners in order to facilitate capital-efficient growth.
- *Continue to Invest in Our Platform.* We plan to continue to invest in and develop complementary software, services and technologies to enhance the scalability of our platform and support a low system-wide cost structure. We will continue to make significant investments in automating the end-to-end solar process through improved workflow management, electronic site-audit, and electronic permitting capabilities.
- *Continue to Deliver a Differentiated Customer Experience.* We will continue to sell customer-friendly solar service offerings with customized configurations and pricing. We believe that our increasing set of proprietary pricing and system performance data in BrightPath will enable us to deliver accurate and compelling pricing to an increasing number of customers at attractive margins to us. By combining our reach across multiple sales and installation channels with our technology-enabled customizable pricing, we believe that we position ourselves to optimize our market opportunity.
- *Expand Our Geographic Footprint*. We believe the market for residential solar remains significantly underpenetrated. We expect that significant expansion opportunities will emerge as our costs decline, making our offering compelling in new regions. We intend to leverage our versatile, scalable platform and unique multi-channel approach to expand into new markets as the economics for residential solar become more compelling.
- *Offer New Products and Services.* We will continue to innovate and expand our product and service offerings to homeowners. For example, we are currently piloting a combined solar and battery service.

Battery technologies will serve to reduce demands on the existing energy distribution infrastructure by retaining the energy at the location of generation and use. We believe that innovative offerings such as this will be compelling to many solar customers and will further disrupt the residential energy market.

Our Multi-Channel Capabilities

Our unique, multi-channel capabilities offer consumers a compelling solar service through scalable, cost-effective and consumer-friendly channels. Homeowners can access our products through three channels: direct-to-consumer, solar partnerships, and strategic partnerships.

Direct-to-Consumer

We sell and build solar energy systems for homeowners through our direct-to-consumer channel. This channel consists of an online lead-generation function, a telesales and field sales team, a direct-to-home sales force, a retail sales team and an industry-leading installation organization. After investing throughout the year to scale-up this business, we delivered customer growth of approximately 200% as of the end of 2014 versus the same period in the prior year, before MEC was acquired by Sunrun.

Solar Partnerships

We partner with more than 40 diverse solar organizations that sell and/or build systems for our customers. Due to our high-quality standards, we accept a small minority of partners that express interest in our platform. We train all partners extensively to uphold our brand, customer experience, and quality standards, and empower partners with dedicated Sunrun account representatives. Our solar partners include:

- Solar integrators: trained and trusted partners who sell and install solar energy systems. Partnerships with solar integrators allow us to expand our brand, quickly enter new markets, and drive capital-efficient growth.
- Sales partners: sales and lead generation partners who provide us with high-quality customer leads at competitive prices.
- Installation partners: trusted installation partners who install a subset of our system energy systems and allow us to more efficiently deploy a mix of in-house and outsourced installation capabilities.

Our ability to connect specialized sales and installation firms on a single platform allows us to enjoy the benefits of vertical integration without the additional fixed cost structure. This allows us to effectively act as a market clearer and also creates margin opportunities, system efficiencies and benefits from network effects in matching these ecosystem participants.

Strategic Partnerships

Our strategic partnerships encompass relationships with new market entrants not previously engaged in solar, including cable, consumer marketing, retail, and specialized energy retail companies. Our strategic partners find the residential solar market attractive but recognize that significant barriers to entry make partnership the preferred method to reach solar homeowners. Through these strategic arrangements, we typically market our solar service offerings to our partners' customer base and then install the system directly or through our installation partners. We manage the customer experience and retain the value of the economic relationship through the term of the homeowner's contract and potential renewal period. We have executed strategic partnerships in competitive processes that give us access to millions of potential customers. As our industry grows, we believe that our unique platform and deep partnership experience position us to be the partner of choice for new market entrants. We believe that these broad strategic relationships will help us drive down our customer acquisition costs and make solar accessible to even more homeowners.

The combination of direct-to-consumer, solar partnerships and strategic partnerships offers distinct advantages. The direct-to-consumer channel allows us to scale rapidly, drive incremental unit costs down over the long term, and refine operational processes to share with our partners. Our solar partnerships and strategic partnerships enable nimble market entry and exit, while allowing for capital efficient growth. Together, this multi-channel strategy supported by our open platform allows us to reach more customers with our leading solar service without compromising our ability to provide exceptional customer service.

Case Studies

Solar Integrator

- In the fourth quarter of 2012, a small solar integrator decided to switch to Sunrun from a competitor after experiencing relatively flat growth in the prior year. Over the next two years, through the end of 2014, the number of sales we created together increased at a compounded rate of 34.4% each quarter. By the fourth quarter of 2014, the partner recorded sales with Sunrun that were more than 10 times the rate at which they were selling when they joined our platform. Our platform helped accelerate the partner's growth through benefits such as: an integrated marketing campaign, customized sales training, installation process improvements and best-practice sharing. As the partner has integrated these resources and capacities, the quality of their sales process has improved even as their growth has accelerated, as measured by reduced cancellation rates since they first joined our platform.

Sales- and Lead- Generation Organization

- In the third quarter of 2014, we were approached by certain experienced direct-to-home sales leaders. These sales leaders expressed interest in starting their own solar door-to-door sales company, and recognized the need to partner with an organization that would bring the brand, project finance, installation, and technology expertise necessary to succeed. Out of many potential partners, the sales leaders selected us and quickly plugged into the Sunrun platform. Within one quarter the partner had gone from a standing start to originating more than 200 customers each month, with attractive sales costs and low cancellation rates.

Customer Agreements

Since we were founded in 2007, we have been selling solar energy to residential customers at prices typically below utility rates through a variety of offerings. Either directly or through a partner, we construct a solar energy system on a customer's home and sell the electricity generated by the system at set prices through customer agreements which typically have an initial term of 20 years. Rates can be fixed for the duration of the contract or escalated at a pre-determined percentage annually. Customers can also choose to purchase the solar energy system from us, with or without third-party financing, rather than purchase the power generated by the system. Upon installation, a system is interconnected to the local utility grid. The home's energy usage is provided by the solar energy system with any additional energy needs provided by the local utility. Through the use of a bi-directional utility net meter, any excess solar energy that is not immediately used by our customers is exported to the utility grid, and the customer receives a credit for this excess power from their utility to offset future usage.

Although many of our homeowners choose to pay little to nothing upfront and instead receive a monthly bill, some customers choose to prepay for some or all of the electricity produced by their systems, thereby reducing their monthly bill. The amount of an upfront payment is customized for each customer and typically ranges from $0 to $3,000 for customers paying monthly. Customers may also choose to fully prepay their 20-year contracts, and the average cost of these prepaid contracts is approximately $16,000. After the initial term of the customer agreement, customers have the option to renew their contracts for the remaining life of the solar energy system typically at a 10% discount to then-prevailing power prices, to purchase the system from us at its fair market value, or have us remove the system.

Regardless of the type of customer agreement our customers choose, we operate the system and agree to monitor and maintain it in good condition at no cost to the customer. We offer an industry-leading performance guarantee to ensure that our customers are receiving the energy they expect at the price they expect. Our customers also receive a five-year warranty for roof penetration for our partner-built systems and a ten-year warranty for systems built directly by us.

If a customer sells their home, the customer has the right to purchase the system or assign their customer agreement to the new homeowner, provided the new homeowner meets our credit requirements and agrees to be bound by the terms and conditions of the agreement. In connection with this service transfer, the customer may prepay all or a portion of the remaining payments due under the customer agreement to lower the monthly rate to be paid by the new homeowner. The amount of this prepayment may be reflected in the sales price of the home. If the customer fails to purchase the system or assign the agreement to a new owner, we may negotiate an agreement directly with the new homeowner on modified terms and/or look to the original customer for any past due or lost payments. We have completed thousands of service transfers and, from inception through December 31, 2014, the aggregate expected net present value of the customer agreements once assigned represented approximately 99% of what it was prior to assignment.

Sales and Marketing

We sell our solar energy offerings through a scalable sales organization using both a direct-to-consumer approach across online and offline channels and a diverse partner network of approximately 40 integrated partners that originate and/or install our systems. We market and sell our products using direct channels, partner channels, mass media, digital media, canvassing, referral, retail, and field marketing. We sell to homeowners over the phone, in the field through canvassing and in-home sales and through retail sales channels through our strategic partners. We also partner with sales-only organizations that focus on direct-to-consumer marketing and sales on our behalf, typically with a Sunrun-branded offering at point of sale, which further increases our brand and reach. We believe that a customized, homeowner-focused selling process is important before, during and after the sale of our solar services.

Our direct and partner sales teams participate in a comprehensive training program so we can deliver a uniform sales experience to our customers. We maintain quality through on-going evaluations of our direct sales teams as well as quarterly performance evaluations of our partners. We train our sales team on sales techniques and applicable laws and regulations and train them to customize their consultative presentation according to the individual homeowner, based on guidelines and principles outlined in our training materials. We are able to provide our sales team with real-time data and pricing tools through our proprietary technology which is designed to generate a tailored product offering with optimized pricing based on the actual characteristics of a homeowner's home, including roof characteristics and shading, as well as actual energy usage. This allows our sales team to differentially price homes in the same geographic region quickly and effectively.

Technology Suite

BrightPath is an innovative, end-to-end software platform designed to manage every aspect of a residential solar project. In addition to providing our sales platform, BrightPath's features also include:

- *SolarStation:* Sunrun SolarStation delivers an interactive retail experience for homeowners to obtain an estimate of their savings with solar and provides an opportunity for homeowners to purchase in-store. Homeowners can use a touch-based interface to customize a solar energy system for their home, select pricing options and receive a proposal ready for electronic signature. Powered by the BrightPath platform, the SolarStation reduces the time and cost of customer acquisition.
- *SmartTrack:* To support our acquisition of the installation business of MEC, we expect to launch Sunrun SmartTrack in 2015. SmartTrack tracks solar projects from customer signature through order management, installation and customer experience. SmartTrack will support our new direct-

to-consumer efforts by offering a centralized way to manage every phase and task in the post-sale fulfillment process and will allow us to automate handovers and approvals, drive labor efficiency through auto-scheduling and reduce overall cycle time.

- *eAudit and ePermit:* eAudit streamlines the site audit and verification process with a mobile-friendly application used by site technicians in the field to survey the customer's home and validate in real time that the sold system is appropriately tailored to the customer's roof and process change orders on-site. Expected to launch in late 2015, ePermit will utilize the detailed information gathered through eAudit to auto-generate and complete submission-ready permit sets to reduce cycle time.
- *SmartBase:* SmartBase monitors energy production and servicing for our fleet of solar energy systems. SmartBase uses advanced performance algorithms to identify system underperformance and failures and estimates probable causes. The integrated and automated alert system allows us to efficiently deploy our field service team. We also use the data from SmartBase to provide customers with information about their home's energy generation on mySunrun.
- *mySunrun:* mySunrun is our online customer engagement platform. Customers can view their energy generation, pay their bills, contact our customer service team, assess their positive environmental impact, make referrals and share this information on social networks.

Customer Service and Operations

We have made significant investments to create a platform of services and tools that addresses customer origination, system design and installation, performance monitoring, billing, collections and general customer support. Before a sales representative conducts a consultation, homeowners are pre-qualified based on a preliminary evaluation which considers a homeowner's credit, home ownership, electricity usage and suitability of the roof based on age, condition, shading and pitch. Once a homeowner is pre-qualified, all necessary data is collected so we can generate a proposal to present to the homeowner. If a homeowner is interested in moving forward, we generate a customer contract for electronic execution. This contract then undergoes a final review and verification of credit before it is countersigned.

Once an agreement is fully executed, the installer (whether us or a partner) performs a site audit at the home to inspect the roof and measure shading. This audit is followed by a final system design plan and an application for any required building permits. The plans are reviewed by us to ensure they conform to the executed contract or to process a change order if required. A second production estimate is generated at this time and if the expected energy production exceeds or falls below the original estimate by certain thresholds, the homeowner agreement is modified accordingly.

In order to reduce installation costs and operational risk, we have defined design and installation quality standards designed to ensure that homeowners receive a quality product, regardless of who installs the system. Every month, we review at least 5% of recently built systems using inspections completed by a third party on our behalf. Inspection results are reviewed by us and also shared with the relevant installation partners on a monthly basis.

Our homeowners generally only pay for the actual electricity produced by their systems. We measure production with a meter located at the customer's home. Each meter is integrated with a wireless communication device that transmits data to us through the local cellular network, and we use this data to monitor and assess performance and identify any underperformance and maintenance issues. Customers can access their energy production data through our customer website, which we call the mySunrun portal. If a system requires maintenance, we or a partner or dedicated service-only contractor will visit the customer's home and perform any necessary repairs or maintenance at no additional cost to the customer.

Suppliers

The main components of a residential solar energy system are the solar panels, inverters and racking systems. We generally purchase the components for our direct installation business from select manufacturers. As of December 31, 2014, our primary solar panel supplier was REC Group and our primary inverter supplier was ABB Group. In February 2014, we acquired MEC, as well as its fulfillment business, AEE Solar, and its racking business, SnapNrack. We believe that our racking system will be able to meet all of our racking needs for the foreseeable future and is an additional offering to our partner network. Our acquisition of AEE also provides us with fulfillment capabilities in all 50 states.

We maintain a running list of approved suppliers we can rely on if any of our contracted sources for panels, inverters or other components became unavailable. If we fail to develop, maintain and expand our relationships with these or other suppliers, our ability to meet anticipated demand for our solar energy systems may be adversely affected, or we may only be able to offer our systems at higher costs or after delays. If one or more of the suppliers that we rely upon to meet anticipated demand ceases or reduces production due to its financial condition, acquisition by a competitor or otherwise, it may be difficult to quickly identify alternate suppliers or to qualify alternative products on commercially reasonable terms, and our ability to satisfy this demand may be adversely affected.

We screen all suppliers and components based on expected cost, reliability, warranty coverage, ease of installation and other factors. We typically enter into master contract arrangements with our major suppliers that define the general terms and conditions of our purchases, including warranties, product specifications, indemnities, delivery and other customary terms. We typically purchase solar panels and inverters from time to time from our suppliers at then-prevailing prices pursuant to purchase orders issued under our master contract arrangements.

The declining cost of solar panels and the raw materials necessary to manufacture them has been a key driver in the prices we charge for electricity and homeowner adoption of solar energy. According to industry experts, solar panel and raw material prices are not expected to continue to decline at the same rate as they have over the past several years. The resulting prices could slow our growth and cause our financial results to suffer. If we are required to pay higher prices for our supplies, accept less favorable terms, or purchase solar panels or other system components from alternative, higher-priced sources, our financial results may be adversely affected.

We generally source the other products related to our solar energy systems, such as fasteners, wiring and electrical fittings, through a variety of distributors.

We currently provide solar energy services in Arizona, California, Delaware, Colorado, Connecticut, Hawaii, Maryland, Massachusetts, Nevada, New Jersey, New York, Oregon, and Pennsylvania, as well as the District of Columbia. Our corporate headquarters are located in San Francisco, California. We manage inventory through our local warehouses and maintain a fleet of more than 400 owned and leased vehicles, including forklifts and construction vehicles, to support our installers and operations.

Competition

We believe that our primary competitors are the traditional utilities that supply electricity to our potential customers. We compete with these traditional utilities primarily based on price (cents per kilowatt hour), predictability of future prices (by providing pre-determined annual price escalations) and the ease by which homeowners can switch to electricity generated by our solar energy systems. We believe that we compete favorably with traditional utilities based on these factors in the states where we offer our solar services.

We also compete with companies that are not regulated like traditional utilities but that have access to the traditional utility electricity transmission and distribution infrastructure pursuant to state and local pro-competitive and consumer choice policies and with solar companies with business models that are similar to ours. We believe that we compete favorably with these companies based on our unique multi-channel approach and differentiated customer experience.

We also face competition from purely finance-driven organizations that acquire homeowners and then subcontract out the installation of solar energy systems, from installation businesses that seek financing from external parties, from large construction companies and utilities and from sophisticated electrical and roofing companies. At the same time, our open platform provides opportunities for these competitors to become our partners, and we believe our open platform offers these new market participants a cost effective way to enter the market and compelling process, technology and supply chain services over the long term.

Research and Development

We believe continued investment in research and development is an important component of our on-going efforts to improve and expand our platform of services and tools. Our research and development expenses were $10.0 million in 2013 and $8.4 million in 2014. These expenses include costs related to the development, maintenance and research associated with our BrightPath software and our SnapNrack racking equipment. We also capitalized additional costs of $1.9 million in 2013 and $7.3 million in 2014 associated with our software, including BrightPath.

Intellectual Property

We seek to protect our intellectual property rights by relying on federal, state and common law rights in the United States and other countries, as well as contractual restrictions. We generally enter into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with other third parties, in order to limit access to, and disclosure and use of, our confidential information and proprietary technology. In addition to these contractual arrangements, we also rely on a combination of trademarks, trade dress, domain names, copyrights, trade secrets and patents to help protect our brand and our other intellectual property.

As of December 31, 2014, we had eight issued patents and 22 filed patent applications in the United States and foreign countries relating to a variety of aspects of our solar solutions. Our issued United States patents will expire 20 years from their respective filing dates, with the earliest expiring in 2029. We intend to file additional patent applications as we innovate through our research and development efforts.

We may be unable to obtain patent or trademark protection for our technologies and brands, and our existing patents and trademarks, and any patents or trademarks that may be issued in the future, may not provide us with competitive advantages or distinguish our products and services from those of our competitors. In addition, any patents and trademarks may be contested, circumvented or found unenforceable or invalid, and we may not be able to prevent third parties from infringing, diluting or otherwise violating them.

Government Regulation and Incentives

Government Regulation

Although we are not regulated as a public utility in the United States under applicable national, state or other local regulatory regimes where we conduct business, we compete primarily with regulated utilities. As a result, we have developed and are committed to maintaining a policy team to focus on the key regulatory and legislative issues impacting the entire industry. We plan to continue to invest in building out our team to shape

the dialogue and promote a policy framework that will be beneficial to homeowners and the environment and fair to energy providers and grid operators. We believe these efforts help us better navigate local markets through relationships with key stakeholders and facilitate a deep understanding of the regional policy environment.

To operate our systems we obtain interconnection permission from the applicable local primary electric utility. Depending on the size of the solar energy system and local law requirements, interconnection permission is provided by the local utility and us and/or our homeowners. In almost all cases, interconnection permissions are issued on the basis of a standard process that has been pre-approved by the local public utility commission or other regulatory body with jurisdiction over net metering policies. As such, no additional regulatory approvals are required once interconnection permission is given.

Our operations are subject to stringent and complex federal, state and local laws, including regulations governing the occupational health and safety of our employees and wage regulations. For example, we are subject to the requirements of the federal Occupational Safety and Health Act, as amended ("OSHA"), the U.S. Department of Transportation ("DOT"), and comparable state laws that protect and regulate employee health and safety.

Government Incentives

Federal, state and local government bodies provide incentives to owners, end users, distributors, system integrators and manufacturers of solar energy systems to promote solar energy in the form of rebates, tax credits and other financial incentives such as system performance payments**,** payments for renewable energy credits associated with renewable energy generation and exclusion of solar energy systems from property tax assessments. These incentives enable us to lower the price we charge homeowners for energy from, and to lease, our solar energy systems, helping to catalyze homeowner acceptance of solar energy as an alternative to utility-provided power.

The federal government currently offers a 30% investment tax credit under Section 48(a) of the Internal Revenue Code ("Commercial ITC"), for the installation of certain solar power facilities owned for business purposes until December 31, 2016. The depreciable basis of a solar facility is also reduced by 50% of the tax credit claimed. Without a change in law, this tax credit is scheduled to decrease to 10% on January 1, 2017, and we expect the reduction in the Commercial ITC negatively to impact the economics of distributed solar energy systems provided under operating customer agreements. Similarly, the federal government currently offers a 30% investment tax credit under Section 25D of the Internal Revenue Code ("Individual ITC"), for the installation of certain solar power facilities owned by individuals until December 31, 2016. Without a change in law, this tax credit is scheduled to expire on January 1, 2017, and we expect the elimination of this tax credit negatively to impact the economics of distributed solar energy systems purchased by homeowners or provided under capital leases or loans. Without a change in law, the asymmetric reduction in the ITC would likely result in a greater share of distributed solar energy systems being provided under operating lease or power purchase agreement structures than sold outright or provided under capital leases.

Solar energy systems that began construction or satisfied a safe harbor by incurring eligible project costs prior to the end of 2011 were eligible to receive a 30% federal cash grant paid by the U.S. Treasury Department under Section 1603 of the American Recovery and Reinvestment Act of 2009, or the U.S. Treasury grant, in lieu of the ITC. While we have received U.S. Treasury grants with respect to some of the solar energy systems that we have installed in the past, with limited exceptions, the U.S. Treasury grant program has ended, and we do not expect to receive U.S. Treasury grants in the future.

The economics of purchasing a solar energy system are also improved by eligibility for accelerated depreciation according to an accelerated schedule set forth by the Internal Revenue Service. Although many market participants find the value of accelerated depreciation to be slight in an environment of exceptionally low interest rates, this rule creates a valuable tax benefit in times of higher interest rates that reduces the overall cost of the solar energy system and increases the return on investment.

More than half of the states, and many local jurisdictions, have established property tax incentives for renewable energy systems that include exemptions, exclusions, abatements and credits. Many states also have adopted procurement requirements for renewable energy production. Twenty-nine states and the District of Columbia have adopted a renewable portfolio standard (and nine other states have some voluntary goal) that requires regulated utilities to procure a specified percentage of total electricity delivered to homeowners in the state from eligible renewable energy sources, such as solar energy systems, by a specified date. To prove compliance with such mandates, utilities must surrender renewable energy certificates or SRECs to the applicable authority. Solar energy system owners such as our investment funds often are able to sell SRECs to utilities directly or in SREC markets.

Employees

As of December 31, 2014, we had over 1,700 employees. We also engage independent contractors and consultants. None of our employees are covered by collective bargaining agreements. We have not experienced any work stoppages.

Facilities

Our corporate headquarters and executive offices are located in San Francisco, California, where we occupy approximately 44,000 square feet of office space. We also maintain 23 other locations, consisting primarily of branch offices, warehouses, sales offices and design centers in seven states.

We lease all of our facilities and we do not own any real property. We believe that our current facilities are adequate to meet our ongoing needs. If we require additional space, we believe that we will be able to obtain additional facilities on commercially reasonable terms.

Legal Proceedings

In July 2012, the Department of Treasury and the Department of Justice (together, the "Government") opened a civil investigation into the participation by residential solar developers in the Section 1603 grant program. The Government served subpoenas on several developers, including Sunrun, along with their investors and valuation firms, with requests for information related to the cash grant applications made by the developers. The focus of the investigation is the claimed fair market value of the solar systems the developers submitted to the Government in their grant applications. We have cooperated fully with the Government and plan to continue to do so. No claims have been brought against us.

In addition, we are a party to litigation and subject to claims in the ordinary course of business. Although the results of litigation and claims cannot be predicted with certainty, we currently believe that the final outcome of litigation and claims will not have a material adverse effect on our business. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of March 27, 2015:

Name	Age	Position
Executive Officers:		
Lynn Jurich	35	Chief Executive Officer and Director
Edward Fenster	38	Chairman
Bob Komin	52	Chief Financial Officer
Tom Holland	52	President
Paul Winnowski	43	Chief Operating Officer
Non-Employee Directors:		
Jameson McJunkin	40	Director
Gerald Risk	46	Director
Steve Vassallo	43	Director
Richard Wong	45	Director

Executive Officers

Lynn Jurich. Ms. Jurich is one of our co-founders and has served as our Chief Executive Officer since March 2014 and as a member of our board of directors since inception. Ms. Jurich served as our Co-Chief Executive Officer from October 2012 to March 2014, our President from January 2009 to March 2014, and our Executive Vice President of Sales and Marketing from 2007 to January 2009. From July 2002 to July 2005, Ms. Jurich served as an associate at Summit Partners, a private equity firm. Ms. Jurich holds a B.S. in Science, Technology, and Society from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

Ms. Jurich was selected to serve on our board of directors because of the perspective and experience she brings as one of our co-founders and as one of our largest stockholders.

Edward Fenster. Mr. Fenster is one of our co-founders and has served as our Chairman since March 2014 and as a member of our board of directors since inception. Mr. Fenster served as our Chief Executive Officer from June 2008 to October 2012, and our Co-Chief Executive Officer from October 2012 to March 2014. From May 2003 to June 2005, Mr. Fenster served as Director of Corporate Development at Asurion, LLC, a technology device protection and support company. From July 1999 to May 2003, Mr. Fenster worked at The Blackstone Group, a private equity firm. Mr. Fenster holds a B.A. in Economics from Johns Hopkins University and an M.B.A. from the Stanford Graduate School of Business.

Mr. Fenster was selected to serve on our board of directors because of the perspective and experience he brings as one of our co-founders and as one of our largest stockholders.

Bob Komin. Mr. Komin has served as our Chief Financial Officer since March 2015. From September 2013 to January 2015, Mr. Komin served as Chief Financial Officer at Flurry, Inc., a mobile analytics and advertising company. From August 2012 to August 2013, Mr. Komin served as Chief Financial Officer at Ticketfly, Inc., a ticket-distribution service provider. From January 2010 to July 2012, Mr. Komin served in various roles at Linden Research, Inc., a developer of digital entertainment, including as Chief Financial Officer. Previously, Mr. Komin also served as Chief Financial Officer at Solexel, Inc., a thin-silicon solar company, Tellme Networks, Inc., a telephone-based applications company, and XOR, Inc., a business application solution provider. Mr. Komin holds a B.S. in Accounting and General Science from the University of Oregon and a M.B.A. from the Harvard Business School.

Tom Holland. Mr. Holland has served as our President since March 2014. From August 2013 to March 2014, Mr. Holland served as our Chief Operating Officer. From December 1989 to July 2013, Mr. Holland served as a partner at Bain & Company, a management consulting firm. Mr. Holland holds a B.S. in Civil Engineering from the University of California, Berkeley and an M.B.A. from the Stanford Graduate School of Business.

Paul Winnowski. Mr. Winnowski joined us in connection with our acquisition of Mainstream Energy Corporation, a solar energy company, in February 2014 and has served as our Chief Operating Officer since March 2014. From December 2012 to January 2014, Mr. Winnowski served as Chief Executive Officer at Mainstream Energy Corporation. From March 2008 to March 2012, Mr. Winnowski served as President, Fire and Security, Europe and South Africa at United Technologies Corporation, a provider of security and fire detection solutions. Mr. Winnowski holds a B.B.A. in Business Economics from the University of San Diego and an M.B.A. from Vanderbilt University.

Non-Employee Directors

Jameson McJunkin. Mr. McJunkin has served as a member of our board of directors since May 2012. Since April 2005, Mr. McJunkin has served as Founder and General Partner at Madrone Capital Partners, a private investment firm. Mr. McJunkin currently serves on the boards of directors of Enphase Energy, Inc., a microinverter technology company, and a number of privately held companies. From August 2000 to March 2005, Mr. McJunkin served as a growth capital investor at TA Associates, Inc., a private equity firm. Mr. McJunkin holds an A.B. in Public Policy from Princeton University and an M.B.A. from the Stanford Graduate School of Business.

Mr. McJunkin was selected to serve on our board of directors because of his extensive experience as an investor building emerging growth companies, paired with his extensive knowledge of the solar industry.

Gerald Risk. Mr. Risk has served as a member of our board of directors since February 2014. Since March 2013, Mr. Risk has served as Vice Chairman at Asurion, LLC, and previously served as its President from May 2009 to March 2013 and its Chief Financial Officer from February 1999 to May 2009. Mr. Risk currently serves on the boards of directors of a number of privately held companies. Mr. Risk holds a Bachelor of Commerce from Queen's University and an M.B.A. from the Stanford Graduate School of Business.

Mr. Risk was selected to serve on our board of directors because of his extensive executive experience and his experience as an operator and investor building emerging growth businesses.

Steve Vassallo. Mr. Vassallo has served as a member of our board of directors since October 2009 and previously served as a member of our board of directors from June 2008 to July 2009. Since October 2007, Mr. Vassallo has served as a General Partner at Foundation Capital, a venture capital firm. Mr. Vassallo currently serves on the boards of directors of Control4 Corporation, a home automation and smart controls company, and a number of privately held companies. Mr. Vassallo holds a B.S. in Mechanical Engineering from Worcester Polytechnic Institute and an M.B.A. from the Stanford Graduate School of Business.

Mr. Vassallo was selected to serve on our board of directors because of his extensive experience as an investor building emerging growth companies.

Richard Wong. Mr. Wong has served as a member of our board of directors since July 2009. Since November 2006, Mr. Wong has served as a General Partner at Accel Partners, a venture capital firm. From 2001 to 2006, Mr. Wong served as Senior Vice President and General Manager of Products at Openwave Systems Inc., a software company. Mr. Wong holds a B.S. in Materials Science and Engineering and an M.S. in Management from the Massachusetts Institute of Technology.

Mr. Wong was selected to serve on our board of directors because of his extensive experience as an investor building emerging growth companies.

Each executive officer serves at the discretion of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal. There are no family relationships among any of our directors or executive officers.

Code of Business Conduct and Ethics

Our board of directors has adopted a code of business conduct and ethics that will apply upon the completion of this offering to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior financial officers. The full text of our code of business conduct and ethics will be posted on the investor relations page on our website. We intend to disclose any amendments to our code of business conduct and ethics, or waivers of its requirements, on our website or in filings under the Exchange Act.

Board of Directors

Our business and affairs are managed under the direction of our board of directors. Our board of directors consists of six directors, four of whom qualify as "independent" under the listing standards of the NASDAQ Stock Market. Pursuant to our certificate of incorporation in effect prior to the amendment we expect to adopt in connection with this offering and our amended and restated investors' rights agreement, our directors were elected as follows:

- Edward Fenster and Lynn Jurich were elected as the designees nominated by holders of our common stock;
- Steve Vassallo was elected as the designee nominated by holders of our Series A preferred stock;
- Richard Wong was elected as the designee nominated by holders of our Series B preferred stock;
- Jameson McJunkin was elected as the designee nominated by holders of our Series D preferred stock; and
- Gerald Risk was elected as an independent director by our board of directors.

The provisions of our amended and restated investors' rights agreement relating to the election of our directors will terminate and our certificate of incorporation by which our directors were elected will be amended and restated in connection with this offering. After the completion of this offering, the number of directors will be fixed by our board of directors, subject to the terms of our amended and restated certificate of incorporation and amended and restated bylaws that will become effective prior to the completion of this offering. Each of our current directors will continue to serve as a director until the election and qualification of his or her successor, or until his or her earlier death, resignation or removal.

Classified Board of Directors

Our amended and restated certificate of incorporation that will become effective prior to the completion of this offering will provide that, immediately after the completion of this offering, our board of directors will be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of stockholders, with the other classes continuing for the remainder of their respective three-year terms. Our current directors will be divided among the three classes as follows:

- The Class I directors will be and , and their terms will expire at the annual meeting of stockholders to be held in 2016;
- The Class II directors will be and , and their terms will expire at the annual meeting of stockholders to be held in 2017; and
- The Class III directors will be and , and their terms will expire at the annual meeting of stockholders to be held in 2018.

Each director's term will continue until the election and qualification of his or her successor, or his or her earlier death, resignation or removal. Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of our directors.

This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Director Independence

Our board of directors has undertaken a review of the independence of each director. Based on information provided by each director concerning his or her background, employment and affiliations, our board of directors has determined that Messrs. McJunkin, Risk, Vassallo and Wong do not have relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the listing standards of the NASDAQ Stock Market. In making these determinations, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled "Certain Relationships and Related Party Transactions."

Lead Independent Director

Our board of directors has adopted corporate governance guidelines that will become effective prior to the completion of this offering. Our corporate governance guidelines provide that one of our independent directors should serve as our Lead Independent Director at any time when our Chief Executive Officer serves as the Chairman of our board of directors or if the Chairman is not otherwise independent. Because Edward Fenster is our Chairman and is not an "independent" director as defined in the listing standards of the NASDAQ Stock Market, our board of directors has appointed Steve Vassallo to serve as our Lead Independent Director. As Lead Independent Director, Mr. Vassallo will preside over periodic meetings of our independent directors, serve as a liaison between our Chairman and our independent directors and perform such additional duties as our board of directors may otherwise determine and delegate.

Committees of Our Board of Directors

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors.

Audit Committee

Following the completion of this offering, our audit committee will be composed of Messrs. McJunkin, Risk and Vassallo, each of whom satisfies the requirements for independence and financial literacy under the applicable rules and regulations of the SEC and listing standards of the NASDAQ Stock Market. Mr. Risk will serve as the chair of our audit committee, qualifies as an "audit committee financial expert" as defined in the rules of the SEC, and satisfies the financial sophistication requirements under the listing standards of the NASDAQ Stock Market. Following the completion of this offering, our audit committee will, among other things, be responsible for:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent registered public accounting firm, our interim and year-end results of operations;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing related party transactions; and
- approving or, as required, pre-approving, all audit and all permissible non-audit services, other than de minimis non-audit services, to be performed by the independent registered public accounting firm.

Our audit committee will operate under a written charter that satisfies the applicable rules and regulations of the SEC and the listing standards of the NASDAQ Stock Market.

Compensation Committee

Following the completion of this offering, our compensation committee will be composed of Messrs. Vassallo and Wong, each of whom satisfies the requirements for independence under the applicable rules and regulations of the SEC and listing standards of the NASDAQ Stock Market. Mr. Wong will serve as the chair of our compensation committee. Each member of our compensation committee is also a non-employee director, as defined pursuant to Rule 16b-3 promulgated under the Exchange Act, and an outside director, as defined pursuant to Section 162(m) of the Internal Revenue Code. Following the completion of this offering, our compensation committee will, among other things, be responsible for:

- reviewing, approving and determining, or making recommendations to our board of directors regarding, the compensation of our executive officers;
- administering our equity compensation plans;
- reviewing, approving and making recommendations to our board of directors regarding incentive compensation and equity compensation plans; and
- establishing and reviewing general policies relating to compensation and benefits of our employees.

Our compensation committee will operate under a written charter that satisfies the applicable rules and regulations of the SEC and the listing standards of the NASDAQ Stock Market.

Nominating and Corporate Governance Committee

Following the completion of this offering, our nominating and governance committee will be composed of Messrs. McJunkin and Wong, each of whom satisfies the requirements for independence under the applicable rules and regulations of the SEC and listing standards of the NASDAQ Stock Market. Mr. McJunkin will serve as the chair of our nominating and corporate governance committee. Following the completion of this offering, our nominating and corporate governance committee will, among other things, be responsible for:

- identifying, evaluating and selecting, or making recommendations to our board of directors regarding, nominees for election to our board of directors and its committees;
- evaluating the performance of our board of directors and of individual directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- reviewing developments in corporate governance practices;
- evaluating the adequacy of our corporate governance practices and reporting; and
- developing and making recommendations to our board of directors regarding corporate governance guidelines and matters.

Our nominating and corporate governance committee will operate under a written charter that satisfies the applicable listing standards of the NASDAQ Stock Market.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee is or has been an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee (or other board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on our board of directors or compensation committee.

Mr. Vassallo, a member of our compensation committee, is a General Partner at Foundation Capital. Since January 1, 2012, entities affiliated with Foundation Capital (the "Foundation Capital Entities") have purchased shares of our convertible preferred stock in the following transactions: in May 2012, the Foundation Capital Entities purchased an aggregate of 361,141 shares of our Series D convertible preferred stock from us at a purchase price of $9.23 per share, for an aggregate purchase price of $3,333,331; and in March 2014, the Foundation Capital Entities purchased an aggregate of 201,030 shares of our Series E convertible preferred stock from us at a purchase price of $13.834 per share, for an aggregate purchase price of $2,781,049.

Mr. Wong, a member of our compensation committee, is a General Partner at Accel Partners. Since January 1, 2012, entities affiliated with Accel Partners (the "Accel Partners Entities") have purchased shares of our convertible preferred stock in the following transactions: in May 2012, the Accel Partners Entities purchased an aggregate of 361,141 shares of our Series D convertible preferred stock from us at a purchase price of $9.23 per share, for an aggregate purchase price of $3,333,331; and in March 2014, the Accel Partners Entities purchased an aggregate of 108,427 shares of our Series E convertible preferred stock from us at a purchase price of $13.834 per share, for an aggregate purchase price of $1,499,979.

The sales of our convertible preferred stock to the Foundation Capital Entities and the Accel Partners Entities were made in connection with our convertible preferred stock financings and on substantially the same terms and conditions as all other sales of our convertible preferred stock by us in each such financing. The Foundation Capital Entities and the Accel Partners Entities are also party to our amended and restated investors' rights agreement. See the section titled "Certain Relationships and Related Party Transactions" for further description of these transactions.

Non-Employee Director Compensation

Our non-employee directors do not currently receive, and did not receive in 2014, any cash compensation for their service on our board of directors and committees of our board of directors.

The following table provides information regarding the total compensation that was granted to each of our directors who was not serving as an executive officer in 2014.

Name	Option Awards(1)	Total
Jameson McJunkin	—	—
Gerald Risk(2)	$ 425,944	$ 425,944
Steve Vassallo	—	—
Richard Wong	—	—

(1) The amounts reported represent the aggregate grant-date fair value of the award as calculated in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the award reported in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus.

(2) As of December 31, 2014, Mr. Risk held an option to purchase a total of 120,000 shares of our common stock. 25% of the shares of our common stock subject to this option vested on July 31, 2014, and the balance vests in 30 successive equal monthly installments, subject to continued service to us and subject to acceleration of vesting of a portion of the unvested shares in the event of a change of control.

Directors who are also our employees receive no additional compensation for their service as directors. During 2014, Ms. Jurich and Mr. Fenster were our employees. See the section titled “Executive Compensation” for additional information about their compensation.

Although compensation has been paid to our non-employee directors prior to the completion of this offering, we do not currently have a policy or plan to make equity award grants or pay cash retainers to our non-employee directors at a particular time, of a particular value or of a particular amount. Prior to the completion of this offering, we intend to implement a formal policy pursuant to which our non-employee directors would be eligible to receive equity awards and cash retainers as compensation for service on our board of directors and committees of our board of directors beginning as of the effective date of the registration statement of which this prospectus forms a part.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table provides information regarding the total compensation for services rendered in all capacities that was earned by each individual who served as our principal executive officer at any time in 2014, and our two other most highly compensated executive officers who were serving as executive officers as of December 31, 2014. These individuals were our named executive officers for 2014.

Name and Principal Position	Year	Salary($)	Bonus($)	Stock Awards($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total($)
Lynn Jurich(4) *Chief Executive Officer*	2014	329,070	—	—	1,635,145		—	25,000	1,989,215
Edward Fenster(5) *Chairman*	2014	317,753	—	—	1,635,145		—	—	1,952,898
Tom Holland *President*	2014	326,458	—	—			—	—	326,458
Paul Winnowski(6) *Chief Operating Officer*	2014	285,558	—	—	399,274		—	36,025	720,857

(1) The amounts disclosed represent the aggregate grant-date fair value of the award as calculated in accordance with Financial Accounting Standard Board Accounting Standards Codification Topic 718. The assumptions used in calculating the grant date fair value of the award disclosed in this column are set forth in the notes to our audited consolidated financial statements included elsewhere in this prospectus.
(2) The amounts to be disclosed are not calculable through the latest practicable date. We expect that such amounts will be determined during the second quarter of 2015 and will be disclosed in an amendment to the registration statement of which this prospectus forms a part.
(3) The amounts disclosed represent: for Ms. Jurich, charitable donation reimbursement; and for Mr. Winnowski, relocation expense reimbursement.
(4) Ms. Jurich served as our Co-Chief Executive Officer from October 2012 to March 2014. Ms. Jurich currently serves as our Chief Executive Officer.
(5) Mr. Fenster served as our Co-Chief Executive Officer from October 2012 to March 2014. Mr. Fenster currently serves as our Chairman.
(6) Mr. Winnowski began serving as our Chief Operating Officer in March 2014.

Executive Officer Employment Letters

Lynn Jurich

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Lynn Jurich, our Chief Executive Officer. The confirmatory employment letter will have no specific term and will provide for at-will employment. Ms. Jurich's current annual base salary is $, and she is eligible for annual target incentive payments equal to % of her base salary.

Edward Fenster

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Edward Fenster, our Chairman. The confirmatory employment letter will have no specific term and will provide for at-will employment. Mr. Fenster's current annual base salary is $, and he is eligible for annual target incentive payments equal to % of his base salary.

Bob Komin

Bob Komin became our Chief Financial Officer in March 2015. Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with him. The confirmatory employment letter will have no specific term and will provide for at-will employment. Mr. Komin's current annual base salary is $, and he is eligible for annual target incentive payments equal to % of his base salary.

Tom Holland

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Tom Holland, our President. The confirmatory employment letter will have no specific term and will provide for at-will employment. Mr. Holland's current annual base salary is $, and he is eligible for annual target incentive payments equal to % of his base salary.

Paul Winnowski

Prior to the completion of this offering, we intend to enter into a confirmatory employment letter with Paul Winnowski, our Chief Operating Officer. The confirmatory employment letter will have no specific term and will provide for at-will employment. Mr. Winnowski's current annual base salary is $, and he is eligible for annual target incentive payments equal to % of his base salary.

Pension Benefits and Nonqualified Deferred Compensation

We do not provide a pension plan for our employees, and none of our named executive officers participated in a nonqualified deferred compensation plan in 2014.

Outstanding Equity Awards at 2014 Year-End

The following table sets forth information regarding outstanding stock options and stock awards held by our named executive officers as of December 31, 2014:

	Option Awards					Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)
Lynn Jurich	06/16/2011(1)	484,696	10,314	1.95	06/15/2021	—	—
	04/12/2013(2)	183,364	120,136	3.19	04/11/2023	—	—
	04/11/2014(3)	—	400,000	5.88	04/10/2024	—	—
Edward Fenster	06/16/2011(1)	484,696	10,314	1.95	06/15/2021	—	—
	04/12/2013(2)	183,364	120,136	3.19	04/11/2023	—	—
	04/11/2014(3)	—	400,000	5.88	04/10/2024	—	—
Tom Holland	09/04/2013(4)	539,063	—	3.19	09/03/2023	—	—
Paul Winnowski	02/01/2014(5)	114,903	344,710	3.87	10/07/2020	—	—
	03/17/2014(6)	—	110,000	5.88	03/16/2024	—	—

(1) One forty-eighth of the shares subject to the option vested on February 15, 2011 and one forty-eighth of the shares subject to the option vest monthly thereafter, subject to continued service to us and subject to acceleration of vesting of all of the unvested shares in the event the named executive officer is terminated without cause in connection with a change of control.

(2) Twenty-five percent of the shares subject to the option vested on July 5, 2013 and one forty-eighth of the shares subject to the option vest monthly thereafter, subject to continued service to us.

(3) Twenty-five percent of the shares subject to the option will vest on April 11, 2015 and one forty-eighth of the shares subject to the option vest monthly thereafter, subject to continued service to us.

(4) Twenty-five percent of the shares subject to the option vested on August 15, 2014 and one twenty-fourth of the shares subject to the option vest monthly thereafter, subject to continued service to us and subject to acceleration of vesting of all of the unvested shares in the event the named executive officer is terminated without cause not in connection with a change of control and a portion of the unvested shares in the event the named executive officer is terminated without cause in connection with a change of control. This option is early exercisable, and to the extent shares subject to this option are issued and unvested as of a given date, such shares will remain subject to a right of repurchase held by us.

(5) Twenty-five percent of the shares subject to the option vested on February 1, 2014, twenty-five percent of the shares subject to the option vest on February 1, 2015, and one twenty-fourth of the shares subject to the option vest monthly thereafter, subject to continued service to us and subject to acceleration of vesting of a portion of unvested shares in the event the named executive officer is terminated without cause due to a change of control, or without good reason.

(6) Twenty-five percent of the shares subject to the option vest on February 1, 2015 and one forty-eighth of the shares subject to the option vest monthly thereafter, subject to continued service to us.

Employee Benefit and Stock Plans

2015 Equity Incentive Plan

Prior to the completion of this offering, our board of directors will adopt, and our stockholders will approve, our 2015 Plan. We expect that our 2015 Plan will be effective on the business day immediately prior to the effective date of the registration statement of which this prospectus forms a part. Our 2015 Plan will provide for the grant of incentive stock options, within the meaning of Section 422 of the Internal Revenue Code (the "Code"), to our employees and any parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, restricted stock, restricted stock units ("RSUs"), stock appreciation rights, performance units and performance shares to our employees, directors and consultants and our parent and subsidiary corporations' employees and consultants.

Authorized Shares. A total of shares of our common stock will be reserved for issuance pursuant to our 2015 Plan. In addition, the shares reserved for issuance under our 2015 Plan also will include shares returned to our 2013 Plan as the result of expiration or termination of awards and shares previously issued pursuant to our 2013 Plan that are forfeited or repurchased by us (provided that the maximum number of shares that may be added to our 2015 Plan pursuant to this provision is shares). The number of shares available for issuance under our 2015 Plan will also include an annual increase on the first day of each fiscal year beginning on January 1, 2016, equal to the least of:

- shares;
- of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year; or
- such other amount as our board of directors may determine.

If an award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an exchange program, or, with respect to restricted stock, restricted stock units, performance units or performance shares, is forfeited to or repurchased due to failure to vest, the unpurchased shares (or for awards other than stock options or stock appreciation rights, the forfeited or repurchased shares) will become available for future grant or sale under the 2015 Plan. With respect to stock appreciation rights, the net shares issued will cease to be available under the 2015 Plan and all remaining shares will remain available for future grant or sale under the 2015 Plan. Shares used to pay the exercise price of an award or satisfy the tax withholding obligations related to an award will become available for future grant or sale under the 2015 Plan. To the extent an award is paid out in cash rather than shares, such cash payment will not result in a reduction in the number of shares available for issuance under the 2015 Plan.

Plan Administration. The compensation committee of our board of directors is expected to administer our 2015 Plan. In the case of awards intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code, the committee will consist of two or more "outside directors" within the meaning of Section 162(m). In addition, if we determine it is desirable to qualify transactions under our 2015 Plan as exempt under Rule 16b-3, such transactions will be structured to satisfy the requirements for exemption under Rule 16b-3. The administrator has the power to administer our 2015 Plan, including but not limited to, the power

to interpret the terms of our 2015 Plan and awards granted under it, to create, amend and revoke rules relating to our 2015 Plan, including creating sub-plans, and to determine the terms of the awards, including the exercise price, the number of shares subject to each such award, the exercisability of the awards and the form of consideration, if any, payable upon exercise. The administrator also has the authority to amend existing awards to reduce or increase their exercise prices, to allow participants the opportunity to transfer outstanding awards to a financial institution or other person or entity selected by the administrator and to institute an exchange program by which outstanding awards may be surrendered in exchange for awards of the same type which may have a higher or lower exercise price or different terms, awards of a different type and/or cash.

Stock Options. Stock options may be granted under our 2015 Plan. The exercise price of options granted under our 2015 Plan must be at least equal to the fair market value of our common stock on the date of grant. The term of an incentive stock option may not exceed ten years, except that with respect to any participant who owns more than 10% of the voting power of all classes of our outstanding stock, the term must not exceed five years and the exercise price must equal at least 110% of the fair market value on the grant date subject to the provisions of our 2015 Plan. The administrator will determine the methods of payment of the exercise price of an option, which may include cash, shares or other property acceptable to the administrator, as well as other types of consideration permitted by applicable law and the other terms of the option, subject to the provisions of our 2015 Plan. After the termination of service of an employee, director or consultant, he or she may exercise his or her option for the period of time stated in his or her option agreement. Generally, if termination is due to death or disability, the option will remain exercisable for 12 months. In all other cases, the option generally will remain exercisable for three months following the termination of service. An option may not be exercised later than the expiration of its term.

Stock Appreciation Rights. Stock appreciation rights may be granted under our 2015 Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. Stock appreciation rights may not have a term exceeding ten years. After the termination of service of an employee, director or consultant, he or she may exercise his or her stock appreciation right for the period of time stated in his or her stock appreciation rights agreement. However, in no event may a stock appreciation right be exercised later than the expiration of its term. Subject to the provisions of our 2015 Plan, the administrator determines the other terms of stock appreciation rights, including when such rights become exercisable and whether to pay any increased appreciation in cash, shares of our common stock or a combination thereof, except that the per share exercise price for the shares to be issued pursuant to the exercise of a stock appreciation right must be no less than 100% of the fair market value per share on the date of grant.

Restricted Stock. Restricted stock may be granted under our 2015 Plan. Restricted stock awards are grants of shares of our common stock that vest in accordance with terms and conditions established by the administrator. The administrator will determine the number of shares of restricted stock granted to any employee, director or consultant and, subject to the provisions of our 2015 Plan, will determine the terms and conditions of such awards. The administrator may impose whatever conditions to vesting it determines to be appropriate (for example, the administrator may set restrictions based on the achievement of specific performance goals or continued service to us); and may, in its sole discretion, accelerate the time at which any restrictions will lapse or be removed. Recipients of restricted stock awards generally will have voting and dividend rights with respect to such shares upon grant without regard to vesting, unless the administrator provides otherwise. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture.

RSUs. RSUs may be granted under our 2015 Plan. An RSU is an award that covers a number of shares of our common stock and that may be settled upon vesting by the issuance of the underlying shares or in cash or a combination of shares and cash. Subject to the provisions of our 2015 Plan, the administrator determines the terms and conditions of RSUs, including the vesting criteria (which may include accomplishing specified performance criteria or continued service to us) and the form and timing of payment. Notwithstanding the foregoing, the administrator, in its sole discretion, may accelerate the time at which any restrictions will lapse or be removed.

Performance Units and Performance Shares. Performance units and performance shares may be granted under our 2015 Plan. Performance units and performance shares are awards that will result in a payment to a participant only if performance goals established by the administrator are achieved or the awards otherwise vest. The administrator will establish organizational or individual performance goals or other vesting criteria in its discretion, which, depending on the extent to which they are met, will determine the number and/or the value of performance units and performance shares to be paid out to participants. After the grant of a performance unit or performance share, the administrator, in its sole discretion, may reduce or waive any performance criteria or other vesting provisions for such performance units or performance shares. Performance units shall have an initial dollar value established by the administrator on or prior to the grant date. Performance shares shall have an initial value equal to the fair market value of our common stock on the grant date. The administrator, in its sole discretion, may pay earned performance units or performance shares in the form of cash, shares or some combination thereof.

Outside Directors. Our 2015 Plan provides that all outside (non-employee) directors will be eligible to receive all types of awards (except for incentive stock options) under our 2015 Plan. Prior to the completion of this offering, we intend to implement a formal policy pursuant to which our outside directors will be eligible to receive equity awards under our 2015 Plan. In order to provide a maximum limit on the awards that can be made to our outside directors, our 2015 Plan provides that in any given year, an outside director (i) will not be granted cash-settled awards having a grant-date fair value greater than $, but that in the fiscal year that an outside director first joins our board of directors, he or she may be granted a cash-settled award with a grant-date fair value of up to $; and (ii) will not be granted stock-settled awards having a grant-date fair value greater than $, but that in the fiscal year that an outside director first joins our board of directors, he or she may be granted stock-settled awards having a grant-date fair value of up to $. The grant-date fair values will be determined according to GAAP. The maximum limits do not reflect the intended size of any potential grants or a commitment to make grants to our outside directors under our 2015 Plan in the future.

Non-Transferability of Awards. Unless the administrator provides otherwise, our 2015 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime.

Certain Adjustments. In the event of certain changes in our capitalization, to prevent diminution or enlargement of the benefits or potential benefits available under our 2015 Plan, the administrator will adjust the number and class of shares that may be delivered under our 2015 Plan and/or the number, class and price of shares covered by each outstanding award, and the numerical share limits set forth in our 2015 Plan.

Dissolution or Liquidation. In the event of our proposed liquidation or dissolution, the administrator will notify participants as soon as practicable and all awards will terminate immediately prior to the consummation of such proposed transaction.

Merger or Change in Control. Our 2015 Plan provides that in the event of a merger or change in control, as defined under our 2015 Plan, each outstanding award will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period prior to the transaction. The award will then terminate upon the expiration of the specified period of time. If the service of an outside director is terminated on or following a change in control, other than pursuant to a voluntary resignation, his or her stock options, RSUs and stock appreciation rights, if any, will vest fully and become immediately exercisable, all restrictions on his or her restricted stock will lapse and all performance goals or other vesting requirements for his or her performance shares and units will be deemed achieved at 100% of target levels, and all other terms and conditions met.

Amendment; Termination. The administrator has the authority to amend, suspend or terminate our 2015 Plan provided such action does not impair the existing rights of any participant. Our 2015 Plan will automatically terminate in 2025, unless we terminate it sooner.

2015 Employee Stock Purchase Plan

Prior to the completion of this offering, our board of directors will adopt, and our stockholders will approve, our 2015 Employee Stock Purchase Plan ("ESPP"). Our ESPP will be effective on the effective date of the registration statement of which this prospectus forms a part. We believe that allowing our employees to participate in our ESPP provides them with a further incentive towards ensuring our success and accomplishing our corporate goals.

Authorized Shares. A total of shares of our common stock will be available for sale under our ESPP. The number of shares of our common stock available for sale under our ESPP will also include an annual increase on the first day of each fiscal year beginning on January 1, 2016, equal to the least of:

- shares;
- % of the outstanding shares of our common stock as of the last day of the immediately preceding fiscal year; or
- such other amount as our board of directors may determine.

Plan Administration. Our compensation committee will administer our ESPP and will have full but non-exclusive authority to interpret the terms of our ESPP and determine eligibility to participate, subject to the conditions of our ESPP, as described below.

Eligibility. Generally, all of our employees will be eligible to participate if they are employed by us, or any participating subsidiary, for at least 20 hours per week and more than five months in any calendar year. However, an employee may not be granted rights to purchase shares of our common stock under our ESPP if such employee:

- immediately after the grant would own capital stock possessing 5% or more of the total combined voting power or value of all classes of our capital stock; or
- hold rights to purchase shares of our common stock under all of our employee stock purchase plans that accrue at a rate that exceeds $25,000 worth of shares of our common stock for each calendar year.

Offering Periods. Our ESPP includes a component that allows us to make offerings intended to qualify under Section 423 of the Code and a component that allows us to make offerings not intended to qualify under Section 423 of the Code to participants of designated companies, as described in our ESPP. Our ESPP provides for twelve-month offering periods. The offering periods are scheduled to start on the first trading day on or after and of each year, except for the first offering period, which will commence on the first trading day on or after completion of this offering and will end on the first trading day on or after . Each offering period will include purchase periods, which will be the approximately six-month period commencing with one exercise date and ending with the next exercise date.

Contributions. Our ESPP permits participants to purchase shares of our common stock through payroll deductions of up to % of their eligible compensation. A participant may purchase a maximum of shares of our common stock during a purchase period. In addition, for any offering that is not intended to qualify under Section 423 of the Code and is made to participants of designated companies within the European Economic Area, we will automatically decrease the number of shares of common stock permitted to be sold to participants in those designated companies and either continue or terminate the offering period to ensure that we have complied with relevant securities laws.

Exercise of Purchase Right. Amounts deducted and accumulated by the participant are used to purchase shares of our common stock at the end of each six-month purchase period. The purchase price of the shares will be % of the lower of the fair market value of our common stock on the first trading day of each offering period or on the exercise date. If the fair market value of our common stock on the exercise date is less than the fair market value on the first trading day of the offering period, participants will be withdrawn from the current offering period following their purchase of shares of our common stock on the purchase date and will be automatically re-enrolled in a new offering period. Participants may end their participation at any time during an offering period and will be paid their accrued contributions that have not yet been used to purchase shares of our common stock. Participation ends automatically upon termination of employment with us.

Non-Transferability. A participant may not transfer rights granted under our ESPP. If our compensation committee permits the transfer of rights, it may only be done by will, the laws of descent and distribution or as otherwise provided under our ESPP.

Merger or Change in Control. Our ESPP provides that in the event of a merger or change in control, as defined under our ESPP, a successor corporation may assume or substitute each outstanding purchase right. If the successor corporation refuses to assume or substitute for the outstanding purchase right, the offering period then in progress will be shortened, and a new exercise date will be set. The administrator will notify each participant that the exercise date has been changed and that the participant's option will be exercised automatically on the new exercise date unless prior to such date the participant has withdrawn from the offering period.

Amendment; Termination. The administrator has the authority to amend, suspend or terminate our ESPP, except that, subject to certain exceptions described in our ESPP, no such action may adversely affect any outstanding rights to purchase shares of our common stock under our ESPP. Our ESPP automatically will terminate in 2035, unless we terminate it sooner.

2014 Equity Incentive Plan

Our board of directors and our stockholders adopted our 2014 Plan in August 2014. Our 2014 Plan will be terminated prior to the completion of this offering, and accordingly, no new awards will be granted under the 2014 Plan upon the adoption of our 2015 Plan. All outstanding awards under the 2014 Plan will continue to be governed by their existing terms. As of December 31, 2014 restricted stock units to purchase 947,342 shares of our common stock remained outstanding under our 2014 Plan. Our 2014 Plan provides that in the event of a merger or change in control, as defined under the 2014 Plan, each outstanding award will be treated as the administrator determines, except that if a successor corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period as determined by the administrator. The award will then terminate upon the expiration of the specified period of time. Our 2014 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise the award during his or her lifetime. Our board of directors may amend our 2014 Plan at any time, provided that such amendment does not impair the rights under outstanding awards without the participant's written consent.

2013 Equity Incentive Plan, as Amended

Our board of directors and our stockholders adopted our 2013 Plan in July 2013. Our 2013 Plan will be terminated prior to the completion of this offering, and accordingly, no new awards will be granted under the 2013 Plan following the completion of this offering. All outstanding awards under the 2013 Plan will continue to be governed by their existing terms. As of December 31, 2014 options to purchase 6,537,606 shares of our common stock remained outstanding under our 2013 Plan at a weighted-average exercise price of approximately $5.61 per share. Our 2013 Plan provides that in the event of a merger or change in control, as defined under the 2013 Plan, each outstanding award will be treated as the administrator determines, except that if a successor

corporation or its parent or subsidiary does not assume or substitute an equivalent award for any outstanding award, then such award will fully vest, all restrictions on such award will lapse, all performance goals or other vesting criteria applicable to such award will be deemed achieved at 100% of target levels and such award will become fully exercisable, if applicable, for a specified period as determined by the administrator. The award will then terminate upon the expiration of the specified period of time. Our 2013 Plan generally does not allow for the transfer of awards and only the recipient of an award may exercise the award during his or her lifetime. Our board of directors may amend our 2013 Plan at any time, provided that such amendment does not impair the rights under outstanding awards without the participant's written consent.

2008 Equity Incentive Plan, as Amended

Our board of directors and our stockholders adopted our 2008 Plan in June 2008. Our 2008 Plan was most recently amended in July 2013. Our 2008 Plan was terminated in connection with the adoption of our 2013 Plan, and accordingly, no new awards have been granted under the 2008 Plan since the adoption of our 2013 Plan. All outstanding awards under the 2008 Plan will continue to be governed by their existing terms. As of December 31, 2014 options to purchase 4,297,294 shares of our common stock remained outstanding under our 2008 Plan at a weighted-average exercise price of approximately $2.34 per share. Our 2008 Plan provides that, in the event of a change in control, as defined under our 2008 Plan, each participant will be given an opportunity to exercise any of his or her vested and unexercised options prior to the consummation of the change in control and participate in such transaction as a holder of our common stock. We will have the discretion to provide for the termination of any of a participant's outstanding options as of the effective date of the change in control as long as we have given the participant at least 10 days' written notice of the change in control. If the change in control is structured as a merger or consolidation, the participant must waive any dissenters' rights, appraisal rights or similar rights in connection with such merger or consolidation. If the change in control is structured as a sale of shares, the participant must agree to sell all of the shares he or she acquired under our 2008 Plan and any vested option on the terms and conditions approved by us and comparable to the terms applicable to the other holders of our common stock. Our 2008 Plan generally does not allow for the transfer of awards and only the recipient of an option may exercise the option during his or her lifetime. Our board of directors may amend our 2008 Plan at any time, provided that such amendment does not materially impair the rights and obligations under outstanding awards without the participant's written consent.

Mainstream Energy Corporation 2009 Stock Plan

In connection with our acquisition of Mainstream Energy Corporation in February 2014, we assumed nonstatutory stock options granted under the Mainstream Energy Corporation 2009 Stock Plan (the "MEC Plan") held by MEC employees who continued employment with us or one of our subsidiaries after the closing and converted them into options to purchase shares of our common stock. The MEC Plan was terminated on the closing of the acquisition, but outstanding awards under the MEC Plan that we assumed in the acquisition will continue to be governed by their existing terms. As of December 31, 2014 options to purchase 573,463 shares of our common stock remained outstanding under the MEC Plan at a weighted-average exercise price of approximately $6.38 per share.

Executive Incentive Compensation Plan

Our Executive Incentive Compensation Plan ("Incentive Compensation Plan") was adopted by our board of directors in December 2014. Our Incentive Compensation Plan allows our compensation committee to provide cash incentive awards to employees selected by our compensation committee, including our named executive officers, based upon performance goals established by our compensation committee.

Under our Incentive Compensation Plan, our compensation committee determines the performance goals applicable to any award, which goals may include, without limitation, customer net promoter scores, sales bookings, business divestitures and acquisitions, cash flow, cash position, results of operations and operating metrics, product defect measures, product release timelines, productivity, return on assets, return on capital,

return on equity, return on investment, return on sales, sales results, sales growth, stock price, time to market, total stockholder return, working capital and individual objectives such as peer reviews or other subjective or objective criteria. The performance goals may differ from participant to participant and from award to award.

Our compensation committee currently administers our Incentive Compensation Plan. The administrator of our Incentive Compensation Plan may, in its sole discretion and at any time, increase, reduce or eliminate a participant's actual award, and/or increase, reduce or eliminate the amount allocated to the bonus pool for a particular performance period. The actual award may be below, at or above a participant's target award, in the discretion of the administrator. The administrator may determine the amount of any reduction on the basis of such factors as it deems relevant, and it is not required to establish any allocation or weighting with respect to the factors it considers.

Actual awards are paid in cash only after they are earned, which usually requires continued employment through the last day of the performance period and the date the actual award is paid. Payment of awards occurs as soon as administratively practicable after they are earned, but no later than the dates set forth in our Incentive Compensation Plan.

Our board of directors has the authority to amend, alter, suspend or terminate our Incentive Compensation Plan, provided such action does not alter or impair the existing rights or obligations of any participant with respect to any earned awards without the participant's written consent.

401(k) Plan

We maintain two tax-qualified retirement plans (each a "401(k) plan"). Each 401(k) plan provides eligible employees with an opportunity to save for retirement on a tax-advantaged basis. Each eligible employee is able to participate in the relevant 401(k) plan as of his or her date of hire. Under each 401(k) plan, participants are able to defer up to 90% of their eligible compensation subject to applicable annual Code limits. Under each 401(k) plan, all participants' interests in their deferrals are 100% vested when contributed. Each 401(k) plan permits us to make matching contributions and profit sharing contributions to eligible participants, although we have declined to make any such contributions to date.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In addition to the compensation arrangements, including employment, termination of employment and change in control arrangements, discussed in the sections titled "Management" and "Executive Compensation" and the registration rights described in the section titled "Description of Capital Stock—Registration Rights," the following is a description of each transaction since January 1, 2012 and each currently proposed transaction in which:

- we have been or are to be a participant;
- the amount involved exceeded or exceeds $120,000; and
- any of our directors, executive officers or holders of more than 5% of our outstanding capital stock, or any immediate family member of, or person sharing the household with, any of these individuals or entities, had or will have a direct or indirect material interest.

Equity Financings

Series D Convertible Preferred Stock Financing

From May 2012 through September 2012, we sold an aggregate of 7,583,965 shares of our Series D convertible preferred stock at a purchase price of $9.23 per share, for an aggregate purchase price of $69,999,997. The following table summarizes purchases of our Series D convertible preferred stock by related persons:

Stockholder	Shares of Series D Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Foundation Capital(1)	361,141	$ 3,333,331
Entities affiliated with Accel Partners(2)	361,141	3,333,331
Entities affiliated with Sequoia Capital(3)	361,141	3,333,331
Madrone Partners, L.P.(4)	5,417,118	49,999,999

(1) Entities affiliated with Foundation Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC. Steve Vassallo, a member of our board of directors, is a General Partner at Foundation Capital.

(2) Entities affiliated with Accel Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information are Accel X L.P., Accel X Strategic Partners L.P., and Accel Investors 2009 L.L.C. Richard Wong, a member of our board of directors, is a General Partner at Accel Partners.

(3) Entities affiliated with Sequoia Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Sequoia Capital U.S. Growth Fund IV, L.P. and Sequoia Capital USGF Principals Fund IV, L.P.

(4) Jameson McJunkin, a member of our board of directors, is a General Partner at Madrone Partners.

Series E Convertible Preferred Stock Financing

From March 2014 through May 2014, we sold an aggregate of 10,878,984 shares of our Series E convertible preferred stock at a purchase price of $13.834 per share, for an aggregate purchase price of $150,499,865. The following table summarizes purchases of our Series E convertible preferred stock by related persons:

Stockholder	Shares of Series E Convertible Preferred Stock	Total Purchase Price
Entities affiliated with Foundation Capital(1)	201,030	$ 2,781,049
Entities affiliated with Accel Partners(2)	108,427	1,499,979
Entities affiliated with Sequoia Capital(3)	361,428	4,999,995
Entities affiliated with Canyon Partners(4)	7,228,565	99,999,968
Madrone Partners, L.P.(5)	738,682	10,218,927
Gerald Risk(6)	108,428	1,499,993

(1) Entities affiliated with Foundation Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC. Steve Vassallo, a member of our board of directors, is a General Partner at Foundation Capital.

(2) Entities affiliated with Accel Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information are Accel X L.P., Accel X Strategic Partners L.P., and Accel Investors 2009 L.L.C. Richard Wong, a member of our board of directors, is a General Partner at Accel Partners.

(3) Entities affiliated with Sequoia Capital holding our securities whose shares are aggregated for purposes of reporting share ownership information are Sequoia Capital U.S. Growth Fund IV, L.P. and Sequoia Capital USGF Principals Fund IV, L.P.

(4) Entities affiliated with Canyon Partners holding our securities whose shares are aggregated for purposes of reporting share ownership information are Canyon Balanced Master Fund, Ltd., The Canyon Value Realization Master Fund, L.P., Canyon Value Realization Fund, L.P., and Canyon-GRF Master Fund II, L.P.

(5) Jameson McJunkin, a member of our board of directors, is a General Partner at Madrone Partners.

(6) An entity affiliated with Gerald Risk, a member of our board of directors, purchased shares of our Series E convertible preferred stock from us.

Investors' Rights Agreement

We are party to an investors' rights agreement which provides, among other things, that certain holders of our capital stock, including entities affiliated with Foundation Capital, entities affiliated with Accel Partners, entities affiliated with Sequoia Capital, entities affiliated with Canyon Partners, Madrone Partners, L.P., Lynn Jurich, Edward Fenster, Paul Winnowski, and Gerald Risk have the right to demand that we file a registration statement or request that their shares of our capital stock be covered by a registration statement that we are otherwise filing. See the section titled "Description of Capital Stock—Registration Rights" for additional information regarding these registration rights.

Our investors' rights agreement also provides that those certain holders of our capital stock mentioned in the paragraph above have (i) a right to purchase shares of our capital stock which stockholders propose to sell to other parties and (ii) agreed to vote their shares of our capital stock on certain matters, including with respect to the election of directors. These rights will terminate upon completion of this offering.

Right of First Refusal

Pursuant to our equity compensation plans and certain agreements with our stockholders, including our investors' rights agreement, we or our assignees have a right to purchase shares of our capital stock that stockholders propose to sell to other parties. This right will terminate upon the completion of this offering. Since January 1, 2012, we have waived our right of first refusal in connection with the sale of certain shares of our capital stock, including sales by certain of our executive officers, resulting in the purchase of such shares by certain of our stockholders, including related persons. See the section titled "Principal Stockholders" for additional information regarding beneficial ownership of our capital stock.

Transactions with REC Solar Commercial Corporation

Tim Ball, who served as one of our directors until March 2015 and who is a beneficial holder of more than 5% of our outstanding shares of capital stock, and his spouse have a direct material ownership interest in REC Solar Commercial Corporation. In addition, Mr. Ball and Mr. Ball's spouse serve as directors of REC Solar Commercial Corporation. In 2014, we sold approximately $7.6 million of solar equipment to REC Solar Commercial Corporation.

Limitation of Liability and Indemnification of Officers and Directors

Our amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, our amended and restated bylaws, which will become effective immediately prior to the completion of this offering, provide that we will indemnify, to the fullest extent permitted by law, any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our directors or officers or is or was serving at our request as a director or officer of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws provide that we may indemnify to the fullest extent permitted by law any person who is or was a party or is threatened to be made a party to any action, suit or proceeding by reason of the fact that he or she is or was one of our employees or agents or is or was serving at our request as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise. Our amended and restated bylaws also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to limited exceptions.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware

General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our amended and restated certificate of incorporation, amended and restated bylaws and indemnification agreements with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Policies and Procedures for Related Party Transactions

We have adopted a formal written policy providing that our audit committee will be responsible for reviewing "related party transactions," which are transactions between us and related persons in which the aggregate amount involved exceeds or may be expected to exceed $120,000 and in which a related person has or will have a direct or indirect material interest.

For purposes of this policy, a related person is defined as a director, executive officer, nominee for director or greater than 5% beneficial owner of any class of our common stock, in each case since the beginning of the most recently completed year, and any of their immediate family members. In determining whether to approve or ratify any such transaction, our audit committee will take into account, among other factors it deems appropriate, (i) whether the transaction is on terms no less favorable than terms generally available to unaffiliated third parties under the same or similar circumstances, (ii) the extent of the related party's interest in the transaction, (iii) whether the transaction would impair the independence of a non-employee director or any member of our compensation committee, and (iv) whether the transaction would present an improper conflict of interest for any director or executive officer, taking into account the size of the transaction and certain other factors. The policy

will grant standing pre-approval of certain transactions, including (i) certain compensation arrangements of executive officers, (ii) certain director compensation arrangements, (iii) transactions with another company at which a related party's only relationship is as a non-executive employee, director or beneficial owner of less than 10% of that company's shares and the aggregate amount involved does not exceed the greater of $200,000 or 2% of the company's total annual revenue, (iv) transactions where a related party's interest arises solely from the ownership of our common stock and all holders of our common stock received the same benefit on a pro rata basis, and (v) transactions available to all U.S. employees generally.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information with respect to the beneficial ownership of our capital stock as of December 31, 2014 and as adjusted to reflect the sale of our common stock offered by us in this offering assuming no exercise of the underwriters' over-allotment option, for:

- each of our named executive officers;
- each of our directors;
- all of our current directors and executive officers as a group; and
- each person known by us to be the beneficial owner of more than 5% of the outstanding shares of our common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, and thus it represents sole or shared voting or investment power with respect to our securities. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable. The information does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.

We have based our calculation of the percentage of beneficial ownership prior to this offering on 79,089,491 shares of our common stock outstanding as of December 31, 2014 which includes 54,840,767 shares of our common stock resulting from the automatic conversion of all outstanding shares of our convertible preferred stock into shares of our common stock immediately prior to the completion of this offering, as if such conversion had occurred as of December 31, 2014. We have based our calculation of the percentage of beneficial ownership after this offering on shares of our common stock outstanding immediately after the completion of this offering, assuming no exercise by the underwriters of their over-allotment option. We have deemed shares of our common stock subject to stock options that are currently exercisable or exercisable within 60 days of December 31, 2014 to be outstanding and to be beneficially owned by the person holding the stock option for the purpose of computing the percentage ownership of that person. We did not deem these shares to be outstanding, however, for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Sunrun Inc., 595 Market Street, 29th floor, San Francisco, California 94105.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Shares Beneficially Owned	
		Before the Offering	After the Offering
Named Executive Officers and Directors:			
Lynn Jurich(1)			
Edward Fenster(2)			
Tom Holland(3)			
Paul Winnowski(4)			
Jameson McJunkin(5)			
Gerald Risk(6)			
Steve Vassallo(7)			
Richard Wong(8)			
All directors and executive officers as a group (9 persons)(9)			
5% Stockholders:			
Entities affiliated with Foundation Capital(10)			
Entities affiliated with Accel Partners(11)			
Entities affiliated with Canyon Partners(12)			
Entities affiliated with Sequoia Capital(13)			
Madrone Partners, L.P.(14)			
Greentree Trust(15)			

* Represents beneficial ownership of less than one percent of the outstanding shares of our common stock.

(1) Consists of (i) shares held of record by Ms. Jurich, (ii) shares held of record by the Lynn Jurich 2012 Qualified Annuity Trust dated March 26, 2012, for which Ms. Jurich serves as trustee, and (iii) shares issuable pursuant to outstanding stock options held by Ms. Jurich which are exercisable within 60 days of December 31, 2014.

(2) Consists of (i) shares held of record by Mr. Fenster and (ii) shares issuable pursuant to outstanding stock options held by Mr. Fenster which are exercisable within 60 days of December 31, 2014.

(3) Consists of (i) shares held of record by Mr. Holland and (ii) shares issuable pursuant to outstanding stock options held by Mr. Holland which are exercisable within 60 days of December 31, 2014.

(4) Consists of (i) shares held of record by Mr. Winnowski and (ii) shares issuable pursuant to outstanding stock options held by Mr. Winnowski which are exercisable within 60 days of December 31, 2014.

(5) Consists solely of the shares described in footnote (15) below which are held of record by Madrone Partners, L.P. Mr. McJunkin is a managing member of Madrone Capital Partners, LLC, the general partner of Madrone Partners, L.P., and may be deemed to share voting and dispositive power over the shares held by Madrone Partners, L.P.

(6) Consists of (i) shares held of record by Mr. Risk and (ii) shares issuable pursuant to outstanding stock options held by Mr. Risk which are exercisable within 60 days of December 31, 2014.

(7) Consists solely of the shares described in footnote (11) below which are held of record by Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC. Mr. Vassallo is a managing member of Foundation Capital Management Co. VI, LLC, the manager of each of Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC, and may be deemed to share voting and dispositive power over the shares held by Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC.

(8) Consists solely of the shares described in footnote (12) below which are held of record by Accel X L.P., Accel X Strategic Partners L.P. and Accel Investors 2009 L.L.C. Mr. Wong is a managing member of Accel X Associates L.L.C., the general partner of each of Accel X L.P. and Accel X Strategic Partners L.P., and of Accel Investors 2009 L.L.C., and may be deemed to share voting and dispositive power over the shares held by Accel X L.P., Accel X Strategic Partners L.P. and Accel Investors 2009 L.L.C.

(9) Consists of (i) shares held of record by our current directors and executive officers and (ii) shares issuable pursuant to outstanding stock options held by our current directors and executive officers which are exercisable within 60 days of December 31, 2014.

(10) Consists of (i) shares held of record by Foundation Capital VI, L.P. and (ii) shares held of record by Foundation Capital VI Principals Fund, LLC. Foundation Capital Management Co. VI, LLC is the general partner of each of Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC. William Elmore, Paul Koontz, Mike Schuh, Paul Holland, Richard Redelfs, Charles Moldow, Steve Vassallo, and Warren Weiss are the managing members of Foundation Capital Management Co. VI, LLC and may be deemed to share voting and investment power over the shares held by Foundation Capital VI, L.P. and Foundation Capital VI Principals Fund, LLC. The address of each of these entities is 250 Middlefield Road, Menlo Park, CA 94025.

(11) Consists of (i) shares held of record by Accel X L.P., (ii) shares held of record by Accel X Strategic Partners L.P. and (iii) shares held of record by Accel Investors 2009 L.L.C. Accel X Associates L.L.C. is the general partner of each of Accel X L.P. and Accel X Strategic Partners L.P. Andrew G. Braccia, James W. Breyer, Kevin J. Efrusy, Sameer K. Gandhi, Ping Li, Tracy L. Sedlock and Richard P. Wong are the managing members of each of Accel X Associates L.L.C. and Accel Investors 2009 L.L.C. and may be deemed to share voting and dispositive power over the shares held by Accel X L.P., Accel X Strategic Partners L.P. and Accel Investors 2009 L.L.C. The address of each of these entities is 428 University Avenue, Palo Alto, CA 94301.

(12) Consists of (i) shares held of record by The Canyon Value Realization Master Fund, L.P. (“CVRMF”), (ii) shares held of record by Canyon Balanced Master Fund, Ltd. (“CBMF”), (iii) shares held of record by Canyon Value Realization Fund, L.P. (“CVRF”) and (iv) shares held of record by Canyon-GRF Master Fund II, L.P. (“CGRFMF”). Canyon Capital

Advisors LLC ("CCA") is the investment advisor of, or the general partner of, each of CVRMF, CBMF, CVRF, CGRFMF. Joshua S. Friedman and Mitchell R. Julis are the co-chairmen and co-chief executive officers of CCA and may be deemed to share voting and dispositive power over the shares held by CVRMF, CBMF, CVRF and CGRFMF. The address of each of CCA and CVRF is 2000 Avenue of the Stars, 11th Floor, Los Angeles, California 90067. The address of each of CVRMF, CBMF and CGRFMF is Ugland House, Grand Cayman, Cayman Islands KY1-1104.

(13) Consists of (i) shares held of record by Sequoia Capital U.S. Growth Fund IV, L.P. and (ii) shares held of record by Sequoia Capital USGF Principals Fund IV, L.P. SC US (TTGP), LTD. is the general partner of SCGF IV Management, L.P., which is the general partner of each of Sequoia Capital U.S. Growth Fund IV, L.P. and Sequoia Capital USGF Principals Fund IV, L.P. (collectively, the "Sequoia Capital GFIV Funds"). The directors and stockholders of SC US (TTGP), LTD. that exercise voting and investment discretion with respect to the Sequoia Capital GFIV Funds' investments are Roelof Botha, Scott Carter, Michael Goguen, James Goetz, Douglas Leone and Michael Moritz. As a result, and by virtue of the relationships described in this footnote, each such person may be deemed to share beneficial ownership of the shares held by the Sequoia Capital GFIV Funds. The address of each of these entities is 2800 Sand Hill Road, Suite 101, Menlo Park, CA 94025.

(14) Consists of shares held of record by Madrone Partners, L.P. Madrone Capital Partners, LLC is the general partner of Madrone Partners, L.P. Greg Penner, Thomas Patterson and Jameson McJunkin are the Managers of Madrone Capital Partners, LLC and may be deemed to share voting and dispositive power over the shares held by Madrone Partners, L.P. The address of each of these entities is 3000 Sand Hill Circle, Building 1, Suite 150, Menlo Park, CA 94025.

(15) Consists of shares held of record by the Greentree Trust dated October 19, 2001, for which Tim Ball and his spouse serve as co-trustees.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws which will be in effect after the completion of this offering. This summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation, amended and restated bylaws and amended and restated investors' rights agreement, copies of which are filed as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Immediately following the completion of this offering, our authorized capital stock will consist of shares of capital stock, $ par value per share, of which:

- shares are designated as common stock; and
- shares are designated as preferred stock.

As of December 31, 2014, there were 79,089,491 shares of our common stock outstanding, held by 224 stockholders of record, and no shares of our preferred stock outstanding, assuming the automatic conversion of all outstanding shares of our convertible preferred stock into shares of our common stock effective immediately prior to the completion of this offering.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. See the section titled "Dividend Policy" for additional information.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our amended and restated certificate of incorporation. Our amended and restated certificate of incorporation establishes a classified board of directors that is divided into three classes with staggered three-year terms. Only the directors in one class will be subject to election by a plurality of the votes cast at each annual meeting of our stockholders, with the directors in the other classes continuing for the remainder of their respective three-year terms.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Fully Paid and Non-Assessable

All of the outstanding shares of our common stock are, and the shares of our common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

After the completion of this offering, no shares of our preferred stock will be outstanding. Pursuant to our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue from time to time shares of preferred stock in one or more series. Our board of directors may designate the rights, preferences, privileges and restrictions of the preferred stock, including dividend rights, conversion rights, voting rights, redemption rights, liquidation preference, sinking fund terms, and the number of shares constituting any series or the designation of any series. The issuance of preferred stock could have the effect of restricting dividends on our common stock, diluting the voting power of our common stock, impairing the liquidation rights of our common stock, or delaying, deterring, or preventing a change in control. Such issuance could have the effect of decreasing the market price of our common stock. We currently have no plans to issue any shares of preferred stock.

Options

As of December 31, 2014, we had outstanding options to purchase an aggregate of 11,408,363 shares of our common stock, with a weighted-average exercise price of approximately $4.42 per share, under our equity compensation plans and the equity compensation plan we assumed in connection with one of our acquisitions.

Restricted Stock Units

As of December 31, 2014, we had outstanding 947,342 shares of our common stock issuable upon the vesting of RSUs under our equity compensation plans.

Registration Rights

After the completion of this offering, certain holders of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights are contained in our amended and restated investors' rights agreement (the "IRA"). We and certain holders of our preferred stock are parties to the IRA. The registration rights set forth in the IRA will expire seven years following the completion of this offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares entitled to registration rights pursuant to Rule 144 of the Securities Act during any 90-day period. We will pay the registration expenses (other than underwriting discounts and commissions and stock transfer taxes) of the holders of the shares registered pursuant to the registrations described below.

Demand Registration Rights

After the completion of this offering, the holders of up to 64,528,746 shares of our common stock will be entitled to certain demand registration rights. At any time beginning 180 days after the effective date of this offering, the holders of at least a majority of these shares then outstanding can request that we file a registration statement to register the offer and sale of their shares. We are obligated to effect only two such registrations. Such request for registration must cover securities the anticipated aggregate public offering price of which, before payment of underwriting discounts and commissions, is at least $60,000,000 for the first request, and at least $10,000,000 for the second request. If we determine that it would be materially detrimental to us and our stockholders to effect such a demand registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days.

Piggyback Registration Rights

After the completion of this offering, the holders of up to 64,528,746 shares of our common stock will be entitled to certain "piggyback" registration rights. If we propose to register the offer and sale of shares of our common stock under the Securities Act, all holders of these shares then outstanding can request that we include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to (i) a registration on Form S-8 relating solely to employee stock option, stock purchase or other benefit plans, or (ii) a registration on Form S-4 relating solely to a transaction covered by Rule 145 promulgated under the Securities Act, the holders of these shares are entitled to notice of the registration and have the right, subject to certain limitations, to include their shares in the registration. The holders of these shares have waived such right with respect to this offering.

S-3 Registration Rights

After the completion of this offering, the holders of up to 64,528,746 shares of our common stock will be entitled to certain Form S-3 registration rights. The holders of at least a majority of these shares then outstanding can request that we register the offer and sale of their shares of our common stock on a registration statement on Form S-3 if we are eligible to file a registration statement on Form S-3 so long as the request covers securities the anticipated aggregate public offering price of which, before payment of underwriting discounts and commissions, is at least $3,000,000. These stockholders may make an unlimited number of requests for registration on a registration statement on Form S-3. However, we will not be required to effect a registration on Form S-3 if we have effected two such registrations within the 12-month period preceding the date of the request. Additionally, if we determine that it would be materially detrimental to us and our stockholders to effect such a registration, we have the right to defer such registration, not more than once in any 12-month period, for a period of up to 90 days.

Anti-Takeover Provisions

The provisions of our amended and restated certificate of incorporation and our amended and restated bylaws, which are summarized below, may have the effect of delaying or discouraging another person from acquiring control of us. These provisions are designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We will be governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- the transaction was approved by the board of directors prior to the time that the stockholder became an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of our company.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws will include a number of provisions that could delay or discourage an unsolicited takeover or a change in control or changes in our board of directors or management team, including the following:

Board of Directors Vacancies. Our amended and restated certificate of incorporation and amended and restated bylaws will authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This will make it more difficult to change the composition of our board of directors and will promote continuity of management.

Classified Board. Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our board of directors is classified into three classes of directors. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors. See the section titled "Management—Classified Board of Directors."

Directors Removed Only for Cause. Our amended and restated certificate of incorporation will provide that stockholders may remove directors only for cause.

Stockholder Action; Special Meeting of Stockholders. Our amended and restated certificate of incorporation will provide that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws will further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President, thus preventing a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Our amended and restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual or special meetings of stockholders or to nominate candidates for election as directors at our annual or special meetings of stockholders. Our amended and restated bylaws will also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual or special meetings of stockholders or from making nominations for directors at our annual or special meetings of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation does not provide for cumulative voting.

Amendment of Charter Provisions. Any amendment of the above provisions in our amended and restated certificate of incorporation would require approval by holders of at least % of our then outstanding capital stock.

Issuance of Undesignated Preferred Stock Our board of directors will have the authority, without further action by our stockholders, to designate and issue shares of preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of undesignated preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means.

Choice of Forum. Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent and registrar's address is 6201 15th Avenue, Brooklyn, New York 11219.

Limitations of Liability and Indemnification

See the section titled "Certain Relationships and Related Party Transactions—Limitation of Liability and Indemnification of Officers and Directors."

Listing

We intend to apply for the listing of our common stock on the NASDAQ Stock Market under the symbol "RUN."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the completion of this offering, there has been no public market for shares our common stock. Future sales of shares of our common stock in the public market after this offering, or the perception that these sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our common stock outstanding as of December 31, 2014, a total of shares of our common stock will be outstanding. Of these shares, all shares of our common stock sold in this offering will be eligible for sale in the public market without restriction under the Securities Act, except that any shares of our common stock purchased in this offering by our "affiliates," as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the conditions of Rule 144 described below.

The remaining shares of our common stock will be deemed "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities will be eligible for sale in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. Subject to the lock-up agreements described below, the provisions of our IRA described under the section titled "Description of Capital Stock—Registration Rights," the applicable conditions of Rule 144 or Rule 701, and our insider trading policy, these restricted securities will be eligible for sale in the public market from time to time beginning 181 days after the date of this prospectus.

Lock-Up Agreements

We, our executive officers, directors and holders of substantially all of our common stock and securities convertible into or exercisable or exchangeable for shares of our common stock have entered into lock-up agreements with the underwriters of this offering under which we and they have agreed that, subject to certain exceptions, without the prior written consent of Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., and Morgan Stanley & Co. LLC (the "Representatives"), we and they will not dispose of or hedge any shares of our common stock or any securities convertible into or exchangeable for shares of our common stock for a period of 180 days after the date of this prospectus. The Representatives may, in their discretion, release any of the securities subject to these lock-up agreements at any time. See the section titled "Underwriting" for a description of certain exceptions to this agreement. In addition, holders of all of our common stock and securities convertible into or exercisable or exchangeable for shares of our common stock have entered into market standoff agreements with us.

Rule 144

Rule 144 generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a stockholder who is not deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 without complying with the volume limitation, manner of sale or notice conditions of Rule 144. If such stockholder has beneficially owned the shares of our common stock proposed to be sold for at least one year, then such person is entitled to sell such shares in reliance upon Rule 144 without complying with any of the conditions of Rule 144.

Rule 144 also provides that a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 within any three-month period beginning 90 days after the date of this prospectus a number of shares that does not exceed the greater of

- 1% of the number of shares of our capital stock then outstanding, which will equal shares immediately after the completion of this offering; or

- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales of our common stock made in reliance upon Rule 144 by a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days are also subject to the current public information, manner of sale and notice conditions of Rule 144.

Rule 701

Rule 701 generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a stockholder who purchased shares of our common stock pursuant to a written compensatory benefit plan or contract and who is not deemed to have been one of our affiliates at any time during the preceding 90 days may sell such shares in reliance upon Rule 144 without complying with the current public information or holding period conditions of Rule 144. Rule 701 also provides that a stockholder who purchased shares of our common stock pursuant to a written compensatory benefit plan or contract and who is deemed to have been one of our affiliates during the preceding 90 days may sell such shares under Rule 144 without complying with the holding period condition of Rule 144. However, all stockholders who purchased shares of our common stock pursuant to a written compensatory benefit plan or contract are required to wait until 90 days after the date of this prospectus before selling such shares pursuant to Rule 701.

Registration Rights

After the completion of this offering, the holders of up to 64,528,746 shares of our common stock will be entitled to certain rights with respect to the registration of such shares under the Securities Act. The registration of these shares of our common stock under the Securities Act would result in these shares becoming eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration, subject to the Rule 144 limitations applicable to affiliates. See the section titled “Description of Capital Stock—Registration Rights” for a description of these registration rights.

Registration Statement

After the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of our common stock subject to equity awards outstanding or reserved for issuance under our equity compensation plans. The shares of our common stock covered by such registration statement will be eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration statement, subject to vesting restrictions, the conditions of Rule 144 applicable to affiliates, and any applicable market standoff agreements and lock-up agreements. See the section titled “Executive Compensation—Employee Benefit and Stock Plans” for a description of our equity compensation plans.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the ownership and disposition of our common stock sold pursuant to this offering, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. We have not sought any ruling from the Internal Revenue Service, or the IRS, with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary also does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction or under U.S. federal gift and estate tax laws. In addition, this discussion does not address the potential application of the alternative minimum tax provisions, the tax on net investment income, or any tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions;
- tax-qualified retirement plans;
- tax-exempt organizations;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than 5% of our common stock (except to the extent specifically set forth below);
- certain former citizens or long-term residents of the United States;
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction;
- partnerships or entities classified as partnerships for U.S. federal income tax purposes and other pass-through entities (and investors therein);
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes); or
- persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors with respect to the tax consequences of the ownership and disposition of our common stock.

You are urged to consult your tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal estate or gift tax rules or under the laws of any state, local, non-U.S. or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, you are a non-U.S. holder if you are a beneficial owner of our common stock, other than a partnership or other entity classified as a partnership for U.S. federal income tax purposes, that is not:

- an individual citizen or resident of the United States (for U.S. federal income tax purposes);
- a corporation, or other entity taxable as a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia, or other entity treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) which has made a valid election to be treated as a U.S. person.

Distributions

We have not made any distributions on our common stock and we do not plan to make any distributions for the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a return of capital and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock.

Subject to the discussion below on effectively connected income, any dividend paid to you generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, you must provide us or the applicable withholding agent with an IRS Form W-8BEN (or successor form) or other appropriate version of IRS Form W-8 (or successor form) certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, that are attributable to a permanent establishment or a fixed base maintained by you in the United States), are exempt from such withholding tax. In order to obtain this exemption, you must provide us or the applicable withholding agent with an IRS Form W-8ECI (or successor form) or other applicable IRS Form W-8 (or successor form) properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, generally are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

Gain on Disposition of Our Common Stock

Subject to the discussion below regarding backup withholding and foreign accounts, you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by you in the United States);

- you are an individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "United States real property holding corporation" ("USRPHC") for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

We believe that we are not currently and will not become a USRPHC and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market, as to which there can be no assurance, such common stock will be treated as U.S. real property interests only if you actually or constructively own more than 5% of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale at the same graduated U.S. federal income tax rates applicable to U.S. persons, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are an individual non-U.S. holder described in the second bullet above, you will be required to pay a flat 30% tax (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which tax may be offset by U.S.-source capital losses for the year. You should consult any applicable income tax or other treaties that may provide for different rules.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to you, your name and address, and the amount of tax withheld, if any. A similar report will be sent to you. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in your country of residence.

Payments of dividends on or of proceeds from the disposition of our common stock made to you may be subject to additional information reporting and backup withholding at a current rate of 28% unless you establish an exemption, for example, by properly certifying your non-U.S. status on an IRS Form W-8BEN or another appropriate version of IRS Form W-8. Notwithstanding the foregoing, backup withholding and information reporting may apply if the applicable withholding agent has actual knowledge, or reason to know, that you are a U.S. person.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Accounts

Legislation commonly referred to as FATCA generally imposes a U.S. federal withholding tax of 30% on dividends on and the gross proceeds of a sale or other disposition of our common stock, paid to a "foreign financial institution" (as specially defined under these rules), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the

U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and the gross proceeds of a sale or other disposition of our common stock paid to a "non-financial foreign entity" (as specifically defined for purposes of these rules) unless such entity provides the withholding agent with a certification identifying certain substantial direct and indirect U.S. owners of the entity, certifies that there are none or otherwise establishes an exemption. The withholding provisions under FATCA generally apply to dividends on our common stock and, under current transitional rules, are expected to apply with respect to the gross proceeds of a sale or other disposition of our common stock on or after January 1, 2017. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph. Prospective investors are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

Each prospective investor should consult its own tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement to be dated the date of this prospectus, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., and Morgan Stanley & Co. LLC are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	
Goldman, Sachs & Co.	
Morgan Stanley & Co. LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
RBC Capital Markets, LLC	
KeyBanc Capital Markets Inc.	
SunTrust Robinson Humphrey, Inc.	
Total	

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters are offering the shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel including the validity of the shares, and subject to other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The offering of the shares by the underwriters is also subject to the underwriters' right to reject any order in whole or in part.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of up to $ per share. After the initial public offering the representatives may change the public offering price and selling concession to broker/dealers.

The following table summarizes the compensation we will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting discounts and commissions paid by us	$	$	$	$

We estimate that our out of pocket expenses for this offering (not including any underwriting discounts and commissions) will be approximately $ million.

We have agreed to reimburse the underwriters for expenses of up to $ related to clearance of this offering with the Financial Industry Regulatory Authority, Inc. ("FINRA").

The underwriters have informed us that they do not expect sales to accounts over which the underwriters have discretionary authority to exceed 5% of the shares of common stock being offered.

We have agreed that we will not offer, sell, issue, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus. The restrictions described in this paragraph do not apply in certain circumstances, including in connection with the issuance of employee stock options.

Our officers, directors and substantially all of our existing security holders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus. The restrictions in this paragraph do not apply in certain circumstances, including sales of shares purchased in the open market after this offering or in the directed share program (provided that the seller is not an officer, director or Section 16 filer); transfers of shares to us upon a vesting event, upon the exercise of options or the repurchase of securities by us; transfers pursuant to divorce decrees, domestic orders, separation agreements or in similar circumstances provided that the transferee agrees to be bound by such restrictions; and transfers pursuant to a bona fide third-party tender offer, merger or other similar transaction made to all holders of our securities involving a “change of control” occurring after this offering that has been approved by our board of directors.

We have agreed to indemnify the several underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

We intend to apply to list the shares of our common stock on The NASDAQ Stock Market under the symbol “RUN.”

Prior to the offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In determining the initial public offering price, we and the representatives expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the underwriters;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the recent market prices of, and demand for, publicly-traded common stock of generally comparable companies;
- the general condition of the securities markets at the time of the offering; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the underwriters can assure investors that an active trading market will develop for our common stock, or that shares of our common stock will trade in the public market at or above the initial public offering price.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment transactions involve sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, creating a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.
- In passive market making, market makers in the common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of our common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The NASDAQ Stock Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make Internet distributions on the same basis as other allocations.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received, may continue to receive or will receive customary fees,

commissions and/or expenses. We have entered into tax equity financings, credit and loan agreements and equity financings with certain of the underwriters and their affiliates and may do so again in the future.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Directed Share Program

At our request, the underwriters have reserved up to 5% of the shares of common stock offered by this prospectus for sale, at the initial public offering price, to . The number of shares of common stock available for sale to the general public will be reduced to the extent these individuals purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered by this prospectus.

Selling Restrictions

EEA restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares which are the subject of the offering contemplated by this prospectus (the "Shares") may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are qualified investors as defined under the Prospectus Directive;

(b) by the underwriter to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Shares shall result in a requirement for the Company or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase any Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

The underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

Notice to United Kingdom Investors

This prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the shares described herein. The shares may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this document nor any other offering or marketing material relating to the shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, nor the Company nor the shares have been or will be filed with or approved by any Swiss regulatory authority. The shares are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority FINMA (FINMA), and investors in the shares will not benefit from protection or supervision by such authority.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) ("Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("Securities and Futures Ordinance"), or (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a

relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32").

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

LEGAL MATTERS

Wilson Sonsini Goodrich &Rosati, P.C., Palo Alto, California, which has acted as our counsel in connection with this offering, will pass upon the validity of the shares of our common stock being offered by this prospectus. The underwriters have been represented by Davis Polk & Wardwell LLP, Menlo Park, California.

EXPERTS

The consolidated financial statements of Sunrun Inc. as of December 31, 2013 and 2014 and for each of the two years in the period ended December 31, 2014 appearing in this Prospectus and Registration Statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Mainstream Energy Corporation as of January 31, 2014 and December 31, 2013 and for the month ended January 31, 2014 and the year ended December 31, 2013 included in this prospectus have been so included in reliance on the report of KPMG LLP, an independent registered public accounting firm, appearing elsewhere herein, given on the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document is not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement is this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of the exhibits by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates or view them online. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains the registration statement of which this prospectus forms a part, as well as the exhibits thereto. These documents, along with future reports, proxy statements and other information about us, are available at the SEC's website, www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at www.sunrun.com. Upon the completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

SUNRUN INC.

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MAINSTREAM ENERGY CORPORATION
Distribution, Product Development and Residential Installation Operations

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders of Sunrun Inc.

We have audited the accompanying consolidated balance sheets of Sunrun Inc. as of December 31, 2013 and 2014, and the related consolidated statements of operations, redeemable noncontrolling interests and equity, and cash flows for each of the two years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sunrun Inc. at December 31, 2013 and 2014, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

San Francisco, California
March 26, 2015

SUNRUN INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share values)

	As of December 31,	
	2013	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 99,699	$ 152,154
Restricted cash	6,062	2,534
Accounts receivable (net of allowances for doubtful accounts of $346 and $703 as of December 31, 2013 and 2014, respectively)	17,220	43,189
Grants receivable	89	5,183
Inventories	—	23,914
Prepaid expenses and other current assets	4,592	9,560
Deferred tax assets, current	332	3,048
Total current assets	127,994	239,582
Restricted cash	3,919	6,012
Solar energy systems, net	1,080,996	1,484,251
Property and equipment, net	7,484	22,195
Intangible assets, net	—	13,111
Goodwill	—	51,786
Prepaid tax asset	103,957	109,534
Other assets	6,234	9,314
Total assets(1)	$ 1,330,584	$ 1,935,785
Liabilities and total equity		
Current liabilities:		
Accounts payable	$ 18,091	$ 51,166
Distributions payable to noncontrolling interests and redeemable noncontrolling interests	16,189	6,764
Accrued expenses and other liabilities	13,263	25,445
Deferred revenue, current portion	24,594	44,398
Deferred grant, current portion	13,687	13,754
Capital lease obligation, current portion	—	1,593
Line of credit	24,000	—
Long-term debt, current portion	2,214	2,602
Lease pass-through financing obligation, current portion	12,124	5,161
Total current liabilities	124,162	150,883
Deferred revenue, net of current portion	321,057	467,726
Deferred grant, net of current portion	234,116	226,801
Capital lease obligation, net of current portion	—	5,761
Line of credit	—	48,597
Long-term debt, net of current portion	141,546	188,052
Lease pass-through financing obligation, net of current portion	65,143	180,224
Other liabilities	2,678	2,424
Deferred tax liabilities	104,290	112,597
Total liabilities(1)	992,992	1,383,065
Redeemable noncontrolling interests in subsidiaries	109,665	135,948
Stockholders' equity		
Convertible preferred stock, $0.0001 par value—authorized, 45,211 and 57,028 shares as of December 31, 2013, and 2014, respectively; issued and outstanding, 43,998 and 54,841 shares as of December 31, 2013, and 2014, respectively; aggregate liquidation value of $155,463 and $305,883 as of December 31, 2013, and 2014, respectively	4	5
Common stock, $0.0001 par value—authorized, 87,801 and 119,547 shares as of December 31, 2013, and 2014, respectively; issued and outstanding, 10,412 and 24,249 shares as of December 31, 2013, and 2014, respectively	1	2
Additional paid-in capital	153,129	383,860
Accumulated earnings (deficit)	17,065	(58,850)
Total stockholders' equity	170,199	325,017
Noncontrolling interests in subsidiaries	57,728	91,755
Total equity	227,927	416,772
Total liabilities, redeemable noncontrolling interests in subsidiaries and total equity	$ 1,330,584	$ 1,935,785

(1) The Company's consolidated assets as of December 31, 2013, and 2014, include $803,587 and $986,878, respectively, in assets of variable interest entities, or VIEs, that can only be used to settle obligations of the VIEs. These assets include solar energy systems, net, of $757,670 and $942,655 as of December 31, 2013, and 2014, respectively; cash and cash equivalents of $33,546 and $29,099 as of December 31, 2013, and 2014, respectively; restricted cash of $1,159 and $228 as of December 31, 2013, and 2014, respectively; accounts receivable, net of $11,092 and $14,351 as of December 31, 2013, and 2014, respectively; grants and state tax credits receivable of $89 and $0 as of December 31, 2013, and 2014, respectively; prepaid expenses and other current assets of $31 and $180 as of December 31, 2013, and 2014, respectively. The Company's consolidated liabilities as of December 31, 2013, and 2014 included $442,426 and $474,348, respectively, in liabilities of VIEs whose creditors have no recourse to the Company. These liabilities include accounts payable of $7,970 and $9,057 as of December 31, 2013 and 2014, respectively; distributions payable to noncontrolling interests and redeemable noncontrolling interests of $16,189 and $6,426 as of December 31, 2013, and 2014, respectively; accrued expenses and other liabilities of $0 and $340 as of December 31, 2013, and 2014, respectively; deferred revenue of $235,855 and $301,792 as of December 31, 2013, and 2014, respectively; deferred grants of $145,913 and $123,351 as of December 31, 2013, and 2014, respectively; and long-term debt of $36,499 and $33,382 as of December 31, 2013, and 2014, respectively.

SUNRUN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share values)

	As of December 31,	
	2013	2014
Revenue:		
Operating leases and incentives	$ 54,740	$ 84,006
Solar energy systems and product sales	—	114,551
Total revenue	54,740	198,557
Operating expenses:		
Cost of operating leases and incentives	43,088	72,898
Cost of solar energy systems and product sales	—	100,802
Sales and marketing	22,395	78,723
Research and development	9,984	8,386
General and administrative	33,242	68,098
Amortization of intangible assets	—	2,269
Total operating expenses	108,709	331,176
Loss from operations	(53,969)	(132,619)
Interest expense	11,752	27,521
Loss on early extinguishment of debt	—	4,350
Other expenses	365	3,043
Loss before income taxes	(66,086)	(167,533)
Income tax expense (benefit)	2,508	(4,980)
Net loss	(68,594)	(162,553)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(64,294)	(86,638)
Net loss attributable to common stockholders	$ (4,300)	$ (75,915)
Net loss per share attributable to common shareholders—basic and diluted	$ (0.44)	$ (3.33)
Weighted average shares used to compute net loss per share attributable to common stockholders—basic and diluted	9,780	22,795
Unaudited pro forma net loss per share attributable to common shareholders—basic and diluted	$	$
Unaudited weighted average shares used to compute unaudited pro forma net loss per share attributable to common stockholders—basic and diluted		

SUNRUN INC.

CONSOLIDATED STATEMENTS OF
REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY
(In thousands)

	Redeemable Noncontrolling Interests	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Earnings (Deficit)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
		Shares	Amount	Shares	Amount					
Balance—January 1, 2013	$ 95,941	43,998	$ 4	9,450	$ 1	$ 152,134	$ 21,365	$ 173,504	$ 57,472	$ 230,976
Exercise of stock options	—	—	—	962	—	1,119	—	1,119	—	1,119
Stock-based compensation	—	—	—	—	—	2,655	—	2,655	—	2,655
Acquisition of noncontrolling interests	(16,906)	—	—	—	—	(5,118)	—	(5,118)	—	(5,118)
Income tax effect of acquisition of noncontrolling interest	—	—	—	—	—	2,339	—	2,339	—	2,339
Contributions from noncontrolling interests and redeemable noncontrolling interests	73,189	—	—	—	—	—	—	—	92,142	92,142
Distribution to noncontrolling interests and redeemable noncontrolling interests	(8,973)	—	—	—	—	—	—	—	(61,178)	(61,178)
Net loss	(33,586)	—	—	—	—	—	(4,300)	(4,300)	(30,708)	(35,008)
Balance—December 31, 2013	109,665	43,998	4	10,412	1	153,129	17,065	170,199	57,728	227,927
Conversion of Preferred Stock	—	(36)	—	36	—	—	—	—	—	—
Issuance of Series E convertible preferred stock net of issuance costs of $7,108	—	10,879	1	—	—	143,392	—	143,393	—	143,393
Issuance of shares for an acquisition	—	—	—	12,763	1	75,280	—	75,281	—	75,281
Exercise of stock options	—	—	—	1,038	—	2,707	—	2,707	—	2,707
Stock-based compensation	—	—	—	—	—	9,352	—	9,352	—	9,352
Contributions from noncontrolling interests and redeemable noncontrolling interests	88,837	—	—	—	—	—	—	—	80,653	80,653
Distributions to noncontrolling interests and redeemable noncontrolling interests	(11,619)	—	—	—	—	—	—	—	(10,923)	(10,923)
Net loss	(50,935)	—	—	—	—	—	(75,915)	(75,915)	(35,703)	(111,618)
Balance—December 31, 2014	$ 135,948	54,841	$ 5	24,249	$ 2	$ 383,860	$ (58,850)	$ 325,017	$ 91,755	$ 416,772

SUNRUN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	As of December 31,	
	2013	2014
Operating activities:		
Net loss	$ (68,594)	$ (162,553)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Loss on early extinguishment of debt	—	4,350
Depreciation and amortization, net of amortization of deferred Treasury grant income	30,192	49,541
Bad debt expense	172	546
Interest on lease pass-through financing	6,437	10,204
Noncash interest expense	1,551	2,384
Stock—based compensation expense	2,655	9,218
Reduction in lease pass—through financing obligations	(9,573)	(12,323)
Deferred income taxes	2,340	5,259
Changes in operating assets and liabilities:		
Accounts receivable	(1,123)	(14,483)
Inventories	—	(3,788)
Prepaid and other assets	(1,839)	(12,008)
Accounts payable	1,351	11,364
Accrued expenses and other liabilities	2,734	6,966
Deferred revenue	57,071	97,395
Net cash provided by (used in) operating activities	23,374	(7,928)
Investing activities:		
Payments for the costs of solar energy systems	(322,034)	(412,267)
Purchases of property and equipment	(3,720)	(15,317)
Acquisitions of businesses, net of cash acquired	—	(36,384)
Net cash used in investing activities	(325,754)	(463,968)
Financing activities:		
Proceeds from U.S. Treasury grants and state tax credits	29,321	1,579
Proceeds from issuance of debt	148,282	192,750
Repayment of debt	(612)	(120,054)
Payment of debt fees	(5,493)	(7,939)
Proceeds from issuance of convertible preferred stock, net of issuance costs	—	143,393
Proceeds from lease pass-through financing obligations	64,888	174,159
Contributions received from noncontrolling interests and redeemable noncontrolling interests	165,331	169,490
Distributions paid to noncontrolling interests and redeemable noncontrolling interests	(63,907)	(31,967)
Acquisition of noncontrolling interests	(22,024)	(21)
Proceeds from exercises of stock options	1,119	2,707
Payment of capital lease obligation	—	(1,181)
Change in restricted cash	(4,611)	1,435
Net cash provided by financing activities	312,294	524,351
Net increase in cash and cash equivalents	9,914	52,455
Cash and cash equivalents, beginning of year	89,785	99,699
Cash and cash equivalents, end of year	$ 99,699	$ 152,154
Supplemental disclosures of cash flow information		
Cash paid for interest	$ 3,657	$ 11,101
Supplemental disclosures of noncash investing and financing activities		
Costs of solar energy systems included in accounts payable	$ 14,469	$ 14,074
Distributions payable to noncontrolling interests and redeemable noncontrolling interests	$ 16,189	$ 6,764
Vehicles acquired under capital leases	$ —	$ 5,666
Noncash purchase consideration on acquisition of business	$ —	$ 76,964

SUNRUN INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2014

1. Organization

Sunrun Inc. ("Sunrun" or "the Company") was originally formed in 2007 as a California limited liability company, and was converted into a Delaware corporation in 2008. The Company was formed to sell develop, own and manage residential solar energy systems ("Projects") in the United States. In February 2014, the Company completed the acquisition of the residential business of Mainstream Energy Corporation, as well as REC Solar, Inc. and AEE Solar, Inc. (collectively "MEC"). REC Solar, Inc. specializes in the sales, design and installation of solar energy systems for residential customers, with operations located throughout the United States. AEE Solar, Inc. distributes solar energy products and material used in the design, installation and maintenance of solar energy systems. AEE Solar, Inc. also develops mounting structures which are sold through the installation and distribution operations under the SnapNrack brand.

Sunrun acquires customers directly and through relationships with various solar and strategic partners ("Partners"). The Projects are constructed either by Sunrun or by Sunrun's Partners and are owned by the Company. Sunrun's customers enter into a power purchase agreement ("PPA") or a lease (each, a "Customer Agreement") which typically has a term of 20 years. Sunrun monitors, maintains and insures the Projects. As a result of the MEC acquisition completed in February, the Company also sells solar energy systems and products to customers.

The Company has formed various subsidiaries ("Funds") to finance the development of Projects. These subsidiaries, structured as limited liability companies, obtain financing from outside investors and purchase or lease Projects from Sunrun under master purchase or master lease agreements. The Company currently utilizes three legal structures in its investment funds, which are referred to as: (i) lease pass-throughs, (ii) partnership-flips and (iii) joint venture ("JV") inverted leases.

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and reflect the accounts and operations of the Company and those of its subsidiaries, including Funds, in which the Company has a controlling financial interest. The typical condition for a controlling financial interest ownership is holding a majority of the voting interests of an entity. However, a controlling financial interest may also exist in entities, such as variable interest entities ("VIEs"), through arrangements that do not involve controlling financial interests. In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 810 ("ASC 810") Consolidation, the Company consolidates any VIE of which it is the primary beneficiary. The primary beneficiary, as defined in ASC 810, is the party that has (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb the losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Company evaluates its relationships with its VIEs on an ongoing basis to determine whether it continues to be the primary beneficiary. The consolidated financial statements reflect the assets and liabilities of VIEs that are consolidated. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company regularly makes significant estimates and assumptions, including, but not limited to the estimates

that affect the collectability of accounts receivable, the valuation of inventories, the useful lives and estimated residual values of solar energy systems, the useful lives of property and equipment, the valuation and useful lives of intangible assets, the fair value of assets acquired and liabilities assumed in business combinations, the effective interest rate used to amortize lease pass-through financing obligations, the valuation of stock-based compensation, the valuation of the Company's common stock, the determination of valuation allowances associated with deferred tax assets, fair value of debt instruments disclosed and the redemption value of redeemable noncontrolling interests. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable. Actual results may differ from such estimates.

Segment Information

The Company has one operating segment with one business activity, providing solar energy services and products to customers. The Company's chief operating decision maker ("CODM") is its Chief Executive Officer, who manages operations on a consolidated basis for purposes of allocating resources. When evaluating performance and allocating resources, the CODM reviews financial information presented on a consolidated basis.

Cash and Cash Equivalents

Cash consists of bank deposits held in checking and savings accounts. The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Company has exposure to credit risk to the extent cash balances exceed amounts covered by federal deposit insurance. The Company believes that its credit risk is not significant.

Restricted Cash

Restricted cash represents balances collateralizing standby letters of credit, amounts related to replacement of solar energy systems and obligations under certain financing transactions.

Accounts Receivable

Accounts receivable consist of amounts due from customers as well as state and utility rebates due from government agencies and utility companies. Under arrangements with customers, the customers typically assign incentive rebates to the Company.

Accounts receivable are recorded at net realizable value. The Company maintains allowances for the applicable portion of receivables when collection becomes doubtful. The Company estimates anticipated losses from doubtful accounts based upon the expected collectability of all accounts receivables, which takes into account the number of days past due, collection history, identification of specific customer exposure, and current economic trends. Once a receivable is deemed to be uncollectible, it is written off. In 2013 and 2014, the Company recorded provision for bad debt expense of $0.2 million and $0.5 million, respectively, and wrote-off uncollectible receivable of $0.0 million and $0.1 million, respectively.

Accounts receivable, net consists of the following (in thousands):

	December 31,	
	2013	2014
Customer receivable	$ 3,049	$ 24,477
Customer deposits	9,648	11,135
Other receivable	—	5,936
Rebate receivable	4,869	2,344
Allowance for doubtful account	(346)	(703)
Total	$ 17,220	$ 43,189

Grants Receivable

Grants receivable consists of Section 1603 Grants in Lieu of Tax Credits ("U.S. Treasury grants") due from the U.S. Treasury Department and state tax credits ("State Grants"). U.S. Treasury grant receivables are recognized upon submission of a grant application to the U.S. Department of Treasury and State Grants receivable are recognized upon submission of the state income tax return.

Inventories

Inventories are stated at the lower of cost or market on a first-in, first-out basis. Inventories consist of raw materials such as photovoltaic panels, inverters and mounting hardware as well as miscellaneous electrical components that are sold as-is by the distribution operations and used in installations and work-in-process. Work-in-process primarily relates to solar energy systems that will be sold to customers, which are partially installed and have yet to pass inspection by the responsible city or utility department. For solar energy systems where the Company performs the installation, the Company commences transferring component parts from inventories to construction in progress, a component of solar energy systems, once a lease contract with a lease customer has been executed and the component parts have been assigned to a specific project. Additional costs incurred including labor and overhead are recorded within construction in progress.

The Company periodically reviews inventories for unusable and obsolete items based on assumptions about future demand and market conditions. Based on this evaluation, provisions are made to write inventories down to their market value.

Solar Energy Systems, net

The Company records solar energy systems leased to customers and solar energy systems that are under installation as solar energy systems, net on its consolidated balance sheet. Solar energy systems, net is comprised of system equipment costs and initial direct costs related to solar energy systems, less accumulated depreciation and amortization. Depreciation is calculated on a straight-line basis to their estimated residual values over the estimated depreciable lives of the systems based on the Company's intended use, which is the lesser of the useful life of the asset or the term of Customer Agreement, which is typically 20 years.

Solar energy systems under installation will be depreciated as solar energy systems leased to customers when the respective systems are completed and interconnected.

Initial direct costs from the origination of Customer Agreements are capitalized and amortized over the initial term of the related Customer Agreement and are included within solar energy systems, net in the consolidated balance sheets. Amortization of these costs is recorded in cost of operating leases and incentives in the accompanying consolidated statements of operations.

Property and Equipment, net

Property and equipment, net consists of leasehold improvements, furniture, computer hardware and software, machinery and equipment, and automobiles. All property and equipment are stated at historical cost net of accumulated depreciation. Repairs and maintenance are expensed as incurred.

Property and equipment is depreciated on a straight-line basis over the following periods:

Leasehold improvements	Lesser of estimated useful life of the asset or lease term, which is typically 2 to 6 years
Furniture	5 years
Computer hardware and software	3 years
Machinery and equipment	5-7 years
Automobiles	4-5 years

Capitalization of Software Costs

For costs incurred in the development of internal use software, the Company capitalizes costs incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Internal use software is amortized on a straight-line basis over its estimated useful life.

Intangible Assets, net

Finite-lived intangible assets are initially recorded at fair value and presented net of accumulated amortization. Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Customer relationships	6-10 years
Backlog	1 year
Developed technology	5 years
Trade names	4 months to 5 years

Impairment of Long-Lived Assets

The carrying amounts of the Company's long-lived assets, including solar energy systems and intangible assets subject to depreciation and amortization, are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Factors that are considered in deciding when to perform an impairment review would include significant negative industry or economic trends and significant changes or planned changes in the use of the assets. Recoverability of these assets is measured by comparison of the carrying amount of each asset to the future undiscounted cash flows the asset is expected to generate over its remaining life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset. If the useful life is shorter than originally estimated, the Company amortizes the remaining carrying value over the new shorter useful life. No impairment of long-lived assets has been recorded for the years ended December 31, 2013 and 2014.

Business Combinations

Acquisitions of entities and certain solar projects with the associated leases that meet the definition of a business are accounted for as business combinations in accordance with ASC 805, *Business Combinations*. The Company records assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. Acquisition-related expenses are expensed as incurred.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed of MEC in February 2014. Goodwill is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may be impaired. The Company has determined that it operates as one reporting unit and the Company's goodwill is recorded at the enterprise level. The Company performs its annual impairment test of goodwill on October 1 of each fiscal year or whenever events or circumstances change or occur that would indicate that goodwill might be impaired. When assessing goodwill for impairment, the Company uses qualitative and if necessary, quantitative methods in accordance with FASB ASC Topic 350 ("ASC 350"), *Goodwill*. The Company also considers its enterprise value and if necessary, the Company's discounted cash flow model, which involves assumptions and estimates, including the Company's future financial performance, weighted-average cost of capital and interpretation of currently enacted tax laws. Circumstances that could indicate impairment and require the Company to perform a quantitative impairment test include a significant decline in the Company's financial results, a significant decline in the Company's enterprise

value relative to its net book value, an unanticipated change in competition or the Company's market share and a significant change in the Company's strategic plans. The Company did not have any goodwill prior to 2014, and no impairment charges have been recorded to date.

Deferred Revenue

Deferred revenue consists of amounts for which the criteria for revenue recognition have not yet been met and includes a) amounts that are collected from customers, including upfront deposits and lease prepayments; b) rebates and incentives received and receivable from utility companies and various local and state government agencies; c) amounts related to investment tax credits ("ITC") that the Company monetized in connection with its lease-pass through financing obligations; and d) amounts received related to the sales of solar renewable energy credits ("SRECs").

Deferred revenue consists of the following (in thousands):

	December 31,	
	2013	2014
Customer payments	$ 225,391	$ 311,193
Rebates and incentives	92,129	101,318
ITCs	28,131	85,767
SRECs	—	13,846
Total	$ 345,651	$ 512,124

Deferred Grants

Deferred grant consists of U.S. Treasury grants and State Grants. The Company elected to apply for U.S. Treasury grants that were created by the American Recovery and Reinvestment Act of 2009 (the "ARRA") as amended by the Tax Relief Unemployment Insurance Reauthorization and Job Creation Act of December 2010 prior to its expiration in 2012.

The Company applied for a renewable energy technologies income tax credit offered by one of the states in the form of a cash payment and deferred the tax credit as a grant on the consolidated balance sheets. The Company initially records the grants as deferred grant income and recognizes the benefit on a straight-line basis over the estimated depreciable life of the associated assets as a reduction in cost of operating leases and incentives.

Warranty Accrual

The Company provides warranty service and replacement on the major components and workmanship of all solar energy systems sold and installed. The major components are generally covered under a manufacturer's limited warranty.

In resolving claims under both the workmanship and design warranties, the Company has the option of remedying the defect to the warranted level through repair, refurbishment, or replacement. The warranty accrual is estimated and is re-evaluated regularly by management based upon the Company's warranty policy, applicable contractual warranty obligations, an analysis of historical costs and age of installed systems and management's evaluation of current claims in process. The warranty accrual is recorded as a component of accrued expenses and other liabilities in the Company's consolidated balance sheets. Prior to the Company's acquisition of the residential business from MEC in February 2014, no warranty accrual was necessary. To date the warranty accrual has not been material.

Solar Energy Performance Guarantees

The Company guarantees to customers certain specified minimum solar energy production output for solar facilities over the initial term of the Customer Agreements. The Company monitors the solar energy systems to determine whether these specified minimum outputs are being achieved. If the Company determines that the guaranteed minimum energy output is not achieved, it records a liability for the estimated amounts payable. As of December 31, 2013, and 2014, the Company recorded liabilities of $0.1 million and $0.4 million, respectively, as accrued expenses and other current liabilities in the consolidated balance sheets relating to these guarantees based on the Company's assessment of its exposure.

Fair Value of Financial Instruments

The Company defines fair value as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company uses valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. FASB establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

- Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2—Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and
- Level 3—Inputs that are unobservable, significant to the measurement of the fair value of the assets or liabilities and are supported by little or no market data.

The Company's financial instruments include cash and cash equivalents, receivables, accounts payable, accrued expenses, distributions payable to noncontrolling interests, borrowings on the line of credit, and long term debt.

Revenue Recognition

The Company recognizes revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed and determinable, and (iv) collection of the related receivable is reasonably assured.

Operating leases and incentives

Operating leases and incentives revenue is primarily comprised of revenue from customer agreements, revenue from solar energy system rebate incentives, revenue associated with ITCs assigned to investment funds that are classified as lease pass-through arrangements and revenue from the sales of SRECs generated by the Company's solar energy systems to third parties.

The Company begins to recognize revenue on Customer Agreements when permission to operate ("PTO") is given by the local utility company or on the date daily operation commences if utility approval is not required. The Company recognizes revenue on a straight-line basis over the initial term of the Customer Agreements (typically 20 years) that have minimum lease payments, or as earned when the customers are billed based on the actual electricity generated at a specific rate under the terms of the Customer Agreements.

The Company considers upfront rebate incentives received from states and utilities for solar energy systems subject to Customer Agreements to be minimum lease payments. Rebate revenue is recognized on a straight-line

basis over the life of the initial contract term of the Customer Agreement beginning when a PTO letter is issued by the local utility company or on the date daily operation commences if utility approval is not required.

The Company monetizes the ITCs associated with the leased systems on its lease pass-through financing obligations by assigning them to the investor together with the future customer lease payments. A portion of the cash consideration received from the investors is allocated to the estimated fair value of the assigned ITCs. The estimated fair value of the ITCs is determined by applying the expected internal rate of return to the investor on this structure to the gross amount of the ITCs that may be claimed by the investor.

The ITCs are subject to recapture under the Internal Revenue Code ("Code") if the underlying solar energy system either ceases to be a qualifying property or undergoes a change in ownership within five years of its placed in service date. The recapture amount decreases by 20% on each anniversary of the PTO date. As the Company has an obligation to ensure the solar energy systems is in service and operational for a term of five years to avoid any recapture of the ITCs, the Company recognizes revenue as the recapture provisions lapse assuming the other aforementioned revenue recognition criteria have been met. The monetized ITCs are initially recorded within deferred revenue on the consolidated balance sheets, and subsequently, one-fifth of the monetized ITCs are recognized as revenue in the consolidated statements of operations on each anniversary of the solar energy systems' PTO date over the following five years.

SREC revenue arises from the sale of environmental credits generated by solar energy systems. Assuming all other revenue recognition criteria are met, SREC revenue is recorded in operating leases and incentives revenue in the month that the SRECs are delivered to third parties in the consolidated statements of operations.

Solar energy system and product sales

For solar energy systems sold to customers, the Company recognizes revenue when the solar energy system passes inspection by the authority having jurisdiction, provided all other revenue recognition criteria have been met. The Company's installation projects are typically completed in a short period of time.

Product sales consist of solar panels, racking systems, inverters and other solar energy products sold to resellers. Product sales revenue is recognized at the time when title is transferred, generally upon shipment. Shipping and handling fees charged to customers are included in net sales. Total shipping and handling fees charged to customers were $2.4 million for the year ended December 31, 2014.

Taxes assessed by government authorities that are directly imposed on revenue producing transactions are excluded from product revenue.

Cost of Revenue

Operating leases and incentives

Cost of revenue for operating leases and incentives is primarily comprised of the (1) depreciation of the cost of the solar energy systems, as reduced by amortization of U.S. Treasury grants, (2) amortization of initial direct costs, (3) lease operations, monitoring and maintenance costs including associated personnel costs, and (4) allocated corporate overhead costs.

Solar energy systems and product sales

Cost of revenue for solar energy systems and product sales consist of direct and indirect material and labor costs for solar energy systems installations and product sales. Also included are engineering and design costs, estimated warranty costs, freight costs, allocated corporate overhead costs, vehicle depreciation costs and personnel costs associated with supply chain, logistics, operations management, safety and quality control.

Research and Development Expense

Research and development expenses include personnel costs, allocated overhead costs, and other costs related to the development of the Company's BrightPath software suite as well as its racking equipment.

Advertising Costs

Advertising costs are expensed as incurred and are included as an element of sales and marketing expense in the consolidated statements of operations. The Company incurred advertising costs of $7.7 million and $16.9 million for the years ended December 31, 2013 and 2014, respectively.

Stock-Based Compensation

Stock-based compensation to employees is measured based on the grant date fair value of the awards and recognized over the period during which the employee is required to perform services in exchange for the award (generally the vesting period of the award). The Company estimates the fair value of stock options granted using the Black-Scholes option-valuation model. Compensation cost is recognized over the vesting period of the applicable award using the straight-line method for those options expected to vest.

The Company also grants restricted stock units ("RSUs") to non-employees that vest upon the satisfaction of both performance and service conditions. The Company starts recognizing expense on the RSUs when the performance condition is met and subsequently re-measures the expense at the end of each reporting period until the RSUs vest.

Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests represent investors' interests in the net assets of the Funds that the Company has created to finance the cost of its solar energy systems subject to the Company's Customer Agreements. The Company has determined that the contractual provisions in the funding arrangement represent substantive profit sharing arrangements. The Company has further determined that the appropriate methodology for attributing income and loss to the noncontrolling interests and redeemable noncontrolling interests each period is a balance sheet approach referred to as the hypothetical liquidation at book value ("HLBV") method.

Under the HLBV method, the amounts of income and loss attributed to the noncontrolling interests and redeemable noncontrolling interests in the consolidated statements of operations reflect changes in the amounts the investors would hypothetically receive at each balance sheet date under the liquidation provisions of the contractual agreements of these arrangements, assuming the net assets of these Funding structures were liquidated at recorded amounts. The Company's initial calculation of the investor's noncontrolling interest in the results of operations of these Funding arrangements is determined as the difference in the noncontrolling interests' claim under the HLBV method at the start and end of each reporting period, after taking into account any capital transactions, such as contributions or distributions, between the Fund and the investors.

The Company classifies certain noncontrolling interests with redemption features that are not solely within the control of the Company outside of permanent equity on its consolidated balance sheets. Redeemable noncontrolling interests are reported using the greater of their carrying value as determined by the HLBV method or their estimated redemption value at each reporting date.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements and tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to

reverse. Valuation allowances are provided against deferred tax assets to the extent that it is more likely than not that the deferred tax asset will not be realized. The Company is subject to the provisions of ASC 740, *Income Taxes*, which establishes consistent thresholds as it relates to accounting for income taxes. It defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more likely than not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50% likely to be realized. Management has analyzed the Company's inventory of tax positions with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction), and has concluded that no uncertain tax positions are required to be recognized in the Company's consolidated financial statements as of December 31, 2013 and 2014.

The Company sells solar energy systems to the Funds. As the Funds are consolidated by the Company, the gain on the sale of the solar energy systems is not recognized in the consolidated financial statements. However, this gain is recognized for tax reporting purposes. Since these transactions are intercompany sales, any tax expense incurred related to these intercompany sales is deferred and recorded as a prepaid tax asset and amortized over the depreciable life of the underlying solar energy systems which has been estimated to be 20 years in accordance with ASC Topic 810.

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and local jurisdictions, where applicable. The statute of limitations for the tax returns varies by jurisdiction.

The Company recognizes interest and penalties related to unrecognized tax benefits, if any, as income tax expense. The Company did not accrue any interest or penalties for the years ended December 31, 2013 and 2014.

Concentrations of Credit and Supplier Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, and accounts receivable, which includes rebates receivable. The associated risk of concentration for cash and cash equivalents is mitigated by banking with institutions with high credit ratings. At certain times, amounts on deposit exceed Federal Deposit Insurance Corporation insurance limits. The Company does not require collateral or other security to support accounts receivable. To reduce credit risk, management performs periodic credit evaluations and ongoing evaluations of its customers' financial condition. Rebates receivable are due from various states and local governments as well as various utility companies. The Company considers the collectability risk of such amounts to be low. The Company is not dependent on any single customer or installer. The loss of a customer or an installer would not adversely impact the Company's operating results or financial position. The Company's customers under Customer Agreements are primarily located in California, Hawaii, Maryland, Massachusetts, New Jersey and New York. During the year ended December 31, 2013 and 2014, the solar materials purchases from the top five suppliers were approximately $59.3 million and $69.1 million, respectively.

Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09*Revenue from Contracts with Customers* (Topic 606), to replace the existing revenue recognition criteria for contracts with customers and to establish the disclosure requirements for revenue from contracts with customers. The core principle of this standard is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. This ASU is effective for the Company for annual periods beginning after December 15, 2016 and for interim and annual reporting periods thereafter. Adoption of the ASU is either retrospective to each prior period presented or retrospective with a cumulative adjustment to retained earnings or accumulated deficit as of the adoption date. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

In November 2014, the FASB issued ASU 2014-16*Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share is More Akin to Debt or to Equity*. This guidance requires issuers and investors to consider all of a hybrid instrument's stated and implied substantive terms and features, including any embedded derivative features being evaluated for bifurcation. The guidance eliminates the "chameleon approach", under which all embedded features except the feature being analyzed are considered. The guidance is effective for the year beginning after December 15, 2015 and for interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted. The Company believes the adoption of this guidance will have no impact on its consolidated financial statements.

In November 2014, the FASB issued ASU 2014-15,*Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date of issuance of the entity's financial statements and provide certain disclosures when there is substantial doubt about the entity's ability to continue as a going concern. This guidance applies to all entities and is effective for annual periods beginning after December 15, 2015, and interim periods thereafter, with early adoption permitted. The Company believes the adoption of this guidance will have no impact on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02*Amendments to the Consolidation Analysis*, which provides consolidation guidance and changes the way reporting enterprises evaluate consolidation for limited partnerships, investment companies and similar entities, as well as variable interest entities. The ASU is effective for annual and interim periods in fiscal years beginning after December 15, 2015. The Company is currently evaluating this guidance and the impact it may have on its consolidated financial statements.

3. Acquisitions

In 2014, the Company completed the acquisition of MEC. In addition, the Company acquired solar projects with the associated leases from a certain installer partner. The purpose of these acquisitions was to support the Company's strategic growth and to strengthen the Company's competitive position by reducing costs and expanding relationships with the Company's partners and customers.

Acquisition of Residential Business

In February 2014, the Company acquired the residential business of MEC pursuant to an Agreement and Plan of Merger dated January 19, 2014. The residential business acquired engages in designing, installing and selling solar energy systems to residential customers, wholesale distributions as well as assembling of mounting systems and hardware for solar energy systems.

The purchase consideration for the assets acquired and liabilities assumed was approximately $78.8 million consisting of $75.0 million in the issuance of 12,762,894 shares of common stock, $1.8 million in cash, $1.8 million in settlement of balances under a pre-existing relationship and $0.2 million in the form of 576,878 stock options. The settlement of the pre-existing relationship was related to the partner installation agreement between the Company and MEC, which existed prior to the acquisition date.

The Company has included the results of operations of the acquired business in the consolidated statements of operations from the acquisition date. The assets acquired and liabilities assumed in the MEC acquisition have been recorded based on their fair value at the acquisition date. Goodwill represents the excess of the purchase price over the net tangible and intangible assets acquired and is not deductible for tax purposes. Goodwill recorded is primarily attributable to the acquired assembled workforce and the synergies expected to arise after the acquisition of the residential business. Transaction costs related to the acquisition were expensed as incurred.

The following table summarizes the fair value of assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	$ 5,440
Accounts receivable	8,881
Inventory	23,886
Prepaid expenses	2,028
Property and equipment	6,113
Other long-term assets	200
Account payable	(21,316)
Deferred revenue	(768)
Accrued expenses	(3,659)
Other liabilities	(1,509)
Capital lease obligations	(2,869)
Intangible assets	15,380
Deferred tax liabilities	(4,843)
Goodwill	51,786
Total purchase consideration	$ 78,750

In 2014, the contribution of the acquired business to the Company's total revenues was $114.2 million as measured from the date of the acquisition. The portion of total expenses and net income associated with the acquired business was not separately identifiable due to the integration with the Company's operations.

Unaudited Pro Forma Information

The following table summarizes the unaudited pro forma total revenue and net loss of the combined company assuming that the acquisition occurred as of January 1, 2013 (in thousands, except per share):

	For the year ended December 31,	
	2013	2014
Revenue	$ 143,164	$ 205,355
Net loss	(91,425)	(170,557)
Net loss attributable to common stockholders	(27,131)	(83,919)
Net loss per share attributable to common stockholders, basic and diluted	(1.20)	(3.51)

The pro forma financial information is based on the combined results of operations of MEC and the Company with adjustments for MEC's sales to the Company, the amortization of the acquired intangibles assets and the timing of acquisition expenses. The pro forma financial information is not necessarily indicative of the actual consolidated results of operations in prior or future periods had the acquisition actually been consummated on January 1, 2013.

Acquisition of Solar Projects with the Associated Leases

In March 2014, the Company entered into a Backlog Lease Assignment and Assumption Agreement and Channel Agreement with an install partner and purchased certain solar projects with the associated leases already originated by the install partner. The Company paid $39.4 million for the acquired solar projects and the associated leases. The Company has accounted for the acquisition under ASC 805 and recorded the assets acquired at fair value at the acquisition date. As the terms of the acquired leases associated with these projects were at market terms at the acquisition date, no lease premiums or discounts were recorded. No goodwill was recognized from this acquisition as the Company paid fair value for the assets acquired.

4. Fair Value Measurement

At December 31, 2013, the carrying amount of receivables, accounts payable, accrued expenses, distributions payable to noncontrolling interests and short-term line of credit approximates fair value due to the fact that they were short-term in nature.

At December 31, 2014, the carrying amount of receivables, accounts payable, accrued expenses, and distributions payable to noncontrolling interests approximates fair value due to the fact that they were short-term in nature. The carrying and fair value of debt instruments are as follows (in thousands):

	December 31, 2013		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Line of credit	$ 24,000	$ 24,000	$ 48,597	$ 48,597
Non-bank term loans	80,755	80,755	3,138	3,853
Bank term loans	36,499	36,499	33,382	35,653
Note payable	26,506	26,506	29,563	28,900
Syndicated term loans	—	—	124,571	124,571
Total	$ 167,760	$ 167,760	$ 239,251	$ 241,574

At December 31, 2013, the carrying value of the Company's debt instruments approximated fair value due to the fact that they had been recently entered into prior to December 31, 2013 based on rates currently offered for debt with similar maturities and terms. At December 31, 2014, the fair value of the Company's debt instruments are based on parameters derived from prices or based on rates currently offered for debt with similar maturities and terms. The Company's syndicated term loans were entered into in December 2014 and as such approximate fair value. The Company's fair value of the debt instruments fell under the Level 3 hierarchy. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market.

5. Inventories

The Company did not have an inventory balance prior to 2014. Following the acquisition of MEC, inventories consist of the following (in thousands):

	December 31, 2014
Raw materials	$ 21,531
Work-in-process	2,383
Total	$ 23,914

6. Solar Energy Systems, net

Solar energy systems, net consists of the following (in thousands):

	December 31,	
	2013	2014
Solar energy system equipment costs	$ 1,033,901	$ 1,406,478
Inverters	87,106	123,910
Initial direct costs	19,477	40,307
Total solar energy systems	1,140,484	1,570,695
Less: accumulated depreciation and amortization	(88,388)	(143,028)
Add: construction-in-progress	28,900	56,584
Total solar energy systems, net	$ 1,080,996	$ 1,484,251

All solar energy systems, construction in progress, and inverters have been leased to or are subject to a signed Customer Agreement with customers. The Company recorded depreciation expense related to solar energy systems of $40.0 million and $53.3 million for the year ended December 31, 2013 and 2014, respectively. The depreciation expense was reduced by the amortization of deferred grants of $13.4 million and $13.9 million, in 2013 and 2014, respectively.

7. Property and Equipment, net

Property and equipment, net consists of the following (in thousands):

	December 31,	
	2013	2014
Machinery and equipment	$ —	$ 1,031
Leasehold improvements, furniture, and computer hardware	2,527	6,386
Vehicles	50	8,942
Computer software	9,175	16,431
Total property and equipment	11,752	32,790
Less: accumulated depreciation and amortization	(4,268)	(10,595)
Total property and equipment, net	$ 7,484	$ 22,195

Depreciation and amortization expense was $3.0 million and $6.4 million for the years ended December 31, 2013 and 2014 respectively. Assets under capital leases, primarily vehicles, were $8.1 million at December 31, 2014. Amortization expense related to these assets was $2.5 million in 2014. There were no assets under capital leases as of December 31, 2013. Amortization expense on assets under capital leases is included in the cost of operating leases and incentives in the accompanying consolidated statements of operations.

The Company capitalized $1.9 million and $7.3 million for internal use software development projects during the year ended December 31, 2013, and 2014, respectively. Unamortized capitalized software at December 31, 2013 and 2014 was $5.5 million and $8.8 million, respectively. Amortization expense related to these software development projects was $2.7 million and $3.9 million for the years ended December 31, 2013 and 2014, respectively.

8. Goodwill and Intangible Assets, net

The Company did not have goodwill or intangible assets until its acquisition of MEC in 2014.

The change in the carrying value of goodwill is as follows (in thousands):

Balance—December 31, 2013	$ —
Addition	51,786
Balance—December 31, 2014	$51,786

Intangible assets, net consist of the following (in thousands):

	Cost	Accumulated amortization	Carrying value	Weighted average remaining life (in years)
Backlog	$ 200	$ (183)	$ 17	0.1
Customer relationships	10,270	(1,055)	9,215	8.4
Developed technology	910	(167)	743	4.1
Trade names	4,000	(864)	3,136	4.1
Total	$ 15,380	$ (2,269)	$ 13,111	

The intangible assets were acquired as part of the acquisition of MEC referred to in note 3. Backlog represents acquired outstanding customer orders to be fulfilled in the future. The customer relationships represent acquired relationships with installers, distributors and retail outlets. The developed technology represents acquired technology under the SnapNrack brand. Trade names represent acquired brands related to REC Solar, AEE Solar, and SnapNrack.

The Company recorded amortization of intangible assets expense of $2.4 million for the year ended December 31, 2014. As of December 31, 2014, expected amortization of intangible assets for each of the five succeeding fiscal years and thereafter is as follows (in thousands):

2015	$ 2,118
2016	2,101
2017	2,101
2018	2,101
2019	1,230
Thereafter	3,460
Total	$13,111

9. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	December 31,	
	2013	2014
Prepaid expenses	$1,571	$4,564
Reimbursement receivable	1,069	2,808
State tax receivable	1,012	1,117
Other current assets	940	1,071
Total	$4,592	$9,560

10. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following (in thousands):

	December 31,	
	2013	2014
Accrued employee compensation	$ 5,677	$12,588
Other accrued expenses	4,114	9,526
Accrued professional fees	3,472	3,331
Total accrued expenses and other liabilities	$13,263	$25,445

11. Debt

As of December 31, 2013, debt consisted of the following (in thousands):

	Carrying Values, net of debt discount			Unused Borrowing Capacity	Annual Contractual Interest Rate	Interest Rate	Maturity Date
	Current	Long Term	Total				
Recourse debt:							
Bank line of credit	$ 24,000	$ —	$ 24,000	$ 24	Prime rate + 2.25%	5.50%	November 2014
Total recourse debt	24,000		24,000	24			
Non-recourse debt:							
Non-bank term loans	1,002	79,753	80,755	—	9.08%	9.08% - 9.50%	June 2019-December 2024
Bank term loans	1,212	35,287	36,499	—	6.25%	6.25%	April 2022
Note payable	—	26,506	26,506	—	12.00%	12.00%	December 2018
Total non-recourse debt	2,214	141,546	143,760	—			
Total debt	$ 26,214	$ 141,546	$167,760	$ 24			

As of December 31, 2014, debt consisted of the following (in thousands):

	Carrying Values, net of debt discount			Unused Borrowing Capacity	Annual Contractual Interest Rate	Interest Rate	Maturity Date
	Current	Long Term	Total				
Recourse debt:							
Bank line of credit	$ —	$ 48,597	$ 48,597	$ —	Prime rate + 1.00%	4.25%	December 2016
Total recourse debt	$ —	48,597	48,597	—			
Non-recourse debt:							
Non-bank term loans	207	2,931	3,138		9.08%	9.08%	December 2024
Syndicated term loans	958	123,613	124,571	5,000	LIBOR + 2.75% - Term A	3.01%	December 2021
					LIBOR + 5.00% - Term B	6.00%	December 2021
Bank term loans	1,437	31,945	33,382	—	6.25%	6.25%	April 2022
Note payable	—	29,563	29,563	—	12.00%	12.00%	December 2018
Total non-recourse debt	2,602	188,052	190,654	12,900			
Total debt	$ 2,602	$ 236,649	$239,251	$ 12,900			

Bank Line of Credit

In 2013, the Company had a credit facility with a maximum capacity of $25.0 million, which included a $1.0 million letter of credit sub-facility.

All obligations under the credit facility were secured by certain assets of the Company. Interest-only payments were required during the term. In 2013, and during 2014, the Company entered into amendments to the credit facility to modify certain terms and to ultimately extend the maturity date to December 31, 2014, on which date the Company paid off this facility.

In December 2014, the Company entered into credit facility agreements with a syndicate of banks to borrow amounts that were used to pay off the line of credit above, and obtain funding for working capital and general corporate purposes. The credit facility agreements have a $50.0 million committed facility which includes a $1.0 million letter of credit sub-facility. As of December 31, 2014, the Company had drawn down $49.2 million and issued a letter of credit outstanding under the facility was $0.8 million.

The facility is secured by accounts receivable and inventory of the Company with an approximate value of $52.6 million. This facility matures in December 2016. The line of credit requires the Company to maintain certain financial and reporting covenants. At December 31, 2014, the Company was in compliance with the credit facility covenants.

Non-Bank Term Loans

In 2013, subsidiaries of the Company entered into agreements with non-bank lenders for term loans with an aggregate amount of up to $119.5 million. The proceeds of these term loans were principally used to finance the design, procurement, and installation of solar systems, to finance the Company's acquisition of a Fund investor's interest in three of its tax equity Funds, and for the Company's general corporate purposes. The majority of these term loans have a minimum cash coupon of 7% that was scheduled to increase through the maturity dates plus LIBOR with a floor on the LIBOR rate of 1.25%. In addition, on the last business day of each quarter, commencing with March 31, 2014, to the extent the Company had insufficient Funds to pay the full amount of the stated interest of the outstanding loan balance, a payment in kind ("PIK") interest of LIBOR plus 8.75% is accrued and added to the outstanding balance. These loans were secured by the assets and related cash flows of certain of the Company's subsidiaries and were nonrecourse to the Company's other assets. No PIK interest has been accrued to date.

In December 2014, the Company paid off a portion of its non-bank term loans for $94.4 million which included payment for accrued interest and a prepayment premium. The Company recognized $4.4 million loss on the early debt extinguishment related to the prepayment premiums and write off of unamortized debt issuance costs. As of December 31, 2014, the Company was in compliance with its debt covenants under the terms of its outstanding non-bank term loans.

Syndicated Credit Facilities

In December 2014, subsidiaries of the Company entered into secured credit facilities agreements with a syndicate of banks for up to $195.4 million in committed facilities. These facilities include a $158.5 million senior term loan ("Term Loan A") and a $24.0 million subordinated term loan ("Term Loan B"). In addition, the credit facilities also include a $5.0 million working capital revolver commitment and a $7.9 million senior secured revolving letter of credit facility which draws are solely for the purpose of satisfying the required debt service reserve amount if necessary. The Term Loan A, the working capital revolver and the letter of credit bear interest at a rate of LIBOR + 2.75% with a 25 basis point step up triggered on the fourth anniversary. The Term Loan B bears interest at rate of LIBOR + 5.00% with a LIBOR floor of not less than 1.00%. Prepayments are permitted under Term Loan A at par without premium or penalty, and under Term Loan B prepayment penalties range from 0%-2%, depending on the timing of the prepayment. The principal and accrued interest on any outstanding loans mature on December 31, 2021. The proceeds of these facilities were used to pay off certain non-bank term loans of $94.4 million and to fund general corporate needs.

At inception of the credit facilities, one of the Company's subsidiaries is the borrower under the Term Loan A agreement and another of the Company's subsidiaries is the borrower under the Term Loan B agreement. All obligations under the Term Loan A, working capital revolver and letter of credit are collateralized by the subsidiary borrower's membership interests and assets in the Company's investment Funds. All obligations under the Term Loan B are collateralized by the membership interest in the subsidiary borrower. There are no cross-collateral between Term Loan A and Term Loan B. The credit facilities also contain certain provisions in the events of default, which entitle lenders to take actions, including acceleration of amounts due under the credit facilities and acquisitions of membership interests and assets that are pledged to the lenders under the terms of the credit facilities.

The Company is required to maintain certain financial measurements and reporting covenants under the terms of the credit facilities. At December 31, 2014, the Company was in compliance with the credit facility covenants.

Bank Term Loan

In December 2013, a subsidiary of the Company entered into an agreement with a bank for a term loan of $38.0 million. The proceeds of this term loan were distributed to the members of this subsidiary, including the Company. The loan is secured by the assets and related cash flow of this subsidiary and is nonrecourse to the Company's other assets. The Company was in compliance with all debt covenants as of December 31, 2014.

Note Payable

In December 2013, a subsidiary of the Company entered into a Note Purchase Agreement with an investor for the issuance of senior notes in exchange for proceeds of $27.2 million. The loan proceeds were distributed to the Company for general corporate purposes. On the last business day of each quarter, commencing with March 31, 2014, to the extent the Company's subsidiary has insufficient funds to pay the full amount of the stated interest of the outstanding loan balance, a PIK interest rate of 12% is accrued and added to the outstanding balance. As of December 31, 2014, the portion of the outstanding loan balance that related to PIK interest was $2.9 million. The senior notes are secured by the assets and related cash flows of certain of the Company's subsidiaries and are nonrecourse to the Company's other assets. The entire outstanding principal balance is payable in full on the maturity date. The Company was in compliance with all debt covenants as of December 31, 2014.

The scheduled maturities of debt, excluding debt discount, as of December 31, 2014 are as follows (in thousands):

Amount due:	
2015	$ 3,555
2016	52,729
2017	3,715
2018	34,152
2019	6,022
Thereafter	147,092
Subtotal	$ 247,265
Less: Debt discount	(8,014)
Total	$ 239,251

12. Lease Pass-Through Financing Obligations

Through December 31, 2014, the Company entered into four transactions referred to as "lease pass-through arrangements." Under lease pass-through arrangements, the Company leases solar energy systems to Fund investors under a master lease agreement, and these investors in turn are assigned the leases with customers. The Company receives all of the value attributable to the accelerated tax depreciation and some or all of the value attributable to the other incentives. The Company assigns to the Fund investors the value attributable to the ITC, the right to receive U.S. Treasury grants, and, for the duration of the master lease term, the long-term recurring customer payments. Given the assignment of the operating cash flows, these arrangements are accounted for as financing obligations. In addition, in the fourth lease pass-through structure, the Company sold, as well as leased, solar energy systems to a Fund investor under a master purchase agreement. As the substantial risks and rewards in the underlying solar energy systems were retained by the Company, this arrangement was also accounted for as a financing obligation.

Under these lease pass-through arrangements, wholly owned subsidiaries of the Company finance the cost of solar energy systems with investors for an initial term up to 25 years. The solar energy systems are subject to Customer Agreements with an initial term not exceeding 20 years. These solar energy systems are reported under the line item solar energy systems, net in the consolidated balance sheets. As of December 31, 2013 and 2014, the cost of the solar energy systems placed in service under the lease pass-through arrangements was $179.0 million and $322.2 million, respectively. The accumulated depreciation related to these assets as of December 31, 2013, and 2014, amounted to $10.1 million and $19.3 million, respectively.

The investors make a series of large up-front payments and in certain cases subsequent smaller quarterly payments (lease payments) to the subsidiaries of the Company. The Company accounts for the payments received from the investors under the arrangements as borrowings by recording the proceeds received as lease

pass-through financing obligations. These financing obligations are reduced over a period of approximately 20 years by customer payments under the Customer Agreements, U.S. Treasury grants (where applicable), incentive rebates (where applicable), the fair value of the ITCs monetized (where applicable) and proceeds from the contracted resale of SRECs as they are received by the investor. Under this approach, the Company continues to account for the arrangement with the customers in its consolidated financial statements as if it is the lessor in the arrangement with the customer and accounts for the customer lease and any related U.S. Treasury grants or incentive rebates as well the resale of SRECs consistent with the Company's revenue recognition accounting policies and the monetization of investment tax credits as described in Note 2—Significant Accounting Policies.

Interest is calculated on the lease pass-through financing obligations using the effective interest rate method. The effective interest rate, which is adjusted on a prospective basis, is the interest rate that equates the present value of the estimated cash amounts, including ITCs, to be received by the investor over the lease term with the present value of the cash amounts paid by the investor to the Company, adjusted for amounts received by the investor. The lease pass-through financing obligations are nonrecourse once the associated assets have been placed in service and all the contractual arrangements have been assigned to the investor.

Under three of the lease pass-through arrangements, the investor has a right to extend its right to receive cash flows from the customers beyond the initial term in certain circumstances. The Company has the option to settle the outstanding financing obligation on the ninth anniversary for two of the lease pass-through obligations and on the eleventh anniversary for the third lease pass-through financing obligation at a price equal to the higher of (a) the fair value of future remaining cash flows or (b) the amount that would result in the investor earning their targeted return. In all three of these lease pass-through arrangements, the investor has an option to require repayment of the entire outstanding balance of the financing obligation on the tenth anniversary at a price equal to the fair value of the future remaining cash flows.

In the fourth lease pass-through arrangement, the investor has a right, on June 30, 2019, to purchase all of the systems leased at a price equal to the higher of (a) the sum of the present value of the expected remaining lease payments due by the investor, discounted at 5%, and the fair market value of the investor's residual interest in the systems as determined through independent valuation or (b) a set value per kilowatt applied to the aggregate size of all leased systems.

Under all lease pass-through arrangements, the Company is responsible for services such as warranty support, accounting, lease servicing and performance reporting to the host customers. As part of the warranty and performance guarantee with the host customers, the Company guarantees certain specified minimum annual solar energy production output for the solar energy systems leased to the customers, which the Company accounts for as disclosed in Note 2—Significant Accounting Policies.

Future minimum lease payments expected to be made by the investor under the lease pass-through fund arrangement for each of the next five years and thereafter are as follows (in thousands):

Year ended December 31:	
2015	$ 524
2016	524
2017	524
2018	524
2019	524
Thereafter	4,045
Total	$6,665

13. VIE Arrangements

The Company consolidated various VIEs at December 31, 2013 and 2014. The carrying amount and classification of the VIEs' assets and liabilities included in the consolidated balance sheets are as follows (in thousands):

	As of December 31,	
	2013	2014
Assets		
Current assets:		
Cash and cash equivalents	$ 33,546	$ 29,099
Restricted cash	794	228
Accounts receivable, net	11,092	14,351
Grants receivable	89	—
Prepaid expenses and other current assets	31	180
Total current assets	45,552	43,858
Restricted cash	365	365
Solar energy systems, net	757,670	942,655
Total assets	$ 803,587	$ 986,878
Liabilities		
Current liabilities:		
Accounts payable	$ 7,970	$ 9,057
Distribution payable to noncontrolling interests and redeemable noncontrolling interests	16,189	6,426
Accrued expenses and other liabilities	—	340
Deferred revenue, current portion	13,876	16,991
Deferred grant income, current portion	8,102	7,225
Long-term debt, current portion	1,212	1,437
Total current liabilities	47,349	41,476
Deferred revenue, net of current portion	221,979	284,801
Deferred grant income, net of current portion	137,811	116,126
Long-term debt, net of current portion	35,287	31,945
Total liabilities	$ 442,426	$ 474,348

The Company holds a variable interest in an entity that provides the noncontrolling interest with a right to terminate the leasehold interests in all of the leased projects on the tenth anniversary of the effective date of the master lease. In this circumstance, the Company would be required to pay the noncontrolling interest an amount equal to the fair market value, as defined in the governing agreement of all leased projects as of that date.

The Company holds certain variable interests in nonconsolidated VIEs established as a result of four lease pass-through Fund arrangements discussed in Note 12—Lease Pass-Through Financing Obligations. As of December 31, 2013 and 2014, the Company recorded a financing liability of $77.3 million and $185.4 million, respectively, in its consolidated financial statements in connection with its involvement in these VIEs. The Company does not have material exposure to losses as a result of its involvement with the VIEs in excess of the amount of the financing liability recorded in the Company's consolidated financial statements. The Company is not considered the primary beneficiary of the VIEs.

In 2013, the Company acquired an investor's interest in three consolidated VIEs for a total cash consideration of $22.0 million. In these three entities, the Company was contractually required to make payments to the investor so that the investor achieved a specified minimum internal rate of return upon occurrence of

certain events. Upon purchase of the investor's stake in these entities, this obligation was satisfied. This transaction decreased the Company's additional paid-in-capital, net of the related tax impact, by $2.8 million.

14. Noncontrolling Interests and Redeemable Noncontrolling Interests

During certain specified periods of time (the "Early Exit Periods"), noncontrolling interests in certain funding arrangements have the right to put all of their membership interests to the Company (the "Put Provisions"). For the majority of Funds, the Company has the right to call all the membership units of the related redeemable noncontrolling interests after the expiration of the Early Exit Period. For one of the Funds, the Company has the right to call the membership interests of the related redeemable noncontrolling interests before the expiration of the Early Expiration Period. The Early Exit Periods and Call and Put prices for the noncontrolling interests and the redeemable noncontrolling interests that are callable and puttable are as follows at December 31, 2013 and 2014:

Early Exit Period	Call Price	Put Price	Noncontrolling Interests and Redeemable Noncontrolling Interests as of December 31, 2013	2014
			(In Thousands)	
10/1/2018-6/30/2019	Greater of a fixed percentage of the total contributions from the redeemable noncontrolling interest or fair market value of noncontrolling interest	Greater of a fixed percentage of the total contributions from the redeemable noncontrolling interest or fair market value of the redeemable noncontrolling interest	$ 16,277	$ 17,174
4/1/2019-12/31/2019	Greater of a fixed percentage of the total contributions from the redeemable noncontrolling interest or fair market value of noncontrolling interest	The sum of any unpaid priority returns and the greater of a fixed percentage of the total contributions from the redeemable noncontrolling interest or the fair market value of the redeemable noncontrolling interest	45,090	36,303
No Early Exit Period for this noncontrolling interest. Call period is not fixed, but rather the later of when the investor earns its targeted IRR or at the end of the investment tax credit recapture period	The greater of the fair market value of the noncontrolling interest and the amount that would cause the noncontrolling interest to earn an agreed-upon after-tax internal rate of return	None	(275)	4,532

Early Exit Period	Call Price	Put Price	Noncontrolling Interests and Redeemable Noncontrolling Interests as of December 31, 2013	Noncontrolling Interests and Redeemable Noncontrolling Interests as of December 31, 2014
			(In Thousands)	
No Early Exit Period for this noncontrolling interest. Call period is not fixed, but rather the later of when the investor earns its targeted IRR or at the end of the investment tax credit recapture period	The greater of the fair market value of the noncontrolling interest and the amount that would cause the noncontrolling interest to earn an agreed-upon after-tax internal rate of return	None	31,824	30,874
No Early Exit Period for this noncontrolling interest. Call period is not fixed, but rather the later of when the investor earns its targeted IRR or at the end of the investment tax credit recapture period	The greater of the fair market value of the noncontrolling interest and the amount that would cause the noncontrolling interest to earn an agreed-upon after-tax internal rate of return	None	—	9,303
12/31/2020-6/30/2021	Greater of a fixed percentage of the total contributions from the redeemable noncontrolling interest or fair market value of noncontrolling interest	The sum of any unpaid priority returns and the lesser of a fixed percentage of the total contributions from the redeemable noncontrolling interest or the fair market value of the redeemable noncontrolling interest	48,298	50,692
No Early Exit Period for this noncontrolling interest. Call period is not fixed, but rather the later of when the investor earns its targeted IRR or at the end of the investment tax credit recapture period	The greater of the fair market value of the noncontrolling interest and the amount that would cause the noncontrolling interest to earn an agreed-upon after-tax internal rate of return	None	20,385	26,795
No Early Exit Period for this noncontrolling interest. Call period is not fixed, but rather the later of when the investor earns its targeted IRR or at the end of the investment tax credit recapture period	The greater of the fair market value of the noncontrolling interest and the amount that would cause the noncontrolling interest to earn an agreed-upon after-tax internal rate of return	None	—	14,299

Early Exit Period	Call Price	Put Price	Noncontrolling Interests and Redeemable Noncontrolling Interests as of December 31, 2013	2014
			(In Thousands)	
4/1/2022-12/1/2022	None	The sum of any unpaid priority returns and the lesser of a fixed percentage of the total contributions from the redeemable noncontrolling interest or the fair market value of the redeemable noncontrolling interest	—	31,778

The carrying value of redeemable noncontrolling interests at December 31, 2013 and 2014 was greater than the redemption value, except for one Fund at December 31, 2013 and two Funds at December 31, 2014 where the carrying value has been adjusted to the redemption value.

15. Stockholders' Equity

Convertible Preferred Stock

The Company has five series of convertible preferred stock as follows (in thousands):

	December 31, 2013		December 31, 2014	
	Shares Authorized	Shares Issued and Outstanding	Shares Authorized	Shares Issued and Outstanding
Series A	12,043	12,042	12,043	12,007
Series B	11,255	10,758	10,758	10,758
Series C	13,613	13,613	13,613	13,613
Series D	8,300	7,584	7,584	7,584
Series E	—	—	13,030	10,879

The rights and features of the Company's Series A, B, C, D, and E convertible preferred stock are as follows:

Dividends

Each share of convertible preferred stock entitles the holder to receive noncumulative dividends in preference to any dividend on the common stock at the rate of 8% of the relevant applicable original issue price of such convertible preferred stock only when, and if, declared by the Board of Directors. The original issue price of Series A, B, C, D and E convertible preferred stock was $1.00, $1.71, $4.04, $9.23, and $13.83 per share, respectively. From the inception of the Company through December 31, 2014, no dividends have been declared or paid.

Liquidation

Upon the occurrence of a liquidation event (as defined in the Company's Certificate of Incorporation), the holders of convertible preferred stock shall be entitled to receive, before any distribution or payment to the holders of common stock, an amount equal to the original issue price per share for such preferred stock, as adjusted to reflect stock splits, consolidations, stock dividends, combinations, consolidations, recapitalizations, and the like, plus declared but unpaid dividends, if any, on such shares. After the distributions or payments to the

holders of preferred stock have been paid in full, the remaining distributions or payments legally available for distribution, if any, shall be distributed to the holders of common stock, pro rata based on number of shares of common stock held by each holder thereof. However, notwithstanding the above, each holder of convertible preferred stock is entitled to receive the greater of (a) liquidation preference amount and (b) as converted amount.

Holders of the Series E Convertible Preferred shall be entitled to receive, before any distribution or payment shall be made to the holders of the Series D Convertible Preferred, Series C Convertible Preferred, Series B Convertible Preferred and Series A Convertible Preferred or the Common Stock, by reason of their ownership of such stock, an amount per share equal to the applicable Original Issue Price, as adjusted to reflect stock splits, consolidations, stock dividends, combinations, consolidations, recapitalizations, plus declared by unpaid dividends, if any, on such shares. If the distributions or payments of the Company are insufficient to make payment in full to the holders of Senior Preferred Stock, then such distributions or payments shall be distributed among the holders of Senior Preferred Stock at the time outstanding, ratably in proportion to the full preferential amounts to which they would otherwise be entitled.

Holders of the Series D Convertible Preferred shall be entitled to receive, before any distribution or payment shall be made to the holders of the Series C Convertible Preferred, Series B Convertible Preferred and Series A Convertible Preferred or the Common Stock, by reason of their ownership of such stock, an amount per share equal to the applicable Original Issue Price, as adjusted to reflect stock splits, consolidations, stock dividends, combinations, consolidations, recapitalizations, plus declared by unpaid dividends, if any, on such shares.

Conversion

Each share of Series A, B, and C convertible preferred stock may be converted to common stock upon the holder's option, and will be automatically converted into one share of the Company's common stock upon the completion of an initial public offering with minimum proceeds of $60.0 million and a price per share of common stock of at least $10.00, subject to adjustment. Each share of Series D convertible preferred stock may be converted to common stock upon the holder's option, and will be automatically converted into one share of the Company's common stock upon the completion of an initial public offering with minimum proceeds of $60.0 million and a price per share of common stock of at least $16.15, subject to adjustment. Each share of Series E convertible preferred stock may be converted to common stock upon the holder's option, and will be automatically converted into one share of the Company's common stock upon the completion of an initial public offering with minimum proceeds of $60.0 million and a price per share of common stock of at least $17.98.

If the Company issues any additional common stock other than in an initial public offering, exercise of a stock option or warrant, or in certain other transactions specified in the Company's Certificate of Incorporation, for consideration less than the conversion price applicable to a series of preferred stock, the conversion price for such series will be adjusted to a price equal to the current conversion price multiplied by a fraction, the numerator of which is the sum of the number of shares of common stock then outstanding plus the number of shares of common stock that the aggregate consideration received by the Company would purchase at the series' original conversion price, and the denominator of which is the sum of the number of shares of common stock then outstanding plus the number of additional shares being issued. The conversion prices applicable to the convertible preferred stock are equal to the respective original issue prices for each series as of December 31, 2014.

Voting Rights

The holders of convertible preferred and common stock vote together as a single class, except with respect to certain matters specified in the Company's Certificate of Incorporation that require the separate approval of the holders of convertible preferred stock.

Redemption

Convertible preferred stock is not redeemable.

Common Stock

The Company has reserved shares of common stock for issuance as follows (in thousands):

	December 31,	
	2013	2014
Series A Convertible Preferred Stock	12,043	12,007
Series B Convertible Preferred Stock	10,758	10,758
Series C Convertible Preferred Stock	13,613	13,613
Series D Convertible Preferred Stock	7,584	7,584
Series E Convertible Preferred Stock	—	10,879
Stock option plans		
Shares available for grant	749	694
Options outstanding	8,127	11,408
Restricted shares outstanding	—	947
Warrants to purchase Series B Convertible Preferred Stock	497	—
Total	53,371	67,890

16. Stock-Based Compensation

2008 Equity Incentive Plan

In June 2008, the Board of Directors adopted the 2008 Equity Incentive Plan ("2008 Plan"), which provided for the granting of incentive or nonqualified stock options to employees, directors, and advisors of the Company. Stock options may not be granted with exercise prices of less than fair value of the Company's common stock on the date of the grant. Incentive stock options granted to a stockholder owning more than 10% of voting stock of the Company may not be granted with an exercise price of less than 110% of the fair value of the common stock on the date of grant and will expire on the earlier of the date specified by the Board of Directors or the fifth anniversary of the grant date.

In July 2013, the Board of Directors terminated the 2008 Plan provided that the termination of the plan shall not affect outstanding awards previously issued thereunder. All the remaining shares that were available for future grants under the 2008 Plan were transferred to the 2013 Equity Incentive Plan ("2013 Plan") at the inception of the 2013 Plan. As such, no shares have been reserved under the 2008 plan as of December 31, 2014.

MEC 2009 Stock Plan

In connection with the MEC acquisition in February 2014, the Company assumed nonstatutory stock options granted under the Mainstream Energy Corporation 2009 Stock Plan (the "MEC Plan") held by MEC employees who continued employment with the Company after the closing and converted them into options to purchase shares of the Company's common stock. The MEC Plan was terminated on the closing of the acquisition but the outstanding awards under the MEC Plan that the Company assumed in the acquisition will continue to be governed by their existing terms. As of December 31, 2014, options to purchase 573,463 shares of the Company's common stock remained outstanding under the MEC Plan.

2013 Equity Incentive Plan

In July 2013, the Board of Directors approved the 2013 Plan. An aggregate of 1,500,000 shares of common stock are reserved for issuance under the 2013 Plan plus (i) any shares that were reserved but not issued under the 2008 Plan at the inception of the 2013 Plan, and (ii) any shares subject to stock options or similar awards granted under the 2008 Plan that expire or otherwise terminate without having been exercised in full and shares issued that are forfeited to or repurchased by the Company, with the maximum number of shares to be added to the 2013

Plan pursuant to clauses (i) and (ii) equal to 8,044,829 shares. Stock options granted to employees generally have a maximum term of ten-years and vest over a four-year period from the date of grant; 25% vest at the end of one year, and 75% vest monthly over the remaining three years. The options may include provisions permitting exercise of the option prior to full vesting. Any unvested shares shall be subject to repurchase by the Company at the original exercise price of the option in the event of a termination of an optionee's employment prior to vesting. As of December 31, 2014, the Company had not granted restricted stock or other equity awards (other than options) under the 2013 Plan.

2014 Equity Incentive Plan

In August 2014, the Board approved the 2014 Equity Incentive Plan ("2014 Plan"). An aggregate of 947,342 shares of common stock are reserved for issuance under the 2014 Plan. The 2014 Plan was adopted to accommodate a broader transaction with a sales entity and to allow for similar transactions in the future. In August 2014, the Company granted all 947,342 restricted stock units ("RSUs") available under the 2014 Plan.

The following table summarizes the activity for all stock options under the Company's 2008, 2013 and 2014 equity incentive plans for the years ended December 31, 2014 (shares in thousands):

	Options Outstanding	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)
Balance at December 31, 2013	8,128	$ 2.57	8.4
Granted	5,299	6.73	
Exercised	(1,038)	2.06	
Canceled/forfeited	(981)	4.09	
Balance at December 31, 2014	11,408	$ 4.42	8.2
Options vested and exercisable at December 31, 2014	4,534	$ 2.90	7.1
Options vested and expected to vest at December 31, 2014	9,172	$ 4.23	8.0

There were 750,000 and 469,000 unvested exercisable shares as of December 31, 2013 and 2014, respectively, which are subject to a repurchase option held by the Company at the original exercise price. These exercised but unvested shares have a vesting period of three years. In 2013, 179,590 options were exercised prior to vesting and these options vested in 2014. There was no exercise of unvested options in 2014.

The weighted-average grant-date fair value of stock options granted during 2013 and 2014 was $1.77 and $3.72 per share, respectively. The total intrinsic value of the options exercised during 2013 and 2014 was $1.4 million and $4.8 million, respectively. The intrinsic value is the difference of the current fair value of the stock and the exercise price of the stock option. The total fair value of options vested during 2013 and 2014 was $2.3 million and $3.9 million, respectively.

The Company estimates the fair value of stock-based awards on their grant date using the Black-Scholes option-pricing model. The Company estimates the fair value using a single-option approach and amortizes the fair value on a straight-line basis for options expected to vest. All options are amortized over the requisite service periods of the awards, which are generally the vesting periods.

The Company estimated the fair value of stock options with the following assumptions:

	For the year ended December 31,	
	2013	2014
Risk-free interest rate	0.70% – 2.06%	0.89% – 2.01%
Volatility	54.31% – 55.80%	37.32% – 46.68%
Expected term (in years)	5.00 – 6.08	3.50 – 6.08
Expected dividend yield	0%	0%

The expected term assumptions were determined based on the average vesting terms and contractual lives of the options. The risk-free interest rate is based on the rate for a U.S. Treasury zero-coupon issue with a term that approximates the expected life of the option grant. For stock options granted in 2013, and 2014, the Company considered the volatility data of a group of publicly traded peer companies in its industry. Forfeiture rates are estimated using the Company's expectations of forfeiture rates for the Company's employees and are adjusted when estimates change. The estimation of stock awards that will ultimately vest requires judgment, and to the extent actual results or updated estimates differ from the Company's current estimates, such amounts will be recorded as a cumulative adjustment in the period the estimates are revised. The Company considers many factors when estimating expected forfeitures, including historical forfeiture pattern, the types of awards and employee class. Actual results, and future changes in estimates, may differ substantially from management's current estimates.

In 2014, the Company granted 947,342 shares of RSUs that are subject to certain performance targets to a third party partner. The RSUs are also subject to certain performance-based and service-based claw-back provisions that allow the holder of the RSUs to either forfeit or purchase the shares at a certain price when the claw-back provisions are violated. The claw-back provisions are considered substantive and represent additional vesting conditions. As a result, the Company will start recognizing expense when the performance targets are met and the expense will be remeasured until the award vests. The Company recognized no expense in 2014 as performance targets were not met.

The following table summarizes the activity for all awards under the Company's 2014 Plan for the year ended December 31, 2014, (shares in thousands):

	Shares	Weighted Average Grant Date Fair Value
Unvested balance at December 31, 2013	—	$ —
Granted	947	9.40
Vested	—	—
Canceled/forfeited	—	—
Unvested balance at December 31, 2014	947	$ 9.40

In 2014, the Company recognized $3.4 million in compensation expense resulting from sales of 1,092,421 shares by employees and former employees to existing investors for amounts in excess of the deemed fair value.

The Company recognized stock-based compensation expense in the consolidated statements of operations as follows (in thousands):

	For the Year Ended December 31,	
	2013	2014
Cost of operating leases and incentives	$ 116	$ 155
Cost of solar energy systems and product sales	—	682
Sales and marketing	474	897
Research and development	379	270
General and administration	1,686	7,214
Total	$ 2,655	$ 9,218

As of December 31, 2013 and December 31, 2014, total unrecognized compensation cost related to outstanding stock options was $5.8 million and $12.1 million, respectively, which is expected to be recognized over a weighted-average period of 2.6 and 2.8 years, respectively.

17. Retirement Plan

The Company offers a retirement plan qualified under Section 401(k) of the Code to its employees (the "401(k) plan"). The available investments are selected by the Company and allow participants to defer pre-tax amounts to the plan as allowed by the Code.

Upon acquisition of MEC, the Company incurred post-acquisition contributions of $0.5 million to the MEC 401(k) plan for the year ended December 31, 2014. The MEC 401(k) plan was terminated effective December 31, 2014.

18. Operating Revenues under Customer Agreements

Customer Agreements representing PPAs require customers to make payments to Sunrun based on the electricity production of the related Project, whereas Customer Agreements representing leases require fixed monthly payments from customers.

Total revenue from customers' contingent payments under PPAs recognized in the years ended December 31, 2013 and 2014 was $31.5 million and $42.8 million, respectively.

Future minimum lease payments to be received from customers whose Customer Agreements represent non-cancelable leases are as follows (in thousands):

Year ended December 31:	
2015	$ 9,073
2016	9,149
2017	9,227
2018	9,306
2019	9,388
Thereafter	128,254
Total	$ 174,397

19. Income Taxes

The following table presents the loss before income taxes for the periods presented (in thousands):

	For the year ended December 31,	
	2013	2014
Loss attributable to common stockholders	$ 1,931	$ 80,895
Loss attributable to noncontrolling interest and redeemable noncontrolling interests	64,155	86,638
Total	$ 66,086	$ 167,533

The income tax provision (benefit) consists of the following (in thousands):

	For the year ended December 31,	
	2013	2014
Current:		
Federal	$ —	$ —
State	169	—
Total current expense	169	—
Deferred:		
Federal	1,420	(4,258)
State	919	(722)
Total deferred provision	2,339	(4,980)
Total	$ 2,508	$ (4,980)

The following table represents a reconciliation of the statutory federal rate and the Company's effective tax rate for the periods presented:

	For the Year Ended December 31,	
	2013	2014
Tax provision (benefit) at federal statutory rate	(34.00)%	(34.00)%
State income taxes, net of federal benefit	1.65	(0.43)
Effect of noncontrolling and redeemable noncontrolling interests	33.08	17.58
Stock-based compensation	0.94	1.37
Effect of prepaid tax asset	3.84	11.75
Tax credits	(2.16)	(0.22)
Other	0.45	0.98
Total	3.80%	(2.97)%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table represents significant components of the Company's deferred tax assets and liabilities for the periods presented (in thousands):

	December 31,	
	2013	2014
Deferred tax assets:		
Accruals and prepaids	$	$ 4,302
Deferred revenue	39,873	44,359
Net operating loss carryforwards	80,693	176,555
Stock-based Compensation	624	1,612
Investment tax and other credits	6,891	7,369
Gross deferred tax assets	128,081	234,197
Deferred tax liabilities:		
Accruals and prepaids	1,532	—
Capitalized initial direct costs	7,720	16,640
Fixed asset depreciation	96,069	142,866
Deferred tax on investment in partnerships	126,718	184,240
Gross deferred tax liabilities	232,039	343,746
Net deferred tax assets (liabilities)	$ (103,958)	$ (109,549)

An analysis of current and noncurrent deferred tax assets and liabilities is as follows (in thousands):

	December 31,	
	2013	2014
Current:		
Deferred tax assets	$ 387	$ 3,528
Deferred tax liabilities	(55)	(480)
Net current deferred tax assets	$ 332	$ 3,048
Noncurrent:		
Deferred tax assets	$ 127,070	$ 239,761
Deferred tax liabilities	(231,360)	(352,358)
Net noncurrent deferred tax liabilities	$ (104,290)	$ (112,597)

As of December 31, 2014, the Company had net operating loss carryforwards for federal, California and other state income tax purposes of approximately $454.5 million, $283.1 million and $126.5 million, respectively, which will begin to expire in the year 2028, 2020 and 2020, respectively, if not utilized. Of the federal, California, and other state NOL carryover, $1.8 million, $1.1 million, and $0.5 million relates to windfall stock option deductions which, when realized, will be an increase to additional paid in capital. As of December 31, 2013, the Company had net operating loss carryforwards for federal, California and other state income tax purposes of approximately $209.8 million, $118.4 million and $53.2 million, respectively. Of the federal, California, and other state NOL carryover, $0.5 million, $0.3 million, and $0.1 million relates to windfall stock option deductions which, when realized, will be an increase to additional paid in capital.

As of December 31, 2014, the Company has an investment tax credit carryforward of approximately $2.4 million and California enterprise zone credits of approximately $0.9 million, which begins to expire in the year 2028 if not utilized. As of December 31, 2013, the Company has an investment tax credit carryforward of approximately $2.1 million and California enterprise zone credits of approximately $0.8 million.

Generally, utilization of the net operating loss carryforwards and credits may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal revenue Code (IRC) of 1986, as amended and similar state provisions. The Company performed an analysis to determine whether an ownership change under Section 382 of the Code had occurred and determined that no ownership changes were identified as of December 31, 2014.

Valuation allowances are provided against deferred tax assets to the extent that it is more likely than not that the deferred tax asset will not be realized. The Company's management considers all available positive and negative evidence including its history of operating income or losses, future reversals of existing taxable temporary difference, taxable income in carryback years and tax-planning strategies. The Company has concluded there was sufficient positive evidence based on the reversal pattern of the deferred tax liability and available tax planning strategies at the end of December 31, 2013 and December 31, 2014 to support the position that the Company does not need to maintain a valuation allowance on deferred tax assets.

Uncertain Tax Positions

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and local jurisdictions, where applicable. The statute of limitations for the tax returns varies by jurisdictions.

We determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. We use a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon tax authority examination, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. We have analyzed the Company's inventory of tax positions with respect to all applicable income tax issues for all open tax years (in each respective jurisdiction), and have concluded that no uncertain tax positions are required to be recognized in the Company's consolidated financial statements as of December 31, 2013 and 2014.

Our policy is to include interest and penalties related to unrecognized tax benefits, if any, within the provision for taxes in the consolidated statements of operations. The Company did not accrue any interest or penalties for the years ended December 31, 2013 and 2014. The Company does not have any tax positions for which it is reasonably possible that the total amount of gross unrecognized tax benefits will significantly change within 12 months of December 31, 2014.

The Company is subject to taxation in the U.S., and various state and local jurisdictions.

The following table summarizes the tax years that remain open and subject to examination by the tax authorities in the most significant jurisdictions in which the Company operates:

	Tax Years
U.S. Federal	2011 – 2014
State	2010 – 2014

20. Commitments and Contingencies

Letters of Credit

As of December 31, 2014, the Company had $5.8 million of unused letters of credit outstanding, which carry fees ranging from 2.0% - 2.8% per annum.

Non-cancellable Operating Leases

The Company leases facilities and equipment under non-cancellable operating leases. The Company entered into a new operating lease agreement in May 2013 for office space commencing September 30, 2013 through July 31, 2019.

Total operating lease expenses were $2.0 million and $3.5 million for the years ended December 31, 2013 and 2014, respectively. Certain operating leases contain rent escalation clauses, which are recorded on a straight-line basis over the initial term of the lease with the difference between the rent paid and thestraight-line rent recorded as a deferred rent liability. Lease incentives received from landlords are recorded as deferred rent liabilities and are amortized on a straight-line basis over the lease term as a reduction to rent expense. Deferred rent liabilities were $2.2 million and $2.0 million as of December 31, 2013 and 2014, respectively.

Future minimum lease payments expected to be made under non-cancelable operating lease agreements as of December 31, 2014 for each of the years ending December 31, are as follows (in thousands):

2015	$ 3,973
2016	3,762
2017	3,194
2018	2,703
2019	1,520
Thereafter	—
Total:	$15,152

Capital Lease Obligations

As of December 31, 2014, capital lease obligations were $0.0 million and $7.4 million, respectively. The capital lease obligations bear interest at rates up to 10% per annum.

The following is a schedule of future lease payments for the years ending December 31 (in thousands):

2015	$2,598
2016	2,074
2017	1,868
2018	1,146
2019	215
2020	109
Total future lease payments	8,010
Amount representing interest	656
Present value of future payments	7,354
Less: current portion	1,593
Long term portion	$5,761

Return of Excess Investor Contributions

Fund arrangements typically require investor contributions based on estimates calculated in advance of actual Projects placed into the subsidiaries. Agreements with investors also typically include a final true-up to determine whether contributions by the investors exceed the present value of future cash flows related to assets sold into the subsidiary. In the past, these true-up amounts have been immaterial. For one Fund, which was formed in 2012, the Company deployed fewer assets that qualified for U.S. Treasury grants into the subsidiary than originally contemplated, necessitating a return of excess investor contributions. Accordingly, as of December 31, 2013 and 2014, $10.7 million and $0.0 million, respectively were recorded as distributions payable to noncontrolling interests and redeemable noncontrolling interests in the consolidated balance sheets.

Treasury Grants

Some of the Fund agreements obligate the Company to reimburse the investors based upon the difference between their anticipated benefit from U.S. Treasury grants and the U.S. Treasury grants actually received. These differences arise due to the inherent limitations of the Treasury grant estimation process. For the Funds where the Company is contractually obligated to reimburse investors for these U.S. Treasury grant shortfalls, $1.2 million and $0.0 million as of December 31, 2013 and 2014, respectively, was recorded as distributions payable to noncontrolling interests in the Company's consolidated balance sheets, and any impact to the consolidated statements of operations is reflected in the net income or loss attributable to noncontrolling interests line item. All amounts related to these obligations were fully paid by 2014.

Guarantees

The Company guarantees one of its investors in one of its Funds an internal rate of return, calculated on an after-tax basis, in the event that it purchases the investor's interest or the investor sells its interest to the Company. The Company does not expect the internal rate of return to fall below the guaranteed amount; however, due to uncertainties associated with estimating the timing and amount of distributions to the investor and the possibility for and timing of the liquidation of the Fund, the Company is unable to determine the potential maximum future payments that it would have to make under this guarantee.

ITC Indemnification

The Company is contractually committed to compensate certain investors for any losses that they may suffer in certain limited circumstances resulting from reductions in ITCs. Generally, such obligations would arise as a result of reductions to the value of the underlying solar energy systems as assessed by the IRS. At each balance sheet date, the Company assesses and recognizes, when applicable, the potential exposure from this obligation based on all the information available at that time, including any audits undertaken by the IRS. The Company believes that any payments to the investors in excess of the amount already recognized by the Company for this obligation are not probable based on the facts known at the reporting date. The maximum potential future payments that the Company could have to make under this obligation would depend on the difference between the fair values of the solar energy systems sold or transferred to the Funds as determined by the Company and the values the IRS would determine as the fair value for the systems for purposes of claiming ITCs. ITCs are claimed based on the statutory regulations from the IRS. The Company uses fair values determined with the assistance of an independent third-party appraisal as the basis for determining the ITCs that are passed-through to and claimed by the Fund investors. Since the Company cannot determine how the IRS will evaluate system values used in claiming ITCs, the Company is unable to reliably estimate the maximum potential future payments that it could have to make under this obligation as of each balance sheet date.

Litigation

The Company is subject to certain legal proceedings, claims, investigations and administrative proceedings in the ordinary course of its business. The Company records a provision for a liability when it is both probable that the liability has been incurred and the amount of the liability can be reasonably estimated. These provisions, if any, are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. Depending on the nature and timing of any such proceedings that may arise, an unfavorable resolution of a matter could materially affect the Company's future consolidated results of operations, cash flows, or financial position in a particular period.

In July 2012, the Department of Treasury and the Department of Justice (together, the "Government") opened a civil investigation into the participation by residential solar developers in the Section 1603 grant program. The Government served subpoenas on several developers, including Sunrun, along with their investors and valuation firms. The Company believes that it is not probable that a loss will be incurred in connection with this investigation and is not able to estimate the ultimate outcome or a range of possible loss at this point.

On January 4, 2013, a consumer rights class action law firm filed a class action complaint against Sunrun in Los Angeles Superior Court. The complaint asserts the claims of one named plaintiff and all others similarly situated, and alleges claims under the California state contractor licensing statute, the California unfair competition statute and the California Consumer Legal Remedies Act. The Company believes that it is not probable that a loss will be incurred in connection with this action and is not able to estimate the ultimate outcome or a range of possible loss at this point. The Company believes that it has meritorious defenses against this action and will continue to vigorously defend it.

21. Net Loss Per Share

The computation of the Company's basic and diluted net loss per share during the years December 31, 2013 and 2014 are as follows (in thousands, except share and per share amounts):

	For the year ended December 31,	
	2013	2014
Numerator:		
Net loss attributable to common stockholders	$(4,300)	$(75,915)
Denominator:		
Weighted average shares used to compute net loss per share attributable to common stockholders, basic and diluted	9,780	22,795
Net loss per share available to common stockholders:		
Basic and diluted	$ (0.44)	$ (3.33)

The following shares were excluded from the computation of diluted net loss per shares for the year ended December 31, 2013 and 2014, respectively as the impact of including those shares would be anti-dilutive:

	For the year ended December 31,	
	2013	2014
Preferred stock	43,998	54,841
Outstanding stock options	8,127	11,408
Total	52,125	66,249

Unaudited pro forma net loss per share

The following table presents the calculation of pro forma basic and diluted net loss per share attributable to common stockholders (in thousands):

	December 31, 2014
Net loss attributable to common stock holders	$
Basic and diluted shares:	
Weighted average shares used to compute basic and diluted net loss per share	
Pro forma adjustment to reflect the assumed conversion of preferred stock to occur upon the completion of this offering	
Weighted average shares used to compute basic and diluted pro forma net loss per share	
Pro forma net loss per share attributable to common stockholders	

22. Related Party Transaction

An individual who served as one of the Company's directors until March 2015 and his spouse have a direct material ownership interest in REC Solar Commercial Corporation (RECC). For the year ended December 31, 2014, the Company recorded $7.6 million in solar energy systems and products sales revenue from sales to RECC and had an outstanding receivable for $0.1 million at December 31. 2014.

23. Subsequent Events

The Company has evaluated subsequent events through March 26, 2015, the date its consolidated financial statements were available to be issued.

Derivatives

In connection with the senior secured credit facilities entered into at the end of 2014, the Company entered into interest rate swaps with a total notional amount of $109.1 million in January 2015 for the purpose of reducing exposure to fluctuations in interest rates. These fixed for floating interest rate swap agreements were designated as qualified cash flow hedges of expected interest payments on floating rate debt.

Purchase of photovoltaic modules

In January 2015, we entered into a purchase commitment with one of our supplier to purchase $70 million of photovoltaic modules over the next 12 months with the first modules delivered in January 2015.

Legal proceedings

On March 11, 2015, an employee rights class action law firm filed a class action complaint against the Company and REC Solar Commercial ("RECC") in San Diego Superior Court. The complaint asserts the claims of one named plaintiff and others similarly situated under the California wage and hour laws, specifically, that Sunrun and RECC: (i) miscalculated and underpaid overtime wages by failing to include certain bonuses in base pay; (ii) failed to provide meal periods; and (iii) required employees to work off the clock without paying them. We are currently reviewing the allegations and the amount of any potential liability is not currently estimatedble.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Sunrun Inc.:

We have audited the accompanying combined financial statements of the Distribution, Product Development, and Residential Installation Operations (the Noncommercial Operations) of Mainstream Energy Corporation, which comprise the combined balance sheets as of December 31, 2013 and January 31, 2014, the related combined statements of operations, equity, and cash flows for the year and the one-month period then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Noncommercial Operations of Mainstream Energy Corporation as of December 31, 2013 and January 31, 2014, and the results of their operations and their cash flows for the year and the one-month period then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As more fully described in note 2, the accompanying combined financial statements were prepared using "carve-out" accounting procedures wherein certain assets, liabilities and expenses historically recorded or incurred at the parent company level of Mainstream Energy Corporation, which related to or were incurred on

behalf of the Noncommercial Operations, have been identified and allocated as appropriate to reflect the financial position and results of operations of the Noncommercial Operations for the periods presented. The combined financial statements have been derived from the accounting records of Mainstream Energy Corporation and its wholly owned subsidiaries, and reflect significant assumptions and allocations. Our opinion is not modified with respect to this matter.

/s/ KPMG LLP

San Francisco, California
March 26, 2015

MAINSTREAM ENERGY CORPORATION
Distribution, Product Development and Residential Installation Operations

Combined Balance Sheets
December 31, 2013 and January 31, 2014
(In thousands)

	December 31, 2013	January 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 29,485	$ 3,675
Accounts receivable, net of allowance of $399 and $734 as of December 31, 2013 and January 31, 2014	10,170	11,339
Accounts receivable—related party	29	43
Deferred billings	2,061	2,030
Inventory	19,593	20,325
Income taxes receivable	256	285
Prepaid expenses	1,035	1,092
Deferred income taxes	909	737
Total current assets	63,538	39,526
Property and equipment, net	5,805	6,113
Goodwill	8,458	8,458
Other assets	214	210
Total assets	$ 78,015	$ 54,307
Liabilities and Parent Company Equity		
Current liabilities		
Accounts payable	$ 16,075	$ 12,922
Accounts payable—related party	11,026	8,032
Capital lease obligations, current portion	927	988
Accrued expenses	3,324	3,130
Deferred revenue	1,021	1,413
Customer deposits	346	85
Income taxes payable	1,979	1,533
Other liabilities	311	288
Total current liabilities	35,009	28,391
Capital lease obligations, less current portion	1,680	1,881
Deferred rent, less current portion	119	121
Warranty reserve, less current portion	1,986	1,990
Deferred income taxes	909	737
Other liabilities	76	76
Total liabilities	39,779	33,196
Commitments and contingencies (note 8)		
Equity		
Equity	38,236	21,111
Total equity	38,236	21,111
Total liabilities and equity	$ 78,015	$ 54,307

See accompanying notes to combined financial statements.

MAINSTREAM ENERGY CORPORATION
Distribution, Product Development and Residential Installation Operations

Combined Statements of Operations
Year ended December 31, 2013 and month ended January 31, 2014
(In thousands)

	Year Ended December 31, 2013	Month Ended January 31, 2014
Net sales	$ 147,589	$ 12,447
Net sales—related parties	5,084	554
Total net sales	152,673	13,001
Cost of sales	103,457	9,258
Cost of sales—related parties	5,046	550
Total cost of sales	108,503	9,808
Gross profit	44,170	3,193
Selling, general and administrative expenses	39,301	5,691
Operating income (loss)	4,869	(2,498)
Other income (expense)		
Interest expense	(203)	(75)
Other, net	49	5
Other expense, net	(154)	(70)
Income (loss) before income taxes	4,715	(2,568)
Income tax expense (benefit)	2,162	(476)
Net income (loss)	$ 2,553	$ (2,092)

See accompanying notes to combined financial statements.

MAINSTREAM ENERGY CORPORATION
Distribution, Product Development and Residential Installation Operations

Combined Statements of Equity
Year ended December 31, 2013 and month ended January 31, 2014
(In thousands)

	Change in Equity
Balance—December 31, 2012	$ 43,365
Net income	2,553
Stock-based compensation	134
Transfers to commercial operations	(7,816)
Balance—December 31, 2013	38,236
Net loss	(2,092)
Stock-based compensation	879
Transfers to commercial operations	(15,912)
Balance—January 31, 2014	$ 21,111

See accompanying notes to combined financial statements.

MAINSTREAM ENERGY CORPORATION
Distribution, Product Development and Residential Installation Operations

Combined Statements of Cash Flows
Year ended December 31, 2013 and month ended January 31, 2014
(In thousands)

	Year Ended December 31, 2013	Month Ended January 31, 2014
Cash flows from operating activities:		
Net income (loss)	$ 2,553	$ (2,092)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,824	180
Stock-based compensation	134	879
Loss on disposal of property and equipment	139	60
Changes in operating assets and liabilities:		
Accounts and retentions receivable, net	1,044	(1,183)
Deferred billings	(20)	31
Inventory	(7,492)	(733)
Income taxes receivable	1,131	(29)
Prepaid expenses and other current assets	389	(57)
Accounts payable	7,981	(6,147)
Accrued expenses	1,294	(194)
Deferred revenue	(716)	392
Customer deposits	89	(261)
Income and franchise taxes payable	2,002	(446)
Warranty reserve	195	13
Other liabilities	27	(30)
Net cash provided by (used in) operating activities	10,574	(9,617)
Cash flows from investing activities:		
Increase in other assets	(52)	(5)
Purchases of property and equipment	(1,353)	(210)
Net cash used in investing activities	(1,405)	(215)
Cash flows from financing activities:		
Payments on capital leases	(887)	(76)
Transfers to commercial operations	(7,395)	(15,902)
Net cash used in financing activities	(8,282)	(15,978)
Net increase (decrease) in cash and cash equivalents	887	(25,810)
Cash and cash equivalents—beginning of period	28,598	29,485
Cash and cash equivalents—end of period	$ 29,485	$ 3,675
Supplemental disclosures of cash flows information:		
Interest paid	$ 203	$ 75
Taxes paid	970	—
Supplemental disclosures of noncash investing and financing information:		
Purchases of property and equipment through capital lease agreements	$ 1,733	$ 339

See accompanying notes to combined financial statements.

MAINSTREAM ENERGY CORPORATION
Distribution, Product Development and Residential Installation Operations

Notes to Combined Financial Statements
December 31, 2013 and January 31, 2014

(1) Description of Business

Mainstream Energy Corporation (the Company) is a renewable energy company primarily in the U.S. photovoltaic (PV) market, investing capital and expertise into developing businesses, projects and products with the vision to bring renewable energy to the mainstream energy market. The Company was founded in 2005 and is a Delaware C Corporation with its headquarters located in San Luis Obispo, California.

On February 1, 2014, Sunrun Inc. (Sunrun) completed the acquisition of the distribution, product development and residential installation operations (the Noncommercial operations) of the Company.

The acquisition by Sunrun was structured as a plan of reorganization whereby the Company spun out certain assets and liabilities of its commercial installation operations into a new entity, REC Solar Commercial Corporation (RECC). The Company then distributed all of the RECC stock to the accredited shareholders of the Company. RECC focuses exclusively on the large scale commercial and utility solar installation business under the REC Solar brand.

Subsequent to the spin out and as part of the plan of reorganization, the Company completed atwo-step merger with Sunrun, which consisted of a stock swap transaction in which the Company was statutorily merged into a newly created subsidiary of Sunrun Inc. Pursuant to the merger, all of the issued and outstanding shares of Company capital stock were converted into the right to receive shares of Sunrun Inc. common stock subject to the terms and conditions of the merger agreement. Under the terms of the merger agreement, the Company ceased to exist and Sunrun South LLC, a new limited liability company, became the surviving entity of the merger as well as the new parent entity of both wholly owned subsidiaries, REC Solar, Inc. and AEE Solar, Inc. Subsequent to the merger, REC Solar, Inc. underwent a name change to Sunrun Installation Services, Inc.

Both the spin out and the two step merger were considered to be integrated steps in a single transaction and, as such, intended to qualify as a tax free reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

The Company's Noncommercial operations acquired by Sunrun included:

- *Residential installation*—A line of business which specializes in the sales, design and construction of solar energy systems for residential customers, with operations located in the United States.
- *Distribution*—A line of business which distributes renewable energy products and materials used in the design, installation and maintenance of renewable energy systems to distributors, retailers and other resellers of renewable energy products throughout the United States. It has facilities in California, primarily in Sacramento.
- *Product Development*—A line of business which develops mounting structures which are contract manufactured by third parties and sold through the installation and distribution operations under the SnapNrack name.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying combined financial statements of the Noncommercial operations of the Company were prepared for the purpose of complying withRule 3-05 of Regulation S-X of the Securities and Exchange Commission (SEC) and have been derived from the historical accounting records of the Company and its wholly

owned subsidiaries. The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Unless otherwise specified, references to the Company are references to the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Historically, the Company did not maintain separate discrete financial statements for the Noncommercial operations and they never operated as a stand-alone business, division or subsidiary. The combined statements of operations set forth the results attributable to the Noncommercial operations and do not purport to reflect the costs, expenses, or results of operations had the Noncommercial operations been operated as a stand-alone, separate company. As part of the plan of reorganization, customer relationships or projects were allocated between the Noncommercial operations and RECC and the net sales and costs of sales as well as associated assets and liabilities reflect that allocation.

Historically, the Company considered its line of business to consist of commercial installation, residential installation, distribution, and product development. Certain operating expenses, assets and liabilities were accounted for by line of business and this information was used to allocate operating expenses, assets and liabilities to the Noncommercial operations. The Company had a shared service center that included information technology, finance, accounting and human resources functions that were shared by all lines of business. The shared service center expenses, assets and liabilities were primarily allocated to the Noncommercial operations based on historical estimates of where people in the shared service center spent their time. The combined financial statements are also not indicative of the future financial condition or results of operations of the Noncommercial operations going forward.

All cash flow requirements were funded and all cash management functions were performed jointly for the Noncommercial operations and the commercial installation operations. It was not practical to allocate the cash and cash equivalents between the Noncommercial operations and the commercial installation operations at December 31, 2013 or January 31, 2014 so all cash and cash equivalents were included in the Noncommercial operations balance sheet and it was presumed that the commercial installation operations were provided with cash as necessary throughout the period of the combined financial statements. The net cash flows with the commercial installation operations have been treated as a financing activity on the combined statements of cash flows. At January 31, 2014, as part of the spin out, $9.0 million of cash was effectively allocated to RECC.

As the Noncommercial operations were not a separate legal entity, such operations were funded jointly with the commercial installation operations and therefore it is not practical to allocate historical equity to the Noncommercial operations. For purposes of the historical combined financial statements, funding of the Noncommercial operations is reflected in the combined financial statements as parent company equity.

(b) Use of Estimates in the Preparation of Financial Statements

The preparation of these combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include costs to complete installation projects; the useful lives of property and equipment; allowances for doubtful accounts and sales returns; the valuation of deferred tax assets, property and equipment, inventory, goodwill, and share-based compensation; reserves for warranty obligations, income tax uncertainties and other contingencies; and the allocation of the Company’s expenses, assets and liabilities to the Noncommercial operations.

(c) Cash and Cash Equivalents

All highly liquid, short-term investments purchased with original maturities of three months or less are considered to be cash equivalents. Those purchased with original maturities of more than three months are considered to be short-term investments.

(d) Revenue Recognition

Solar Systems Installation

Revenue is recognized when a solar energy system is installed and the solar energy system passes inspection by the authority having jurisdiction, provided all other revenue recognition criteria have been met. Installation projects are typically completed in two months or less.

Costs incurred on residential installations before the solar energy systems are completed are included in inventory as work in process in the combined balance sheets.

Distribution and Product Development

Product sales revenue is recognized at the time the goods are shipped or when title is transferred. Shipping and handling fees charged to customers are included in net sales. Shipping and handling costs incurred are included in cost of sales. Total shipping and handling fees charged were $1.9 million and $131,000 for the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

Taxes assessed by government authorities that are directly imposed on revenue producing transactions are excluded from product revenue.

(e) Accounts Receivable

Accounts receivable are stated at net realizable value.

For residential installation customers, accounts receivable represent billings rendered at the time each respective contracted milestone is achieved, net of all deposits received. Remaining contract amounts are billed to the customers' respective utility, through the assigned administration of their respective state's rebate program, subject to acceptable certified job completion notifications.

Accounts receivable are considered past due based on the contractual terms of the sale.

An allowance for doubtful accounts is maintained to reflect its estimate of the uncollectibility of the trade accounts receivable based on past collection history and the identification of specific potential customer risks. If the financial condition of customers deteriorates, resulting in an impairment of their ability to make payments, receivables from such customers may be written off. The allowance for doubtful accounts reflects management's best estimate of the amounts that will not be collected based on historical experience and an evaluation of the outstanding receivables at the end of the year.

(f) Inventory

Inventory consists of raw materials such as photovoltaic panels, inverters and mounting hardware as well as miscellaneous electrical components that are sold as is by the distribution line of business and used in installations, and work in process that includes raw materials partially installed, along with capitalized installation costs. Inventory is stated at the lower of cost (first-in, first-out) or market. Work-in-process primarily relates to solar energy systems that will be sold to customers, which are under construction and are yet to pass inspection. Inventory is periodically reviewed for unusable and obsolete items. Based on this evaluation, provisions are made to write inventory down to its market value.

(g) Property and Equipment

Property and equipment are stated at cost. Maintenance, repairs, and minor renewals are charged against earnings as incurred. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts, and any gain or loss is reflected in earnings. The majority of property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Furniture and fixtures	3–7 years
Machinery and equipment	5–7 years
Vehicles	4–5 years
Computer hardware	2–5 years
Computer software	3–5 years
Leasehold improvements	Shorter of lease term or useful life of asset

Long-lived assets are reviewed for recoverability whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance, and may differ from actual cash flows. If the sum of the projected undiscounted cash flows is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. During the year ended December 31, 2013 and the month ended January 31, 2014, no indicators of impairment were identified and no impairment was recorded.

(h) Goodwill

Acquisitions of companies that include inputs and processes and have the ability to create outputs are accounted for as business combinations. Assets acquired and liabilities assumed in the business combinations are recorded based on their estimated fair values at the date of acquisition. Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets of acquired businesses.

Goodwill is not amortized, but instead tested for impairment at least annually. Goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may be impaired. During the year ended December 31, 2013 and the month ended January 31, 2014, no indicators of impairment were identified and no impairment was recorded.

(i) Warranty Reserve

Warranty service and replacement on the major components and workmanship of all solar systems sold and installed through the residential installation line of business is provided. The major components are generally covered under a manufacturer's limited warranty. In resolving claims under both the workmanship and design warranties, the option of remedying the defect to the warranted level through repair, refurbishment, or replacement exists. The warranty reserve is estimated and is re-evaluated annually by management based upon the warranty policy, applicable contractual warranty obligations, an analysis of historical costs and age of installed systems and management's evaluation of current claims in process.

Changes in the warranty liability were as follows (in thousands):

	Year Ended December 31, 2013	Month Ended January 31, 2014
Warranty liability—beginning balance	$ 2,072	$ 2,267
Increases related to warranty provisions during the period	621	87
Decreases related to costs incurred during the period	(426)	(74)
Warranty liability—ending balance	$ 2,267	$ 2,280

(j) Income Taxes

The Company has elected to be taxed as a C corporation for both federal income and state tax purposes, and files its tax returns as a combined group. For purposes of these combined financial statements, the provision for income taxes reflects the Noncommercial operations' combined amounts of all taxes currently payable and deferred, calculated as though the Noncommercial operations had historically been a stand-alone business.

Income taxes are accounted for using the asset and liability method whereby the deferred tax asset or liability account balances at the balance sheet date are calculated using tax laws and rates in effect at that time. Deferred tax assets and liabilities are recognized for future tax outcomes attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

Income tax expense includes (i) deferred tax expense, which generally represents the net change in the deferred tax asset or liability balance during the year plus any change in valuation allowances, and (ii) current tax expense, which represents the amount of tax currently payable to or receivable from a taxing authority. The effect of income tax positions are recognized only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Potential interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At December 31, 2013 and January 31, 2014, there were no material uncertain tax positions.

(k) Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying values due to the short period of time to maturity. The Company believes the carrying value of the capital lease obligations approximates fair value based on the rates currently available to the Company for similar instruments.

(l) Concentration of Risk

Credit evaluations of its customers are performed on an ongoing basis and generally do not require collateral. Reserves for potential losses for uncollectible accounts and such losses have been within management's expectations. Additionally, certain cash deposits may, at times, be in excess of federally insured limits.

Products and materials sold are used in a specialized industry: renewable energy. The residential operations are subject to market fluctuations that can be caused by government incentive programs, which encourage the use of alternative energy sources, as well as the market prices of traditional energy sources. Should incentives be curtailed, and/or the cost of traditional energy sources decline, the residential operations could be at risk. Additionally, since a significant portion of the customer base is contractors, there is associated risk based upon economic conditions that can occur in this sector.

During the year ended December 31, 2013 the purchases from the top five vendors were $29.3 million, $7.8 million, $5.6 million, $5.1 million and $7.6 million, respectively. During the month ended January 31, 2014, the purchases from the top five vendors were $701,000, $631,000, $607,000, $566,000 and $486,000, respectively.

(m) Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense was $1.2 million and $193,000 for the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

(n) Stock-Based Compensation

Stock-based compensation expense is recognized using a straight-line basis for its employee stock-based compensation plans based upon the estimated fair value of stock option awards at the respective grant dates.

(o) Comprehensive Income

Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances fromnon-owner sources. Comprehensive income is comprised solely of net income. Accordingly, the accompanying consolidated statements of operations reflect all changes in comprehensive income.

(3) Inventory

As of December 31, 2013 and January 31, 2014, inventory consists of the following (in thousands):

	December 31, 2013	January 31, 2014
Raw materials	$ 17,036	$ 18,062
Work in process	2,557	2,263
	$ 19,593	$ 20,325

(4) Property and Equipment

Property and equipment consists of the following (in thousands):

	December 31, 2013	January 31, 2014
Furniture and fixtures	$ 621	$ 675
Machinery and equipment	1,228	1,198
Vehicles	6,146	6,539
Computer hardware	1,692	1,759
Computer software	4,377	4,377
Leasehold improvements	309	310
Construction in progress	267	267
Property and equipment, gross	14,640	15,125
Less accumulated depreciation and amortization	(8,835)	(9,012)
Property and equipment, net	$ 5,805	$ 6,113

Amortization expense on assets under capital leases is included in depreciation expense in the accompanying combined statements of operations. Depreciation and amortization expense on property and equipment was $1.7 million and $171,000 for the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

(5) Revolving Line of Credit

The Company had a revolving line of credit which provided for advances not to exceed a maximum revolver amount of $10.0 million based upon the collateral value of certain distribution inventory and accounts receivable. The maximum revolver amount could be increased by two $2.5 million increments with an aggregate amount not to exceed $5.0 million. Borrowings under the line bore interest at 2.5% above the Base Rate. The Base Rate used was the Daily Three Month

LIBOR rate calculated daily (0.2% at December 31, 2013). The line of credit had an unused line fee of 0.50% per annum of the daily average of the maximum revolver amount reduced by outstanding advances and letter of credit usage. Up to $3.0 million could be reserved for stand-by letters of credit under the line of credit. The Loan and Security Agreement also contained two financial covenants which were measured only when the Company had advances outstanding on the revolver or letters of credit were issued and outstanding: minimum EBITDA calculated monthly, and an annual capital expenditure limit of $4.0 million. The Company was in compliance with these covenants. As of December 31, 2013, there were no outstanding borrowings or stand-by letters of credit under this facility. The line of credit had a maturity date of August 1, 2014, however the Line was canceled on January 31, 2014 due to the Company's merger.

(6) Capital Lease Obligations

Assets under capital leases consist of vehicles and software with a cost of $6.1 million and net book value of $3.1 million at December 31, 2013, and vehicles and software with a cost of $5.4 million and net book value of $3.3 million at January 31, 2014. The capital lease obligations bear interest at rates up to 10% APR.

The following is a schedule as of January 31, 2014 of future lease payments for the years ending December 31 (in thousands):

2014	$ 1,123
2015	951
2016	660
2017	602
2018	109
Total future lease payments	3,445
Amount representing interest	(576)
Present value of future payments	2,869
Less current portion	(988)
Long term portion	$ 1,881

(7) Income Taxes

Significant components of income tax expense (benefit) are as follows (in thousands):

	December 31, 2013	January 31, 2014
Current:		
Federal	$ 2,001	$ (446)
State	161	(30)
Total current	2,162	(476)
Deferred:		
Federal	—	—
State	—	—
Total deferred	—	—
Total income taxes expense (benefit)	$ 2,162	$ (476)

A reconciliation of the Company's effective income tax rate to the statutory federal rate is as follows:

	December 31, 2013	January 31, 2014
Statutory federal tax rate	35.0%	35.0%
State taxes, net of federal benefit	3.4	(0.3)
Other permanent items	(2.1)	(5.1)
Change in valuation allowance	9.2	(11.1)
Other	0.3	—
Effective tax rate	45.8%	18.5%

Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

	December 31, 2013	January 31, 2014
Deferred tax assets:		
Allowance for doubtful accounts	$ 100	$ 68
Inventory adjustments	413	276
Accrued compensation	211	303
Other accrued expenses	1,054	1,067
Stock-based compensation	450	802
Net operating loss	6	37
Tax credits	—	34
Gross deferred tax assets	2,234	2,587
Valuation allowance	(1,092)	(1,475)
Total deferred tax assets	1,142	1,112
Deferred tax liabilities:		
Property and equipment	(1,131)	(1,105)
Intangible assets	(11)	(7)
Total deferred tax liabilities	(1,142)	(1,112)
Net deferred tax assets	$ —	$ —

For carve-out financial statement purposes, provision for income tax including tax attribute carryforwards is presented on a separate-return method in application of ASC 740. As such, the Noncommercial operation's tax provision, net operating loss carryforwards, credit carryforwards, and other deferred tax assets and liabilities above reflect those available under separate-return methodology per ASC 740.

As of December 31, 2013 and January 31, 2014, no Federal net operating loss carryforwards and no Federal credit carryforwards existed.

As of December 31, 2013, state net operating loss carryforwards in the amount of $125,000 existed. As of January 31, 2014, state net operating loss carryovers and state credit carryovers existed in the amount of $772,000 and $34,000, respectively. State net operating losses can be carried forward for fifteen years in California and between three and eighteen years in other states. The applicable state credits can be carried forward ten years.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities

(including the impact of available carryback and carryforward periods), three years of cumulative book losses, projected future book income, and tax planning strategies in making this assessment. Based upon the positive and negative evidence, management believes it is not more likely than not that the benefits of the deferred tax assets it has recognized on its balance sheet will be realized. Accordingly, there is a full deferred tax asset valuation allowance at December 31, 2013 and January 31, 2014. The increase in valuation allowance per period is $211,000 and $383,000, respectively.

As of December 31, 2013 and January 31, 2014, the Company did not have any material unrecognized tax benefits.

The IRS completed its examination of the Company's federal tax returns for 2007 and 2008 in July of 2010. The returns starting with 2010 remain open for an IRS examination. For California, tax years after 2009 remain open for examination by the Franchise Tax Board.

(8) Commitments and Contingencies

The Company rents various facilities and equipment under operating leases. Total rental expense was $1.3 million and $124,000 for the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

Future minimum non-cancelable rental payments under operating leases are as follows for the years ending December 31 (in thousands):

2014	$ 1,214
2015	908
2016	561
2017	135
Total	$ 2,818

Certain operating leases contain rent escalation clauses, which are recorded on a straight-line basis over the initial term of the lease with the difference between the rent paid and the straight-line rent recorded as a deferred rent liability. Lease incentives received from landlords are recorded as deferred rent liabilities and are amortized on a straight-line basis over the lease term as a reduction to rent expense. Deferred rent liabilities were $149,000 and $151,000 as of December 31, 2013 and January 31, 2014, respectively.

The Company is party to various legal proceedings and claims that arise in the ordinary course of its business. In the opinion of management, the ultimate resolution of these matters will not materially affect the financial position, results of operations, or cash flows as presented herein.

(9) Retirement Plans and Stock-Based Compensation

The Company has a 401(k) plan for eligible employees that meet minimum service requirements. The Company matches 100% of employee contributions up to 4% on a pay period basis. Matching will not exceed 4% of an employee's annual salary contributions, subject to applicable IRS limits. Matching contributions are fully vested. Matching contribution expense was $459,000 and $45,000 for the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

In 2009, the Company adopted a stock compensation plan (the Plan) pursuant to which the Company's board of directors could grant stock options to officers and key employees. The Company granted 8,073 nonstatutory stock options to a key employee during the year ended December 31, 2013. The options vest over a period of 3.75 to 5 years, and expire between December 2016 and October 2020. Following is a summary of stock options as of December 31, 2013 and January 31, 2014 and changes during the periods then ended:

	Number of Shares Underlying Outstanding Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding—December 31, 2012	3,108	$ 842	2.3	$ —
Options granted	8,073	220	6.8	—
Options forfeited or expired	(988)	631	—	—
Outstanding—December 31, 2013	10,193	$ 369	5.5	$ —
Outstanding—January 31, 2014	10,193	$ 369	0.5	$ 910
Vested—January 31, 2014	4,170	521	4.2	273
Options expected to vest—January 31, 2014	6,023	$ 264	6.3	$ 637

The grant-date fair value of each option award is estimated on the date of grant using the Black-Scholes-Merton option pricing model. The weighted average assumptions for the grants are as follows:

	Year Ended December 31, 2013
Expected term (in years)	3.75
Risk-free interest rate	1.00%
Expected volatility	85.0%
Dividend rate	—%
Weighted-average estimated fair value of stock options granted	$ 197

Since the Company's shares are not publicly traded and its shares are rarely traded privately, expected volatility is estimated based on the average historical volatility of similar entities with publicly traded shares. The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve at the date of grant. The expected life of the option award is calculated using the simplified method. The expected dividend yield reflects that no dividends were paid on the Company's common stock.

Compensation expense related to stock options allocated to Noncommercial operations was $134,000 and $879,000 for the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

In conjunction with the plan of reorganization as of February 1, 2014 all outstanding options held by the employees staying with the Noncommercial operations were vested in full and converted to options to purchase shares of Sunrun Inc.

(10) Related Party Transactions

One of the Company's stockholders owns a controlling interest in a major supplier of solar energy system components. Purchases from this supplier were approximately $29.3 million and $0.5 million during the year ended December 31, 2013 and the month ended January 31, 2014, respectively, and accounts payable at December 31, 2013 and January 31, 2014 includes approximately $11.0 million and $8.0 million, respectively, owed to this supplier.

Another of the Company's stockholders has a majority ownership interest in a corporation that also operates as a distributor and retailer of renewable energy related products. The Company made sales of approximately $328,000 and $38,000 to this corporation during the year ended December 31, 2013 and the month ended January 31, 2014, respectively.

In the past, the distribution operations of the Company supplied certain inventory at cost to the commercial installation operations that were spun out to RECC as discussed in note 1. The combined statement of operations includes the resulting net sales and cost of sales of $5.1 million and $0.6 million for the year ended December 31, 2013 and the month ended January 31, 2014, respectively. As part of the plan of reorganization, the Company agreed to provide transition services to RECC for certain functions for up to six months following the spin out, which includes the distribution operations continuing to supply inventory at cost.

(11) Subsequent Event

On March 11, 2015, an employee rights class action law firm filed a class action complaint against Sunrun Inc. and REC Solar Commercial ("RECC") in San Diego Superior Court. The complaint asserts the claims of one named plaintiff and others similarly situated under the California wage and hour laws, specifically, that Sunrun and RECC: (i) miscalculated and underpaid overtime wages by failing to include certain bonuses in base pay; (ii) failed to provide meal periods; and (iii) required employees to work off the clock without paying them. The allegations are currently being reviewed and the amount of any potential liability is not currently estimable.

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

In February 2014, the Company completed the acquisition of the residential sales and installation business of Mainstream Energy Corporation, as well as its distribution business, AEE Solar, and its racking business, SnapNrack (collectively MEC), in exchange for $78.8 million of consideration. The purchase consideration for the assets acquired and liabilities assumed was approximately $78.8 million consisting of $75.0 million in the issuance of 12,762,894 shares of common stock, $1.8 million in cash, $1.8 million in settlement of balances under a pre-existing relationship and $0.2 million in the form of 576,878 stock options. The settlement of the pre-existing relationship was related to the partner installation agreement between the Company and MEC, which existed prior to the acquisition date. The business acquired engages in designing, installing and selling solar energy systems to residential customers, fulfillment, and racking hardware for solar energy systems.

The unaudited pro forma combined statement of operations for the year ended December 31, 2014 illustrate the effect of the acquisition of the residential business as if the acquisition had occurred on January 1, 2014.

The unaudited pro forma combined statement of operations and accompanying notes thereto should be read together with the Company's consolidated financial statements for the years ended December 31, 2013 and 2014, and the combined financial statements for MEC as of and for the year ended December 31, 2013 and as of and for the month ended January 31, 2014, included elsewhere in this prospectus.

	Sunrun Inc. Year Ended December 31, 2014 Historical	MEC One Month Ended January 31, 2014 Historical	Pro Forma Adjustments (Note 3)		Sunrun Inc. Pro Forma Year Ended December 31, 2014	
	(In thousands, except per share data)					
Revenue:						
Operating leases and incentives	$ 84,006	$ —	$ —		$ 84,006	
Solar energy systems and product sales	114,551	13,001	(6,203)	(a)	121,349	
Total revenue	198,557	13,001	(6,203)		205,355	
Operating expenses:						
Cost of operating leases and incentives	72,898	—	—		72,898	
Cost of solar energy systems and product sales	100,802	9,808	(4,567)	(a),(d)	106,043	
Sales and marketing	78,723	1,860	(249)	(d)	80,334	
Research and development	8,386	—	(32)	(d)	8,354	
General and administrative	68,098	3,831	(1,091)	(b),(d)	70,838	
Amortization of intangible assets	2,269	—	192	(c)	2,461	
Total operating expenses	331,176	15,499	(5,747)		340,928	
Loss from operations	(132,619)	(2,498)	(456)		(135,573)	
Interest expense, net	27,521	75	—		27,596	
Loss on early extinguishment of debt	4,350	—	—		4,350	
Other expenses	3,043	(5)	—		3,038	
Loss before income taxes	(167,533)	(2,568)	(456)		(170,557)	
Income tax expense (benefit)	(4,980)	(476)	5,456	(e)	—	
Net loss	(162,553)	(2,092)	(5,912)		(170,557)	
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(86,638)	—	—		(86,638)	
Net loss attributable to common stockholders	$ (75,915)	$ (2,092)	$ (5,912)		$ (83,919)	
Net loss per share attributable to common shareholders—basic and diluted	$ (3.33)				$ (3.51)	
Weighted average shares used to compute net loss per share attributable to common stockholders—basic and diluted	22,795				23,914	(f)

SUNRUN INC.
NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
(Amounts in thousands except share and per share amounts)

1. Basis of Presentation

The unaudited pro forma combined statement of operations for the year ended December 31, 2014 combines the unaudited statement of operations of the residential business for the period from January 1, 2014 to January 31, 2014, the date of acquisition, and the Company's audited statement of operations for the year ended December 31, 2014. The unaudited pro forma combined financial information has been adjusted to give effect to pro forma events that are (1) directly attributable to the acquisition, (2) factually supportable, and (3) expected to have a continuing impact on our combined results. The detailed assumptions used to prepare the pro forma financial information are contained in the notes to the unaudited pro forma combined financial statements, and such assumptions should be reviewed in their entirety.

The accompanying unaudited pro forma combined financial information reflect the acquisition of MEC using the acquisition method of accounting in accordance with U.S. GAAP. Pro forma data is based on currently available information and certain estimates and assumptions. Pro forma data is not necessarily indicative of the financial results that would have been attained had the acquisition occurred on January 1, 2014. As actual adjustments may differ from the pro forma adjustments, the pro forma amounts presented should not be viewed as indicative of operations in future periods. The unaudited pro forma combined financial information does not reflect any cost savings, operating synergies or revenue enhancements that the combined company may achieve as a result of the acquisition.

2. Purchase Price Allocation

The following table summarizes the fair value of assets acquired and liabilities assumed (in thousands):

Cash and cash equivalents	$ 5,440
Accounts receivable	8,881
Inventory	23,886
Prepaid expenses	2,028
Property and equipment	6,113
Other long-term assets	200
Accounts payable	(21,316)
Deferred revenue	(768)
Accrued expenses	(3,659)
Other liabilities	(1,509)
Capital lease obligations	(2,869)
Intangible assets	15,380
Deferred tax liabilities	(4,843)
Goodwill	51,786
Total purchase consideration	$ 78,750

Intangible assets and their estimated useful lives are as follows (in thousands):

Backlog	$ 200	1 year
Customer relationships	10,270	6 – 10 years
Developed technology	910	5 years
Trade names	4,000	4 months – 5 years
Total intangible assets	$ 15,380	

Backlog represents acquired outstanding customer orders to be fulfilled in the future. The customer relationships represent acquired relationships with installers, distributors and retail outlets. The developed technology represents acquired technology under the SnapNrack brand. Trade names represent acquired brands related to REC Solar, AEE Solar, and SnapNrack.

The identifiable intangible assets are amortized on a straight-line basis, which approximates the pattern of economic consumption over their estimated useful lives as disclosed above.

The Company incurred acquisition costs of $0.5 million which were included in general and administrative expenses in the Company's statement of operations for the year ended December 31, 2014. In addition, MEC incurred acquisition costs of $0.3 million prior to the acquisition which were included in general and administrative expenses in the residential business' statement of operations for the month ended January 31, 2014.

3. Pro-Forma Adjustments to the Unaudited Pro-Forma Combined Statement of Operations

Pro-forma adjustments to the unaudited pro-forma combined statement of operations for the year ended December 31, 2014 assume the acquisition was consummated on January 1, 2014.

The unaudited pro-forma combined statements of operations have been adjusted as follows:

a) Elimination of solar energy systems and product sales revenue and the related cost with regards to solar systems sold by MEC to Sunrun during January 2014. The revenue related to these sales amounted to $6.2 million and the cost of solar energy systems and product sales amounted to $4.3 million.

b) Elimination of acquisition costs of $0.9 million included in the statements of operations for the year ended December 31, 2014 as they do not have a continuing impact on the combined results.

c) Increase of the operating expenses by amortization expense of $0.2 million for the month of January 2014 related to the fair value of the intangible assets acquired.

d) Elimination of $0.9 million related to the accelerated vesting of MEC's stock options as a result of the acquisition and stock-based compensation expenses recorded by MEC in January 2014 as they do not have continuing impact on the combined results, and addition of $0.1 million for one month of stock-based compensation expense in the combined pro forma financial statements for stock options granted by Sunrun to the residential business' employees subsequent to acquisition under its Equity Incentive Plan assuming the acquisition occurred on January 1, 2014 as provided below (in thousands):

	Year ended December 31, 2014
Cost of solar energy systems and product sales	$ 298
Sales and marketing	249
Research and development	32
General and administration	225
Total	$ 804

e) Adjustment to income tax expense as a result of the elimination of one-time tax effects of the acquisition.

f) Reflection of the issuance of 12,762,894 shares of common stock in connection with the acquisition as if it occurred on January 1, 2014.

, 2015

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by the Registrant, other than underwriting discounts and commissions, upon the completion of this offering. All amounts shown are estimates except for the SEC registration fee, the FINRA filing fee and the NASDAQ listing fee.

	Amount to be Paid
SEC registration fee	$ *
FINRA filing fee	*
NASDAQ listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	$ *

* To be filed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors, and other corporate agents.

On the completion of this offering, as permitted by Section 102(b)(7) of the Delaware General Corporation Law, the Registrant's amended and restated certificate of incorporation will include provisions that eliminate the personal liability of its directors and officers for monetary damages for breach of their fiduciary duty as directors and officers.

In addition, as permitted by Section 145 of the Delaware General Corporation Law, the amended and restated certificate of incorporation and amended and restated bylaws of the Registrant in effect upon the completion of this offering provide that:

- The Registrant shall indemnify its directors and officers for serving the Registrant in those capacities or for serving other business enterprises at the Registrant's request, to the fullest extent permitted by Delaware law. Delaware law provides that a corporation may indemnify such person if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant and, with respect to any criminal proceeding, had no reasonable cause to believe such person's conduct was unlawful.
- The Registrant may, in its discretion, indemnify employees and agents in those circumstances where indemnification is permitted by applicable law.
- The Registrant is required to advance expenses, as incurred, to its directors and officers in connection with defending a proceeding, except that such director or officer shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification.
- The Registrant will not be obligated pursuant to the amended and restated bylaws to indemnify a person with respect to proceedings initiated by that person, except with respect to proceedings authorized by the Registrant's board of directors or brought to enforce a right to indemnification.

- The rights conferred in the amended and restated certificate of incorporation and amended and restated bylaws are not exclusive, and the Registrant is authorized to enter into indemnification agreements with its directors, officers, employees, and agents and to obtain insurance to indemnify such persons.
- The Registrant may not retroactively amend the bylaw provisions to reduce its indemnification obligations to directors, officers, employees, and agents.

The Registrant's policy is to enter into separate indemnification agreements with each of its directors and officers that provide the maximum indemnity allowed to directors and executive officers by Section 145 of the Delaware General Corporation Law and also to provide for certain additional procedural protections. The Registrant also maintains directors and officers insurance to insure such persons against certain liabilities.

These indemnification provisions and the indemnification agreements entered into between the Registrant and its officers and directors may be sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act of 1933, as amended (Securities Act).

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act and otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since March 1, 2012, the Registrant issued the following unregistered securities:

Preferred Stock Issuances

From May 2012 through September 2012, the Registrant sold an aggregate of 7,583,965 shares of its Series D convertible preferred stock to nine accredited investors at a purchase price of $9.23 per share, for an aggregate purchase price of $69,999,997.

From March 2014 through May 2014, the Registrant sold an aggregate of 10,878,984 shares of its Series E convertible preferred stock to 20 accredited investors at a purchase price of $13.834 per share, for an aggregate purchase price of $150,499,865.

Option Issuances

Since March 1, 2012, the Registrant granted to its directors, officers, employees, consultants and other service providers options to purchase an aggregate of 10,368,749 shares of its common stock under its equity compensation plans at exercise prices ranging from approximately $2.67 to $9.40 per share.

Since March 1, 2012, the Registrant assumed options to purchase an aggregate of 576,878 shares of its common stock under an equity compensation plan the Registrant assumed in connection with an acquisition at exercise prices ranging from approximately $3.87 to $16.49 per share.

Since March 1, 2012, the Registrant granted to its directors, officers, employees, consultants and other service providers an aggregate of 947,342 restricted stock units to be settled in shares of its common stock under its equity compensation plans.

Shares Issued in Connection with Acquisitions

In February 2012, the Registrant issued an aggregate of 12,762,894 shares of its common stock in connection with its acquisition of a company as consideration to 12 individuals and entities who were former service providers and/or stockholders of such company.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. The Registrant believe the offers, sales and issuances of the above securities were exempt from registration under the Securities Act by virtue of Section 4(2) of the Securities Act because the issuance of securities to the recipients did not involve a public offering, or in reliance on Rule 701 because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under such rule. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

We have filed the exhibits listed on the accompanying Exhibit Index of this Registration Statement.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in San Francisco, California, on the day of , 2015.

SUNRUN INC.

By: _____
Lynn Jurich
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Lynn Jurich, Bob Komin and Mina Kim, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) under the Securities Act of 1933 increasing the number of securities for which registration is sought), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact, proxy, and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact, proxy and agent, or his or her substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Lynn Jurich	Chief Executive Officer and Director (Principal Executive Officer)	
Bob Komin	Chief Financial Officer (Principal Accounting and Financial Officer)	
Edward Fenster	Chairman and Director	
Jameson McJunkin	Director	
Gerald Risk	Director	
Steve Vassallo	Director	
Richard Wong	Director	

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1*	Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of the Registrant, to be in effect upon the completion of this offering.
3.3	Bylaws of the Registrant, as currently in effect.
3.4*	Form of Amended and Restated Bylaws of the Registrant, to be in effect upon the completion of this offering.
4.1*	Form of common stock certificate of the Registrant.
4.2*	Ninth Amended and Restated Investors' Rights Agreement among the Registrant and certain holders of its capital stock, dated as of September 18, 2014.
5.1*	Opinion of Wilson Sonsini Goodrich & Rosati, P.C.
10.1+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.2+*	Sunrun Inc. 2015 Equity Incentive Plan and related form agreements.
10.3+*	Sunrun Inc. 2015 Employee Stock Purchase Plan and related form agreements.
10.4+	Sunrun Inc. 2014 Equity Incentive Plan.
10.5+	Sunrun Inc. 2013 Equity Incentive Plan and related form agreements.
10.6+	Sunrun Inc. 2008 Equity Incentive Plan and related form agreements.
10.7+	Mainstream Energy Corporation 2009 Stock Plan.
10.8+	Sunrun Inc. Executive Incentive Compensation Plan.
10.9+*	Form of Executive Severance Agreement between the Registrant and each of its executive officers.
10.10+*	Offer Letter between the Registrant and Lynn Jurich.
10.11+*	Offer Letter between the Registrant and Edward Fenster.
10.12+*	Offer Letter between the Registrant and Bob Komin.
10.13+*	Offer Letter between the Registrant and Tom Holland.
10.14+*	Offer Letter between the Registrant and Paul Winnowski.
10.15+	Board Services Agreement between the Registrant and Gerald Risk, dated as of February 1, 2014.
10.16	Agreement of Sublease between the Registrant and Visa U.S.A. Inc., dated as of April 1, 2013, as amended on April 29, 2013.
21.1*	List of subsidiaries of the Registrant.
23.1*	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
23.3*	Consent of Wilson Sonsini Goodrich & Rosati, P.C. (included in Exhibit 5.1).
24.1*	Power of Attorney (see the signature page to this Registration Statement on Form S-1).

* To be submitted by amendment.
\+ Indicates management contract or compensatory plan.

BYLAWS
OF

SUNRUN INC.

ARTICLE I.
Meetings of Stockholders

Section 1.1 Place of Meetings. All meetings of the stockholders for the election of directors or for any other purpose shall be held at such place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver thereof. The Board of Directors may also, in its sole discretion determine that a meeting shall not be held at any place but may instead be held solely by means of remote communication in accordance with the Delaware General Corporation Law. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication:

(a) Participate in a meeting of stockholders; and

(b) Be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 1.2 Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date, time and place, if any, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Stockholders may act by written consent to elect directors in lieu of an annual meeting. Any other proper business may be transacted at the annual meeting.

Section 1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors or by any stockholder holding 10%

or more of the outstanding stock, but such special meetings may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 1.4 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the certificate of incorporation or these Bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) clays before the date of the meeting to each stockholder entitled to vote at such meeting. Notice shall be given personally, by electronic transmission consented to by the stockholder to whom the notice is given or by mail and, if by mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation if such stockholder's address is in the United States and if such stockholder's address is outside the United States then such notice shall be deemed given when deposited with an international courier. Except as otherwise provided by statute, any notice to stockholders shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with the Delaware General Corporation Law.

Section 1.5 Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof, and the means of remote communications, if any by which the stockholders and the proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.6 Quorum. Except as otherwise provided by law, the certificate of incorporation or these Bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.5 of these Bylaws until a quorum shall attend. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.7 Organization. Meetings of stockholders shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board,

if any, or in his or her absence by the President, or in his or her absence by a Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board of Directors, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.8 Voting; Proxies. Except as otherwise provided by or pursuant to the provisions of the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot. At all meetings of stockholders for the election of directors at which a quorum is present a plurality of the votes cast shall be sufficient to elect. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the certificate of incorporation, these Bylaws, the rules or regulations of any stock exchange applicable to the corporation, or applicable law or pursuant to any regulation applicable to the corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the corporation which are present in person or by proxy and entitled to vote thereon.

Section 1.9 Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; (2) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (3) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by law, shall be the first date on

which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.10 List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal place of business of the corporation. The list of stockholders must also be open to examination at the meeting as required by applicable law. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.10 or to vote in person or by proxy at any meeting of stockholders.

Section 1.11 Action By Written Consent of Stockholders. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which minutes of proceedings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Any such consent to an action may be provided by means of electronic transmission and shall be deemed to be written, signed and dated for the purposes of the consent provided that the electronic transmission can be authenticated, all in accordance with the Delaware General Corporation Law. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by law, be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation.

Section 1.12 Inspectors of Election. The corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed

or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.13 Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II.
Board of Directors

Section 2.1 Number; Qualifications. The Board shall consist of one or more members, each of whom shall be a natural person and who need not be stockholders. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

Section 2.2 Election; Resignation; Vacancies. The Board of Directors shall initially consist of the persons named as directors in the certificate of incorporation or elected by the incorporator of the corporation, and each director so elected shall hold office until the first annual meeting of stockholders or until his or her successor is duly elected and qualified. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors each of whom shall hold office for a term of one year or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the corporation. Unless otherwise provided by law or the certificate of incorporation, any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced or until his or her successor is elected and qualified.

Section 2.3 Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine.

Section 2.4 Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the President, any Vice President, the Secretary, or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four hours before the special meeting.

Section 2.5 Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At all meetings of the Board of Directors the directors entitled to cast a majority of the votes of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the certificate of incorporation, these Bylaws, an agreement of the corporation or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in his or her absence by the President, or in their absence by a chairperson

chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Action by Unanimous Consent of Directors. Unless otherwise restricted by the certificate of incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the board or committee in accordance with applicable law.

ARTICLE III.
Committees

Section 3.1 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

Section 3.2 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these Bylaws.

ARTICLE IV.
Officers

Section 4.1 Executive Officers; Election; Qualifications; Term of Office, Resignation; Removal; Vacancies. The Board of Directors shall elect a President and Secretary, and it may, if it so determines, choose a Chairperson of the Board and a Vice Chairperson of the Board from among its members. The Board of Directors may also choose one or more Vice Presidents, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers and such other officers as it shall from time to time deem necessary or desirable. Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his or her election, and until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation. The Board of Directors may remove any officer with or without cause at any

time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.2 Powers and Duties of Executive Officers. The officers of the corporation shall have such powers and duties in the management of the corporation as may be prescribed in a resolution by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 4.3 Appointing Attorneys and Agents; Voting Securities of Other Entities. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairperson of the Board, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the corporation, in the name and on behalf of the corporation, to cast the votes which the corporation may be entitled to cast as the holder of stock or other securities in any other corporation or other entity, any of whose stock or other securities may be held by the corporation, at meetings of the holders of the stock or other securities of such other corporation or other entity, or to consent in writing, in the name of the corporation as such holder, to any action by such other corporation or other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consents, and may execute or cause to be executed in the name and on behalf of the corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper. Any of the rights set forth in this Section 4.3 which may be delegated to an attorney or agent may also be exercised directly by the Chairperson of the Board, the President or the Vice President.

ARTICLE V.
Stock

Section 5.1 Certificates. The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the corporation by the Chairperson or Vice Chairperson of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation certifying the number of shares owned by such holder in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 5.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI.
Indemnification and Advancement of Expenses

Section 6.1 Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the corporation or, while a director or officer of the corporation, is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 6.3, the corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors of the corporation.

Section 6.2 Prepayment of Expenses. The corporation shall to the fullest extent _not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3 Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article VI is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 6.4 Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VI shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.5 Other Sources. The corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

Section 6.6 Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VI shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

Section 6.7 Other Indemnification and Prepayment of Expenses. This Article VI shall not limit the right of the corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

ARTICLE VII.
Miscellaneous

Section 7.1 Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 7.2 Seal. The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3 Manner of Notice. Except as otherwise provided herein or permitted by applicable law, notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice to directors may be given by telecopier, telephone or other means of electronic transmission.

Section 7.4 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any waiver of notice, given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in a waiver of notice.

Section 7.5 Form of Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

Section 7.6 Amendment of Bylaws. These Bylaws may be altered, amended or repealed, and new Bylaws made, by the Board of Directors, but the stockholders may make additional Bylaws and may alter and repeal any Bylaws whether adopted by them or otherwise.

Section 7.7 Annual Report. If the Corporation is deemed to have outstanding shares held of record by 100 or more persons the Corporation shall comply with the reporting requirements set forth in Section 1501 of the California General Corporations Law ("GCL"). If the Corporation is deemed to have outstanding shares held of record by fewer than 100 persons, the annual report to stockholders referred to in Section 1501 of the GCL is expressly dispensed with, but nothing herein shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the stockholders of the Corporation as they deem appropriate.

CERTIFICATE OF SECRETARY

I, Mina Kim, hereby certify:

i. That I am the Secretary of Sunrun Inc., a Delaware corporation; and

ii. That the attached Bylaws, consisting of eleven (11) pages, is a true and correct copy of the Bylaws of this corporation as duly adopted by the unanimous written consent of the board of directors on June 20, 2008, and amended by the board of directors on October 8, 2010, and January 16, 2014.

IN WITNESS WHEREOF, I have hereunto set my hand, as of December 17, 2014.

/s/ Mina Kim
Mina Kim, Secretary

Exhibit 10.1

SUNRUN INC.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "***Agreement***") is dated as of , 20 and is between Sunrun Inc., a Delaware corporation (the "***Company***"), and ("***Indemnitee***").

RECITALS

A. Indemnitee's service to the Company substantially benefits the Company.

B. Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.

C. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve as a director or officer without additional protection.

D. In order to induce Indemnitee to continue to provide services to the Company, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.

E. This Agreement is a supplement to and in furtherance of the indemnification provided in the Company's certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

The parties therefore agree as follows:

1. **Definitions**.

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) "***Expenses***" include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or their equivalent, and (ii) for purposes of Section 12(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

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

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

(i) Reference to "***other enterprises***" shall include employee benefit plans; references to "***fines***" shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to "***serving at the request of the Company***" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or

involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "***not opposed to the best interests of the Company***" as referred to in this Agreement.

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

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

4. **Indemnification for Expenses of a Party Who is Wholly or Partly Successful**. To the extent that Indemnitee is a party to or a participant in and is successful (on the merits or otherwise) in defense of any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. To the extent permitted by applicable law, if Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, in defense of one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with (a) each successfully resolved claim, issue or matter, and (b) any claim, issue or matter related to any such successfully resolved claim, issue or matter. For purposes of this section, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

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

6. **Additional Indemnification**.

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

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

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

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

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

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

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

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

(d) initiated by Indemnitee and not by way of defense, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees, agents or other indemnitees, unless (i) the Company's board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Section 12(d) or (iv) otherwise required by applicable law; or

(e) if prohibited by applicable law.

8. **Advances of Expenses**.

(a) The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding prior to its final resolution, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 60 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee's ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. This Section 8 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding for which indemnity is not permitted under this Agreement, but shall apply to any Proceeding referenced in Section 7(b) or 7(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

9. **Procedures for Notification and Defense of Claim**.

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

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

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

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

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

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

10. **Procedures upon Application for Indemnification**.

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

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

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

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

11. **Presumptions and Effect of Certain Proceedings**.

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

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

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

12. **Remedies of Indemnitee**.

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

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

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

(d) To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses that are incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, unless the court (or arbitrator) finds that each material argument or defense advanced by Indemnitee in such action or arbitration was either frivolous or not made in good faith. Further, if requested by Indemnitee, the Company shall (as soon as reasonably practicable, but in any event no later than 60 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 8, subject to Indemnitee's agreement to repay the sums advanced if the court (or arbitrator) finds that each material argument or defense advanced by Indemnitee in such action or arbitration was either frivolous or not made in good faith.

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

13. **Contribution.** To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim

relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

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

15. **Primary Responsibility**. The Company acknowledges that to the extent Indemnitee is serving as a director on the Company's board of directors at the request or direction of a venture capital fund or other entity and/or certain of its affiliates (collectively, the "***Secondary Indemnitors***"), Indemnitee may have certain rights to indemnification and advancement of expenses provided by such Secondary Indemnitors. The Company agrees that, as between the Company and the Secondary Indemnitors, the Company is primarily responsible for amounts required to be indemnified or advanced under the Company's certificate of incorporation or bylaws or this Agreement and any obligation of the Secondary Indemnitors to provide indemnification or advancement for the same amounts is secondary to those Company obligations. To the extent not in contravention of any insurance policy or policies providing liability or other insurance for the Company or any director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, the Company waives any right of contribution or subrogation against the Secondary Indemnitors with respect to the liabilities for which the Company is primarily responsible under this Section 15. In the event of any payment by the Secondary Indemnitors of amounts otherwise required to be indemnified or advanced by the Company under the Company's certificate of incorporation or bylaws or this Agreement, the Secondary Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee for indemnification or advancement of expenses under the Company's certificate of incorporation or bylaws or this Agreement or, to the extent such subrogation is unavailable and contribution is found to be the applicable remedy, shall have a right of contribution with respect to the amounts paid. The Secondary Indemnitors are express third-party beneficiaries of the terms of this Section 15.

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

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

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

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

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

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

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

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

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

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

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

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

(b) if to the Company, to the attention of the Chief Executive Officer or Chief Financial Officer of the Company at 595 Market Street, 29th floor, San Francisco, CA 94105, or at such other current address as the Company shall have furnished to Indemnitee, with a copy (which shall not constitute notice) to Robert O'Connor, Jon C. Avina and Calise Cheng at Wilson Sonsini Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, California 94304.

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent *via* mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid.

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

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

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

(*signature page follows*)

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

SUNRUN INC.

(Signature)

(Print Name)

(Title)

INDEMNITEE

(Signature)

(Print Name)

(Street address)

(City, State and ZIP)

Exhibit 10.4

SUNRUN INC.

2014 EQUITY INCENTIVE PLAN

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

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

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

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

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

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

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

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

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

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

(i) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company, except that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or

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

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(f), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

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

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

(g) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

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

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

(j) "Company" means Sunrun Inc., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

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

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

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

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

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

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

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

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

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

Notwithstanding the foregoing, if the determination date for the Fair Market Value occurs on a weekend or holiday, the Fair Market Value will be the price as determined in accordance with subsections (i) through (iii) above (as applicable) on the next business day, unless otherwise determined by the Administrator.

(r) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Code Section 422 and the regulations promulgated thereunder.

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

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

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

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

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

(x) "Plan" means this 2014 Equity Incentive Plan.

(y) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

(z) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

(aa) "Service Provider" means an Employee, Director, Consultant, Vendor, or other entity.

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(cc) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f).

(ee) "Vendor" means a separate company or other entity with which the Company has contracted for goods or services.

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be subject to Awards and sold under the Plan is 947,342 Shares. The Shares may be authorized but unissued, or reacquired Common Stock.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock or Restricted Stock Units, is forfeited to or repurchased by the Company due to the failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares) which were subject thereto will not become available for future grant or sale under the Plan. With respect to Stock Appreciation Rights, only Shares actually issued pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 13, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Code Section 422 and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Section 3(b).

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

4. Administration of the Plan.

(a) Procedure.

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

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

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

(i) to determine the Fair Market Value;

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

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

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

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

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

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

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;

(ix) to modify or amend each Award (subject to Section 18(c) of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(d));

(x) to allow Participants to satisfy withholding tax obligations in a manner prescribed in Section 14;

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

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

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

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

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

6. Stock Options.

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

(b) Option Agreement. Each Award of an Option will be evidenced by an Award Agreement that will specify the exercise price, the term of the Option, the number of Shares subject to the Option, the exercise restrictions, if any, applicable to the Option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. Notwithstanding such designation, however, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(c), Incentive Stock Options will be taken into account in the order in which they were granted, the Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted, and calculation will be performed in accordance with Code Section 422 and Treasury Regulations promulgated thereunder.

(d) Term of Option. The term of each Option will be stated in the Award Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(e) Option Exercise Price and Consideration.

(i) Exercise Price. The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option will be determined by the Administrator, but will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an Employee who owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent

(110%) of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 6(e)(i), Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Code Section 424(a).

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

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

(f) Exercise of Option.

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

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable tax withholding). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse, if applicable. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

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

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her or its Option within thirty (30) days of termination, or such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent that the Option is vested on the date of termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her or its entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her or its Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within six (6) months of termination, or such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent the Option is vested on the date of termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her or its entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her or its Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised within six (6) months following the Participant's death, or within such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent that the Option is vested on the date of death, by the Participant's designated beneficiary, provided such beneficiary has been designated prior to the Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her or its entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Stock Appreciation Rights.

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

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

(c) Exercise Price and Other Terms. The per Share exercise price for the Shares that will determine the amount of the payment to be received upon exercise of a Stock Appreciation Right as set forth in Section 7(f) will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

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

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

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

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

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

8. Restricted Stock.

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

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

(c) Transferability. Except as provided in this Section 8 or as the Administrator determines, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

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

(e) Removal of Restrictions. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

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

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

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

9. Restricted Stock Units.

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

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

(c) Earning Restricted Stock Units. Upon meeting the applicable vesting criteria, the Participant will be entitled to receive a payout as determined by the Administrator.

Notwithstanding the foregoing, at any time after the grant of Restricted Stock Units, the Administrator, in its sole discretion, may reduce or waive any vesting criteria that must be met to receive a payout.

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

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

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

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

12. Limited Transferability of Awards.

(a) Unless determined otherwise by the Administrator, Awards may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award may only be transferred (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the Securities Act of 1933, as amended (the "Securities Act").

(b) Further, during the period the Company is relying upon the exemption from registration provided in Rule 12h-1(f)(1) promulgated under the Exchange Act (the "Rule 12h-1(f) Exemption") until the Company either (i) becomes subject to the reporting requirements of

Section 13 or 15(d) of the Exchange Act or (ii) is no longer relying upon the Rule 12h-1(f) Exemption, an Option, or prior to exercise, the Shares subject to the Option, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (x) persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (y) to an executor or guardian of the Participant upon the death or disability of the Participant, in each case, to the extent required for continued reliance on the Rule 12h-1(f) Exemption. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may determine to permit transfers to the Company or in connection with a Change in Control or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f) or, if the Company is not relying on the Rule 12h-1(f) Exemption, to the extent permitted by the Plan.

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

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan and/or the number, class, and price of shares of stock covered by each outstanding Award; provided, however, that the Administrator will make such adjustments to an Award required by Section 25102(o) of the California Corporations Code to the extent the Company is relying upon the exemption afforded thereby with respect to the Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the

occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subsection 13(c), the Administrator will not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly.

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

For the purposes of this subsection 13(c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control.

Notwithstanding anything in this Section 13(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this Section 13(c) to the contrary, if a payment under an Award Agreement is subject to Code Section 409A and if the change in control definition contained in the Award Agreement does not comply with the definition of "change of control" for purposes of a distribution under Code Section 409A, then any payment of an amount that is otherwise accelerated under this Section will be delayed until the earliest time that such payment would be permissible under Code Section 409A without triggering any penalties applicable under Code Section 409A.

14. Tax Withholding.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the statutory amount required to be withheld, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion, or (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

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

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

17. Term of Plan. Subject to Section 21 of the Plan, the Plan will become effective upon its adoption by the Board. Unless sooner terminated under Section 18, it will continue in effect for a term of ten (10) years from the later of (a) the effective date of the Plan, or (b) the earlier of the most recent Board or stockholder approval of an increase in the number of Shares reserved for issuance under the Plan.

18. Amendment and Termination of the Plan.

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

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

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

19. Conditions Upon Issuance of Shares.

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

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

20. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

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

22. Information to Participants. If and as required (i) pursuant to Rule 701 of the Securities Act, if the Company is relying on the exemption from registration provided pursuant to Rule 701 of the Securities Act with respect to the applicable Award, and/or (ii) pursuant to Rule 12h-1(f) of the Exchange Act, to the extent the Company is relying on the Rule 12h-(1)(f) Exemption, then during the period of reliance on the applicable exemption and in each case of (i) and (ii) until such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act,, the Company shall provide to each Participant the information described in

paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants or by written notice to the Participants of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Company may request that Participants agree to keep the information to be provided pursuant to this section confidential. If a Participant does not agree to keep the information to be provided pursuant to this section confidential, then the Company will not be required to provide the information unless otherwise required pursuant to Rule 12h-1(f)(1) under the Exchange Act (if the Company is relying on the Rule 12h-1(f) Exemption) or Rule 701 of the Securities Act (if the Company is relying on the exemption pursuant to Rule 701 of the Securities Act).

Exhibit 10.5

SUNRUN INC.

2013 EQUITY INCENTIVE PLAN

(as amended and restated as of March 20, 2014)

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

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

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

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

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

(b) "Applicable Laws" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are, or will be, granted under the Plan.

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

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

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

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

(i) Change in Ownership of the Company. A change in the ownership of the Company which occurs on the date that any one person, or more than one person acting as a group ("Person"), acquires ownership of the stock of the Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Company, except that any change in the ownership of the stock of the Company as a result of a private financing of the Company that is approved by the Board will not be considered a Change in Control; or

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

(iii) Change in Ownership of a Substantial Portion of the Company's Assets. A change in the ownership of a substantial portion of the Company's assets which occurs on the date that any Person acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this Section 2(f), persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

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

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

(g) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a section of the Code herein will be a reference to any successor or amended section of the Code.

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

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

(j) "Company" means Sunrun Inc., a Delaware corporation, or any successor thereto.

(k) "Consultant" means any person, including an advisor, engaged by the Company or a Parent or Subsidiary to render services to such entity.

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

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

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

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

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

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

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

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

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

Notwithstanding the foregoing, if the determination date for the Fair Market Value occurs on a weekend or holiday, the Fair Market Value will be the price as determined in accordance with subsections (i) through (iii) above (as applicable) on the next business day, unless otherwise determined by the Administrator.

(r) "Incentive Stock Option" means an Option that by its terms qualifies and is otherwise intended to qualify as an incentive stock option within the meaning of Code Section 422 and the regulations promulgated thereunder.

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

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

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

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

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

(x) "Plan" means this 2013 Equity Incentive Plan.

(y) "Restricted Stock" means Shares issued pursuant to an Award of Restricted Stock under Section 8 of the Plan, or issued pursuant to the early exercise of an Option.

(z) "Restricted Stock Unit" means a bookkeeping entry representing an amount equal to the Fair Market Value of one Share, granted pursuant to Section 9. Each Restricted Stock Unit represents an unfunded and unsecured obligation of the Company.

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

(bb) "Share" means a share of the Common Stock, as adjusted in accordance with Section 13 of the Plan.

(cc) "Stock Appreciation Right" means an Award, granted alone or in connection with an Option, that pursuant to Section 7 is designated as a Stock Appreciation Right.

(dd) "Subsidiary" means a "subsidiary corporation," whether now or hereafter existing, as defined in Code Section 424(f).

3. Stock Subject to the Plan.

(a) Stock Subject to the Plan. Subject to the provisions of Section 13 of the Plan, the maximum aggregate number of Shares that may be subject to Awards and sold under the Plan is 4,391,000 Shares, plus (i) any Shares that, as of the date of stockholder approval of this Plan, have been reserved but not issued pursuant to any awards granted under the SunRun Inc. 2008 Equity Incentive Plan (the "Prior Plan") and are not subject to any awards granted thereunder, and (ii) any Shares subject to stock options or similar awards granted under the Prior Plan that expire or otherwise terminate without having been exercised in full and Shares issued pursuant to awards granted under the Prior Plan that are forfeited to or repurchased by the Company, with the maximum number of Shares to be added to the Plan pursuant to clauses (i) and (ii) equal to 8,044,829 Shares. The Shares may be authorized but unissued, or reacquired Common Stock.

(b) Lapsed Awards. If an Award expires or becomes unexercisable without having been exercised in full, is surrendered pursuant to an Exchange Program, or, with respect to Restricted Stock or Restricted Stock Units, is forfeited to or repurchased by the Company due to the failure to vest, the unpurchased Shares (or for Awards other than Options or Stock Appreciation Rights the forfeited or repurchased Shares) which were subject thereto will become available for future grant or sale under the Plan (unless the Plan has terminated). With respect to Stock Appreciation Rights, only Shares actually issued pursuant to a Stock Appreciation Right will cease to be available under the Plan; all remaining Shares under Stock Appreciation Rights will remain available for future grant or sale under the Plan (unless the Plan has terminated). Shares that have actually been issued under the Plan under any Award will not be returned to the Plan and will not become available for future distribution under the Plan; provided, however, that if Shares issued pursuant to Awards of Restricted Stock or Restricted Stock Units are repurchased by the Company or are forfeited to the Company due to the failure to vest, such Shares will become available for future grant under the Plan. Shares used to pay the exercise price of an Award or to satisfy the tax withholding obligations related to an Award will become available for future grant or sale under the Plan. To the extent an Award under the Plan is paid out in cash rather than Shares, such cash payment will not result in reducing the number of Shares available for issuance under the Plan. Notwithstanding the foregoing and, subject to adjustment as provided in Section 13, the maximum number of Shares that may be issued upon the exercise of Incentive Stock Options will equal the aggregate Share number stated in Section 3(a), plus, to the extent allowable under Code Section 422 and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Section 3(b).

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

4. Administration of the Plan.

(a) Procedure.

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

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

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

(i) to determine the Fair Market Value;

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

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

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

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

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

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

(viii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws;

(ix) to modify or amend each Award (subject to Section 18(c) of the Plan), including but not limited to the discretionary authority to extend the post-termination exercisability period of Awards and to extend the maximum term of an Option (subject to Section 6(d));

(x) to allow Participants to satisfy withholding tax obligations in a manner prescribed in Section 14;

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

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

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

(c) Effect of Administrator's Decision. The Administrator's decisions, determinations and interpretations will be final and binding on all Participants and any other holders of Awards.

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

6. Stock Options.

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

(b) Option Agreement. Each Award of an Option will be evidenced by an Award Agreement that will specify the exercise price, the term of the Option, the number of Shares subject to the Option, the exercise restrictions, if any, applicable to the Option, and such other terms and conditions as the Administrator, in its sole discretion, will determine.

(c) Limitations. Each Option will be designated in the Award Agreement as either an Incentive Stock Option or a Nonstatutory Stock Option. Notwithstanding such designation, however, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds one hundred thousand dollars ($100,000), such Options will be treated as Nonstatutory Stock Options. For purposes of this Section 6(c), Incentive Stock Options will be taken into account in the order in which they were granted, the Fair Market Value of the Shares will be determined as of the time the Option with respect to such Shares is granted, and calculation will be performed in accordance with Code Section 422 and Treasury Regulations promulgated thereunder.

(d) Term of Option. The term of each Option will be stated in the Award Agreement; provided, however, that the term will be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to a Participant who, at the time the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option will be five (5) years from the date of grant or such shorter term as may be provided in the Award Agreement.

(e) Option Exercise Price and Consideration.

(i) Exercise Price. The per Share exercise price for the Shares to be issued pursuant to the exercise of an Option will be determined by the Administrator, but will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. In addition, in the case of an Incentive Stock Option granted to an Employee who owns stock

representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price will be no less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant. Notwithstanding the foregoing provisions of this Section 6(e)(i), Options may be granted with a per Share exercise price of less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Code Section 424(a).

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

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

(f) Exercise of Option.

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

An Option will be deemed exercised when the Company receives: (i) notice of exercise (in such form as the Administrator may specify from time to time) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised (together with applicable tax withholding). Full payment may consist of any consideration and method of payment authorized by the Administrator and permitted by the Award Agreement and the Plan. Shares issued upon exercise of an Option will be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder will exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option. The Company will issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 13 of the Plan.

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

(ii) Termination of Relationship as a Service Provider. If a Participant ceases to be a Service Provider, other than upon the Participant's termination as the result of the Participant's death or Disability, the Participant may exercise his or her Option within thirty (30) days of termination, or such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent that the Option is vested on the date of termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iii) Disability of Participant. If a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within six (6) months of termination, or such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent the Option is vested on the date of termination. Unless otherwise provided by the Administrator, if on the date of termination the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If after termination the Participant does not exercise his or her Option within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

(iv) Death of Participant. If a Participant dies while a Service Provider, the Option may be exercised within six (6) months following the Participant's death, or within such longer period of time as is specified in the Award Agreement (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement) to the extent that the Option is vested on the date of death, by the Participant's designated beneficiary, provided such beneficiary has been designated prior to the Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person(s) to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

7. Stock Appreciation Rights.

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

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

(c) Exercise Price and Other Terms. The per Share exercise price for the Shares that will determine the amount of the payment to be received upon exercise of a Stock Appreciation Right as set forth in Section 7(f) will be determined by the Administrator and will be no less than one hundred percent (100%) of the Fair Market Value per Share on the date of grant. Otherwise, the Administrator, subject to the provisions of the Plan, will have complete discretion to determine the terms and conditions of Stock Appreciation Rights granted under the Plan.

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

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

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

(i) The difference between the Fair Market Value of a Share on the date of exercise over the exercise price; times

(ii) The number of Shares with respect to which the Stock Appreciation Right is exercised.

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

8. Restricted Stock.

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

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

(c) Transferability. Except as provided in this Section 8 or as the Administrator determines, Shares of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction.

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

(e) Removal of Restrictions. Except as otherwise provided in this Section 8, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan will be released from escrow as soon as practicable after the last day of the Period of Restriction or at such other time as the Administrator may determine. The Administrator, in its discretion, may accelerate the time at which any restrictions will lapse or be removed.

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

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

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

9. Restricted Stock Units.

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

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

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

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

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

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

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

12. Limited Transferability of Awards.

(a) Unless determined otherwise by the Administrator, Awards may not be sold, pledged, assigned, hypothecated, or otherwise transferred in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, such Award may only be transferred (i) by will, (ii) by the laws of descent and distribution, or (iii) as permitted by Rule 701 of the Securities Act of 1933, as amended (the "Securities Act").

(b) Further, during the period the Company is relying upon the exemption from registration provided in Rule 12h-1(f)(1) promulgated under the Exchange Act (the "Rule 12h-1(f) Exemption") until the Company either (i) becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or (ii) is no longer relying upon the Rule 12h-1(f) Exemption, an Option, or prior to exercise, the Shares subject to the Option, may not be pledged, hypothecated or otherwise transferred or disposed of, in any manner, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than to (x) persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (y) to an executor or guardian of the Participant upon the death or disability of the Participant, in each case, to the extent required for continued reliance on the Rule 12h-1(f) Exemption. Notwithstanding the foregoing sentence, the Administrator, in its sole discretion, may determine to permit transfers to the Company or in connection with a Change in Control or other acquisition transactions involving the Company to the extent permitted by Rule 12h-1(f) or, if the Company is not relying on the Rule 12h-1(f) Exemption, to the extent permitted by the Plan.

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

(a) Adjustments. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, or other change in the corporate structure of the Company affecting the Shares occurs, the Administrator, in order to prevent diminution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will adjust the number and class of shares of stock that may be delivered under the Plan and/or the number, class, and price of shares of stock covered by each outstanding Award; provided, however, that the Administrator will make such adjustments to an Award required by Section 25102(o) of the California Corporations Code to the extent the Company is relying upon the exemption afforded thereby with respect to the Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator will notify each Participant as soon as practicable prior to the effective date of such proposed transaction. To the extent it has not been previously exercised, an Award will terminate immediately prior to the consummation of such proposed action.

(c) Merger or Change in Control. In the event of a merger of the Company with or into another corporation or other entity or a Change in Control, each outstanding Award will be treated as the Administrator determines (subject to the provisions of the following paragraph) without a Participant's consent, including, without limitation, that (i) Awards will be assumed, or substantially equivalent Awards will be substituted, by the acquiring or succeeding corporation (or an affiliate thereof) with appropriate adjustments as to the number and kind of shares and prices; (ii) upon written notice to a Participant, that the Participant's Awards will terminate upon or immediately prior to the consummation of such merger or Change in Control; (iii) outstanding Awards will vest and become exercisable, realizable, or payable, or restrictions applicable to an Award will lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Administrator determines, terminate upon or immediately prior to the

effectiveness of such merger or Change in Control; (iv) (A) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), or (B) the replacement of such Award with other rights or property selected by the Administrator in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subsection 13(c), the Administrator will not be obligated to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly.

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

For the purposes of this subsection 13(c), an Award will be considered assumed if, following the merger or Change in Control, the Award confers the right to purchase or receive, for each Share subject to the Award immediately prior to the merger or Change in Control, the consideration (whether stock, cash, or other securities or property) received in the merger or Change in Control by holders of Common Stock for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or Change in Control is not solely common stock of the successor corporation or its Parent, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of an Option or Stock Appreciation Right or upon the payout of a Restricted Stock Unit, for each Share subject to such Award, to be solely common stock of the successor corporation or its Parent equal in fair market value to the per share consideration received by holders of Common Stock in the merger or Change in Control.

Notwithstanding anything in this Section 13(c) to the contrary, an Award that vests, is earned or paid-out upon the satisfaction of one or more performance goals will not be considered assumed if the Company or its successor modifies any of such performance goals without the Participant's consent; provided, however, a modification to such performance goals only to reflect the successor corporation's post-Change in Control corporate structure will not be deemed to invalidate an otherwise valid Award assumption.

Notwithstanding anything in this Section 13(c) to the contrary, if a payment under an Award Agreement is subject to Code Section 409A and if the change in control definition contained in the Award Agreement does not comply with the definition of "change of control" for purposes of a distribution under Code Section 409A, then any payment of an amount that is otherwise accelerated under this Section will be delayed until the earliest time that such payment would be permissible under Code Section 409A without triggering any penalties applicable under Code Section 409A.

14. Tax Withholding.

(a) Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local, foreign or other taxes (including the Participant's FICA obligation) required to be withheld with respect to such Award (or exercise thereof).

(b) Withholding Arrangements. The Administrator, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit a Participant to satisfy such tax withholding obligation, in whole or in part by (without limitation) (i) paying cash, (ii) electing to have the Company withhold otherwise deliverable Shares having a Fair Market Value equal to the minimum statutory amount required to be withheld, (iii) delivering to the Company already-owned Shares having a Fair Market Value equal to the statutory amount required to be withheld, provided the delivery of such Shares will not result in any adverse accounting consequences, as the Administrator determines in its sole discretion, or (iv) selling a sufficient number of Shares otherwise deliverable to the Participant through such means as the Administrator may determine in its sole discretion (whether through a broker or otherwise) equal to the amount required to be withheld. The amount of the withholding requirement will be deemed to include any amount which the Administrator agrees may be withheld at the time the election is made, not to exceed the amount determined by using the maximum federal, state or local marginal income tax rates applicable to the Participant with respect to the Award on the date that the amount of tax to be withheld is to be determined. The Fair Market Value of the Shares to be withheld or delivered will be determined as of the date that the taxes are required to be withheld.

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

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

17. Term of Plan. Subject to Section 21 of the Plan, the Plan will become effective upon its adoption by the Board. Unless sooner terminated under Section 18, it will continue in effect for a term of ten (10) years from the later of (a) the effective date of the Plan, or (b) the earlier of the most recent Board or stockholder approval of an increase in the number of Shares reserved for issuance under the Plan.

18. Amendment and Termination of the Plan.

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

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

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

19. Conditions Upon Issuance of Shares.

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

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

20. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, will relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority will not have been obtained.

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

22. Information to Participants. If and as required (i) pursuant to Rule 701 of the Securities Act, if the Company is relying on the exemption from registration provided pursuant to Rule 701 of the Securities Act with respect to the applicable Award, and/or (ii) pursuant to Rule 12h-1(f) of the Exchange Act, to the extent the Company is relying on the Rule 12h-(1)(f) Exemption, then during the period of reliance on the applicable exemption and in each case of (i) and (ii) until

such time as the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act,, the Company shall provide to each Participant the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants or by written notice to the Participants of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Company may request that Participants agree to keep the information to be provided pursuant to this section confidential. If a Participant does not agree to keep the information to be provided pursuant to this section confidential, then the Company will not be required to provide the information unless otherwise required pursuant to Rule 12h-1(f)(1) under the Exchange Act (if the Company is relying on the Rule 12h-1(f) Exemption) or Rule 701 of the Securities Act (if the Company is relying on the exemption pursuant to Rule 701 of the Securities Act).

SUNRUN INC.

2013 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

Unless otherwise defined herein, the terms defined in the 2013 Equity Incentive Plan (the "Plan") shall have the same defined meanings in this Stock Option Agreement (the "Option Agreement").

1. Grant of Option. The Administrator of the Company hereby grants to the Participant named in the Notice of Stock Option Grant in Part I of this Agreement ("Participant"), an option (the "Option") to purchase the number of Shares set forth in the Notice of Stock Option Grant, at the exercise price per Share set forth in the Notice of Stock Option Grant (the "Exercise Price"), and subject to the terms and conditions of the Plan, which is incorporated herein by reference. Subject to Section 18 of the Plan, in the event of a conflict between the terms and conditions of the Plan and this Option Agreement, the terms and conditions of the Plan shall prevail.

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

2. Exercise of Option.

(a) Right to Exercise. This Option shall be exercisable during its term in accordance with the Vesting Schedule set out in the Notice of Stock Option Grant and with the applicable provisions of the Plan and this Option Agreement.

(b) Method of Exercise. This Option shall be exercisable by delivery of an exercise notice in the form attached as Exhibit A (the "Exercise Notice") or in a manner and pursuant to such procedures as the Administrator may determine, which shall state the election to exercise the Option, the number of Shares with respect to which the Option is being exercised (the "Exercised Shares"), and such other representations and agreements as may be required by the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Shares, together with any applicable tax withholding. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by the aggregate Exercise Price, together with any applicable tax withholding.

(c) Termination Period. This Option shall be exercisable for three (3) months after Participant ceases to be a Service Provider, unless such termination is due to Participant's death or Disability, in which case this Option shall be exercisable for twelve (12) months after Participant ceases to be a Service Provider. Notwithstanding the foregoing sentence, in no event may this Option be exercised after the Term/Expiration Date as provided above and this Option may be subject to earlier termination as provided in Section 13 of the Plan.

No Shares shall be issued pursuant to the exercise of an Option unless such issuance and such exercise comply with Applicable Laws. Assuming such compliance, for income tax purposes the Shares shall be considered transferred to Participant on the date on which the Option is exercised with respect to such Shares.

3. Participant's Representations. In the event the Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), at the time this Option is exercised, Participant shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B.

4. Lock-Up Period. Participant hereby agrees that Participant shall not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Common Stock (or other securities) of the Company or enter into any swap, hedging or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Common Stock (or other securities) of the Company held by Participant (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock (or other securities) of the Company not to exceed one hundred and eighty (180) days following the effective date of any registration statement of the Company filed under the Securities Act (or such other period as may be requested by the Company or the underwriters to accommodate regulatory restrictions on (i) the publication or other distribution of research reports and (ii) analyst recommendations and opinions, including, but not limited to, the restrictions contained in NASD Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto).

Participant agrees to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriter which are consistent with the foregoing or which are necessary to give further effect thereto. In addition, if requested by the Company or the representative of the underwriters of Common Stock (or other securities) of the Company, Participant shall provide, within ten (10) days of such request, such information as may be required by the Company or such representative in connection with the completion of any public offering of the Company's securities pursuant to a registration statement filed under the Securities Act. The obligations described in this Section 4 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms that may be promulgated in the future, or a registration relating solely to a Commission Rule 145 transaction on Form S-4 or similar forms that may be promulgated in the future. The Company may impose stop-transfer instructions with respect to the shares of Common Stock (or other securities) subject to the foregoing restriction until the end of said one hundred and eighty (180) day (or other) period. Participant agrees that any transferee of the Option or shares acquired pursuant to the Option shall be bound by this Section 4.

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

(a) cash;

(b) check;

(c) consideration received by the Company under a formal cashless exercise program adopted by the Company in connection with the Plan; or

(d) surrender of other Shares which (i) shall be valued at its Fair Market Value on the date of exercise, and (ii) must be owned free and clear of any liens, claims, encumbrances or security interests, if accepting such Shares, in the sole discretion of the Administrator, shall not result in any adverse accounting consequences to the Company.

6. Restrictions on Exercise. This Option may not be exercised until such time as the Plan has been approved by the stockholders of the Company, or if the issuance of such Shares upon such exercise or the method of payment of consideration for such shares would constitute a violation of any Applicable Law.

7. Non-Transferability of Option.

(a) This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of Participant only by Participant. The terms of the Plan and this Option Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of Participant.

(b) Further, until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or after the Administrator determines that it is, will, or may no longer be relying upon the exemption from registration of Options under the Exchange Act as set forth in Rule 12h-1(f) promulgated under the Exchange Act (the "Reliance End Date"), Participant shall not transfer this Option or, prior to exercise, the Shares subject to this Option, in any manner other than (i) to persons who are "family members" (as defined in Rule 701(c)(3) of the Securities Act) through gifts or domestic relations orders, or (ii) to an executor or guardian of Participant upon the death or disability of Participant. Until the Reliance End Date, the Options and, prior to exercise, the Shares subject to this Option, may not be pledged, hypothecated or otherwise transferred or disposed of, including by entering into any short position, any "put equivalent position" or any "call equivalent position" (as defined in Rule 16a-1(h) and Rule 16a-1(b) of the Exchange Act, respectively), other than as permitted in clauses (i) and (ii) of this paragraph.

8. Term of Option. This Option may be exercised only within the term set out in the Notice of Stock Option Grant, and may be exercised during such term only in accordance with the Plan and the terms of this Option Agreement.

9. Tax Obligations.

(a) Tax Withholding. Participant agrees to make appropriate arrangements with the Company (or the Parent or Subsidiary employing or retaining Participant) for the satisfaction of all Federal, state, local and foreign income and employment tax withholding requirements applicable to the Option exercise. Participant acknowledges and agrees that the Company may refuse to honor the exercise and refuse to deliver the Shares if such withholding amounts are not delivered at the time of exercise.

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

(c) Code Section 409A. Under Code Section 409A, an Option that vests after December 31, 2004 (or that vested on or prior to such date but which was materially modified after October 3, 2004) that was granted with a per Share exercise price that is determined by the Internal Revenue Service (the "IRS") to be less than the Fair Market Value of a Share on the date of grant (a "discount option") may be considered "deferred compensation." An Option that is a "discount option" may result in (i) income recognition by Participant prior to the exercise of the Option, (ii) an additional twenty percent (20%) federal income tax, and (iii) potential penalty and interest charges. The "discount option" may also result in additional state income, penalty and interest tax to the Participant. Participant acknowledges that the Company cannot and has not guaranteed that the IRS will agree that the per Share exercise price of this Option equals or exceeds the Fair Market Value of a Share on the date of grant in a later examination. Participant agrees that if the IRS determines that the Option was granted with a per Share exercise price that was less than the Fair Market Value of a Share on the date of grant, Participant shall be solely responsible for Participant's costs related to such a determination.

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

11. No Guarantee of Continued Service. PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE VESTING SCHEDULE HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) AND NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER. PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT, THE TRANSACTIONS

CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH HEREIN DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE OF CONTINUED ENGAGEMENT AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH PARTICIPANT'S RIGHT OR THE RIGHT OF THE COMPANY (OR THE PARENT OR SUBSIDIARY EMPLOYING OR RETAINING PARTICIPANT) TO TERMINATE PARTICIPANT'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Option subject to all of the terms and provisions thereof. Participant has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Participant further agrees to notify the Company upon any change in the Participant's residence address on file with the Company.

EXHIBIT A

2013 EQUITY INCENTIVE PLAN

EXERCISE NOTICE

Sunrun Inc.
595 Market Street, 29th Floor
San Francisco, CA 94105

Attention: Chief Executive Officer

1. Exercise of Option. Effective as of today, , , the undersigned ("Participant") hereby elects to exercise Participant's option (the "Option") to purchase shares of the Common Stock (the "Shares") of Sunrun Inc. (the "Company") under and pursuant to the 2013 Equity Incentive Plan (the "Plan") and Stock Option Agreement (the "Option Agreement").

2. Delivery of Payment. Participant herewith delivers to the Company the full purchase price of the Shares, as set forth in the Option Agreement, and any and all withholding taxes due in connection with the exercise of the Option.

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

4. Rights as Stockholder. Until the issuance of the Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Common Stock subject to an Award, notwithstanding the exercise of the Option. The Shares shall be issued to Participant as soon as practicable after the Option is exercised in accordance with the Option Agreement. No adjustment shall be made for a dividend or other right for which the record date is prior to the date of issuance except as provided in Section 13 of the Plan.

5. Company's Right of First Refusal. Before any Shares held by Participant or any transferee (either being sometimes referred to herein as the "Holder") may be sold or otherwise transferred (including transfer by gift or operation of law), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section 5 (the "Right of First Refusal").

(a) Notice of Proposed Transfer. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (i) the Holder's bona fide intention to sell or otherwise transfer such Shares; (ii) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (iii) the number of Shares to be transferred to each Proposed Transferee;

and (iv) the bona fide cash price or other consideration for which the Holder proposes to transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(b) Exercise of Right of First Refusal. At any time within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may, by giving written notice to the Holder, elect to purchase all, but not less than all, of the Shares proposed to be transferred to any one or more of the Proposed Transferees, at the purchase price determined in accordance with subsection (c) below.

(c) Purchase Price. The purchase price ("Purchase Price") for the Shares purchased by the Company or its assignee(s) under this Section 5 shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Board of Directors of the Company in good faith.

(d) Payment. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(e) Holder's Right to Transfer. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section 5, then the Holder may sell or otherwise transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other transfer is consummated within one hundred and twenty (120) days after the date of the Notice, that any such sale or other transfer is effected in accordance with any applicable securities laws and that the Proposed Transferee agrees in writing that the provisions of this Section 5 shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal before any Shares held by the Holder may be sold or otherwise transferred.

(f) Exception for Certain Family Transfers. Anything to the contrary contained in this Section 5 notwithstanding, the transfer of any or all of the Shares during the Participant's lifetime or on the Participant's death by will or intestacy to the Participant's immediate family or a trust for the benefit of the Participant's immediate family shall be exempt from the provisions of this Section 5. "Immediate Family" as used herein shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister. In such case, the transferee or other recipient shall receive and hold the Shares so transferred subject to the provisions of this Section 5, and there shall be no further transfer of such Shares except in accordance with the terms of this Section 5.

(g) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to any Shares upon the earlier of (i) the first sale of Common Stock of the Company to the general public, or (ii) a Change in Control in which the successor corporation has equity securities that are publicly traded.

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

7. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Participant understands and agrees that the Company shall cause the legends set forth below or legends substantially equivalent thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by the Company or by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT OR, IN THE OPINION OF COUNSEL SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND A RIGHT OF FIRST REFUSAL HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER FOR A PERIOD OF TIME FOLLOWING THE EFFECTIVE DATE OF THE UNDERWRITTEN PUBLIC OFFERING OF THE COMPANY'S SECURITIES SET FORTH IN AN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES AND MAY NOT BE SOLD OR OTHERWISE DISPOSED OF BY THE HOLDER PRIOR TO THE EXPIRATION OF SUCH PERIOD WITHOUT THE CONSENT OF THE COMPANY OR THE MANAGING UNDERWRITER.

(b) Stop-Transfer Notices. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Exercise Notice or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

8. Successors and Assigns. The Company may assign any of its rights under this Exercise Notice to single or multiple assignees, and this Exercise Notice shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Exercise Notice shall be binding upon Participant and his or her heirs, executors, administrators, successors and assigns.

9. Interpretation. Any dispute regarding the interpretation of this Exercise Notice shall be submitted by Participant or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on all parties.

10. Governing Law; Severability. This Exercise Notice is governed by the internal substantive laws, but not the choice of law rules, of California. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Exercise Notice shall continue in full force and effect.

11. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Exercise Notice, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof, and may not be modified adversely to the Participant's interest except by means of a writing signed by the Company and Participant.

Submitted by:
PARTICIPANT

Signature

Print Name

Address:

Accepted by:
SUNRUN INC.

By

Print Name

Title

Address:

Date Received

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT :
COMPANY : SUNRUN INC.
SECURITY : COMMON STOCK
AMOUNT :
DATE :

In connection with the purchase of the above-listed Securities, the undersigned Participant represents to the Company the following:

(a) Participant is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Participant is acquiring these Securities for investment for Participant's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Participant acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Participant's investment intent as expressed herein. In this connection, Participant understands that, in the view of the Securities and Exchange Commission, the statutory basis for such exemption may be unavailable if Participant's representation was predicated solely upon a present intention to hold these Securities for the minimum capital gains period specified under tax statutes, for a deferred sale, for or until an increase or decrease in the market price of the Securities, or for a period of one (1) year or any other fixed period in the future. Participant further understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Participant further acknowledges and understands that the Company is under no obligation to register the Securities. Participant understands that the certificate evidencing the Securities shall be imprinted with any legend required under applicable state securities laws.

(c) Participant is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Participant, the exercise shall be exempt from registration

under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of the applicable conditions specified by Rule 144, including in the case of affiliates (1) the availability of certain public information about the Company, (2) the amount of Securities being sold during any three (3) month period not exceeding specified limitations, (3) the resale being made in an unsolicited "broker's transaction", transactions directly with a "market maker" or "riskless principal transactions" (as those terms are defined under the Securities Exchange Act of 1934) and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which may require (i) the availability of current public information about the Company; (ii) the resale to occur more than a specified period after the purchase and full payment (within the meaning of Rule 144) for the Securities; and (iii) in the case of the sale of Securities by an affiliate, the satisfaction of the conditions set forth in sections (2), (3) and (4) of the paragraph immediately above.

(d) Participant further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption shall be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 shall have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Participant understands that no assurances can be given that any such other registration exemption shall be available in such event.

PARTICIPANT

_____

Signature

_____

Print Name

_____

Date

Exhibit 10.6

SUNRUN INC.

AMENDED AND RESTATED 2008 EQUITY INCENTIVE PLAN

1. Establishment, Objectives and Duration

1.1 **Establishment of the Plan.** Sunrun Inc., a Delaware corporation, has adopted this "**Sunrun Inc. 2008 Equity Incentive Plan.**" Capitalized terms will have the meanings given to them in Article 2. The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, and Restricted Stock.

1.2 **Objectives of the Plan.** The Plan's purpose is to optimize the profitability and growth of the Company through long-term incentives that are consistent with the Company's objectives and that link Participants' interests to those of the Company's stockholders; to give Participants an incentive for excellence in individual performance; to promote teamwork among Participants; and to give the Company a significant advantage in attracting and retaining key employees, directors and consultants.

1.3 Effective Date.

(a) The Plan will be effective June 20, 2008. The Plan must be approved by the Company's stockholders by the later of (1) within 12 months of the date the plan is adopted or the date the agreement is entered into; or (2) prior to or within 12 months of the granting of any option or issuance of any Shares under the Plan. Any Options granted to stockholders that are exercised prior to stockholder approval must be rescinded if stockholder approval is not obtained in the manner described in the preceding sentence. The Board may make Awards and issue Shares under the Plan at any time after the Plan's Effective Date.

(b) Options must be granted within 10 years from the Effective Date.

2. Definitions

Whenever used in the Plan, the following terms have the meanings set forth below, and when the meaning is intended, the initial letter of the word will be capitalized:

"**Advisor**" means a consultant, advisor or other independent service provider to any of the Company Parties.

"**Affiliate**" means any corporation that is a parent or subsidiary corporation (as Code Sections 424(e) and (f) define those terms) with respect to the Company.

"**Award**" means, individually or collectively, a grant under this Plan to a Participant of Nonqualified Stock Options, Incentive Stock Options, or Restricted Stock.

"**Award Agreement**" means an agreement entered into between the Company and a Participant setting forth the terms and provisions applicable to an Award or Awards granted to the Participant.

"**Board**" or "**Board of Directors**" means the Board of Directors of the Company.

"**Change in Control**" means (i) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, merger or reorganization in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, continue to hold at least a majority of the voting power of the surviving entity in substantially the same proportions (or, if the surviving entity is a wholly owned subsidiary, its parent) immediately after such consolidation, merger or reorganization; (ii) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred; *provided that* an acquisition shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof; or (iii) a sale, lease, exclusive license or other disposition of all or substantially all of the assets of the Company.

"**Code**" means the Internal Revenue Code of 1986, as amended from time to time.

"**Committee**" means, as specified in Article 3, a Committee the Board may appoint to administer the Plan.

"**Common Stock**" means the Company's Common Stock.

"**Company**" means Sunrun Inc., a Delaware corporation, and any successor thereto as provided in Article 14.

"**Company Parties**" means, collectively and without duplication, the Company and any of its Affiliates.

"**Designated Beneficiary**" means the Person or Persons the Participant designates in a signed writing, filed with the Company, as the beneficiary of any amounts or benefits the Participant owns or is to receive under the Plan. If the Participant has not designated a beneficiary under the Plan, or if the Participant's Designated Beneficiary is not living on the relevant date hereunder, the Company will treat the Participant's estate as the Designated Beneficiary.

"**Director**" means any individual who is a member of the board of directors of any of the Company Parties.

"**Disability**" will have the meaning set forth in any employment, consulting, or other agreement between any of the Company Parties and the Participant which agreement shall be determinative. Only if there is no employment, consulting, or other agreement between any of the Company Parties and the Participant, or if such agreement does not define "Disability**,**" then "Disability" will mean (i) any permanent physical or mental incapacity or disability rendering the Participant unable or unfit to perform effectively the duties and obligations of the Participant's

Service, or (ii) any illness, accident, injury, physical or mental incapacity or other disability, which condition is expected to be permanent or long-lasting and has rendered the Participant unable or unfit to perform effectively the duties and obligations of the Participant's Service for a period of at least 90 days in any twelve-consecutive month period (in either case, as determined in the good faith judgment of the Board.

"**Disqualifying Disposition**" shall have the meaning set forth in Section 8.9.

"**Drag-Along Notice**" shall have the meaning set forth in Section 8.7.

"**Drag-Along Right**" shall have the meaning set forth in Section 8.7.

"**Effective Date**" means June 20, 2008.

"**Employee**" means a person employed by the Company or an Affiliate in a common law employee-employer relationship.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

"**Exercise Price**" means the price at which a Participant may purchase a Share pursuant to an Option.

"**Fair Market Value**" means, as it relates to Common Stock: (i) after a Public Offering, the closing price of such Common Stock as reported on the principal national securities exchange on which the shares of Common Stock are then listed on the Award Date, as defined in the applicable Award Agreement, or if there were no sales on such date, on the next preceding day on which there were sales, or if such Common Stock is not listed on a national securities exchange, the last reported bid price in the over-the-counter market; or (ii) before a Public Offering, the Board shall determine Fair Market Value on the basis of such considerations as the Board deems important and consistent with Section 260.140.50 of Title 10 of the California Code of Regulations and Section 409A of the Code.

"**Incentive Stock Option**" or "**ISO**" means an option to purchase Shares granted under Article 6 that the Board designates as an Incentive Stock Option, and that is intended to meet the requirements of Code Section 422.

"**Nonqualified Stock Option**" or "**NQSO**" means an option to purchase Shares granted under Article 6 that is not intended to meet the requirements of Code Section 422.

"**Option**" means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6.

"**Owned Shares**" means Shares that a Participant has acquired through the exercise of an Option or the vesting of Restricted Stock, in accordance with Article 6 or 7, and the terms of any Award Agreement.

"**Participant**" means a Person whom the Board has selected to receive an Award under the Plan, pursuant to Section 5.2, or who has an outstanding Award granted under the Plan.

"**Person**" means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization and any governmental entity or any department, agency or political subdivision thereof.

"**Plan**" means the Sunrun Inc. 2008 Equity Incentive Plan, as set forth in this document, as from time to time amended.

"**Public Offering**" means any sale of the Company's common stock pursuant to an effective registration statement under the Securities Act of 1933, as amended from time to time, or any successor act thereto, filed with the Securities and Exchange Commission; *provided that* the following shall not be considered a public offering: (i) any issuance of common equity securities by the Company as consideration for a merger or acquisition, (ii) any issuance of common securities to employees, directors or consultants of any of the Company or any of its Affiliates as part of an incentive or compensation plan, (iii) any issuance of common equity securities as part of a unit with debt or preferred stock or any similar structure in which the common equity securities are being offered primarily as a means of enhancing the Company's ability to sell the debt or preferred stock and (iv) the issuance of common stock by the Company upon conversion of any preferred stock of the Company.

"**Redemption Value**" means the amount the Company will pay to the Participant in redemption of the Participant's Owned Shares following the Company's exercise of its Repurchase Right. The Redemption Value of the Participant's Owned Shares will be the value set forth in the Award Agreement.

"**Repurchase Right**" shall have the meaning set forth in Section 7.5.

"**Restricted Period**" means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance objectives, or the occurrence of other events as the Board determines, in its discretion), and/or the Restricted Stock is not vested.

"**Restricted Stock**" means a contingent grant of Shares awarded to a Participant pursuant to Article 7.

"**Retirement**" means termination of Service on or after reaching the age established by the Company as the normal retirement age in any unexpired employment, consulting or other agreement between the Participant and the Company and/or an Affiliate, or, if different, a qualified retirement plan sponsored by the Company.

"**Right of First Refusal**" shall have the meaning set forth in Section 8.3.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time,

"**Service**" means the provision of services in the capacity of (i) an employee of the Company or an Affiliate, (ii) a non-employee member of the Company's Board or the board of directors of an Affiliate, or (iii) a consultant or other independent advisor to the Company or an Affiliate.

"**Shares**" means the shares of the Company's Common Stock.

"**Ten Percent Owner**" means any person who owns securities possessing more than 10% of the total combined voting power, as defined in Section 194.5 of the California General Corporate Law, of all classes of securities of the Company or any Affiliate.

"**Transfer Notice**" shall have the meaning set forth in Section 8.3.

3. Administration

3.1 **Plan Administration.** The Plan will be administered by the Board or by a Committee that the Board designates for this purpose. If the Board designates a Committee to administer this Plan, the Board will appoint the Committee members, from time to time, and the Committee members will serve at the Board's discretion. The Committee will act by a majority of its members at the time in office and eligible to vote on any particular matter, and Committee action may be taken either by a vote at a meeting or in writing without a meeting.

3.2 **Authority of the Board.** Except as limited by law and subject to the provisions of this Plan, the Board will have full power to: (i) select eligible Persons to participate in the Plan; (ii) determine the sizes and types of Awards; (iii) determine the terms and conditions of Awards in a manner consistent with the Plan; (iv) construe and interpret the Plan and any agreement or instrument entered into under the Plan; (v) establish, amend or waive rules and regulations for the Plan's administration; and (vi) subject to the provisions of Article 12, amend the Plan or the terms and conditions of any outstanding Award to the extent the terms are within the Board's discretion under in the Plan. Further, the Board will make all other determinations that may be necessary or advisable to administer the Plan. As permitted by law and consistent with Section 3.1, the Board may delegate some or all of its authority under the Plan.

3.3 **Decisions Binding.** All determinations and decisions made by the Board pursuant to the provisions of the Plan will be final, conclusive and binding on all Persons, including, without limitation, the Company, its stockholders, all Affiliates, employees, Participants and their estates and beneficiaries.

4. Shares Subject to the Plan and Maximum Awards

4.1 **Number of Shares Available for Grants.** Subject to adjustment as provided in Section 4.3, the total number of shares that may be subject to Awards under the Plan is Nine Million Nine Hundred Nine Thousand One Hundred Thirty (9,909,130) and this total number of shares shall in no event exceed thirty percent of the outstanding securities of the Company on an as-converted basis unless approved by at least two-thirds of the outstanding securities entitled to vote.

4.2 **Lapsed Awards.** If any Award granted under this Plan is canceled, terminates, expires or lapses for any reason, any Shares subject to the Award will again be available for the grant of an Award under the Plan.

4.3 **Adjustments in Authorized Shares.** If the Shares, as currently constituted, are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company or of another corporation (whether because of merger, consolidation, recapitalization, reclassification, split, reverse split, combination of shares, or otherwise, but not including a Public Offering or other capital infusion from any source) or if the number of Shares is increased through the payment of a stock dividend, provision shall be made so that the Participants shall thereafter be entitled to receive upon vesting of the such Shares, the number of Shares, to which a Participant would have been entitled on such merger, consolidation, recapitalization, reclassification, split, reverse split, combination of shares or payment of stock dividend. If there is any other change in the number or kind of the outstanding Shares, of any stock or other securities into which the outstanding Shares have been changed, or for which they have been exchanged, the Board, in its sole discretion, may adjust any Award already granted or which may be afterward granted.

Fractional Shares resulting from any adjustment in Awards pursuant to this section may be settled in cash or otherwise as the Board determines. The Company will give notice of any adjustment to each Participant who holds an Award that has been adjusted and the adjustment (whether or not such notice is given) will be effective and binding for all Plan purposes.

5. Eligibility and Participation

5.1 **Eligibility.** The following Persons are eligible to receive Awards under this Plan:

(a) any Employee;

(b) any Advisor; and

(c) any non-employee Director.

5.2 **Actual Participation.** The Board will determine, within the limits set forth below, those eligible Persons to whom it will grant Awards. Each eligible Person whom the Board has selected to receive an Award will become a Participant in the Plan upon execution of an Award Agreement.

6. Stock Options

6.1 **Grant of Options.** Subject to the terms and provisions of the Plan, the Board may grant (i) Incentive Stock Options to any Employee, and (ii) Nonqualified Stock Options to any Employee, Advisor or non-employee Director, in the number, and upon the terms, and at any time and from time to time, as the Board determines and sets forth in the Award Agreement.

6.2 **Award Agreement.** Each Option grant will be evidenced by an Award Agreement that specifies the duration of the Option, the number of Shares to which the Option

pertains, the manner, time, and rate of exercise and/or vesting of the Option, and such other provisions as the Board determines and sets forth in the Award Agreement. The Award Agreement will also specify whether the Option is intended to be an ISO or an NQSO.

6.3 **Exercise Price.** Each Option grant and Award Agreement will specify the Exercise Price for each Share subject to an Option, which the Board will determine and which must be greater than or equal to (and not less than) the Fair Market Value of a Share on the date the Option is granted.

6.4 **Duration of Options.** Each Option will expire at the time determined by the Board at the time of grant and set forth in the Award Agreement, but no later than 120 months after the date of its grant.

6.5 **Exercise of Options.** Options will become vested and exercisable at such times and be subject to such restrictions and conditions as the Board in each instance approves and sets forth in each Award Agreement. The Board, in any NQSO Award Agreement, may provide that a Participant may exercise Options before the Options become vested; *provided that* upon the Participant's termination of Service, the Participant will forfeit any Shares attributable to the exercise of any Options that were not vested at the time of such termination of Service. Restrictions and conditions on the exercise of an Option need not be the same for each Award or for each Participant.

6.6 **Payment.** The holder of an Option may exercise the Option only by delivering a written notice of exercise to the Company setting forth the number of Shares as to which the Option is to be exercised, together with full payment at the Exercise Price for the Shares as to which the Option is exercised and any withholding tax relating to the exercise of the Option.

The Exercise Price and any related withholding taxes will be payable to the Company in full either: (a) in cash, or its equivalent, in United States dollars; (b) if permitted in the governing Award Agreement, by tendering Shares the Participant (i) owns and (ii) duly endorses for transfer to the Company, (c) in any combination of cash, certified or cashier's check and Shares described in clause (b); or (d) by any other means the Board determines to be consistent with the Plan's purposes and applicable law.

6.7 **Restrictions on Share Transferability.** The Board may impose such restrictions on any Shares acquired through exercise of an Option as it deems necessary or advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any stock exchange or market upon which the Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to the Shares.

6.8 **Termination of Service.** Each Option Award Agreement will set forth the extent to which the Participant has the right to exercise the Option after his or her termination of Service. These terms will be determined by the Board in its sole discretion, need not be uniform among all Options, and may reflect, without limitation, distinctions based on the reasons for termination of Service; *provided that* all Award Agreements provide for a period of at least 30 days after termination of Service within which the Participant has the right to exercise the Options. If the

Participant's termination of Service is caused by death or Disability, the Participant or Participant's Designated Beneficiary will have a period of at least six (6) months after termination within which to exercise the Options.

6.9 **Nontransferability of Options.** Except as otherwise provided in a Participant's Award Agreement, no Option granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution or to a revocable trust. Further, except as otherwise provided in a Participant's Award Agreement, all Options will be exercisable during the Participant's lifetime only by the Participant or his or her guardian or legal representative. The Board may, in its discretion, require a Participant's guardian or legal representative to supply it with the evidence the Board deems necessary to establish the authority of the guardian or legal representative to act on behalf of the Participant.

6.10 **Incentive Stock Options.** Notwithstanding any other provision of this Article 6, the following special provisions shall apply to any award of Incentive Stock Options:

(a) The Board may award Incentive Stock Options only to Employees.

(b) To the extent that the aggregate Fair Market Value of stock with respect to which Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, such options shall be treated as Non-Qualified Stock Options.

(c) If the Employee to whom the Incentive Stock Option is granted is a Ten Percent Owner of the Company, then: (A) the exercise Price for each share subject to an Option will be at least one hundred ten percent (110%) of the Fair Market Value of the Common Stock on the Award Date; and (B) the Option will expire upon the earlier of (i) the time specified by the Board in the Award Agreement, or (ii) the fifth anniversary of the date of grant.

(d) An Incentive Stock Option must be exercised, if at all, within three months after the Participant's Termination of Service for a reason other than death or Disability and within twelve months after the Participant's Termination of Service for death or Disability.

7. Restricted Stock

7.1 **Grant of Restricted Stock.** Subject to the terms and provisions of the Plan, the Board may, at any time and from time to time, grant Restricted Stock to Employees, Advisors, and/or non-employee Directors in such amounts as it determines and sets forth in the Award Agreement.

7.2 **Award Agreement.** Each Restricted Stock grant will be evidenced by an Award Agreement that specifies the Restricted Periods, the number of Shares granted, the purchase price, if any, and such other provisions as the Board determines and sets forth in the Award Agreement.

7.3 **Nontransferability.** The Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution, until the end of the applicable Restricted Period as specified in the Award Agreement, or upon earlier satisfaction of any other conditions specified by the Board in its sole discretion and set forth in the Award Agreement. All rights with respect to Restricted Stock will be available during the Participant's lifetime only to the Participant or the Participant's guardian or legal representative. The Board may, in its discretion, require a Participant's guardian or legal representative to supply it with evidence the Board deems necessary to establish the authority of the guardian or legal representative to act on behalf of the Participant.

7.4 **Other Restrictions.** The Board may impose such other conditions and/or restrictions on any Restricted Stock as it deems advisable and sets forth in the applicable Award Agreement including, without limitation, restrictions based upon the achievement of specific performance objectives (Company-wide, business unit, and/or individual), time-based restrictions on vesting following the attainment of the performance objectives, and/or restrictions under applicable federal or state securities laws. The Board may provide that restrictions established under this Section as to any given Award will lapse all at once or in installments.

The Company shall retain the certificates representing Shares of Restricted Stock in its possession until all conditions and/or restrictions applicable to the Shares have been satisfied.

7.5 **Repurchase Right.** The Company shall have the right (the "**Repurchase Right**"), exercisable by written notice to the Participant at any time within ninety (90) days after the date of termination of the Participant's employment, to purchase all of the Participant's unvested Restricted Stock. If the Company exercises its Repurchase Right, the purchase price payable by the Company will be the Redemption Value.

7.6 **Payment of Awards.** Except as otherwise provided in Articles 7 and 8, Restricted Stock that becomes Owned Shares will be transferable by the Participant after the last day of the applicable Restricted Period.

7.7 **Voting Rights.** The applicable Award Agreement may (but is not required to) specify that Participants holding Shares of Restricted Stock may exercise any voting rights that apply to those Shares during the Restricted Period.

7.8 **Dividends and Other Distributions.** The applicable Award Agreement may specify that Participants awarded Shares of Restricted Stock hereunder will be credited with regular cash dividends, if any, paid on those Shares during the Restricted Period. Dividends may be paid currently, accrued as contingent cash obligations, or converted into additional Shares of Restricted Stock, upon such terms as the Board establishes. The Board may apply any restrictions it deems advisable to the crediting and payment of dividends and other distributions.

7.9 **Termination of Service.** Each Award Agreement will set forth the extent to which the Participant has the right to retain Restricted Stock after his or her termination of Service with the Company or an Affiliate. These terms will be determined by the Board in its sole discretion, need not be uniform among all Awards of Restricted Stock, and may reflect, without limitation, distinctions based on the reasons for termination of Service.

7.10 **Section 83(b) Election.** The Participant will indicate to the Company whether the Participant intends to make a Section 83(b) election with respect to the Restricted Stock.

8. Purchase and Sales Rights

The provisions of this Article 8, except for Sections 8.1, 8.6 and 8.7 and the Company's obligation to pay the purchase price under Section 8.5, shall terminate upon the completion of a Public Offering.

8.1 **Transferability of Award.** Except as permitted by this Article 8 or with the prior written consent of the Company, the Participant may not sell, transfer, pledge, assign or otherwise alienate or hypothecate any Award. If the Participant sells, transfers, pledges, assigns or otherwise alienates or hypothecates the Award in breach of this Section 8.1, the Company will not be required to transfer the Award on its books or to treat any such transferee as owner of the Award.

8.2 **Transferability of Shares Acquired Upon Exercise of Option or Vesting of Restricted Stock.** Except as permitted by this Article 8 or with the prior written consent of the Company, the Participant may not sell, transfer, pledge, assign or otherwise alienate or hypothecate any Owned Shares. If the Participant sells, transfers, pledges, assigns or otherwise alienates or hypothecates any Owned Shares in breach of this section, the Company will not be required to transfer such Owned Shares on its books or to treat any such transferee as owner of such Owned Shares, to accord the right to vote as such owner or to pay dividends to any such transferee.

8.3 **The Company's Right of First Refusal.** In the event the Participant proposes to sell, pledge or otherwise transfer to a third party any Owned Shares acquired under the Plan, or any interest in such Shares, the Company shall have the "**Right of First Refusal**" with respect to all of such Shares. If the Participant wishes to transfer Owned Shares acquired under the Plan, he or she must give written notice ("**Transfer Notice**") to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price and the name and address of the proposed transferee. The Transfer Notice shall be signed both by the Participant and by the proposed transferee and must constitute a binding commitment of both parties to the transfer of the Shares, subject to the Company's Right of First Refusal.

The Company and its assignees shall have the right (but not the obligation) to purchase any or all of the Shares on the terms described in the Transfer Notice (subject, however, to any change in such terms permitted in the next paragraph) by delivery of a Notice of Exercise of the Right of First Refusal within 30 days after the date that the Company receives the Transfer Notice. The Company's rights with respect to the Right of First Refusal shall be freely assignable, in whole or in part.

If the Company (or its assignee) fails to exercise its Right of First Refusal within 30 days after the date that it received the Transfer Notice, the Participant may, not later than six months following the date the Company receives the Transfer Notice, conclude a transfer of the Shares

subject to the Transfer Notice on the terms and conditions described in the Transfer Notice; *provided that* the transferee acknowledges in writing that such transferee remains bound by this Right of First Refusal with respect to any subsequent transfer of such Shares, as described in the last paragraph of this Section 8.3. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Participant, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in this Section. If the Company (or its assignee) exercises its Right of First Refusal, the Participant and the Company (or its assignee) shall consummate the sale of the Shares on the terms set forth in the Transfer Notice.

The Company's Right of First Refusal shall inure to the benefit of its successors and assigns and shall be binding upon any transferee of the Shares.

The Company's Right of First Refusal shall terminate upon the Company's initial Public Offering.

8.4 **Delivery of Owned Shares to the Company.** Within ten (10) days after the Company's exercise of its Repurchase Right or its Right of First Refusal, as the case may be, the Participant (or the Participant's guardian, legal representative or Designated Beneficiary) shall deliver to the Company all certificates representing the Participant's Owned Shares with appropriate executed stock transfers conveying, representing and warranting good title to the Company for the Participant's Owned Shares in compliance with the terms of the Plan and free and clear of all liens, encumbrances or claims of any third party.

8.5 **Payment of Purchase Price to Participant.** The purchase price of the Participant's Owned Shares shall be payable, at the option of the Company or its assignee(s), by check or by cancellation of all or a portion of any outstanding indebtedness owed by the Participant to the Company, or a combination thereof.

8.6 **Participant's Rights Upon Change in Control.** Upon a Change in Control, the Participant shall be given an opportunity to exercise any vested and unexercised Option prior to the consummation of the Change in Control and participate in such transaction as a holder of Common Stock. The Company shall have the discretion to provide for the termination of any outstanding Option as of the effective date of the Change in Control; *provided that*, the Option will not be so terminated (without the consent of the Participant) before the expiration of ten (10) days following the date on which the Company provided written notice of the Change in Control. If the Change in Control is structured as a (i) merger or consolidation, the Participant will waive any dissenters rights, appraisal rights or similar rights in connection with such merger or consolidation, or (ii) sale of Shares, the Participant will agree to sell all of his Owned Shares and any vested Option on the terms and conditions approved by the Company and comparable to the terms applicable (including, without limitation, the execution of documents) to the Company's other holders of Common Stock. The Participant will take all actions that the Company considers necessary or desirable in connection with the consummation of the Change in Control.

8.7 **Company's Drag-Along Rights.** Upon a Change in Control, the Company will have the right (the "**Drag-Along Right**"), but not the obligation, to cause the Participant to

tender for purchase any or all Owned Shares, in the same proportion, for the same consideration, at the same price and on the same terms and conditions as apply to the Company's other holders of Common Stock. The Drag-Along Right shall apply to the Participant's Owned Shares. If the Company elects to exercise the Drag-Along Right, it will notify the Participant in writing (the "**Drag-Along Notice**"). Such Drag-Along Notice will set forth the name and address of the proposed purchaser, the proposed amount and form of consideration and other terms and conditions of transfer offered by the proposed purchaser, the number of Owned Shares proposed to be purchased by such purchaser, and a calculation of the purchase price applicable to the Participant. Upon the receipt of a Drag-Along Notice, the Participant will be obligated to transfer its Owned Shares free and clear of any encumbrances to the proposed purchaser on the terms and for the price set forth in the Drag-Along Notice. The Company's Drag-Along Right shall terminate upon the Company's initial Public Offering.

8.8 **Legend.** Each certificate evidencing Owned Shares and each certificate issued in exchange for or upon the transfer of any Owned Shares before a Public Offering will be stamped or otherwise imprinted with such legend as the Company requires (including, without limitation, legends noting the restrictions contained in this Section 8).

8.9 **Disqualifying Disposition.** The Participant must notify the Company of any disposition of any Shares issued pursuant to the exercise of an ISO under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions) (any such circumstance, a "**Disqualifying Disposition**"), within 10 days of such Disqualifying Disposition.

9. Beneficiary Designation

Each Participant may, from time to time, name any Designated Beneficiary (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case the Participant should die before receiving any or all of his or her Plan benefits. Each beneficiary designation will revoke all prior designations by the same Participant, must be in a form prescribed by the Company, and must be made during the Participant's lifetime. If a Designated Beneficiary predeceases the Participant or no beneficiary has been designated, benefits remaining unpaid at the Participant's death will be paid to the Participant's estate or other entity described in the Participant's Award Agreement.

10. Rights of Participants

10.1 **Service.** Nothing in the Plan will interfere with or limit in any way the right of the Company or any Affiliate to terminate any Participant's Service at any time, or confer upon any Participant any right to continue in the Service of the Company or any Affiliate.

10.2 **Participation.** No Employee, Advisor, Director or Participant will have the right to receive an Award under this Plan, or, having received any Award, to receive a future Award.

10.3 **Financial Reports.** Each year the Company shall furnish to Participants, its annual balance sheet and income statement, unless such Participants are key employees whose duties with the Company assure them access to equivalent information. Such balance sheet and income statement need not be audited.

11. Deferrals and Section 409A

11.1 **Purpose.** As provided in an Award Agreement, the Board may permit or require a Participant to defer receipt of cash or Shares that would otherwise be due to him or her under the Plan or otherwise create a deferred compensation arrangement (as defined in Section 409A of the Code) in accordance with this Article 11.

11.2 **Initial Deferral Elections.** The deferral of an Award or compensation otherwise payable to the Participant shall be set forth in the terms of the Award Agreement or as elected by the Participant pursuant to such rules and procedures as the Board may establish. Any such initial deferral election by a Participant will designate a time and form of payment and shall be made at such time as provided below:

(a) A Participant may make a deferral election with respect to an Award (or compensation giving rise thereto) at any time in any calendar year preceding the year in which Service giving rise to such compensation or Award is rendered.

(b) In the case of the first year in which a Participant becomes eligible to receive an Award or defer compensation under the Plan, the Participant may make a deferral election within 30 days after the date the Participant becomes eligible to participate in the Plan; provided, that such election may apply only with respect to the portion of the Award or compensation attributable to Service to be performed subsequent to the election.

(c) Where the grant of an Award or payment of compensation, or the applicable vesting, is conditioned upon the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months in which the Participant performs Service, a Participant may make a deferral election no later than six months prior to the end of the applicable performance period.

(d) Where the vesting of an Award is contingent upon the Participant's continued Service for a period of no less than 13 months, the Participant may make a deferral election within 30 days of receiving an Award.

(e) A Participant may make a deferral election in other circumstances and at such times as may be permitted under Section 409A of the Code.

11.3 **Distribution Dates.** Any deferred compensation arrangement created under the Plan shall be distributed at such times as provided in the Award Agreement or a separate election form, which may include the earliest or latest of one or more of the following:

(a) a fixed date as set forth in the Award Agreement or pursuant to a Participant's election;

(b) the Participant's death;

(c) the Participant's disability, as defined in Section 409A;

(d) a change in control, as defined in Section 409A;

(e) an Unforeseeable Emergency, as defined in Section 409A and implemented by the Committee;

(f) a Participant's separation of Service, as defined in Section 409A or, in the case of a "specified employee" (as defined in Section 409A) six months following the Participant's separation of Service; or

(g) such other events as permitted under Section 409A and the regulations and guidance thereunder.

11.4 **Restrictions on Distributions.** No distribution of a deferral may be made pursuant to the Plan if the Committee reasonably determines that such distribution would (i) violate federal securities laws or other applicable law; (ii) be nondeductible pursuant to Code Section 162(m); or (iii) jeopardize the Company's ability to continue as a going concern. In any such case, distribution shall be made at the earliest date at which the Committee determines such distribution would not trigger clause (i), (ii) or (iii) above.

11.5 **Redeferrals.** The Company, in its discretion, may permit an Employee to make a subsequent election to delay a distribution date, or, as applicable, to change the form distribution payments, attributable to one or more events triggering a distribution, so long as (i) such election may not take effect until at least 12 months after the election is made, (ii) such election defers the distribution for a period of not less than five years from the date such distribution would otherwise have been made, and (iii) such election may not be made less than 12 months prior to the date the distribution was to be made.

11.6 **Termination of Deferred Compensation Arrangements.** In addition, the Committee may in its discretion terminate the deferred compensation arrangements created under the Plan subject to the following:

(a) the arrangement may be terminated within the 30 days preceding, or 12 months following, a change in control, as defined in Section 409A*provided that* all payments under such arrangement are distributed in full within 12 months after termination;

(b) the arrangement may be terminated in the Committee's discretion at any time*provided that* (i) all deferred compensation arrangements of similar type maintained by the Company are terminated, (ii) all payments are made at least 12 months and no more than 24 months after the termination, and (iii) the Company does not adopt a new arrangement of similar type for a period of five years following the termination of the arrangement; and

(c) the arrangement may be terminated within 12 months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U.S.C. 503(b)(1)(A) *provided that* the payments under the arrangement are distributed by the latest of the (i) the end of the calendar year of the termination, (ii) the calendar year in which such payments are fully vested, or (iii) the first calendar year in which such payment is administratively practicable.

11.7 **Interpretation and Section 409A Payments.** Any Award under the Plan is intended either (i) to be exempt from Section 409A under the stock right, short-term deferral or other exceptions available under Section 409A, or (ii) to comply with Section 409A, and shall be administered in a manner consistent with such intent. For purposes of Section 409A, each payment of deferred compensation under this Plan shall be considered a separate payment.

12. Amendment, Modification and Termination

12.1 **Amendment, Modification and Termination.** The Board may at any time and from time to time, alter, amend, modify or terminate the Plan in whole or in part. Subject to the terms and conditions of the Plan, the Board may modify, extend or renew outstanding Awards under the Plan, or accept the surrender of outstanding Awards (to the extent not already exercised) and grant new Awards in substitution of them (to the extent not already exercised). The Board will not, however, modify any outstanding Incentive Stock Option to specify a lower Exercise Price. Notwithstanding the foregoing, no modification of an Award will, without the prior written consent of the Participant, materially impair any rights or obligations under any Award already granted under the Plan.

12.2 **Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.** In recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4.3) affecting the Company or its financial statements, or in recognition of changes in applicable laws, regulations, or accounting principles, and, whenever the Board determines that adjustments are appropriate to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, the Board may, using reasonable care, adjust the terms and conditions of, and the criteria included in, Awards. Notwithstanding the foregoing, no modification of an Award will, without the prior written consent of the Participant, materially impair any rights or obligations under any Award already granted under the Plan.

13. Withholding

13.1 **Tax Withholding.** The Company will have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount (either in cash or Shares) sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising under this Plan.

13.2 **Share Withholding.** With respect to withholding required upon the exercise of Options, upon the lapse of restrictions on Restricted Stock, or upon any other taxable event arising as a result of Awards granted hereunder, the Company may satisfy the minimum withholding requirement for supplemental wages, in whole or in part, by withholding Shares having a Fair Market Value (determined on the date the Participant recognizes taxable income on the Award) equal to the minimum amount of withholding tax required to be collected on the transaction. The Participant may elect, subject to the approval of the Board, to deliver the necessary funds to satisfy the withholding obligation to the Company, in which case there will be no reduction in the Shares otherwise distributable to the Participant.

14. Successors

All obligations of the Company under the Plan or any Award Agreement will be binding on any successor to the Company resulting from a Change in Control.

15. Legal Construction

15.1 **Number.** Except where otherwise indicated by the context, any plural term used in this Plan includes the singular and a singular term includes the plural.

15.2 **Severability.** If any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

15.3 **Requirements of Law.** The granting of Awards and the issuance of Share and/or cash payouts under the Plan will be subject to all applicable laws, rules, and regulations (including, without limitation, Section 25102(o) of the California Corporations Code) and to any approvals by governmental agencies or national securities exchanges as may be required.

15.4 **Securities Law Compliance.** As to any individual who is, on the relevant date, an officer, director or ten percent beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act, transactions under this Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act, or any successor rule. To the extent any provision of the Plan or action by the Board fails to so comply, it will be deemed null and void, to the extent permitted by law and deemed advisable by the Board.

15.5 **Unfunded Status of the Plan.** The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments or deliveries of Shares not yet made to a Participant by the Company, the Participant's rights are no greater than those of a general creditor of the Company. The Board may authorize the establishment of trusts or other arrangements to meet the obligations created under the Plan, so long as the arrangement does not cause the Plan to lose its legal status as an unfunded plan.

15.6 **Non-U.S. Based Person.** Notwithstanding any other provision of the Plan to the contrary, the Board may make Awards to Persons who are not citizens or residents of the United States on such terms and conditions different from those specified in the Plan as may, in the Board's judgment, be necessary or desirable to foster and promote achievement of the Plan's purposes. In furtherance of such purposes, the Board may make such modifications, amendments, procedures and subplans as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company operates or has employees.

15.7 **Other Benefits.** No Award granted under the Plan shall be considered compensation for purposes of computing benefits under any Retirement plan of the Company or an Affiliate, nor affect any benefits or compensation under any other benefit or compensation plan of the Company or an Affiliate, now or subsequently in effect.

15.8 **Compliance With Code Section 409A.** Any provision of the Plan that becomes subject to Code Section 409A, will be interpreted and applied consistent with that Section and the applicable Treasury Regulations.

15.9 **Governing Law.** To the extent not preempted by federal law, the Plan and all agreements hereunder will be construed and enforced in accordance with, and governed by, the laws of the State of California, without giving effect to its conflict of laws principles. Participants, the Company, and Affiliates each submit and consent to the jurisdiction of the courts in the State of California, County of San Francisco, including the Federal Courts located therein, should Federal jurisdiction requirements exist in any action brought to enforce (or otherwise relating to) this Plan or an Award Agreement.

INCENTIVE STOCK OPTION AGREEMENT
UNDER
SUNRUN INC. 2008 EQUITY INCENTIVE PLAN

This INCENTIVE STOCK OPTION AGREEMENT ("Agreement") is between Sunrun Inc. (the "Company") and Participant ("Participant" or "Optionholder"), and is dated effective as of the date approved by the Company's Board of Directors (the "Grant Date"). Any term capitalized but not defined in this Agreement will have the meaning set forth in the Sunrun Inc. 2008 Equity Incentive Plan (the "Plan").

1. Option Grant. In accordance with the terms of the Plan, and subject to the terms and conditions of this Agreement, the Company hereby grants to Participant an option to purchase Shares of the Company's Common Stock (the "Option") as set forth in the Notice of Stock Option Grant (the "Notice"). Participant may exercise this Option only after it has become vested in accordance with Section 4.

This Option is intended to be an Incentive Stock Option within the meaning of Code Section 422 and the Plan. To the extent all or part of this Option would cause the aggregate Fair Market Value of Common Stock with respect to which Incentive Stock Options are exercisable by Participant for the first time during a calendar year (under all plans of the Company and its Affiliates) to exceed $100,000, that portion of this Option shall be deemed a nonqualified stock option.

2. Exercise Price. The Exercise Price will be as set forth in the Notice, and no less than the Fair Market Value of a Share on the Grant Date.

3. Payment of Exercise Price. Participant must pay the Exercise Price in United States dollars, in cash or by personal check payable to the order of the Company, at the time of purchase. Alternatively, Participant may pay the Exercise Price, or any part of it, with: (i) Shares owned by Participant with a Fair Market Value equal to the Exercise Price being duly endorsed for transfer to the Company free and clear of any encumbrance; or (ii) any combination of cash, personal check and Shares meeting the requirements of clause (i) above.

(a) If the Company has a withholding obligation upon Participant's exercise of the Option, Participant must satisfy this obligation by paying the amount of required withholding to the Company. If Participant does not pay the amount of required withholding to the Company, the Company will withhold from the Shares delivered or from other amounts payable to Participant, the minimum amount of funds required to cover all applicable federal, state and local income and employment taxes required to be withheld by the Company by reason of such exercise of the Option.

(b) Shares used to satisfy the Exercise Price and/or any minimum required withholding tax will be valued at their Fair Market Value as determined by the Board as of the date of exercise.

(c) The Company will issue no Shares pursuant to the Option before Participant has: (i) paid the Exercise Price and, if applicable, the withholding obligation, in full and (ii) satisfied all conditions and/or restrictions applicable to the Options or Shares.

4. Term, Vesting and Exercise of the Option.

(a) The Option will expire ten (10) years from the Grant Date (the "Expiration Date").

(b) Twenty-five percent (25%) of the Shares subject to the Option, rounded down to the next whole number, will vest on the first anniversary of the Vesting Commencement Date ("Vesting Commencement Date") as set forth in the Notice, provided Participant has remained in continuous Service until that date, and 1/36th of the remaining Shares subject to the Option, rounded down to the next whole number, will vest on the same day of the month as the Vesting Commencement Date each month thereafter (or if there is no corresponding day, on the last day of the month), during Participant's continuous Service so that all of the Shares subject to the Option will be fully vested on the fourth anniversary of the Vesting Commencement Date.

(c) Notwithstanding any other provision of this Agreement, Participant will forfeit his or her right to exercise the Option, whether or not it has already vested, if the Board determines in its sole discretion that Participant has been discharged from Service for Cause.

(d) After the Option has vested, and while it is exercisable, Participant (or, in the event of Participant's death, Participant's estate) may exercise the Option in whole or in part by written notice to the Company indicating the number of Shares being purchased. Participant (or, in the event of Participant's death, Participant's estate) must sign the notice. Full payment of the Exercise Price must accompany the notice plus, if applicable, any required withholding tax. Notwithstanding the foregoing, the Option may not be exercised for fewer than 100 Shares at any one time or, if fewer than 100 Shares remain, all the then-remaining Shares. An Option must be exercised as to a whole number of Shares.

5. Termination of Service. After termination of Service, Participant's right to exercise the Option will be subject to the following rules.

(a) Disability or Death. If Participant terminates Service through Disability or death, Participant (or in the case of his or her death, Participant's estate) may exercise the Option within the six month period following the termination.

(b) Voluntary Termination. If Participant voluntarily terminates Service for any reason other than Disability or death, Participant (i) may, within the thirty day period following the effective date of termination, exercise the Option to the extent that it was vested and exercisable on such date and (ii) will forfeit the Option to the extent that it was not vested and exercisable on such date.

(c) Involuntary Termination. If the Company terminates Participant's Service other than for Disability, death or Cause, Participant (or, in the case of his or her subsequent death, Participant's estate): (i) may, within the thirty day period following the effective date of termination, exercise the Option to the extent that it was vested and exercisable on such date and (ii) will forfeit the Option to the extent that it was not vested and exercisable on such date.

In no event may the Option be exercised after the Expiration Date.

6. Transferability of Option and Shares Acquired Upon Exercise of Option. Except as permitted by Rule 701 of the Security Act of 1933, by will or by the laws of descent and distribution, Participant may not sell, transfer, pledge, assign or otherwise alienate or hypothecate the Option or any Owned Shares. If Participant sells, transfers, pledges, assigns or otherwise alienates or hypothecates the Option or Owned Shares in breach of this Section, the Company will not be required to transfer the Option or Owned Shares on its books or to treat any such transferee as owner of the Option or Owned Shares.

(a) If Participant disposes of Owned Shares acquired upon exercise of this Option within two years from the Grant Date or within one year after his or her exercise of this Option, such disposition will disqualify this Option from being treated as an incentive stock option under Code Section 422 and the Plan.

(b) Participant represents and warrants to the Company that he or she will notify the Company in writing no later than 10 calendar days following any sale of Owned Shares acquired upon exercise of the Option.

7. Company's Right of First Refusal and Drag-Along Right. Under the terms of the Plan, the Company has the right upon receipt of a Transfer Notice to exercise its Right of First Refusal and purchase from Participant all of the Owned Shares described in the Transfer Notice. Upon a Change in Control, the Company has the right to cause Participant to tender any and all Owned Shares for purchase. Participant hereby agrees to be bound by all provisions of the Plan including without limitation the Right of First Refusal and Drag-Along Right in Section 8 thereof.

8. Participant's Right to Financial Information. If required by law, each year the Company will furnish to Participant, its annual balance sheet and income statement, unless such Participant is a key employee whose duties with the Company assure his/her access to equivalent information. Such balance sheet and income statement need not be audited and shall be treated as confidential by Participant.

9. Securities Law Requirements. If at any time the Board determines that exercising the Option or issuing Shares would violate applicable securities laws, the Option will not be exercisable, and the Company will not be required to issue Shares. The Board may declare any provision of this Agreement or action of its own null and void, if it determines the provision or action fails to comply with applicable securities laws. As a condition to exercise, the Company may require Participant to make written representations it deems necessary or desirable to comply with applicable securities laws.

10. Representations and Warranties. Participant represents and warrants to the Company that Participant has received a copy of the Plan and this Agreement, has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions in all respects.

11. Market Stand-Off. Participant, if required by the Company and the managing underwriter of the Company's initial registered public offering of Common Stock, shall agree not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, make any short sale of, loan, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares acquired under this Agreement or other securities of the Company held by such holder or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of any such securities, whether any such transaction is to be settled by the delivery of any Shares acquired under this Agreement or other securities of the Company, in cash or otherwise, during a period not to exceed one hundred eighty (180) days following the effective date of the first registration statement of the Company filed under the Securities Act. Such agreement shall be in writing in a form reasonably satisfactory to the Company, the majority holders in interest of the Company's Series A investors and such managing underwriter. The Company shall use its best efforts to ensure that such agreement (i) provides for periodic early releases of portions of the securities subject thereto upon the occurrence of certain specified events, and (ii) provides that in the event of an early release, all such holders will be released on a pro-rata basis from such market stand-off agreements. The obligations described in this Section 11 shall not apply to (i) a registration relating solely to employee benefit plans on Form S-8 or a similar form that may be promulgated in the future, (ii) a registration relating solely to a transaction under Rule 145 of the Securities Act on Form S-4 or a similar form that may be promulgated in the future, or (iii) transfers pursuant to an effective registration statement under the Securities Act in compliance with Rule 144 or pursuant to an effective exemption from registration under the Securities Act and any applicable state securities laws, if the transferee shall agree in writing to be bound by such market stand-off. The Company may impose a stop-transfer instruction with respect to the shares (or other securities) subject to the foregoing restriction until the end of such one hundred eighty day (180) period. The Market Stand-Off limitation of this Section 11 shall also apply to any new, substituted, or additional securities, which are distributed with respect to any Shares subject to this Option as a result of a stock dividend, spin-off, stock split or similar transaction affecting the Company's outstanding securities without receipt of consideration. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section 11.

12. No Obligation to Exercise Option. Neither Participant nor his or her transferee is or will be obligated by the grant of the Option to exercise it.

13. No Limitation on Rights of the Company. The grant of the Option does not and will not in any way affect the right or power of the Company to make adjustments, reclassifications or changes in its capital or business structure, or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

14. Plan and Agreement Not a Contract of Employment or Service. Neither the Plan nor this Agreement is a contract of employment or Service, and no terms of Participant's employment or

Service will be affected in any way by the Plan, this Agreement or related instruments, except to the extent specifically expressed therein. Neither the Plan nor this Agreement will be construed as conferring any legal rights of Participant to continue to be employed or remain in Service, nor will it interfere with any Company right to discharge Participant or to deal with Participant regardless of the existence of the Plan, this Agreement or the Option.

15. Participant to Have No Rights as a Stockholder. Before the date as of which Participant is recorded on the books of the Company as the holder of any Shares underlying the Option, Participant will have no rights as a stockholder with respect to such Shares.

16. Notice. Any notice or other communication required or permitted under this Agreement must be in writing and must be delivered personally, sent by certified, registered or express mail, or sent by overnight courier, at the sender's expense. Notice will be deemed given when delivered personally or, if mailed, three days after the date of deposit in the United States mail or, if sent by overnight courier, on the regular business day following the date sent. Notice to the Company should be sent to Sunrun Inc., 45 Fremont Street, 32nd Floor, San Francisco, CA 94105, Attention: Chief Executive Officer. Notice to Participant should be sent to the address set forth on the signature page below. Either party may change the Person and/or address to whom the other party must give notice under this Section 16 by giving the other party written notice of such change, in accordance with the procedures described above.

17. Special Rules if Participant is a Ten Percent Owner. Notwithstanding any other provision of this Agreement to the contrary, if Participant is a Ten Percent Owner of the Company, then the portion of this Option that is an incentive stock option will expire upon the earlier of (i) the Expiration Date, or (ii) the fifth anniversary of the Grant Date.

18. Successors. All obligations of the Company under this Agreement will be binding on and inure to the benefit of any assignee of or any successor to the Company, whether the existence of the successor results from a Change in Control or otherwise.

19. Governing Law. To the extent not preempted by federal law, this Agreement will be construed and enforced in accordance with, and governed by, the laws of the State of California, without giving effect to its conflict of laws principles.

20. Plan Document Controls. The rights granted under this Agreement are in all respects subject to the provisions set forth in the Plan to the same extent and with the same effect as if set forth fully in this Agreement. If the terms of this Agreement conflict with the terms of the Plan document, the Plan document will control.

21. Amendment of the Agreement. The Company and Participant may amend this Agreement only by a written instrument signed by both parties.

* * *

OPTION EXERCISE FORM

The undersigned holder of an option to purchase shares of Sunrun Inc. (the "Company") Common Stock pursuant to an Incentive Stock Option Agreement (the "Option Agreement"), dated as of , and the Sunrun Inc. 2008 Equity Incentive Plan adopted June 20, 2008, as amended to date (the "Plan"), hereby exercises his/her Option to purchase of such shares, at the Option price of $ per share, in accordance with the terms and conditions of such Option Agreement and the Plan.

The undersigned hereby agrees to be bound by all of the provisions of the Option Agreement and the Plan, and to execute any Stockholders Agreement or any related document required by the Company.

Date of Exercise

, 20

Signature of Person Exercising Option

Please type or print legibly your name, as you want it to appear on your stock certificate and your address in the space provided below.

Name: _____

Address: _____

_____
(Street)

_____
(City) (State) (Zip Code)

_____
E-Mail address

EXHIBIT A

CONSENT OF SPOUSE

The undersigned spouse of (the "***Participant***") has read, understands and hereby approves the Notice of Stock Option Grant (the "***Notice***") and corresponding Incentive Stock Option Agreement, dated as of , by and between Participant and Sunrun Inc. (the "***Company***"), together with all exhibits and attachments thereto (together with the Notice, the "***Option Agreement***"). In consideration of the Company's awarding my spouse incentive stock options as set forth in the Option Agreement, the undersigned hereby agrees to be irrevocably bound by the Option Agreement and further agrees that any community property interest shall similarly be bound by the Option Agreement. The undersigned hereby appoints Participant as his/her attorney-in-fact with respect to any amendment or exercise of any rights under the Agreement.

Date: _____

_____
Print Name of Participant's Spouse

_____
Signature of Participant's Spouse

Address: _____

_____

_____

_____

☐ **Check this box if you do not have a spouse and sign below.**

Date: _____

_____
Signature of Participant

Exhibit 10.7

MAINSTREAM ENERGY CORPORATION

2009 STOCK PLAN

1. Purposes of the Plan. The purposes of this Stock Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to Employees, Directors and Consultants and to promote the success of the Company's business. Options granted under the Plan are Nonstatutory Stock Options.

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

a. "Administrator" means the Board in its role of administering the Plan in accordance with Section 4 hereof.

b. "Applicable Laws" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any other country or jurisdiction where Options are granted under the Plan.

c. "Board" means the Board of Directors of the Company.

d. "Cause" shall mean (i) any act of personal dishonesty taken by the Optionee in connection with his responsibilities as a Service Provider which is intended to result in substantial personal enrichment of the Optionee, (ii) Optionee's conviction of a felony which the Board reasonably believes has had or will have a material detrimental effect on the Company's reputation or business, (iii) a willful act by the Optionee which constitutes misconduct and is injurious to the Company, (iv) continued willful violations by the Optionee of the Optionee's obligations to the Company, or (v) in the case of a Service Provider who is a Consultant, termination for an uncured material breach of the agreement under which the Consultant provides services to the Company (e.g. a services agreement, independent contractor agreement, or consulting agreement).

e. "Code" means the Internal Revenue Code of 1986, as amended.

f. "Common Stock" means the Common Stock of the Company.

g. "Company" means Mainstream Energy Corporation, a Delaware corporation.

h. "Consultant" means any person who is engaged by the Company or any Parent or Subsidiary to render consulting, advisory or other services to such entity; provided that such engagement must be memorialized in a signed agreement between the parties (e.g. a services agreement, independent contractor agreement, or consulting agreement).

i. "Director" means a member of the Board of Directors of the Company.

j. "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

k. "Employee" means any person, including Officers and Directors, employed by the Company or any Parent or Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, its Parent, any Subsidiary, or any successor. Neither service as a Director nor payment of a director's fee by the Company shall be sufficient to constitute "employment" by the Company.

l. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

m. "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

i. If the Common Stock is listed on any established stock exchange or a national market system, except for the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

ii. In the event the Common Stock is listed on the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the average of the bid and the ask price for the closing day as quoted on such exchange for the last market trading day prior to the time of determination, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;

iii. If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock on the last ten (10) market trading days prior to the day of determination; or

iv. iv. In the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

n. "Nonstatutory Stock Option" means an Option not intended to qualify as an Incentive Stock Option.

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

p. "Option" means a stock option granted pursuant to the Plan.

q. "Option Agreement" means a written or electronic agreement between the Company and an Optionee evidencing the terms and conditions of an individual Option grant. The Option Agreement is subject to the terms and conditions of the Plan.

r. "Option Exchange Program" means a program whereby outstanding Options are exchanged for Options with a lower exercise price.

s. "Optioned Stock" means the Common Stock subject to an Option.

t. "Optionee" means the holder of an outstanding Option granted under the Plan.

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

v. "Plan" means this 2009 Stock Plan.

w. "Section 16(b)" means Section 16(b) of the Securities Exchange Act of 1934, as amended.

x. "Service Provider" means an Employee, Director or Consultant.

y. "Share" means a share of the Common Stock, as adjusted in accordance with Section 12 below.

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

3. Stock Subject to the Plan. Subject to the provisions of Section 12 of the Plan, the maximum aggregate number of Shares which may be subject to option and sold under the Plan is 11,489 Shares. The Shares may be authorized but unissued shares now or hereafter held in the treasury of the Company, reacquired Common Stock, or other already-issued Company shares held in reserve by the Company. If an Option expires or becomes unexercisable without having been exercised in full or is surrendered pursuant to an Option Exchange Program, the unpurchased Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). However, Shares that have actually been issued under the Plan upon exercise of an Option shall not be returned to the Plan and shall not become available for future distribution under the Plan.

4. Administration of the Plan.

a. Administrator. The Plan shall be administered by the Board. No member of the Board shall be liable for any action taken or determination made hereunder in good faith. Service on the Board as the Administrator shall constitute service as a director of the Corporation so that the service in such role shall be entitled to indemnification and reimbursement as directors of the Corporation pursuant to its by-laws.

b. Powers of the Administrator. Subject to the provisions of the Plan and subject to the approval of any relevant authorities, the Administrator shall have the authority in its discretion:

i. to determine the Fair Market Value;

ii. to select the Service Providers to whom Options may from time to time be granted hereunder;

iii. to determine the number of Shares to be covered by each such award granted hereunder;

iv. to approve forms of agreement for use under the Plan;

v. to determine the terms and conditions of any Option granted hereunder. Such terms and conditions include, but are not limited to, the exercise price, the time or times when Options may be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Option or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

vi. to determine whether and under what circumstances an Option may be settled in cash under subsection 9(f) instead of Common Stock;

vii. vii. to initiate an Option Exchange Program;

viii. viii. to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

ix. ix. to construe and interpret the terms of the Plan and awards granted pursuant to the Plan.

x. to make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence taken by or Disability of any Optionee. Without limiting the generality of the foregoing, the Administrator shall be entitled to determine (i) whether or not any such leaves of absence shall constitute a termination of employment within the meaning of the Plan, and (ii) the impact, if any, of any such leave of absence on awards under the Plan theretofore made to any Optionee who takes such leave of absence.

xi. Any other activity or action required to administer the Plan.

c. Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be conclusive, final and binding on all Optionees.

d. Nonuniform Determinations. The Administrator's determinations under the Plan, including without limitation, determinations as to the persons to receive awards, the terms and provisions of such awards and the agreements evidencing the same, need not be uniform and may be made by it selectively among persons who receive or are eligible to receive awards under the Plan, whether or not such persons are similarly situated.

5. Eligibility.

a. Nonstatutory Stock Options may be granted to Service Providers.

b. Each Option shall be designated in the Option Agreement as a Nonstatutory Stock Option. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted.

c. The granting of an Option shall impose no obligation upon an Optionee to exercise such Option.

6. [RESERVED]

7. Term of Option. The term of each Option shall be stated in the Option Agreement; provided, however, that the term shall be no more than seven (7) years from the date of grant thereof.

8. Option Exercise Price and Consideration.

a. The per share exercise price for the Shares to be issued upon exercise of an Option shall be equal to the exercise price per share as listed on the Notice of Stock Option Grant.

b. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Board of Directors. Such consideration may consist of (1) cash, (2) check, (3) promissory note, (4) other Shares which (x) in the case of Shares acquired upon exercise of an Option, have been owned by the Optionee for more than six months on the date of surrender, and (y) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (5) consideration received by the Company under a cashless exercise program implemented by the Company in connection with the Plan, or (6) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

9. Exercise of Option.

a. Procedure for Exercise; Rights as a Shareholder. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence. An Option may not be exercised for a fraction of a Share. An Option shall be deemed exercised when the Company receives: (i) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Administrator and

permitted by the Option Agreement and the Plan. Shares issued upon exercise of an Option shall be issued in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 12 of the Plan. Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

b. Termination of Relationship as a Service Provider. If an Optionee ceases to be a Service Provider for any reason other than Termination for Cause, Disability of the Optionee, or Death of the Optionee, such Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement (of at least ninety (90) days) to the extent that the Option is vested on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for ninety (90) days following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

c. Termination for Cause. Except as otherwise required by law, in the event of a termination of Optionee for Cause, all of Optionee's unexercised Options, whether or not vested, will expire and become unexercisable immediately as of the date of such termination for Cause, and the Shares covered by such Option shall revert to the Plan.

d. Disability of Optionee. If an Optionee ceases to be a Service Provider as a result of the Optionee's Disability, the Optionee may exercise his or her Option within such period of time as is specified in the Option Agreement (of at least six (6) months) to the extent the Option is vested on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for one (1) year following the Optionee's termination. If, on the date of termination, the Optionee is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall revert to the Plan. If, after termination, the Optionee does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

e. Death of Optionee. If an Optionee dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement (of at least six (6) months) to the extent that the Option is vested on the date of death (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Optionee's termination. If, at the time of death, the Optionee

is not vested as to the entire Option, the Shares covered by the unvested portion of the Option shall immediately revert to the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan.

f. Buyout Provisions. The Administrator may at any time offer to buy out for a payment in cash or Shares, an Option previously granted, based on such terms and conditions as the Administrator shall establish and communicate to the Optionee at the time that such offer is made.

10. Transferability of Options. No Option may be transferred, assigned, pledged or hypothecated (whether by operation of law or otherwise), except as provided by will or the applicable laws of descent or distribution, and no Option shall be subject to execution, attachment or similar process. Any attempted assignment, transfer, pledge, hypothecation or other disposition of an Option, or levy of attachment or similar process upon the Option not specifically permitted herein shall be null and void and without effect.

11. [RESERVED]

12. Adjustments Upon Changes in Capitalization, Merger or Asset Sale.

a. Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of shares of Common Stock covered by each outstanding Option, and the number of shares of Common Stock which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per share of Common Stock covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other occurrence for which the Board determines an adjustment is appropriate. Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive.

b. Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction; in no event less than 30 days' prior notice. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option until fifteen (15) days prior to such transaction as to all of the Optioned Stock covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Option will terminate immediately prior to the consummation of such proposed action.

13. Time of Granting Options. The date of grant of an Option shall, for all purposes, be the date on which the Administrator makes the determination granting such Option, or such other date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option is so granted within a reasonable time after the date of such grant.

14. Amendment and Termination of the Plan.

a. Shareholder Approval. The Board shall obtain shareholder approval of any Plan amendment to the extent necessary and desirable to comply with Applicable Laws.

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

15. Conditions Upon Issuance of Shares.

a. Legal Compliance. Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

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

16. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

17. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within twelve (12) months after the date the Plan is adopted. Such shareholder approval shall be obtained in the degree and manner required under Applicable Laws. The Plan shall be null and void if such condition is not fulfilled, and in such event each Option granted hereunder shall be null and void.

18. Information to Optionees and Purchasers. The Company shall provide to each Optionee and to each individual who acquires Shares pursuant to the Plan, not less frequently than annually during the period such Optionee or purchaser has one or more Options outstanding, and, in the case of an individual who acquires Shares pursuant to the Plan, during the period such individual owns such Shares, copies of annual financial statements. The Company shall not be required to provide such statements to key employees whose duties in connection with the Company assure their access to equivalent information.

19. Governing Law; Arbitration; Venue. All questions pertaining to the validity, construction and administration of the Plan and Stock Options granted hereunder shall be governed by the internal substantive laws, but not the choice of law rules, of the State of California. Optionee and Company agree that any and all disputes, grievances, controversies or claims (collectively, the "Claims") arising out of this Agreement that Company may have against Optionee or Optionee may have against Company and/or its officers, directors, Optionees or agents in their capacity as such or otherwise, whether arising now or in the future, not resolved by mutual agreement shall be submitted to final and binding arbitration before JAMS or its successor ("JAMS") or an equivalent alternative dispute resolution provider such as AAA (collectively "the Arbitrator"). Either Optionee or Company may commence the arbitration process by filing a written demand for arbitration with the Arbitrator, with a copy to the other party. The arbitration will be conducted in accordance with the provisions of JAMS' Comprehensive Arbitration Rules and procedures (or the equivalent alternative's rules and procedures) then in effect. The award of the Arbitrator shall be enforceable according to the applicable provisions of the California Code of Civil Procedure. Notwithstanding the foregoing, a party may apply to a court of competent jurisdiction for relief in the form of a

temporary restraining order or preliminary injunction, or other provisional remedy pending final determination of a claim through arbitration in accordance with this Section 19. The Arbitrator shall be governed by the terms and conditions contained in the applicable Plan and related agreements consistent with applicable law. Nothing in this agreement to arbitrate shall adversely affect or diminish the rights, power and authority of the Administrator with respect to stock options or rights and the related Plan documents and agreements, including, without limitation, the interpretation, construction or application of the applicable provisions, the creation, amendment or revocation of rules and regulations of the Plan itself, the making of determinations, the taking of other actions or the final, binding and conclusive nature of the foregoing. The Arbitrator may not substitute his/her judgment for any such Administrator determination or action. The arbitration and any court proceedings, if applicable, shall be brought and determined before the Arbitrator and/or a court of competent jurisdiction, as the case may be, located in the County of San Luis Obispo, California. The parties to this Agreement specifically consent to said jurisdiction without contest to personal or subject matter jurisdiction or improper or inconvenient venue.

20. Restricted Stock. STOCK OBTAINED FROM THE EXERCISE OF OPTIONS SHALL BE RESTRICTED STOCK SUBJECT TO THE RESTRICTIONS AND CONDITIONS PROVIDED IN THE FORM OF PLAN EXERCISE NOTICE PROVIDED HEREWITH TO OPTIONEE.

21. Termination and Amendment of Plan. The Board, without further action on the part of the shareholders of the Company, to the extent permitted by law, regulation and stock exchange requirements, may from time to time alter, amend or suspend the Plan or any Stock Option granted hereunder or may at any time terminate the Plan. No action taken by the Board under this Section may materially and adversely affect any outstanding Stock Option without the consent of the holder thereof.

22. Severability. If any provision of this Plan or any associated Option Agreements or Exercise Notices shall be held by an arbitrator or a court of competent jurisdiction to be contrary to law, such provision shall be changed and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law and the remaining provisions of this Plan, the associated Option Agreements and associated Exercise Notices shall remain in full force and effect.

23. Application of Funds. The proceeds received by the Company from the sale of Common Stock pursuant to Stock Options will be used for general corporate purposes.

24. No Alteration of At Will Nature of Relationship. THIS PLAN, THE TRANSACTIONS CONTEMPLATED HEREUNDER AND THE VESTING SCHEDULE SET FORTH IN ANY STOCK OPTION AGREEMENT DO NOT CONSTITUTE AN EXPRESS OR IMPLIED PROMISE BY COMPANY OF CONTINUED ENGAGEMENT OF OPTIONEE AS A SERVICE PROVIDER FOR THE VESTING PERIOD, FOR ANY PERIOD, OR AT ALL, AND SHALL NOT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE.

Exhibit 10.8

SUNRUN INC.

EXECUTIVE INCENTIVE COMPENSATION PLAN

Adopted by the Board of Directors on December 9, 2014

and effective immediately upon adoption

1. Purposes of the Plan. The Plan is intended to increase stockholder value and the success of the Company by motivating Employees to (a) perform to the best of their abilities, and (b) achieve the Company's objectives.

2. Definitions.

(a) "Actual Award" means as to any Performance Period, the actual award (if any) payable to a Participant for the Performance Period, subject to the Committee's authority under Section 3(d) to modify the award.

(b) "Affiliate" means any corporation or other entity (including, but not limited to, partnerships and joint ventures) controlled by the Company.

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

(d) "Bonus Pool" means the pool of funds available for distribution to Participants. Subject to the terms of the Plan, the Committee establishes the Bonus Pool for each Performance Period.

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

(f) "Committee" means the committee appointed by the Board (pursuant to Section 5) to administer the Plan. Unless and until the Board otherwise determines, the Board's Compensation Committee will administer the Plan.

(g) "Company" means Sunrun Inc., a Delaware corporation, or any successor thereto.

(h) "Disability" means a permanent and total disability determined in accordance with uniform and nondiscriminatory standards adopted by the Committee from time to time.

(i) "Employee" means any executive, officer, or key employee of the Company or of an Affiliate, whether such individual is so employed at the time the Plan is adopted or becomes so employed subsequent to the adoption of the Plan.

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

(k) "Participant" means as to any Performance Period, an Employee who has been selected by the Committee for participation in the Plan for that Performance Period.

(l) "Performance Period" means the period of time for the measurement of the performance criteria that must be met to receive an Actual Award, as determined by the Committee in its sole discretion. A Performance Period may be divided into one or more shorter periods if, for example, but not by way of limitation, the Committee desires to measure some performance criteria over 12 months and other performance criteria over 3 months.

(m) "Plan" means this Executive Incentive Compensation Plan, as set forth in this instrument and as hereafter amended from time to time.

(n) "Target Award" means the target award, at 100% performance achievement, payable under the Plan to a Participant for the Performance Period, as determined by the Committee in accordance with Section 3(b).

(o) "Termination of Service" means a cessation of the employee-employer relationship between an Employee and the Company or an Affiliate for any reason, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, retirement, or the disaffiliation of an Affiliate, but excluding any such termination where there is a simultaneous reemployment by the Company or an Affiliate.

3. Selection of Participants and Determination of Awards

(a) Selection of Participants. The Committee, in its sole discretion, will select the Employees who will be Participants for any Performance Period. Participation in the Plan is in the sole discretion of the Committee, on a Performance Period by Performance Period basis. Accordingly, an Employee who is a Participant for a given Performance Period in no way is guaranteed or assured of being selected for participation in any subsequent Performance Period or Performance Periods.

(b) Determination of Target Awards. The Committee, in its sole discretion, will establish a Target Award for each Participant (which may be expressed as a percentage of a Participant's average annual base salary for the Performance Period).

(c) Bonus Pool. Each Performance Period, the Committee, in its sole discretion, will establish a Bonus Pool, which pool may be established before, during or after the applicable Performance Period. Actual Awards will be paid from the Bonus Pool.

(d) Discretion to Modify Awards. Notwithstanding any contrary provision of the Plan, the Committee may, in its sole discretion and at any time, (i) increase, reduce or eliminate a Participant's Actual Award, and/or (ii) increase, reduce or eliminate the amount

allocated to the Bonus Pool. The Actual Award may be below, at or above the Target Award, in the Committee's discretion. The Committee may determine the amount of any reduction on the basis of such factors as it deems relevant, and will not be required to establish any allocation or weighting with respect to the factors it considers.

(e) Discretion to Determine Criteria. Notwithstanding any contrary provision of the Plan, the Committee will, in its sole discretion, determine the performance goals applicable to any Target Award, which requirement may include, without limitation, (i) customer net promoter scores, (ii) sales bookings, (iii) business divestitures and acquisitions, (iv) cash flow, (v) cash position, (vi) earnings (which may include any calculation of earnings, including but not limited to earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation and amortization and net earnings), (vii) earnings per share, (viii) net income, (ix) net profit, (x) net sales, (xi) operating cash flow, (xii) operating expenses, (xiii) operating income, (xiv) operating margin, (xv) overhead, or other expense reduction, (xvi) system/product deployments , (xvii) G&A per unit measurements, (xviii) productivity, (xix) profit, (xx) return on assets, (xxi) return on capital, (xxii) return on equity, (xxiii) return on investment, (xxiv) return on sales, (xxv) revenue, (xxvi) revenue growth, (xxvii) sales results, (xviii) sales growth, (xxix) stock price, (xxx) time to market, (xxxi) total stockholder return, (xxxii) working capital, (xxxiii) capital raising goals and timelines, (xxxiv) installation costs / installation costs per watt, (xxxv) employee engagement, (xxxvi) timely financial statement closings, (xxxvii) WACC objectives, (xxxviii) long term company plan completion, (xxxix) differentiation from competitors (xxxx) retained value (xxxxi) cash impact of creating, deploying and financing solar systems (xxxxii) key non-GAAP metrics, (xxxxiii) market share (xxxxiv) deployment/installation time and (xxxxv) individual objectives, such as peer reviews or other subjective or objective criteria. As determined by the Committee, the performance goals may be based on generally accepted accounting principles ("GAAP") or non-GAAP results and any actual results may be adjusted by the Committee for one-time items or unbudgeted or unexpected items when determining whether the performance goals have been met. The goals may be on the basis of any factors the Committee determines relevant and may be on an individual, divisional, business unit or Company-wide basis. Any criteria used may be measured on such basis as the Committee determines, including but not limited to, as applicable, (A) in absolute terms, (B) in combination with another performance goal or goals (for example, but not by way of limitation, as a ratio or matrix), (C) in relative terms (including, but not limited to, results for other periods, passage of time and/or against another company or companies or an index or indices), (D) on a per-share basis, (E) against the performance of the Company as a whole or a segment of the Company and/or (F) on a pre-tax or after-tax basis. The performance goals may differ from Participant to Participant and from award to award. Failure to meet the goals will result in a failure to earn the Target Award, except as provided in Section 3(d).

4. Payment of Awards.

(a) Right to Receive Payment. Each Actual Award will be paid solely from the general assets of the Company. Nothing in this Plan will be construed to create a trust or to establish or evidence any Participant's claim of any right other than as an unsecured general creditor with respect to any payment to which he or she may be entitled.

(b) Timing of Payment. Payment of each Actual Award shall be made as soon as practicable after the end of the Performance Period during which the Actual Award was earned and after the Actual Award is approved by the Committee, but in no event following the later of (i) the fifteenth (15th) day of the third (3rd) month of the Fiscal Year immediately following the Fiscal Year in which the Participant's Actual Award has been earned and no longer is subject to a substantial risk of forfeiture, and (ii) March 15 of the calendar year immediately following the calendar year in which the Participant's Actual Award has been earned and no longer is subject to a substantial risk of forfeiture. Unless otherwise determined by the Committee, to earn an Actual Award a Participant must be employed by the Company or any Affiliate on the date the Actual Award is paid.

It is the intent that this Plan comply with the requirements of Code Section 409A so that none of the payments to be provided hereunder will be subject to the additional tax imposed under Code Section 409A, and any ambiguities herein will be interpreted to so comply.

(c) Form of Payment. Each Actual Award will be paid in cash (or its equivalent) in a single lump sum.

(d) Payment in the Event of Death or Disability. If a Participant dies or becomes Disabled prior to the payment of an Actual Award earned by him or her prior to death or Disability for a prior Performance Period, the Actual Award will be paid to his or her estate or to the Participant, as the case may be, subject to the Committee's discretion to reduce or eliminate any Actual Award otherwise payable.

5. Plan Administration.

(a) Committee is the Administrator. The Plan will be administered by the Committee. The Committee will consist of not less than two (2) members of the Board. The members of the Committee will be appointed from time to time by, and serve at the pleasure of, the Board.

(b) Committee Authority. It will be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee will have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (i) determine which Employees will be granted awards, (ii) prescribe the terms and conditions of awards, (iii) interpret the Plan and the awards, (iv) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside of the United States, (v) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and (vi) interpret, amend or revoke any such rules.

(c) Decisions Binding. All determinations and decisions made by the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan will be final, conclusive, and binding on all persons, and will be given the maximum deference permitted by law.

(d) Delegation by Committee. The Committee, in its sole discretion and on such terms and conditions as it may provide, may delegate all or part of its authority and powers under the Plan to one or more directors and/or officers of the Company.

(e) Indemnification. Each person who is or will have been a member of the Committee will be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any award, and (ii) any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she will give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification will not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

6. General Provisions.

(a) Tax Withholding. The Company will withhold all applicable taxes from any Actual Award, including any federal, state and local taxes (including, but not limited to, the Participant's FICA and SDI obligations).

(b) No Effect on Employment or Service. Nothing in the Plan will interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Affiliates (or between Affiliates) will not be deemed a Termination of Service. Employment with the Company and its Affiliates is on an at-will basis only. The Company expressly reserves the right, which may be exercised at any time and without regard to when during a Performance Period such exercise occurs, to terminate any individual's employment with or without cause, and to treat him or her without regard to the effect that such treatment might have upon him or her as a Participant.

(c) Participation. No Employee will have the right to be selected to receive an award under this Plan, or, having been so selected, to be selected to receive a future award.

(d) Successors. All obligations of the Company under the Plan, with respect to awards granted hereunder, 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 or assets of the Company.

(e) Beneficiary Designations. If permitted by the Committee, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid award will be paid in the event of the Participant's death. Each such designation will revoke all prior designations by the Participant and will be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death will be paid to the Participant's estate.

(f) Nontransferability of Awards. No award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution, or to the limited extent provided in Section 6(e). All rights with respect to an award granted to a Participant will be available during his or her lifetime only to the Participant.

7. Amendment, Termination, and Duration.

(a) Amendment, Suspension, or Termination. The Board, in its sole discretion, may amend or terminate the Plan, or any part thereof, at any time and for any reason. The amendment, suspension or termination of the Plan will not, without the consent of the Participant, alter or impair any rights or obligations under any Actual Award theretofore earned by such Participant. No award may be granted during any period of suspension or after termination of the Plan.

(b) Duration of Plan. The Plan will commence on the date specified herein, and subject to Section 7(a) (regarding the Board's right to amend or terminate the Plan), will remain in effect thereafter.

8. Legal Construction.

(a) Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also will include the feminine; the plural will include the singular and the singular will include the plural.

(b) Severability. In the event any provision of the Plan will be held illegal or invalid for any reason, the illegality or invalidity will not affect the remaining parts of the Plan, and the Plan will be construed and enforced as if the illegal or invalid provision had not been included.

(c) Requirements of Law. The granting of awards under the Plan 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.

(d) Governing Law. The Plan and all awards will be construed in accordance with and governed by the laws of the State of California, but without regard to its conflict of law provisions.

(e) Bonus Plan. The Plan is intended to be a "bonus program" as defined under U.S. Department of Labor regulation Section 2510.3-2(c) and will be construed and administered in accordance with such intention.

(f) Captions. Captions are provided herein for convenience only, and will not serve as a basis for interpretation or construction of the Plan.

Exhibit 10.15

SUNRUN INC.

BOARD SERVICES AGREEMENT

This **BOARD SERVICES AGREEMENT** (the "Agreement") is made and entered into as of February 1, 2014 (the "Effective Date"), by and between Sunrun Inc., a Delaware corporation (the "Company"), and Gerald Risk (the "Director"). The Company and Director are referred to herein individually as "Party," or collectively, as "Parties." In consideration of the mutual covenants set forth below, the Parties hereby agree as follows:

1. Duties. Director agrees to perform the duties of a director of the Company in accordance with applicable law and serve as a business advisor to the Company (collectively, the "Services").

2. Consideration.

(a) Equity. As full and complete consideration for performing the Services, the Company shall (i) if you decide to join the Company's Board of Directors, recommend at the first meeting of the Company's Board of Directors following your election as a Director, that the Company grant you an option to purchase 120,000 shares of the Company's Common Stock at a price per share equal to the fair market value per share of the Common Stock on the date of grant, as determined by the Board of Directors (the "Option"). The shares subject to the Option shall vest twenty-five percent on July 31, 2014 and then in equal monthly amounts thereafter over the following thirty (30) months subject to your continuing service with the Company through each vesting date. Notwithstanding the foregoing, in the event that a successor or acquiring corporation in a change in control does not substitute, convert, exchange or replace the unvested portion of the Option with interests in the successor or acquiring corporation's incentive compensation plan that are comparable in value to and that have substantially similar rights, preferences and privileges and restrictions of the unvested portion of the Option, the vesting of the unvested portion of the Option shall accelerate, and such shares shall become fully vested on the effective date of such change in control. In addition, if a change in control occurs the vesting of 50% (fifty-percent) of the remaining unvested portion of the Option, if any, shall accelerate immediately. If a change in control triggers accelerated vesting of the Option, the remainder of the unvested Option will continue to vest subject to the Director continuing to provide services as a Director over the term of the Option. The Option shall be subject to the terms and conditions of the Company's 2013 Equity Incentive Plan and individual stock option agreement thereunder. No right to any stock is earned or accrued until such time that vesting occurs, nor does the grant confer any right to continue vesting or service with the Company.

(b) Indemnification. The Company shall enter into an indemnification agreement with Director on the Company's standard form of director indemnification agreement (the "Indemnification Agreement").

(c) Expenses. The Company shall reimburse Director for all expenses actually and reasonably incurred by him or on his behalf in connection with performing services as a Director.

3. Independent Contractor. The Parties understand and agree that Director is an independent contractor and not an employee of the Company. Director has no authority to obligate the

Company by contract or otherwise. Director recognizes and agrees that no amount will be withheld or deducted from his compensation for payment of any federal, state, county, or local taxes (except as otherwise required by applicable law or regulation) and that Director has sole responsibility to pay such taxes, if any, and file such returns as shall be required by applicable laws and regulations. The Parties agree that Director will not be eligible for any employee benefits or unemployment benefits nor will the Company make deductions from Director's compensation pursuant to any private or public benefit program.

4. Recognition of Company's Rights; Nondisclosure. Director agrees that, at all times during the term of Director's association with the Company and thereafter, Director will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Company's Proprietary Information (as defined below), except to the extent such disclosure, use or publication may be required in direct connection with Director's performing requested Services for the Company or is expressly authorized in writing by an officer of the Company. The term "Proprietary Information" shall mean any and all trade secrets, confidential knowledge, know-how, data or other proprietary information or materials of the Company, including without limitation, information regarding plans for research, development, new products, marketing and selling, business plans, budgets and unpublished financial statements, licenses, prices and costs, suppliers and customers, and information regarding the skills and compensation of employees, consultants or other advisors of the Company. The term "Proprietary Information" does not include information that (i) is or becomes generally available to the public other than by disclosure in violation of this Agreement, (ii) was within Director's possession prior to being furnished to Director by the Company, as shown by written records, (iii) becomes available to Director on a nonconfidential basis without breach of any confidentiality obligation to the Company, or (iv) was independently developed by Director or obtained from a third party, in each case, without breach of any confidentiality obligation to the Company and without reference to the information provided by the Company, as shown by written records.

Director may disclose any Proprietary Information that is required to be disclosed by law, government regulation or court order*provided*, *however*, that if disclosure is required, Director will give the Company advance written notice so that the Company may seek a protective order or take other action reasonable in light of the circumstances.

In addition, Director understands that the Company has received and in the future will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of Director's association and thereafter, Director will hold Third Party Information in the strictest confidence and will not disclose or use Third Party Information, except in connection with Director's performing requested Services for the Company.

5. Intellectual Property Rights. Director agrees that any and all ideas, inventions, discoveries, improvements, know-how and techniques that result, either directly or indirectly, from Director's advice, while, or as a direct result of, performing the Services for the Company under this Agreement or prior to the date of this Agreement (collectively, the "Inventions") shall be the sole and exclusive property of the Company. Director hereby assigns to the Company his entire right, title and interest in and to all such inventions. Director hereby designates the Company as his agent for, and grants to the Company a power of attorney with full power of substitution, which power of attorney shall be deemed coupled with an interest, solely for the purpose of effecting the foregoing assignments from Director to the Company.

6. No Conflicting Obligation. Director represents that Director's performance of all of the terms of this Agreement does not and will not breach or conflict with any agreement with a third party. Director understands that Director is not to breach any obligation of confidentiality that Director has to present or former employers, and agrees to fulfill all such obligations during the term of this Agreement. Director hereby agrees not to enter into any agreement that conflicts with this Agreement. Director further agrees not to bring to the Company or to use in the performance of Services for the Company any materials or documents of a present or former employer of Director, or any materials or documents obtained by Director from a third party under a binder of confidentiality, unless such materials or documents are generally available to the public or Director has authorization from such present or former employer or third party for the possession and unrestricted use of such materials.

Subject to written waivers that may be provided by the Company upon request, which shall not be unreasonably withheld, Director agrees that he will not directly or indirectly (i) during the term of his service on the Board of Directors of the Company, participate in the formation of any business or commercial entity relating to the Company's actual and planned business or (ii) during the term of his service on the Board of Directors of the Company and a period of six (6) months thereafter, solicit or hire away any employee, consultant, or advisor of the Company.

7. Term and Termination. This Agreement shall terminate on the date Director resigns or is removed from the Board of Directors of the Company, with or without cause. Upon termination of this Agreement, Director will promptly deliver to the Company all documents and other materials of any nature furnished by the Company to Director or produced by Director in connection with the Services rendered hereunder, together with all copies of any of the foregoing pertaining to the Services or pertaining to any Proprietary Information. Director shall continue to be bound by the terms of Section 4 and 5 of this Agreement for a period of one year after the termination of this Agreement.

8. General. The rights and liabilities of the Parties hereto shall bind and inure to the benefit of their respective successors, heirs, executors and administrators, as the case may be; *provided that*, as the Company has specifically contracted for Director's Services, Director may not assign or delegate Director's obligations under this Agreement either in whole or in part. The Company may assign its rights and obligations hereunder to any person or entity who succeeds to all or substantially all of the Company's business. Because Director's Services are personal and unique and because Director may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement. Director further acknowledges that the Company would have no adequate remedy at law to enforce Sections 4, 5, 6 and 7 hereof. In the event of a violation by Director of such Sections, the Company shall have the right to obtain injunctive or other similar relief, as well as any other relevant damages, without the requirement of posting bond or other similar measures. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, that provision shall be severed and the remainder of this Agreement shall continue in full force and effect.

9. Notices. Any notice provided under this Agreement shall be in writing and shall be deemed to have been effectively given (i) upon receipt when delivered personally, (ii) one day after sending when sent by private express mail service or electronic mail, or (iii) 5 days after sending when sent by regular mail to the address as may have been designated by the Company or Director by notice to the other given as provided herein.

10. Use of Director's Name. To facilitate successful marketing, financing and development of the Company, Director agrees to allow the Company to use Director's name and biographical information in connection with its marketing, financial and strategic ventures.

11. Entire Agreement. This Agreement, together with the Option Agreement and the Indemnification Agreement to be entered into by the parties, constitute the final, exclusive and complete understanding and agreement of the Parties hereto and supersedes all prior understandings and agreements. Any waiver, modification or amendment of any provision of this Agreement shall be effective only if in writing and signed by the Parties hereto. Director acknowledges that Director does not have and shall not have any additional eights to acquire shares of capital stock of the Company or any options, warrants or other rights to acquire shares of capital stock of the Company unless such rights are approved in writing by the Board of Directors of the Company.

12. Governing Law. This Agreement shall be governed by the internal substantive laws, but not the choice of law rules, of the State of California.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this **BOARD SERVICES AGREEMENT** as of the date set forth in the first paragraph hereof,

COMPANY:

SUNRUN INC.

/s/ Lynn Jurich
Lynn Jurich
Co-CEO

DIRECTOR:

/s/ Gerald Risk
Gerald Risk

Exhibit 10.16

EXECUTION COPY

AGREEMENT OF SUBLEASE

THIS AGREEMENT OF SUBLEASE ("**Sublease**") is made as of the 1st day of April, 2013 (the "**Effective Date**") by and between **VISA U.S.A. INC.,** a Delaware corporation ("**Sublandlord**") and **SUNRUN INC.,** a Delaware corporation ("**Subtenant**").

RECITALS

A. Sublandlord is the tenant under that certain Lease dated November 17, 2008, by and between Sublandlord and 595 MARKET STREET, INC., a Delaware corporation ("**Prime Landlord**"), a copy of which Lease is attached hereto as **Exhibit A** (as it may be amended or modified from time to time, the "**Prime Lease**").

B. The Prime Lease sets forth the terms and conditions of Sublandlord's tenancy respecting approximately 43,842 rentable square feet of office space in the Building (as defined in the Prime Lease) (the "**Prime Lease Premises**"), consisting of (i) 14,604 rentable square feet on the twenty-eighth floor, (ii) 14,664 rentable square feet on the twenty-ninth floor, and (iii) 14,574 rentable square feet on the thirtieth floor; the Prime Lease Premises consist of the entirety of the twenty eighth, twenty ninth and thirtieth floors of the Building as more particularly shown on Exhibit A to the Prime Lease.

C. Subject to the terms and conditions of the Prime Lease, Subtenant desires to sublease from Sublandlord, and Sublandlord desires to sublease to Subtenant, the entire Prime Lease Premises on the terms and conditions hereinafter set forth.

NOW, THEREFORE, Sublandlord and Subtenant, in consideration of the foregoing recitals which are incorporated herein by reference and the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and each with intent to be legally bound, for themselves and their respective successors and permitted assigns, agree as follows:

1. Definitions. All terms not expressly defined in this Sublease shall have the meanings given to them in the Prime Lease. For all purposes of this Sublease, except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein or in the Prime Lease have the meanings assigned to them in accordance with generally accepted accounting principles as are at the time applicable, (iii) all references in this Sublease to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Sublease, (iv) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or other subdivision, (v) the words "include" and "including" shall mean "including without limitation", (vi) the term "and/or" is to be construed to mean that both cases apply or, either the first or the second case applies, as the circumstances may require, and (vii) the term "attorneys' fees" (or any variation thereof) includes all court costs, disbursements and expert fees incurred by the party retaining such attorney. If there be more than one person comprising Sublandlord or Subtenant, then the obligations hereunder imposed upon such persons shall be joint and several. All pronouns and variations thereof shall be deemed to refer to the masculine, feminine and neuter, as the identity of the party or parties may require.

2. Premises. For the Term (as hereinafter defined) and upon the conditions hereinafter provided, Sublandlord hereby agrees to sublease to Subtenant, and Subtenant hereby agrees to sublease from Sublandlord, the entire Prime Lease Premises, as shown on the floor plans attached hereto as **Exhibit B** (the "**Premises**"). The parties hereby agree that for all purposes of this Sublease the Premises shall be deemed to consist of 43,842 rentable square feet of office space. On the Commencement Date (as defined in Section 4), Sublandlord will deliver possession of the Premises to Subtenant (subject to Sublandlord's right of entry to remove Sublandlord's Furniture (as defined in Section 3) therefrom as described below and to the terms of the Prime Lease and this Sublease). In addition to Subtenant's rights as set forth herein to occupy the Premises, if permitted by Prime Landlord and subject to availability of roof space, Subtenant shall also be entitled to Sublandlord's rights to install Telecommunications Equipment in accordance with and subject to Section 26.23 of the Prime Lease. Subtenant shall obtain Sublandlord's approval (not to be unreasonably withheld) of the proposed equipment type, size and frequency prior to making a request for approval to Prime Landlord. Sublandlord agrees to use reasonable efforts, at Subtenant's expense, to procure Prime Landlord's consent to Subtenant's right to install such Telecommunications Equipment; provided, however, that the failure of Prime Landlord to consent to Subtenant's installation of such Telecommunications Equipment shall not affect the validity of this Sublease. Subtenant shall be solely responsible for the cost and expense of installation, maintenance and removal of such Telecommunications Equipment.

3. Condition of Premises. Subtenant acknowledges that Sublandlord has made no representations or warranties with respect to the Building or the Premises or any personal property of Sublandlord included with the Premises, including the cabling referenced in Section 8 below. Subtenant hereby agrees to accept the Premises and any such personal property (including the cabling referenced in Section 8 below) in its "**AS IS**" and "with all faults" condition existing on the date possession is delivered to Subtenant, without requiring any alterations, improvements, repairs, maintenance, replacements, restoration or decorations to be made by Sublandlord, or at Sublandlord's expense, either at the time possession is given to Subtenant or during the entire Term of this Sublease. Sublandlord makes no representations regarding the condition of the Premises or any personal property (including the cabling referenced in Section 8 below) or the suitability of the Premises or such property for Subtenant's purposes. Sublandlord shall remove all cubicles and ancillary furniture described on **Exhibit D** ("**Sublandlord's Furniture**") within seven (7) days following the Commencement Date. On the expiration of the Term, Sublandlord shall sell all of the remaining existing private office, reception, kitchen and conference room furniture, fixtures and equipment described on **Exhibit D-1** ("**FFE**") to Subtenant for $1.00 pursuant to a Bill of Sale in the form attached hereto as **Exhibit D-2**. During the Term, Subtenant shall have the right to use the FFE in the normal course of its business and Subtenant agrees to maintain the FFE in good condition and repair, subject to reasonable wear and tear. Subtenant shall not remove any of the FFE from the Premises without Sublandlord's prior written approval, which will not be unreasonably withheld, conditioned or delayed; provided, however, that (a) Sublandlord's consent will not be required with respect to the removal from the Premises of any item of FFE if such item is to be stored in a commercial storage facility and Subtenant provides Sublandlord with notice of such removal, a list of the items to be removed and the name, address and unit number of the commercial storage facility and (b) if Sublandlord fails to notify Subtenant of Sublandlord's consent, or denial of consent, to a proposed removal or disposition of any item of FFE which requires Sublandlord's consent within fifteen (15) days following Subtenant's request for such consent, Sublandlord will be deemed to have consented to such removal and/or disposition.

4. Term.

(a) The term of this Sublease (the "**Term**") shall commence on the later of (i) the date on which Subtenant delivers the Security Deposit (as defined below) to Sublandlord and (ii) the date on which the Prime Landlord consents to this Sublease as provided in Section 27 hereof and as required by the Prime Lease (the later of such dates being the "**Commencement Date**") and shall end on July 31, 2019 ("**Expiration Date**"), subject to any termination on such earlier date upon which the Term may be terminated pursuant to any of the conditions or limitations or other provisions of this Sublease or pursuant to law. Subtenant will not occupy any portion of the Premises for the conduct of its business until Substantial Completion of the Subtenant's Improvements (as defined in Section 9(c)).

(b) The parties acknowledges that the Expiration Date is thirty (30) days prior to the "Expiration Date" under the Prime Lease. Notwithstanding the Expiration Date set forth in Section 4 (a) above, the Term shall be automatically extended through August 31, 2019, the scheduled "Expiration Date" of the Prime Lease, which shall be deemed to be the Expiration Date for all purposes of this Sublease if (i) Subtenant enters into a binding lease agreement with Prime Landlord providing for Subtenant to occupy the Premises on a "direct" basis beyond the Expiration Date (a "**Direct Lease**"), (ii) Subtenant obtains a release from Prime Landlord of any liability or obligation of Sublandlord with respect to the removal of any Tenant Improvements and Tenant Property under the terms of the Prime Lease (including any cabling and conduit installed by Sublandlord under Section 10.10 of the Prime Lease) and any restoration or repair in connection with such removal, reasonably satisfactory to Sublandlord ("**Release**"); (iii) Subtenant provides a copy of such Direct Lease and the original of the Release to Sublandlord prior to June 30, 2019; and (iv) Subtenant is not in breach of the terms of this Sublease as of June 30, 2019.

(c) This Sublease shall automatically terminate if the Prime Lease is terminated or the term thereof expires.

5. Rent.

(a) Commencing on the earlier of (i) Substantial Completion of the Subtenant's Improvements, (ii) Subtenant's occupancy of any portion of the Premises for the conduct of its business (as opposed to the construction of Subtenant's Improvements and/or the installation of Subtenant's furniture, fixtures, cabling and equipment), or (iii) November 1, 2013 (the "**Rent Commencement Date**") and continuing through the Expiration Date, the base rent payable by Subtenant hereunder ("**Base Rent**") shall be Forty Five Dollars ($45.00) per rentable square foot of office space in the Premises per annum and such amount shall increase by One Dollar ($1.00) per rentable square foot of office space in the Premises per annum on the first day of each Lease Year. As used herein the term "**Lease Year**" shall mean the twelve (12) month period commencing on the Rent Commencement Date; provided, however, that if the Rent Commencement Date is not the first day of a calendar month then the first Lease Year shall be twelve (12) full calendar months plus the partial month in which the Rent Commencement Date occurs. A schedule of Subtenant's Base Rent obligations is set forth below:

Period During Term	Per Annum	Per Month	Annual Base Rent Per Rentable Square Foot
First Lease Year	$ 1,972,890.00 (plus any partial month)	$164,407.50	$ 45.00
Second Lease Year	$ 2,016,732.00	$168,061.00	$ 46.00
Third Lease Year	$ 2,060,574.00	$171,714.50	$ 47.00
Fourth Lease Year	$ 2,104,416.00	$175,368.00	$ 48.00
Fifth Lease Year	$ 2,148,258.00	$179,021.50	$ 49.00
Sixth Lease Year (to Expiration Date)	$ 2,192,100.00	$182,675.00	$ 50.00

Promptly following the determination of the Rent Commencement Date, Sublandlord and Subtenant will mutually execute and deliver a letter agreement in the form of **Exhibit E** attached hereto (the "**Confirmation Letter**"), confirming the Rent Commencement Date and the Abatement Period (defined below); provided that failure of either party to execute such Confirmation Letter shall not affect the validity of this Sublease.

(b) Base Rent shall be due in advance and without notice or demand, in equal monthly installments on the first day of each calendar month following the Rent Commencement Date and thereafter during the Term, except that the first month's Base Rent (or a proportionate part thereof if the Rent Commencement Date is not the first day of a calendar month) shall be due and payable on the Rent Commencement Date.

(c) Notwithstanding anything in this Sublease to the contrary, provided that Subtenant is not in breach of this Sublease after the expiration of any applicable notice and cure period provided for under Section 13 below (hereinafter, "**Default**"), Subtenant shall not be obligated to pay monthly Base Rent for the Premises for the first three (3) full calendar months after the Rent Commencement Date (the "**Abatement Period**") and for the last one (1) month of the Term (the "**Abatement Month**"). For avoidance of doubt, if the Rent Commencement Date occurs on a date other than the first day of a month, Subtenant shall pay the proportionate amount for the remainder of the calendar month as provided in Subsection 5(b) and the Abatement Period shall commence on the first day of the following calendar month.

6. Passthroughs of Taxes and Operating Expenses.

(a) Commencing on the first day of the Second Lease Year, Taxes and Operating Expenses shall be passed through to Subtenant on the same basis as described in Article 7 of the Prime Lease, except that the "**Base Year**" for purposes of this Sublease shall be the calendar year 2013 (subject to Section 18 hereof). Subtenant agrees to pay to Sublandlord, as

Additional Rent (as defined below) under this Sublease, 100% of the amount payable by Sublandlord pursuant to the Article 7 of the Prime Lease entitled "Increases in Taxes and Operating Expenses" to the extent in excess of Sublandlord's Tax Payment and Operating Expense Payment, respectively, for the calendar year 2013 (subject to Section 18 hereof), calculated based upon the Base Year described above, which will constitute "**Base Taxes**" and "**Base Operating Expenses**" for the purposes of this Sublease. Such payments shall be made as and when due under the Prime Lease, including without limitation, the payment in advance and in equal monthly installments of all estimate payments and of all adjustment payments as referenced in Sections 7.2 and 7.3 of the Prime Lease. Sublandlord agrees to deliver to Subtenant any Tax Estimate and/or Expense Estimate promptly following Sublandlord's receipt of such Estimates from Prime Landlord and to include in any such delivery an estimate of Subtenant's payments required hereunder, as well as each Statement received by Sublandlord from Prime Landlord (the Statement with respect to the calendar year 2013 will, subject to Sublandlord's rights under Section 7.4(b) of the Prime Lease and Section 18 hereof, establish the Base Operating Expenses and Base Taxes for the purposes of this Sublease).

(b) Subtenant shall also pay to Sublandlord, as Additional Rent,(i) all charges for any additional services provided to Subtenant, including, without limitation, charges and fees for after-hours heating and air-conditioning services, late charges and interest, overtime or excess service charges, including excess electrical usage, and (ii) damages and interest and charges related to Subtenant's failure to perform its obligations under this Sublease; all such payments shall be due as and when due under the Prime Lease. All requests for additional services shall be made through Sublandlord; provided, however, that Sublandlord agrees, at Subtenant's expense, to use reasonable efforts to cooperate with Subtenant and Prime Landlord to establish a procedure whereby so long as Subtenant is not in breach under the terms of this Sublease, any requests by Subtenant for additional services (including after-hours utilities) may be promptly delivered to Prime Landlord in order to ensure Subtenant's ability to timely receive such services. In connection therewith, Sublandlord will not unreasonably withhold its consent to a procedure whereby Subtenant requests such services and/or utilities directly from Prime Landlord (with a copy of such request sent simultaneously to Sublandlord) if Prime Landlord consents to such a procedure and to direct billing to and payment by Subtenant for such additional services and/or utilities.

7. Payment; Survival:

(a) All sums of money (other than Base Rent) due and payable by Subtenant under this Sublease are hereinafter referred to as "**Additional Rent**". As used herein, the term "**Rent**" means the Base Rent and the Additional Rent. All Rent shall be paid in lawful money of the United States of America without notice or demand therefor (except for such notice as may be specifically required under the terms of this Sublease in the case of certain payments of Additional Rent under Article 6) and without any deductions, set-off or abatement whatsoever; except as specifically provided in Section 16. Rent shall be paid at the address of Sublandlord set forth in Section 28 below, or such other address as Sublandlord shall designate in written notice to Subtenant from time to time. Time is of the essence for all Rent due dates under this Sublease. Any Rent payment received by Sublandlord later than the due date specified in this Sublease shall bear interest from the date such payment became due until paid at the Interest Rate. In any case where payment is required under this Sublease and a specific time period is not set forth for making such payment, the payment shall be due within thirty (30) days of the date a bill is rendered for such payment.

(b) The receipt and retention by Sublandlord of monthly Base Rent or Additional Rent from Subtenant or anyone else shall not be deemed a waiver of the breach by Subtenant of any covenant, agreement, term or provision of this Sublease, or as the acceptance of such other person as a subtenant, or as a release of Subtenant from the further keeping, observance or performance by Subtenant.

(c) Subtenant's obligation to pay the Rent, as well as Sublandlord's obligation to pay any applicable amount following any applicable reconciliation of Operating Expenses and/or Taxes under the terms of the Prime Lease, to the extent not paid as of the date of expiration or termination hereof, shall survive such expiration or termination of this Sublease.

8. Use. The Premises shall be used for those purposes permitted under the Prime Lease and for no other purpose. Sublandlord agrees that, subject to the terms of the Prime Lease and any agreements with AT&T or other providers, Subtenant will have the right to use any cabling installed by Sublandlord pursuant to Section 10.10 of the Prime Lease, if any. Sublandlord makes no representations or warranties that such cabling exists or is functioning.

9. Alterations and Signage.

(a) Subtenant shall not make any alterations, additions, improvements, installations or modifications (collectively "**Alterations**") in or to the Premises, without in each instance obtaining the prior written consent of Sublandlord and Prime Landlord, except in the case of Decorative Alterations; provided, however, that for purposes of this Sublease, Decorative Alterations shall not include interior wall adjustments. All requests for consent to Alterations shall be accompanied by "**Plans**" as defined in the Prime Lease. Any request for consent to Alterations and Plans, after such Alterations and Plans have been approved by Sublandlord, shall be promptly submitted to Prime Landlord by Sublandlord for review and approval under the terms of the Prime Lease unless the request is for Decorative Alterations in which case, upon request by Subtenant, Sublandlord shall provide the five (5) Business Days written notice required under the Prime Lease. After obtaining any approvals required hereunder, Subtenant shall make its Alterations subject to and in compliance with the terms and conditions of the Prime Lease (provided that Sublandlord will not be entitled to charge Subtenant any administrative fee as described in Section 5.6 of the Prime Lease, and only Prime Landlord will be entitled to charge such fee). Sublandlord shall be named an additional insured under the insurance required under Section 5.1(b) of the Prime Lease and Subtenant shall provide Sublandlord with the policies and certificates of insurance required under the Prime Lease prior to commencement of construction of any Alterations. All Alterations shall (unless otherwise agreed upon by Sublandlord and Subtenant) be made by Subtenant or Subtenant's contractors (or, if required by the terms of the Prime Lease, by Prime Landlord or Prime Landlord's contractors), at the sole cost and expense of Subtenant. If Sublandlord or its contractors (or Prime Landlord or Prime Landlord's contractors) perform such work, Subtenant shall promptly pay to Sublandlord the total cost for design, engineering, management and construction of such Alterations. Upon completion of any Alterations, Subtenant shall deliver to Sublandlord as-built drawings (as described in Section 5.1(c) of the Prime Lease). The terms of this Section 9(a) shall also apply to the Subtenant's Improvements.

(b) Subject to Prime Landlord's prior written consent, Subtenant shall be permitted to install entry identification signage for the designation of Subtenant's entity name at the entrance of the Premises and in the elevator lobbies of each floor comprising the Premises (which signage may include, with Prime Landlord's consent, Subtenant's logo and corporate graphics) and to have its entity name placed on the electronic directory board located in the lobby of the Building, at Subtenant's sole cost and expense, and in compliance with applicable laws, codes, ordinances, rules and regulations. Sublandlord shall have the right to approve the entry identification signage, such approval not to be unreasonably withheld.

(c) Subtenant has informed Sublandlord that certain Alterations need to be made to the Premises in order to prepare the Premises for Subtenant's occupancy (the "**Subtenant's Improvements**"). The Subtenant's Improvements shall be more particularly set forth on those Plans to be submitted by Subtenant to Sublandlord and Prime Landlord for approval. Subtenant will cause a licensed architect, selected by Subtenant and reasonably acceptable to Sublandlord (the "**Architect**") and a licensed engineer, selected by Subtenant and reasonably acceptable to Sublandlord (the "**Engineer**"), to prepare the Plans. Prior to commencing the Subtenant's Improvements (or any component thereof), Subtenant shall submit the Plans therefor to Sublandlord for Sublandlord's approval. Sublandlord shall advise Subtenant within ten (10) Business Days after receipt of any Plans of its approval or disapproval thereof, and, if Sublandlord does not approve any of such Plans, of the reasons that the same are disapproved. If Sublandlord disapproves of any of the Plans, Subtenant shall deliver, or cause the Architect to deliver to Sublandlord, revised Plans, which respond to Sublandlord's requests for changes. Sublandlord shall advise Subtenant within five (5) Business Days after receipt of any revised Plans of its approval or disapproval thereof, and, if Sublandlord does not approve any of the revised Plans, of the changes required in the same so that they will meet Sublandlord's approval. This iterative process shall continue until Sublandlord and Subtenant mutually agree upon the Plans for the Subtenant's Improvements (or the applicable component thereof, as the case may be). In either case, if Sublandlord fails to timely respond to Subtenant's submission of initial Plans or revised Plans, Subtenant may deliver a second notice requesting Sublandlord's approval of same; if Sublandlord fails to respond to such second (2nd) notice within five (5) Business Days after receipt of same, Sublandlord will be deemed to have approved the Plans; provided that Subtenant's notice must state in bold face letters on the first page of such notice the following language: "IF SUBLANDLORD FAILS TO RESPOND TO THIS LETTER WITHIN FIVE (5) BUSINESS DAYS FROM SUBLANDLORD'S RECEIPT OF THIS LETTER, SUBTENANT'S REQUEST FOR SUBLANDLORD'S APPROVAL OF THOSE CERTAIN ALTERATIONS AND PLANS DESCRIBED IN THIS LETTER SHALL BE DEEMED TO BE APPROVED BY SUBLANDLORD.". The Plans for the Subtenant's Improvements (or any component thereof), as revised (if revised), after they have been approved or deemed approved by Sublandlord, shall be promptly submitted to Prime Landlord by Sublandlord for review and approval under the terms of the Prime Lease. The Plans as approved by Sublandlord and Prime Landlord are hereinafter referred to as the "**Tenant's Plans**". Subtenant shall perform the Subtenant's Improvements in a good and workmanlike manner and in accordance with all Requirements, the terms of the Prime Lease and this Sublease and in conformance with the Tenant's Plans. Subtenant agrees that, subject to delays caused by Sublandlord, Prime Landlord or Unavoidable Delays (as said term is defined in the Prime Lease) of which Subtenant has promptly notified Sublandlord, it will complete the Subtenant's Improvements on or prior to the date that is twelve (12) months after the Commencement Date and Sublandlord shall not be obligated to disburse any of the Subtenant Allowance (as defined below) for Subtenant's Improvements performed after such date (as said date may be postponed by delays described above of which Subtenant has promptly notified Sublandlord).

(d) Provided that no breach of this Sublease has occurred and is continuing, Sublandlord grants to Subtenant a cash allowance of up to One Million Fifty Two Thousand Two Hundred Eight Dollars ($1,052,208.00) ("**Subtenant Allowance**") against the total construction cost of all of Subtenant's Improvements (including design costs and the cost of all permits, licenses and fees related to the construction of the Subtenant's Improvements), cabling and project management fees (collectively, "**Costs**"). Subtenant shall submit to Sublandlord, upon completion of Subtenant's Improvements and Subtenant's occupancy of the Premises, (i) a request for disbursement of the Subtenant Allowance, signed by an authorized officer of Subtenant, accompanied by a certificate of such authorized officer of Subtenant certifying that all amounts set forth in such request are validly due to contractors, Subtenant's Architect, Engineer or other professionals, subcontractors and materialmen in connection with the furnishing of material for, or in the performance of, the Subtenant's Improvements, (ii) invoices for the total amount of all Costs, (iii) a certificate from Subtenant's Architect certifying that all Subtenant's Improvements installations have been completed and that the Subtenant's Improvements were performed in a good and workmanlike manner and in accordance with all Requirements and Tenant's Plans, (iv) a waiver or release of mechanics liens by all contractors or subcontractors providing supplies to, or performing work for Subtenant in connection with Subtenant's Improvements, and (v) a final certificate of occupancy. Sublandlord shall have thirty (30) days following such delivery of items (i)-(v) above, in which to verify all such invoices and inspect Subtenant's Improvements to assure such work is in substantial compliance with the Tenant's Plans previously approved by Sublandlord (which inspection shall be solely for the benefit of Sublandlord and no other person shall be entitled to rely thereon). Sublandlord shall pay to Subtenant a sum equal to the lesser of (i) the Subtenant Allowance or (ii) the Costs. Such payment shall be made no later than forty-five (45) days following the date on which Subtenant submits all of the items required under clauses (i)-(v) above. Any amount of Subtenant Allowance for which Subtenant has not requested disbursement as of the date that is ninety (90) days following Subtenant's completion of the Subtenant's Improvements shall be retained by Sublandlord. It is expressly understood and agreed that Subtenant shall complete, at its expense, the Subtenant's Improvements whether or not the Subtenant Allowance is sufficient to fund such completion.

(e) Notwithstanding anything herein to the contrary, if Sublandlord determines, in its reasonable discretion, that the cost of removal and restoration under the terms of the Prime Lease of any Subtenant's Improvements or Subtenant Alterations which constitute Specialty Alterations (as said term is defined in the Prime Lease) will exceed $50,000 in the aggregate, then Sublandlord may condition any approval under this Section 9 upon Subtenant's increasing the Security Deposit by the amount of such cost.

10. Non-Disturbance Agreement. Sublandlord shall reasonably cooperate with Subtenant's efforts to obtain a non-disturbance and attornment agreement however, failure of the Prime Landlord or its lender to provide an agreement satisfactory to Subtenant shall not be a condition of this Sublease and shall not affect the validity of this Sublease. Sublandlord shall not be required to make any payments or incur any liability or obligation in connection with obtaining such non-disturbance and attornment agreement(s).

11. Surrender. Subtenant shall, on the expiration or earlier termination of this Sublease, remove Subtenant's Improvements, Subtenant's Alterations and all of Subtenant's trade fixtures, equipment and personal property (including any cabling and conduit installed by Subtenant under Section 10.10 of the Prime Lease, any security system installed by Subtenant under Section 10.12 of the Prime Lease, and any Telecommunications Equipment installed by Subtenant under Section 26.23 of the Prime Lease) as and to the extent required under the terms of the Prime Lease, repair any damage caused by such removal as and to the extent required under the terms of the Prime Lease, and surrender the Premises to Sublandlord in the condition required by the Prime Lease, including Sections 5.3 and 18.1 of the Prime Lease. Subtenant shall be responsible, at its expense, for (i) the removal of Subtenant's Improvements and Subtenant's Alterations, trade fixtures, equipment and personal property and any repair or restoration required under the Prime Lease in connection with such removal, and (ii) the repair of any damage caused by Subtenant, its contractors, employees, invitees or agents during the Term as required under the terms of the Prime Lease. If Subtenant fails or refuses to perform its obligations under this Section 11, the Prime Landlord or Sublandlord may, following notice to Subtenant, cause the same to be performed, in which event the Subtenant shall reimburse the party who caused Subtenant's obligations to be performed the cost of such removal, restoration and repair, together with any and all damages which the Prime Landlord or Sublandlord may suffer as a result of Subtenant's refusal or failure to perform its obligations under this Section 11. For avoidance of doubt, and notwithstanding any other provision of this Sublease to the contrary, Subtenant shall not be responsible for removal of any alterations or improvements performed by or on behalf of Sublandlord or any restoration required under the Prime Lease in connection with such removal unless Subtenant enters into a Direct Lease with the Prime Landlord. The obligations of Subtenant as provided in this Section 11 shall survive the expiration or termination of this Sublease.

12. Assignment and Subletting. Subtenant shall not assign, transfer, mortgage, pledge, or encumber this Sublease, nor sublet or rent the Premises or any part thereof, nor permit occupancy of the Premises or any part thereof by anyone other than Subtenant, without the prior written consent of Sublandlord and, to the extent required by the provisions of Article 13 of the Prime Lease, of Prime Landlord, nor shall any assignment or transfer of this Sublease be effectuated by the direct or indirect transfer of any interest by Subtenant or by the operation of law or otherwise without the prior written consent of Sublandlord and, to the extent required by the provisions of Article 13 of the Prime Lease, of Prime Landlord (any such assignment, transfer, mortgage, pledge, encumbrance, transfer of interests, sublease, rental or occupancy being referred to herein as a "**Subtenant Transfer**"). In the event of a Subtenant Default hereunder, Subtenant hereby assigns to Sublandlord the rent due from any subtenant of Subtenant and hereby authorizes each such subtenant to pay said rent directly to Sublandlord. Subtenant agrees to reimburse Sublandlord promptly for legal and other expenses incurred by Sublandlord (including those billed to Sublandlord by Prime Landlord and additional rent, if any, charged pursuant to Sections 13.4(a)(iv) and 13.7 of the Prime Lease) in connection with any requests by Subtenant for consent to any Subtenant Transfer. No Subtenant Transfer shall affect the continuing primary liability of Subtenant (which, following an assignment, shall be joint and several with the assignee). No consent to any Subtenant Transfer in a specific instance shall operate as a waiver in any subsequent instance. Any Subtenant Transfer in contravention of the provisions of this Section 12 shall be void and shall constitute a Default. Provided Prime Landlord consents or is deemed to consent to a Subtenant Transfer, (i) Sublandlord's consent will not be unreasonably withheld and will be governed by the provisions of Section 13.4 of the

Prime Lease, except that the last sentence of 13.4(a) shall be replaced with the following: "If Sublandlord fails to respond to Subtenant's request for approval of a Subtenant Transfer within twenty (20) days after Sublandlord's receipt of such request, Subtenant may deliver a second notice requesting Sublandlord's approval of same; if Sublandlord fails to respond to such second (2nd) notice within five (5) Business Days after receipt of same, Sublandlord will be deemed to have approved the proposed Subtenant Transfer provided that Subtenant's second notice must state in bold face letters on the first page of such notice the following language: "IF SUBLANDLORD FAILS TO RESPOND TO THIS LETTER WITHIN FIVE (5) BUSINESS DAYS FROM SUBLANDLORD'S RECEIPT OF THIS LETTER, SUBTENANT'S REQUEST FOR SUBLANDLORD'S APPROVAL OF THE TRANSFER DESCRIBED IN THIS LETTER SHALL BE DEEMED TO BE APPROVED BY SUBLANDLORD."; and (ii) Sublandlord shall have the rights under, and Subtenant shall be bound by, all of the terms of Sections 13.1(b), 13.1(c), 13.4(b), and 13.5-13.12, inclusive, with respect to such Subtenant Transfer. Notwithstanding anything to the contrary herein (but subject to the terms of the Prime Lease), the issuance of shares of Subtenant in an initial public offering on a nationally recognized security exchange will not constitute an assignment for the purpose of this Sublease.

13. Default. In the event of a Subtenant Default (including the breach of obligations under the Prime Lease incorporated herein by reference which breach is not cured within the applicable cure period following notice from Sublandlord), Sublandlord shall have all of the same rights and remedies as are available to Prime Landlord in the case of an Event of Default by Sublandlord under the Prime Lease (including the right to terminate this Sublease), including all other rights and remedies available at law or in equity. Unless otherwise provided in this Sublease, the applicable cure period for a breach of this Sublease shall be (i) for a monetary breach, the cure period set forth in Section 15.1(a) of the Prime Lease, and (ii) for a non-monetary breach, the cure period set forth in Section 15.1(b) of the Prime Lease; provided, however, that if Sublandlord has received a notice of such breach from Prime Landlord pursuant to the provisions of Article 15 of the Prime Lease, then Subtenant's cure period shall be reduced to be (x) the cure period set forth in Section 15.1(b) of the Prime Lease, less ten (10) days with respect to the thirty (30) day cure period provided therein and less five (5) days with respect to the ten (10) day cure period provided therein and Sublandlord's notice of Subtenant's breach delivered pursuant to the provisions of this Section 13 shall specify the applicable cure period. There shall be no notice and cure period for breaches under Sections 15.1 (d) and (e) of the Prime Lease. The notice periods hereunder are in lieu of, and not in addition to, any notice periods provided by law or in the Prime Lease.

14. Security Deposit.

(a) Within sixty (60) days after execution of this Sublease, Subtenant shall submit to Sublandlord a deposit in cash equal to One Million Five Hundred Thousand Dollars ($1,500,000) ("**Security Deposit**") which shall be held by Sublandlord without interest, as security for the faithful performance of all terms and conditions of this Sublease by the Subtenant. As long as these obligations are met for the full Term, such Security Deposit shall be returned within forty five (45) days after expiration or earlier termination of the Term. In the event of a Default by Subtenant, in addition to any other remedies Sublandlord may have, Sublandlord may use or apply the Security Deposit as necessary for the payment of any (a) Base Rent, Additional Rent or any other sum as to which Subtenant is in Default, or (b) any amount Sublandlord may spend or become obligated to spend, or for the compensation of any losses

incurred by Sublandlord in accordance with the terms of this Sublease by reason of Subtenant's Default (including any damage or deficiency arising in connection with the reletting of the Premises). The foregoing shall not serve in any event to limit the rights, remedies or damages accruing to Sublandlord under this Sublease on account of a Default by Subtenant hereunder.

(b) Subtenant shall not pledge, mortgage, assign or transfer the Security Deposit or any interest therein.

(c) Subtenant shall have the right to deliver to Sublandlord an unconditional, irrevocable letter of credit in substitution for the cash Security Deposit required to be delivered by Subtenant pursuant to this Sublease, subject to the following terms and conditions. Such letter of credit shall be: (i) in form and substance satisfactory to Sublandlord in its reasonable discretion; (ii) at all times in the amount of the Security Deposit required to be delivered by Subtenant pursuant to this Sublease and shall permit multiple draws; (iii) issued by a commercial bank reasonably acceptable to Sublandlord from time to time and located in the San Francisco metropolitan area (or, alternatively, allowing draws via facsimile or overnight courier); (iv) written to specify that the payment of draws will be made only to a specified Sublandlord account (and have the payment instruction noted in the letter of credit); (v) made payable to, and expressly transferable and assignable at no charge by, Sublandlord (which transfer/assignment shall be conditioned only upon the execution of a written document in connection therewith and compliance with any applicable Federal anti-terrorist procedures); (vi) payable upon presentment to a local branch of the issuer of a simple sight draft or certificate stating only that Subtenant is in Default under this Sublease; (vii) of a term not less than one year; and (viii) at least thirty (30) days prior to the then-current expiration date of such letter of credit, either (1) renewed (or automatically and unconditionally extended) from time to time through the ninetieth (90th) day after the expiration of the Term, or (2) replaced with cash (or a new letter of credit satisfactory to Sublandlord and complying with the terms hereof) in the amount of the Security Deposit then required to be delivered by Subtenant pursuant to this Sublease. If Subtenant fails to timely comply with the requirements of item (viii) above, then Sublandlord shall have the right to immediately draw upon the letter of credit without notice to Subtenant and hold the proceeds as the Security Deposit hereunder. Each letter of credit shall be issued by a commercial bank that has a credit rating with respect to certificates of deposit, short term deposits or commercial paper of at least P-2 (or equivalent) by Moody's Investor Service, Inc. or at least A-2 (or equivalent) by Standard & Poor's Corporation, and shall be otherwise acceptable to Sublandlord in its reasonable discretion. If the issuer's credit rating is reduced below P-2 (or equivalent) by Moody's Investors Service, Inc. or below A-2 (or equivalent) by Standard & Poor's Corporation, or if the financial condition of such issuer changes in any other materially adverse way as reasonably determined by Sublandlord, then Sublandlord shall have the right to require that Subtenant obtain from a different issuer a substitute letter of credit that complies in all respects with the requirements of this Section, and Subtenant's failure to obtain such substitute letter of credit within ten (10) Business Days following Sublandlord's written demand therefor shall entitle Sublandlord to immediately draw upon the then existing letter of credit in whole or in part, without notice to Subtenant and to hold the proceed thereof as the Security Deposit hereunder. In the event the issuer of any letter of credit held by Sublandlord is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation, or any successor or similar entity, then, effective as of the date such receivership or conservatorship occurs, said letter of credit shall be deemed to not meet the requirements of this Section, and, within ten (10) Business Days thereof, Subtenant shall replace such letter of credit with other collateral

acceptable to Sublandlord in its sole discretion. If Subtenant fails to replace such letter of credit with other collateral acceptable to Sublandlord in its sole discretion within such ten (10) Business Day period, Sublandlord shall be entitled to immediately draw upon the then existing letter of credit in whole or in part without notice to Subtenant and to hold the proceeds thereof as the Security Deposit hereunder. Any failure or refusal of the issuer to honor a letter of credit presented by Sublandlord pursuant to the foregoing shall be at Subtenant's sole risk and shall not relieve Subtenant of its obligations hereunder with respect to the Security Deposit required hereunder.

(d) On the first anniversary of the Rent Commencement Date, provided (i) no monetary Default occurred during the preceding year, and (ii) no breach by Subtenant under this Sublease shall then continue with respect to which Sublandlord has delivered notice to Subtenant, Subtenant shall have the right to reduce the Security Deposit (or, if applicable, the face amount of any letter of credit) to the amount of One Million Dollars ($1,000,000) by delivering notice of Subtenant's request to Sublandlord. If the aforesaid conditions are met, Sublandlord shall deliver to Subtenant the amount of such reduction in the Security Deposit within ten (10) Business Days after Sublandlord's receipt of Subtenant's request or, if applicable, promptly execute and deliver an amendment to any then-existing letter of credit providing for the reduction in the face amount thereof. If the Security Deposit shall have been provided by Subtenant in letter of credit form, such reduction shall occur by means of Subtenant's delivery to Sublandlord, concurrently with the delivery of Subtenant's request to reduce the amount of the Security Deposit, of a substitute letter of credit in the reduced amount of the Security Deposit to be held by Sublandlord hereunder and in conformity with the requirements for a letter of credit which may be delivered by Subtenant to Sublandlord pursuant to this Sublease with respect to the Security Deposit; thereafter the letter of credit previously delivered by Subtenant to Sublandlord shall be returned to Subtenant.

(e) This Sublease will automatically terminate on the sixty first (61st) day after execution of this Sublease if Subtenant has not delivered the Security Deposit to Sublandlord at the time and in the manner described in this Section 14, unless Sublandlord elects to continue this Sublease by written notice to Subtenant.

15. Indemnification.

(a) Subtenant shall and hereby does indemnify, defend, protect and hold Sublandlord, its management company, if any, and their respective officers, directors, shareholders and employees ("**Indemnified Parties**") harmless from and against any and all losses, liabilities, damages, claims, judgments, fines, suits, costs, interest, actions, demands, and expenses of any kind or nature (including, without limitation, reasonable attorneys' fees) (collectively, "**Claims**") asserted against, imposed upon or incurred by such Indemnified Parties by reason of (i) any violation caused, suffered or permitted by Subtenant, of any of the terms, covenants, agreements, or conditions of the Prime Lease or this Sublease, (ii) any act, omission or negligence of Subtenant, in the Premises or Building, including the introduction, use or release of any Hazardous Materials, or (iii) any accident, damage or injury to persons or property occurring upon or about the Premises or in connection with the use or occupancy of the Premises by Subtenant. In the event that the Prime Lease has indemnification provisions which require the Sublandlord to indemnify the Prime Landlord and said indemnification provision is invoked by the Prime Landlord, then Subtenant shall indemnify Sublandlord pursuant to the provisions of the Prime Lease if the claim for indemnification relates to the acts or omissions of Subtenant, the

condition of the Premises (if such condition is attributable to the acts or omissions of Subtenant) or any use of the Premises, common areas or other areas by Subtenant. For purposes of this Section 15, the term "Subtenant" shall include any parent, affiliates and subsidiaries or Subtenant and its or their agents, contractors, subcontractors, servants, employees, sub-subtenants or licensees. The obligations of Subtenant as provided in this Section 15 shall survive the expiration or termination of this Sublease.

(b) Sublandlord will indemnify, defend, protect and hold Subtenant harmless for and against any and all Claims arising out of (i) Sublandlord's breach of the Prime Lease (unless attributable to Subtenant's breach hereunder), (ii) any termination of the Prime Lease attributable to the acts or omissions of Sublandlord unless Subtenant has expressly consented to such termination or unless attributable to Subtenant's breach hereunder, (iii) any acts or omissions in or about the Premises of, or work performed in or about the Premises by or on behalf of, Sublandlord or Sublandlord's employees, agents, contractors or representatives, or (iv) Sublandlord's breach of this Sublease.

16. Casualty, Condemnation, Failure of Services, Utilities or Access. If any part of the Premises is damaged, destroyed or condemned, or if any "Abatement Event" described in Section 26.22 of the Prime Lease occurs, then (x) if the Prime Lease is terminated with respect to the Premises pursuant to the provisions of the Prime Lease, this Sublease shall automatically terminate at the same time and Subtenant shall have no claim against Sublandlord or Prime Landlord for the loss of its subleasehold interest or any of Subtenant's property; provided that so long as Subtenant is not in breach under the terms of this Sublease regarding which Sublandlord has given Subtenant notice, Sublandlord will not exercise any right to terminate the Prime Lease set forth in Articles 11 or 12 of the Prime Lease without the express written consent of Subtenant, which consent shall be given or denied within ten (10) Business Days after Sublandlord's request and Subtenant's failure to respond in such timeframe shall be deemed consent to such termination; and (y) so long as Subtenant is not in breach under the terms of this Sublease, if Subtenant desires to have Sublandlord exercise its termination rights under the provisions of Articles 11 and 12 of the Prime Lease, then Subtenant shall give Sublandlord notice of same at least ten (10) Business Days prior to the date on which Sublandlord must exercise such termination rights under the terms of the Prime Lease and Sublandlord may thereafter either terminate the Prime Lease and this Sublease or terminate only this Sublease, and Subtenant shall have no claim against Sublandlord or Prime Landlord for the loss of its subleasehold interest or any of Subtenant's property, and (z) if the Prime Lease is not terminated, then, except as provided under (y), this Sublease shall not be terminated but shall also continue in full force and effect, except that, to the extent permitted under the Prime Lease, if Sublandlord obtains from Prime Landlord any abatement of rent under the Prime Lease in connection with the relevant casualty, condemnation or Abatement Event and related to the Premises or a portion thereof, then Subtenant shall have the benefit of such abatement of Rent related to the Premises or portion thereof as reasonably determined by Sublandlord.

17. Insurance. Subtenant shall promptly and fully comply with all of the insurance requirements imposed upon Sublandlord under Article 11 and Section 5.1(b)(iii) of the Prime Lease, including, without limitation, obtaining property insurance covering the Tenant Improvements installed by Sublandlord, the Subtenant's Improvements, and Tenant's Property, and all other insurance coverages required thereunder. Subtenant shall provide Sublandlord with the policies, including evidence of the required waivers of subrogation, and certificates of insurance required under the Prime Lease, and Subtenant shall add Sublandlord, as well as the Insured Parties (as defined in the Prime Lease), as additional insureds/loss payees.

18. Holdover. In the event that Subtenant holds possession of the Premises or any part thereof after the expiration of the Term or sooner termination of this Sublease, by lapse of time or otherwise, Subtenant shall pay Sublandlord, for each month (or portion thereof) Subtenant remains in possession of the Premises or any part thereof, one hundred fifty percent (150%) of the amount of the Fixed Rent due under the Prime Lease for the last month prior to the date of such termination or expiration, plus one hundred percent (100%) of any applicable Additional Rent due under the Prime Lease (using the base year of calendar year 2010). Subtenant shall also pay all damages sustained by Sublandlord from any loss or liability resulting from such holding over and delay in surrender, including any liabilities of Sublandlord under Section 18.2 of the Prime Lease. No holding-over by Subtenant, nor the payment to Sublandlord of the amounts specified above, shall operate to extend the Term. Nothing herein contained shall be deemed to permit Subtenant to retain possession of the Premises after the expiration of the Term or sooner termination of this Sublease, and no acceptance by Sublandlord of payments from Subtenant after the expiration of the Term or sooner termination of this Sublease shall be deemed to be other than on account of the amount to be paid by Subtenant in accordance with the provisions of this Section. The provisions of this Section shall not be deemed to waive any of Sublandlord's rights or in any way affect Sublandlord's other remedies contained herein or otherwise available.

19. Financial Statements. Subtenant shall, within ten (10) Business Days following Sublandlord's request (which shall be made no more often than once in any 12 month period), deliver to Sublandlord Subtenant's audited financial statements for the most recently completed fiscal year or if audited statements for Subtenant are not prepared, then unaudited financial statements for the most recent fiscal year of Subtenant (Sublandlord expressly acknowledges that Subtenant's unaudited financial statements are typically not completed until June 30th of the calendar year immediately following the fiscal year for which such statements are prepared and that audited financial statements are finalized thereafter) which shall be certified to be true and correct (subject to standard accounting adjustments and such good faith additional caveats as Subtenant may specify concurrently with Subtenant's delivery of such statements to Sublandlord) by Subtenant's Chief Financial Officer. Any failure by Subtenant to deliver financial statements as and when required above which Subtenant fails to cure within ten (10) days after notice of such breach, shall constitute a Default under this Sublease, entitling Sublandlord to exercise any and all remedies available to Sublandlord under this Sublease

20. Brokers. Subtenant hereby represents and warrants to Sublandlord that it has not dealt with any broker or finder in connection with this Sublease, except Jones Lang LaSalle, whose commission shall be paid by Sublandlord pursuant to a separate written agreement. Subtenant shall and hereby does indemnify and hold Sublandlord harmless from and against any and all Claims asserted against, imposed upon or incurred by Sublandlord by reason of breach of this representation and warranty. Sublandlord hereby represents and warrants to Subtenant that it has not dealt with any broker or finder in connection with this Sublease, except CBRE, Inc., whose commission shall be paid by Sublandlord pursuant to a separate written agreement. Sublandlord shall and hereby does indemnify and hold Subtenant harmless from and against any and all Claims asserted against, imposed upon or incurred by Subtenant by reason of breach of this representation and warranty.

21. Parking. Parking rights are not included in this Sublease.

22. Estoppel Certificates. Either party hereto (the requested party) agrees that from time to time upon not less than fifteen (15) days prior notice by the other party (requesting party), the requested party or its duly authorized representative having knowledge of the following facts will deliver to the requesting party, or to such person or persons as the requesting party may designate, a statement in writing certifying (i) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that the Sublease as modified is in full force and effect); (ii) the date upon which Subtenant began paying Rent and the date(s) to which the Rent has been paid; (iii) that to the best of the requested party's knowledge, the requesting party is not in default under any provision of this Sublease or if in default, the nature thereof in detail; and (iv) that there has been no prepayment of Rent except as provided for in this Sublease. The requirements of this Section 22 are in addition to and not in place of any similar obligations in the Prime Lease.

23. Confidentiality. Each party covenants, represents and warrants that it shall keep the terms of this Sublease confidential and will not disclose any such terms or distribute copies of this Sublease to any person or entity without obtaining the prior written consent of the other party. Subtenant covenants, represents and warrants that it shall keep the terms of the Prime Lease confidential and will not disclose any such terms or distribute copies of the Prime Lease to any person or entity without obtaining the prior written consent of Sublandlord. However, each party hereto will have the right to deliver a copy of this Sublease and/or the Prime Lease (i) to its accountants, lenders, counsel, real estate brokers and any prospective subtenant or assignee on a need to know basis provided the recipient agrees to keep such information confidential as provided above, (ii) as may be required by judicial process, (iii) as may be required by the Securities Exchange Commission, the rules of any stock exchange on which the shares of the disclosing party may be traded, or by applicable law or (iv) to its parent, affiliate or subsidiaries on a need to know basis provided the recipient agrees to keep such information confidential as provided above.

24. Waiver of Right of Redemption. Subtenant hereby waives, for Subtenant and for all those claiming under Subtenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Subtenant's right of occupancy of the Premises after any termination of this Sublease as a result of Subtenant's Default.

25. Authority If Subtenant is a corporation, trust or partnership, each individual executing this Sublease on behalf of Subtenant hereby represents and warrants that Subtenant is a duly formed and existing entity qualified to do business in the State of California and that Subtenant has full right and authority to execute and deliver this Sublease and that each person signing on behalf of Subtenant is authorized to do so. If Sublandlord is a corporation, trust or partnership, each individual executing this Sublease on behalf of Sublandlord hereby represents and warrants that Sublandlord is a duly formed and existing entity qualified to do business in the State of California and that Sublandlord has full right and authority to execute and deliver this Sublease and that each person signing on behalf of Sublandlord is authorized to do so, subject to obtaining Prime Landlord's consent as provided below.

26. Incorporation of Prime Lease.

(a) This Sublease is in all respects, and shall remain, subject and subordinate to all of the terms and conditions contained in the Prime Lease, and all of the terms and conditions of the Prime Lease, where not expressly inconsistent with the terms hereof and except as otherwise stated herein to the contrary, are hereby incorporated into this Sublease and shall be binding upon Sublandlord and Subtenant with respect to the Premises to the same extent as if Subtenant were named as tenant and Sublandlord as landlord under the Prime Lease. For purposes of this Sublease, references in the Prime Lease to the term of lease shall mean the Term of this Sublease and references to the premises, demised premises, or similar references in the Prime Lease shall mean the Premises. Effective as of the Commencement Date, Subtenant hereby assumes all of the obligations of Sublandlord, as the tenant, under the Prime Lease other than the obligation to pay rent as set forth in the Prime Lease. Sublandlord shall have all of the rights of the Prime Landlord under the Prime Lease as against Subtenant; however, Sublandlord will not have the (i) the rights of Prime Landlord set forth in Section 6.3 of the Prime Lease (said right to be solely the right of Prime Landlord), (ii) the right to terminate described in Section 11.4 of the Prime Lease (said right to be solely the right of Prime Landlord), (iii) the access rights described in Sections 14.1(a) of the Prime Lease (said right to be solely the right of Prime Landlord; additionally, the right set forth in Section 14.1(b) to enter the Premises to "perform Work of Improvement to the Premises or the Building" shall be the sole right of Prime Landlord and not Sublandlord), and (iv) the protections provided by Section 26.3 of the Prime Lease. Notwithstanding anything in this Sublease to the contrary, Sublandlord shall have the right (but no obligation) to enter the Premises to inspect and exercise its cure rights under the Prime Lease (including under Sections 6.4 and 15.8 of the Prime Lease). Additionally, the parties agree that any Restoration Notice will be issued by Prime Landlord only. Subtenant expressly acknowledges and agrees to Prime Landlord's rights reserved under the Prime Lease. Subtenant further agrees that Prime Landlord's exercise of its rights under the Prime Lease shall not constitute an actual or constructive eviction or relieve Subtenant from any of its obligations under this Sublease, or impose any liability upon Sublandlord or its agents.

(b) Provided Subtenant is not then in Default hereunder, Sublandlord agrees not to exercise (i) its option to renew the term of the Prime Lease set forth in Section 2.6 of the Prime Lease or (ii) the termination right set forth in Section 2.7 of the Prime Lease. Provided Subtenant timely pays the Rent due under this Sublease, Sublandlord will pay the rent due under the Prime Lease before an Event of Default shall occur under the Prime Lease for failure to make such payment, and payment of the rent due under the Prime Lease as aforesaid shall be Sublandlord's sole obligation under the Prime Lease provided, however, that the foregoing is not intended to make the Subtenant responsible for removal of any alterations or improvements performed by or on behalf of Sublandlord or any restoration required under the Prime Lease in connection with such removal unless Subtenant enters into a Direct Lease with the Prime Landlord. Provided Subtenant is not then in Default hereunder, Sublandlord will not amend or modify the Prime Lease except to reduce the amount of basic rent due thereunder.

(c) Sublandlord shall have no obligation to pass through to Subtenant the benefit of any basic rent reductions that may result from an amendment or modification of the Prime Lease below the amount of the basic rent in effect as of the Commencement Date hereof.

(d) If a term or provision of this Sublease is inconsistent or in conflict with a term or provision of the Prime Lease, the term or provision of this Sublease shall control as between Sublandlord and Subtenant.

(e) Sublandlord shall have no liability whatsoever to Subtenant if the Prime Landlord fails to perform any of its obligations under the Prime Lease or fails to properly perform or provide any services, maintenance, repairs, restoration, insurance, or other matters, obligations or actions to be performed or provided by the Prime Landlord under the terms of the Prime Lease. Provided, however, at Subtenant's expense and request, Sublandlord will take all reasonable actions necessary to attempt to enforce the Sublandlord's rights as tenant under the Prime Lease for the benefit of Subtenant with respect to the Premises.

(f) Subtenant covenants and agrees that Subtenant will not do anything which would constitute a default under the Prime Lease or omit to do anything which Subtenant is obligated to do under the terms of this Sublease and which would constitute a default under the Prime Lease.

(g) Any expansion, renewal, first refusal, first offer, cure, termination or other similar rights or options in the Prime Lease are reserved solely to Sublandlord (without any obligation to exercise any such rights or options) and may not be exercised by Subtenant. Any right in the Prime Lease for Sublandlord to contest property taxes with the authority imposing the taxes is reserved solely to Sublandlord without any obligation to exercise such right. Any rights to determine the name of the Building, prohibit or allow competitors signage, or similar rights are reserved to Sublandlord.

(h) If the consent or approval of Prime Landlord is required under the Prime Lease with respect to any matter, Subtenant shall be required first to obtain the consent or approval of Sublandlord with respect thereto and, if Sublandlord grants such consent or approval, Sublandlord will promptly forward a request for consent or approval to the Prime Landlord and, at Subtenant's cost and expense, will use reasonable efforts to obtain such consent. Sublandlord shall have no liability to Subtenant for the failure of Prime Landlord to give its consent.

(i) Sublandlord represents that, to the knowledge of Sublandlord's Director of Corporate Real Estate without review of files, as of the Effective Date the Prime Lease is in full force and effect and there exists under the Prime Lease no material default or Event of Default by either Prime Landlord or Sublandlord.

(j) Notwithstanding anything herein to the contrary, the following Sections of the Prime Lease are not incorporated herein: 11.1(g) and 11.1 (h).

27. Contingency: This Sublease is contingent on Prime Landlord's written consent pursuant to Article 13 of the Prime Lease. Sublandlord will use reasonable efforts to promptly obtain such consent, and failure to obtain such consent within forty-five (45) calendar days following Subtenant's execution hereof shall, at the written election of either party delivered to the other party within ten (10) Business Days after the expiration of such forty-five (45) calendar day period, operate to terminate this Sublease and release Sublandlord and Subtenant from all obligations hereunder.

28. Notices. Any notice required or permitted to be given hereunder shall be in writing and may be given by certified mail, return receipt requested, personal delivery, Fed Ex or other similar overnight delivery service making receipted deliveries. If notice is given by certified mail, return receipt requested, notice shall be deemed given two (2) Business Days after the notice is deposited with the U.S. mail, postage prepaid, addressed to Subtenant or Sublandlord at the address set forth below. If notice is given by personal delivery, Fed Ex or other similar overnight delivery service, notice shall be deemed given on the date the notice is actually received in the case of personal delivery (provided that any notice delivered on a weekend or holiday will be deemed given on the next-succeeding Business Day) or one (1) Business Day after the notice is sent by Fed Ex or another similar overnight delivery service. Either party may by notice to the other specify a different address for notice purposes.

If to Sublandlord:

Visa U.S.A. Inc.
P.O. Box 8999
San Francisco, California 94128-8999
Attn: Office of the General Counsel

With copies to:

CBRE, Inc.
5100 Poplar Avenue, Suite 1000
Memphis, Tennessee 38137
Attn: Portfolio Administration Services – VISA

and

VISA U.S.A. Inc.
P.O. Box 636001
Highlands Ranch, CO 80163-6001
Attn: Director US Real Estate & Facility Operations

If to Subtenant:

Prior to Subtenant's Move-In to the Premises:

45 Fremont Street, 32nd Floor
San Francisco, CA 94105
Attn: Legal Department

Following Subtenant's Move-in to the Premises:

At the Premises
Attn: Legal Department

With a copy to:

Jonathan M. Kennedy
Shartsis Friese LLP
One Maritime Plaza, 18th Floor
San Francisco, California 94111

29. Miscellaneous Provisions.

(a) Subtenant shall comply, and shall cause its agents, contractors, subcontractors, servants, employees, sub-subtenants, licensees or invitees to comply, with all applicable Requirements, all Rules and Regulations, Prime Landlord's reasonable access control procedures set forth in the Prime Lease and the Rules and Regulations concerning Subtenant's access to the Premises set forth in the Prime Lease.

(b) This Sublease is in all respects, and shall remain, subject and subordinate to any mortgage, deed of trust, ground lease or other instrument now or hereafter encumbering the Building or the land on which it is located, and to the terms and conditions of the Prime Lease and to the matters to which the Prime Lease, including any amendments thereto, is or shall be subordinate. In confirmation of the subordination provided for in this paragraph, Subtenant shall, at Sublandlord's request, promptly execute any requested certificate or other document.

(c) This Sublease shall be construed under and in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, SUBLANDLORD AND SUBTENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS SUBLEASE, THE RELATIONSHIP OF SUBLANDLORD AND SUBTENANT, SUBTENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY.

(d) This Sublease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and permitted assigns.

(e) The failure of a party hereto to insist in any instance upon the strict keeping, observance or performance of any covenant, agreement, term, provision or condition of this Sublease or to exercise any election herein contained shall not be construed as a waiver or relinquishment for the future of such covenant, agreement, term, provision, condition or election, but the same shall continue and remain in full force and effect. No waiver or modification of any covenant, agreement, term, provision or condition of this Sublease shall be deemed to have been made unless expressed in writing and signed by the waiving party. No surrender of possession of the Premises or of any part thereof or of any remainder of the term of this Sublease shall release Subtenant from any of its obligations hereunder unless accepted by Sublandlord in writing.

(f) In the event that any one or more of the provisions contained in this Sublease shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof.

(g) This Sublease with all Exhibits hereto constitutes the sole agreement of the parties and supersedes any prior understanding or written or oral agreements between the parties respecting this Sublease.

(h) In the event that either Sublandlord or Subtenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Sublease, or because of the breach of any provision of this Sublease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

(i) This Sublease may be executed in separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto. Copies of documents or signature pages bearing original signatures, and executed documents or signature pages delivered by a party by facsimile or e-mail transmission of an Adobe® file format document (also known as a .pdf file) shall, in each such instance, be deemed to be, and shall constitute and be treated as, an original signed document or counterpart, as applicable. Any party delivering an executed counterpart of this Sublease by facsimile or e-mail transmission of an Adobe® file format document also shall deliver an original executed counterpart of this Sublease, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Sublease.

(j) All Exhibits attached to this Sublease are a part of this Sublease for all purposes and are incorporated herein by this reference.

(k) Neither this Sublease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Subtenant or by anyone acting through, under or on behalf of Subtenant.

(l) If Sublandlord assigns its leasehold estate in the Prime Lease Premises Sublandlord shall have no obligation to Subtenant arising after that assignment provided that Sublandlord shall remain liable to Subtenant with respect to any claims or other matters under this Sublease arising prior to such assignment and provided that Sublandlord's assignee expressly assumes for the benefit of Subtenant, the obligations of Sublandlord hereunder. Subtenant shall then recognize Sublandlord's assignee as Sublandlord of this Sublease.

(m) Each party agrees that it will not raise or assert as a defense to any obligation under this Sublease or make any claim that this Sublease is invalid or unenforceable due to (i) any failure of this document to comply with ministerial requirements, including but not

limited to requirements for corporate seals, attestations, witnesses, notarization, or other similar requirements, or (ii) the execution of this Sublease by electronic or stamped signatures, and each party hereby waives the right to assert any such defense or make any claim of invalidity or unenforceability due to any of the foregoing.

(n) Sublandlord's obligations under this Sublease to use reasonable efforts shall not require Sublandlord to file or pursue any legal action, arbitration or mediation.

(o) Submission of this instrument for examination or signature by Subtenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease, sublease or otherwise until execution and delivery by both Sublandlord and Subtenant.

(p) Subtenant hereby waives any and all rights under and benefits of Subsection 1 of Section 1931, 1932, Subdivision 2, 1933, Subdivision 4,1941, 1942 and 1950.7 (providing that a landlord may only claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises) of the California Civil Code, Section 1265.130 of the California Code of Civil Procedure (allowing either party to petition a court to terminate a lease in the event of a partial taking), and any similar law, statute or ordinance now or hereinafter in effect.

SUBLANDLORD and SUBTENANT have executed this Sublease as of the Effective Date.

SUBLANDLORD:

VISA U.S.A. INC.

By: /s/ Byron Pollitt
Name: Byron Pollitt
Title: CFO

SUBTENANT:

SUNRUN INC.

By: /s/ Barak Ben-Gal
Name: Barak Ben-Gal
Title: CFO

EXHIBIT A

COPY OF PRIME LEASE

LEASE

595 MARKET STREET, INC.

a Delaware corporation,

Landlord

and

VISA U.S.A. INC.,

a Delaware corporation,

Tenant

for

595 Market Street

San Francisco, California

November 17, 2008

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Schedule of Exhibits

LEASE

THIS LEASE is made as of the 17th day of November, 2008 ("**Effective Date**"), between 595 MARKET STREET, INC., a Delaware corporation ("**Landlord**"), and VISA U.S.A. INC., a Delaware corporation ("**Tenant**").

Landlord and Tenant hereby agree as follows:

ARTICLE 1

BASIC LEASE PROVISIONS

PREMISES	The entire twenty-eighth (28th), twenty-ninth (29th) and thirtieth (30th) floors of the Building, as more particularly shown on **Exhibit A**.
BUILDING	The building, fixtures, equipment and other improvements and appurtenances now located or hereafter erected, located or placed upon the land known as 595 Market Street, San Francisco, California.
REAL PROPERTY	The Building, together with the plot of land upon which it stands.
COMMENCEMENT DATE	September 1, 2009
RENT COMMENCEMENT DATE	June 1, 2010.
EXPIRATION DATE	August 31, 2019, or the last day of any renewal or extended term, if the Term of this Lease is extended in accordance with any express provision hereof.
TERM	The period commencing on the Commencement Date and ending on the Expiration Date.
PERMITTED USES	Executive and general offices, and any other ancillary use consistent with the operation of a first-class office building.
BASE YEAR	Calendar year 2010.
TENANT'S PROPORTIONATE SHARE	10.489%
AGREED AREA OF BUILDING	417,979 rentable square feet, as mutually agreed by Landlord and Tenant. The rentable square footage of the Building has been calculated in accordance with BOMA ANSI Z65.1-1996.

AGREED AREA OF PREMISES

A total of 43,842 rentable square feet comprised of (i) 14,604 rentable (12,630 usable) square feet on the twenty-eighth (28th) floor of the Building, (ii) 14,664 rentable (12,006 usable) square feet on the twenty-ninth (29th) floor of the Building, and (iii) 14,574 rentable (12,632 usable) square feet on the thirtieth (30th) floor of the Building, as mutually agreed by Landlord and Tenant. The rentable square footage of the Premises has been calculated in accordance with BOMA ANSI Z65.1-1996.

FIXED RENT

Period During Term	Per Annum	Per Month	Annual Fixed Rent Per Rentable Square Foot
June 1, 2010 - May 31, 2011	$2,104,416.00	$175,368.00	$48.00
June 1, 2011 - May 31, 2012	$2,148,258.00	$179,021.50	$49.00
June 1, 2012 - May 31, 2013	$2,192,100.00	$182,675.00	$50.00
June 1, 2013 - May 31, 2014	$2,235,942.00	$186,328.50	$51.00
June 1, 2014 - May 31, 2015	$2,279,784.00	$189,982.00	$52.00
June 1, 2015 - May 31, 2016	$2,323,626.00	$193,635.50	$53.00
June 1, 2016 - May 31, 2017	$2,367,468.00	$197,289.00	$54.00
June 1, 2017 - May 31, 2018	$2,411,310.00	$200,942.50	$55.00
June 1, 2018 - May 31, 2019	$2,455,152.00	$204,596.00	$56.00
June 1, 2019 - August 31, 2019	$2,498,994.00	$208,249.50	$57.00

ADDITIONAL RENT

All sums other than Fixed Rent payable by Tenant to Landlord under this Lease, including Tenant's Tax Payment, Tenant's Operating Payment, late charges, overtime or excess service charges, damages, and interest and other costs related to Tenant's failure to perform any of its obligations under this Lease.

RENT	Fixed Rent and Additional Rent, collectively.
INTEREST RATE	The lesser of (i) 2% per annum above the then-current Base Rate, and (ii) the maximum rate permitted by applicable Requirements.
TENANT'S ADDRESS FOR NOTICES	Until Tenant commences business operations from the Premises: Visa U.S.A. Inc. 900 Metro Center Boulevard Foster City, California 94404 Attn: Global Real Estate with copies to: Visa U.S.A. Inc. 900 Metro Center Boulevard Foster City, California 94404 Attn: Office of the General Counsel and CB Richard Ellis 5100 Poplar Avenue, Suite 1000 Memphis, Tennessee 38138
LANDLORD'S ADDRESS FOR NOTICES	595 Market Street, Inc. c/o Tishman Speyer Properties, L.P. One Bush Street, Suite 450 San Francisco, California 94104 Attn: Managing Director With copies to: Tishman Speyer Properties, L.P. 45 Rockefeller Plaza New York, New York 10111 Attn: Chief Legal Officer and: Tishman Speyer Properties, L.P. 45 Rockefeller Plaza New York, New York 10111 Attn: Chief Financial Officer

TENANT'S BROKER	CB Richard Ellis.
LANDLORD'S AGENT	Tishman Speyer Properties, L.P. or any other person or entity designated at any time and from time to time by Landlord as Landlord's Agent.
LANDLORD'S CONTRIBUTION	$3,288,150.00.

All capitalized terms used in this lease without definition are defined in Exhibit B.

ARTICLE 2

PREMISES; FIRST OFFER SPACE; TERM; RENT

Section 2.1 Lease of Premises. Subject to the terms of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises for the Term. Landlord and Tenant hereby agree that the rentable square feet of the Premises and rentable square feet of the office area of the Building have been agreed to by Landlord and Tenant and are as stipulated in Article 1, above. In addition, Landlord grants to Tenant the right to use, on a non-exclusive basis and in common with others, the Common Areas. Except in the event of an emergency or as otherwise specifically required pursuant to applicable Requirements or the terms of this Lease, Tenant shall be granted access to the Premises and the Building twenty-four (24) hours per day, seven (7) days per week, every day of the year, during the Term, subject to all applicable Requirements, Landlord's reasonable access control procedures, the Rules and Regulations and the terms of this Lease.

Section 2.2 Commencement Date. Upon the Effective Date, the terms and provisions hereof shall be fully binding on Landlord and Tenant prior to the occurrence of the Commencement Date. The Term of this Lease shall commence on the Commencement Date. Unless sooner terminated or extended as hereinafter provided, the Term shall end on the Expiration Date. Landlord hereby represents that the Premises shall be vacant, in the condition required by this Lease and Landlord shall deliver the Premises to Tenant for Tenant's occupancy on March 15, 2009 for the purpose of Tenant's construction of the initial Improvements in the Premises. Notwithstanding any provision to the contrary contained in this Lease, Tenant shall have the right to occupy the Premises for the conduct of its business prior to the commencement of the Term commencing on March 15, 2009 and continuing through August 31, 2009, provided that (A) Tenant shall give Landlord at least five (5) days' prior notice of any such occupancy of the Premises, (B) a temporary certificate of occupancy or the legal equivalent allowing legal occupancy of the Premises shall have been issued by the appropriate Governmental Authorities for each such portion of the Premises to be occupied, and (C) all of the terms and conditions of this Lease shall apply, other than Tenant's obligation to pay Fixed Rent, as though the Commencement Date had occurred (although the Commencement Date shall not actually occur until the occurrence of the same pursuant to the terms of this Section 2.2) upon such occupancy of the Premises by Tenant.

Section 2.3 Payment of Rent. Tenant shall pay to Landlord, without notice or demand, and without any set-off, counterclaim, abatement or deduction whatsoever, except as may be expressly set forth in this Lease, in lawful money of the United States by check or wire transfer of funds, (i) Fixed Rent in equal monthly installments, in advance, on the first day of each month during the Term, commencing on the Rent Commencement Date, and (ii) Additional Rent, at the times and in the manner set forth in this Lease.

Section 2.4 Intentionally Omitted.

Section 2.5 Right of First Offer. Landlord hereby grants to the originally named Tenant hereunder (the "**Original Tenant**") and a "Related Assignee," as that term is defined in Section 13.8 below, a continuous right of first offer with respect to Suites 2700, 2740, 2750 and 2760, as delineated on **Exhibit A-1**, attached hereto (collectively, the "**First Offer Space**"). Notwithstanding the foregoing, such first offer right of Tenant shall commence only following the expiration or earlier termination of then existing leases (including the lease for Suite 2760 which has not yet been fully executed by Landlord and the tenant for the lease of such space (the "**Suite 2760 Lease**")) (including renewals (and irrespective of whether any such renewal is pursuant to an express written provision in such tenant's lease or whether such renewal is effectuated by a lease amendment or a new lease with the tenant under the then existing lease or the Suite 2760 Lease)) of the First Offer Space, and such right of first offer shall be subordinate to all rights with respect to such First Offer Space which are currently set forth in existing leases (including the Suite 2760 Lease) of space in the Building, including any renewal, extension or expansion rights (including, but not limited to, must-take, right of first offer, right of first negotiation, right of first refusal, expansion option and other similar rights) set forth in such leases, regardless of whether such renewal, extension or expansion rights are executed strictly in accordance with their respective terms, or pursuant to a lease amendment or a new lease with the tenant under the then existing lease or the Suite 2760 Lease (all such tenants under such leases are collectively referred to herein as the "**Superior Right Holders**"). Without limiting the generality of the foregoing, if Tenant, following its receipt of a "First Offer Notice," as that term is defined in Section 2.5(a) below, fails to exercise its right to lease all or any portion of the First Offer Space pursuant to the terms of Section 2.5(b), then Landlord shall have a right to enter into an interim lease (an "**Interim Lease**") with a third party with respect to such space (i.e., the space set forth in the First Offer Notice), and Tenant's right of first offer as set forth in this Section 2.5 shall be subordinate to all rights of the tenant under the Interim Lease and such tenant shall be deemed a Superior Right Holder. Tenant's right of first offer shall be on the terms and conditions set forth in this Section 2.5.

(a) **Procedure for Offer**. Provided that no Superior Right Holder wishes to lease the applicable space comprising the First Offer Space as set forth in the First Offer Notice, Landlord shalt notify Tenant (a "**First Offer Notice**") from time to time when (i) the First Offer Space or any portion thereof becomes available for lease to third parties or is anticipated to become available for lease to third parties within the next nine (9) month period, or (ii) Landlord has agreed to fundamental economic terms (as determined by Landlord) (the "**Fundamental Terms**") with respect to the lease by a third party of a portion of the First Offer Space or when Landlord reasonably anticipates obtaining agreement with respect to the Fundamental Terms with a third party. At a minimum, Landlord and Tenant hereby agree that the Fundamental Terms shall include the base rent, base year, tenant improvement allowance, and length of term. Tenant acknowledges that Landlord may deliver a First Offer Notice with Fundamental Terms so

long as the requirements set forth above are satisfied, regardless of whether a writing as been agreed upon or executed between Landlord and the third party or whether any writing exists with respect to the Fundamental Terms, in either case. Pursuant to such First Offer Notice, Landlord shall offer to lease to Tenant the then available First Offer Space. A First Offer Notice shall at a minimum describe the space so offered to Tenant and shall set forth the date upon which Landlord anticipates delivering possession of such First Offer Space to Tenant, and the Fundamental Terms for such First Offer Space. In the event that Landlord does not enter into a lease for the First Offer Space set forth in the First Offer Notice within six (6) months following Tenant's rejection or deemed rejection of such First Offer Notice, Landlord shall re-offer such First Offer Space to Tenant pursuant to the terms of this Section 2.5.

(b) **Procedure for Acceptance**. If Tenant wishes to exercise Tenant's right of first offer with respect to the space described in a First Offer Notice, then within ten (10) Business Days of delivery of such First Offer Notice to Tenant, Tenant shall deliver notice to Landlord (the "**First Offer Exercise Notice**") irrevocably exercising its right of first offer with respect to the entire space described in such First Offer Notice, or, if applicable, any portion thereof consisting of one or more of the separately demised suites comprising the First Offer Space (provided that Tenant shall not have the right to lease only one or more separately demised portions of the First Offer Space in the event that a third party is interested in leasing more than one of the suites comprising the First Offer Space), on the terms contained in the First Offer Notice. If Tenant does not deliver the First Offer Exercise Notice to Landlord within the ten (10) Business Day period, then Landlord shall be free to lease the space described in such First Offer Notice to anyone to whom Landlord desires on terms which are "materially consistent" with the economic terms and conditions set forth in the First Offer Notice. As used herein, the economic terms relating to the First Offer Space offered to a third party shall be deemed to be "materially consistent" with the terms of the First Offer Notice, if such economic terms are not more than ten percent (10%) more favorable to such third party than the economic terms set forth in the First Offer Notice. In the event that Landlord elects to offer the First Offer Space to a third party on terms that are not materially consistent with the economic terms set forth in the First Offer Notice, then before entering into a lease with such third party, Landlord shall deliver another First Offer Notice to Tenant pursuant to the terms of this Section 2.5 and Tenant shall thereafter have the right to exercise its right of first offer within ten (10) Business Days following Landlord's delivery of such First Offer Notice, in accordance with the terms of this Section 2.5. Except as otherwise expressly set forth herein, Tenant must elect to exercise its right of first offer, if at all, with respect to all of the space offered by Landlord to Tenant at any particular time, and Tenant may not elect to lease only a portion thereof.

(c) **Construction in First Offer Space**. Subject to any concessions granted to Tenant as part of the First Offer Notice, Tenant shall accept the First Offer Space in its then existing "as is" condition, and the construction of improvements in the First Offer Space shall comply with the terms of the Work Letter attached hereto, provided that Tenant shall not be entitled to Landlord's Contribution or any other type of contribution in connection with the construction of the improvements in the First Offer Space, except as otherwise set forth in the First Offer Notice and the terms of Section 1(g) of the Work Letter shall not be applicable to the construction of the improvements in the First Offer Space. Notwithstanding the foregoing, Landlord, at its sole cost and expense, shall complete any work necessary to ensure that the core lavatories of the First Offer Space and the path of travel to and from the lavatories, the elevator, lobbies and stairwells in the First Offer Space are in compliance with the Requirements;

provided, however, Landlord shall not be obligated to complete any such work to the extent the application of such Requirements arises from either (i) the specific manner and nature of Tenant's use or occupancy of the First Offer Space, as distinct from general office use, or (ii) the installation of Alterations in the First Offer Space, as distinct from Tenant's initial build-out of the First Offer Space.

(d) **Amendment to Lease**. If Tenant timely exercises Tenant's right to lease the First Offer Space as set forth herein, Landlord and Tenant shall promptly thereafter execute a lease amendment for such First Offer Space upon the terms and conditions as set forth in the First Offer Notice and this Section 2.5; provided, however, an otherwise valid exercise of the such right of first offer shall be fully effective whether or not a lease amendment is executed. Tenant shall commence payment of Rent for the First Offer Space, and the term (the "**First Offer Term**") of the First Offer Space shall commence upon such commencement date (the "**First Offer Commencement Date**") as is set forth in the First Offer Notice, and shall terminate on the Expiration Date. Additionally, Landlord shall, pursuant to the terms of Section 2.7(c), below, provide to Tenant a "Termination Statement," as that term is defined in Section 2.7(c), below, in connection with the First Offer Space.

(e) **Termination of Right of First Offer; Exercise of Renewal Right**. The rights contained in this Section 2.5 shall be personal to the Original Tenant and a Related Assignee, and may only be exercised by the Original Tenant or a Related Assignee (and not any other assignee, sublessee or transferee of the Original Tenant's interest in this Lease) if the Original Tenant or a Related Assignee occupies at least eight percent (80%) of the entire Premises. In connection with the foregoing, in the event that Tenant elects not to or fails to lease the First Offer Space offered by Landlord pursuant to the terms of this Section 2.5, Landlord shall, following the expiration or earlier termination of the subsequent lease thereof (including renewals of any such lease), re-offer such space to Tenant, subject to and in accordance with the terms of this Section 2.5. In the event that the proposed First Offer Space Commencement Date set forth in a First Offer Notice will occur within the twenty-four (24) month period preceding the initial Expiration Date, then Tenant shall have the right to exercise its right of first offer pursuant to the terms of this Section 2.5 only if Tenant simultaneously with its exercise of its right of first offer, renews the initial Term of the Lease pursuant to the terms of Section 2.6 below by delivering a Renewal Exercise Notice. Additionally, Tenant's right of first offer set forth herein shall terminate effective as of the first day of the twenty-fourth (24th) month preceding the expiration of the second Renewal Term. Tenant shall not have the right to lease the First Offer Space, as provided in this Section 2.5, if, as of the date of the attempted exercise of any right of first offer by Tenant, Tenant is in default under this Lease beyond any applicable notice and cure period set forth in this Lease.

Section 2.6 Renewal Term.

(a) **Renewal Term**. Tenant shall have the right to renew the Term for all of the Premises for two (2) consecutive renewal terms of five (5) years each (each, a "**Renewal Term**") commencing on the day after the expiration of the initial Term or the first Renewal Term, as the case may be (each, the "**Renewal Term Commencement Date**"), and ending on the day immediately preceding the fifth (5th) anniversary of the applicable Renewal Term Commencement Date, unless such Renewal Term shall sooner terminate pursuant to any of the terms of this Lease or otherwise. The applicable Renewal Term shall be exercisable only by

written notice delivered by Tenant, as provided in Section 2.6(b) below, provided that, (i) at the time of the exercise of such right no default under this Lease beyond any applicable notice and cure period set forth in this Lease shall have occurred and be continuing hereunder and (iii) the Original Tenant or a Related Assignee occupies at least an aggregate of thirty-five thousand (35,000) rentable square feet of the Premises at the time the "Renewal Exercise Notice," as that term is defined in Section 2.6(b) below, is given. Time is of the essence with respect to the giving of the Renewal Exercise Notice. In no event may Tenant exercise its right to extend the Term for the second Renewal Term if Tenant fails to timely exercise its right to extend the initial Term for the first Renewal Term under this Section 2.6. Each Renewal Term shall be upon all of the agreements, terms, covenants and conditions of this Lease, except that (a) the Rent shall be determined as provided in Section 2.6(c) below and (b) Tenant shall have no further right to renew the Term except as provided herein. Upon the commencement of the applicable Renewal Term, (1) such Renewal Term shall be added to and become part of the Term, (2) any reference to "this Lease", to the "Term", the "term of this Lease" or any similar expression shall be deemed to include such Renewal Term and (3) the expiration of such Renewal Term shall become the Expiration Date. Any termination, cancellation or surrender of the entire interest of Tenant under this Lease at any time during the Term shall automatically terminate the renewal rights set forth in this Section 2.6. The rights contained in this Section 2.6 shall be personal to the Original Tenant, and a Related Assignee, and may only be exercised by the Original Tenant or a Related Assignee (and not any other assignee, or any sublessee or transferee of the Original Tenant's interest in this Lease).

(b) **Exercise of Renewal Option**. The options contained in this Section 2.6 shall be exercised by Tenant, if at all, only in the following manner: (i) not more than eighteen (18) nor less than fourteen (14) months prior to the expiration of the initial Term or the first Renewal Term, as applicable, Tenant may (but shall not be obligated to) deliver written notice to Landlord ("**Renewal Interest Notice**") stating that Tenant is interested in exercising its renewal option and requesting that Landlord provide its proposed Rent for the applicable Renewal Term; (ii) if Tenant delivers a Renewal Interest Notice, then Landlord shall deliver written notice to Tenant ("**Renewal Rent Notice**") not less than thirteen (13) months prior to the expiration of the initial Term or the first Renewal Term, as applicable, setting forth Landlord's proposed annual Rent for the applicable Renewal Term (the "**Proposed Renewal Rent**"), and (iii) whether or not Tenant has delivered a Renewal Interest Notice, if Tenant wishes to exercise a renewal option, Tenant shall deliver written notice to Landlord ("**Renewal Exercise Notice**") not less than twelve (12) months prior to the expiration of the initial Term or the first Renewal Term, as applicable, irrevocably exercising such renewal option; provided that, if Tenant theretofore delivered a Renewal interest Notice, then Tenant shall specify in the Renewal Exercise Notice whether Tenant accepts the Proposed Renewal Rent or objects to the Proposed Renewal Rent; and further provided that, if Tenant fails to specify in the Renewal Exercise Notice whether Tenant accepts or objects to the Proposed Renewal Rent, then Tenant shall be deemed to have accepted the Proposed Renewal Rent, the Renewal Exercise Notice shall be irrevocable and binding and the Term shall be extended in accordance with Section 2.6(a) above. In the event that Tenant timely delivers a Renewal Interest Notice to Landlord pursuant to the terms of this Section 2.6(b), but Landlord thereafter fails to deliver a Renewal Rent Notice pursuant to the terms of this Section 2.6(b), then the outside date upon which Tenant must deliver the Renewal Exercise Notice shall be delayed until such date that is thirty (30) days following Landlord's delivery of the Renewal Rent Notice. If Tenant accepts or is deemed to have accepted the Proposed Renewal Rent, then Landlord and Tenant shall be bound to such Proposed Renewal

Rent during the applicable Renewal Term. If Tenant timely objects to the Renewal Rent or if Tenant did not deliver a Renewal Interest Notice prior to delivering a Renewal Exercise Notice, then the Renewal Exercise Notice nevertheless shall be irrevocable and binding, but Landlord and Tenant shall attempt to agree, using their respective good faith efforts, upon the annual Fair Market Value of the Premises as of the commencement of the applicable Renewal Term within thirty (30) days following Tenant's delivery of the Renewal Exercise Notice (the "**Renewal Outside Agreement Date**"). If Landlord and Tenant reach agreement upon such Fair Market Value on or before the Renewal Outside Agreement Date, then the annual Rent during such Renewal Term shall be such agreed upon Fair Market Value. If Landlord and Tenant do not reach agreement upon such Fair Market Value on or before the Renewal Outside Agreement Date, then the dispute shall be resolved as provided in Section 2.6(d) below.

(c) **Renewal Term Rent**. The annual Rent payable during the applicable Renewal Term shall be equal to the annual Fair Market Value (as hereinafter defined) of the Premises as of the applicable Renewal Term Commencement Date. "**Fair Market Value**" shall mean the fair market annual rent (including additional rent and considering any "base year" or "expense stop" applicable thereto), taking into account all escalations, at which, as of the applicable Renewal Term Commencement Date, tenants are leasing non-sublease, non-encumbered, non-equity space comparable in size, location and quality to the Premises for a term of five (5) years, in an arm's-length transaction, which comparable space is located in the Building or in the Comparable Buildings (as defined in **Exhibit B**), including an analysis of the creditworthiness of such tenants, and which comparable transactions (collectively, the "**Comparable Transactions**") are entered into within the Fair Market Determination Period (as hereinafter defined), taking into consideration the following concessions (the "**Concessions**"): (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; (b) tenant improvements or allowances provided or to be provided for such comparable space, taking into account, and deducting the value of, the existing improvements in the Premises, such value to be based upon the age, condition, design, quality of finishes and layout of the improvements and the extent to which the same can be utilized by a general office user, provided that in making such a determination, no value shall be attributed to the portion of the costs incurred by Tenant in connection with the Initial Installations in excess of Landlord's Contribution; and (c) other reasonable monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the Fair Market Value, no consideration shall be given solely with respect to each Renewal Term, any period of rental abatement, if any, granted to tenants in Comparable Transactions in connection with the design, permitting and construction of tenant improvements in such comparable spaces. The Base Year for the first and second Renewal Terms, shall be the calendar year 2019 and 2024, respectively. "**Fair Market Determination Period**" shall mean the twelve (12) month period immediately preceding Landlord's delivery to Tenant of the Renewal Rent Notice (or, if Tenant did not deliver a Renewal Interest Notice in accordance with Section 2.6(b) above, then the twelve (12) month period immediately preceding Tenant's delivery to Landlord of the Renewal Exercise Notice). Notwithstanding any provision to the contrary contained in this Section 2.6(c), if there are not at least three (3) Comparable Transactions with a comparable lease term to the Option Term to determine the Fair Market Value for a lease of such duration, then the Fair Market Value for the Premises for purposes of this Section 2.6(c) shall be equal to that of Comparable Transactions with terms longer or shorter than five (5) years, provided that the Concessions shall be appropriately prorated on a fractional basis to account for the shorter or longer term of lease. The determination of Fair Market Value shall additionally include a

determination as to whether, and if so to what extent, Tenant must provide Landlord with financial security, such as a letter of credit or guaranty, for Tenant's rent obligations in connection with Tenant's lease of the Premises during the applicable Renewal Term; provided, however, Tenant shall only be obligated to provide Landlord with such financial security in the event that Landlord is incurring out of pocket costs or inducements in connection with the Renewal Term (including, without limitation, a tenant improvement allowance, but excluding the payment of a brokerage commission to a third party). Such determination shall be made by reviewing the extent of financial security then generally being imposed in Comparable Transactions from tenants of comparable financial condition and credit history to the then existing financial condition and credit history of Tenant (with appropriate adjustments to account for differences in the then-existing financial condition of Tenant and such other tenants). If the Rent payable during the applicable Renewal Term is not determined prior to the applicable Renewal Term Commencement, Tenant shall pay Rent ("**Interim Rent**") in an amount equal to the Fair Market Value for the Premises as set forth in the Renewal Rent Notice (or, if Tenant did not deliver a Renewal Interest Notice in accordance with Section 2.6(b) above, then an amount equal to Fair Market Value for the Premises as determined by the arbitrator selected by Landlord in accordance with Section 2.6(d) below). Upon final determination of the Rent for the applicable Renewal Term, Tenant shall commence paying such Rent as so determined, and within forty-five (45) days after such determination, Tenant shall pay any deficiency in prior payments of Rent or, if the Rent as so determined shall be less than the Interim Rent, Tenant shall be entitled to a credit against the next succeeding installments of Rent in an amount equal to the difference between each installment of Interim Rent and the Rent as so determined which should have been paid for such installment until the total amount of the over payment has been recouped.

(d) **Arbitration**. If Landlord and Tenant do not reach agreement upon the Fair Market Value on or before the Renewal Outside Agreement Date, then either Landlord or Tenant, by delivery of written notice to the other, may demand that the dispute be determined by arbitration (such demanding party being referred to herein as the "**Demanding Party**" and such other party being referred to herein as the "**Responding Party**"), in which event such dispute thereafter shall be determined by arbitration in accordance with the then prevailing Expedited Procedures of the American Arbitration Association or its successor for arbitration of commercial disputes, except that the Expedited Procedures shall be modified as follows:

(i) In its demand for arbitration, the Demanding Party shall specify the name and address of the person to ad as the arbitrator on its behalf. The arbitrator shall be a real estate broker with at least ten (10) years full-time commercial brokerage experience who is familiar with the Fair Market Value of first-class office space in the City of San Francisco, California. Within ten (10) Business Days after the service of the demand for arbitration, the Responding Party shall give notice to the Demanding Party specifying the name and address of the person' designated by the Responding Party to act as arbitrator on its behalf, which arbitrator shall be similarly qualified. If the Responding Party fails to notify the Demanding Party of the appointment of its arbitrator within such ten (10) Business Day period, and such failure continues for three (3) Business Days after the Demanding Party delivers a second notice to the Responding Party, then the arbitrator appointed by the Demanding Party shall be the arbitrator to determine the Fair Market Value for the Premises.

(ii) If two arbitrators are chosen pursuant to Section 2.6(d)(i) above, the arbitrators so chosen shall meet within ten (10) Business Days after the second arbitrator is appointed and shall seek to reach agreement on Fair Market Value. If within twenty (20) Business Days after the second arbitrator is appointed the two arbitrators are unable to reach agreement on Fair Market Value then the two arbitrators shall appoint a third arbitrator, who shall be a competent and impartial person with qualifications similar to those required of the first two arbitrators pursuant to Section 2.6(d)(i) above. If they are unable to agree upon such appointment within five (5) Business Days after expiration of such twenty (20) Business Day period, the third arbitrator shall be selected by the parties themselves. If the parties do not agree on the third arbitrator within five (5) Business Days after expiration of the foregoing five (5) Business Day period, then either party, on behalf of both, may request appointment of such a qualified person by the then president of the commercial real estate board for the county in which the Building is located. The third arbitrator shall decide the dispute, if it has not been previously resolved, by following the procedures set forth in Section 2.6(d)(iii) below. Each party shall pay the fees and expenses of its respective arbitrator and both shall share the fees and expenses of the third arbitrator. Attorneys' fees and expenses of counsel and of witnesses for the respective parties shall be paid by the respective party engaging such counsel or calling such witnesses.

(iii) Concurrently with the appointment of the third arbitrator, each of the arbitrators selected by the parties shall state, in writing, his or her determination of the Fair Market Value supported by the reasons therefor. The third arbitrator shall have the right to consult experts and competent authorities for factual information or evidence pertaining to a determination of Fair Market Value, but both parties shall have the right to be present at any such determinations with full right on their part to cross-examine. The third arbitrator shall conduct such hearings and investigations as he or she deems appropriate and shall, within thirty (30) days after being appointed, select which of the two proposed determinations most closely approximates his or her determination of Fair Market Value. The third arbitrator shall have no right to propose a middle ground or any modification of either of the two proposed determinations. The determination he or she chooses as that most closely approximating his or her determination of the Fair Market Value shall constitute the decision of the third arbitrator and shall be final and binding upon the parties. The third arbitrator shall render the decision in writing with counterpart copies to each party. The third arbitrator shall have no power to add to or modify the provisions of this Lease. Promptly following receipt of the third arbitrator's decision, the parties shall enter into an amendment to this Lease evidencing the extension of the Term for the applicable Renewal Term, and confirming the Rent for the applicable Renewal Term, but the failure of the parties to do so shall not affect the effectiveness of the third arbitrator's determination.

(iv) In the event of a failure, refusal or inability of any arbitrator to act, his or her successor shall be appointed by the party which originally appointed such withdrawing arbitrator, but in the case of the third arbitrator, his or her successor shall be appointed in the same manner as that set forth herein with respect to the appointment of the original third arbitrator.

Section 2.7 Early Termination Right. Provided that Tenant is not in default under this Lease beyond any applicable notice and cure period as of the date of Tenant's delivery of the "Termination Notice," as that term is defined below, Tenant shall have the one-time right to terminate and cancel this Lease effective as of the eighth (8th) anniversary of the Commencement

Date (the "**Early Termination Date**"), provided that (i) Landlord receives written notice (the "**Termination Notice**") from Tenant on or before the date which is twelve (12) months prior to the Early Termination Date stating that Tenant is electing to terminate this Lease pursuant to the terms and conditions of this Section 2.7, and (ii) concurrently with Landlord's receipt of the Termination Notice, Landlord receives from Tenant an amount equal to fifty percent (50%) of the "Termination Fee," as that term is defined below, as consideration for and as a condition precedent to such early termination. The remaining fifty percent (50%) of the Termination Fee shall be paid to Landlord on or prior to the Early Termination Date. The "**Termination Fee**" shall be equal to the sum of the following:

(a) The unamortized amount as of the Early Termination Date of leasing commissions incurred by Landlord for the initial Premises and any First Offer Space leased by Tenant, plus

(b) The unamortized amount as of the Early Termination Date of Landlord's Contribution, plus

(c) The unamortized amount as of the Early Termination Date of all free rent and rent abatement concessions, and tenant improvement related concessions, allowances and costs incurred by Landlord (i.e. for space planning, moving and relocation, tenant improvements, and the like) in connection with any First Offer Space leased by Tenant.

The unamortized amounts set forth in the foregoing Sections 2.7(a) through 2.7(c) shall be calculated on a straight-line basis over the applicable lease term (i.e. for such costs which are applicable to the initial Premises, the amortization shall be on a straight-line basis over the initial Term, and for such costs which are applicable to any First Offer Space leased by Tenant, the amortization shall be on a straight-line basis over the lease term for such First Offer Space), with interest at the rate of eight percent (8%) per annum.

Landlord hereby agrees to provide to Tenant, within one hundred eighty (180) days following the Commencement Date, and the First Offer Commencement Date, if applicable, a statement (the "**Termination Statement**") setting forth in detail the calculation of the Termination Fee. In the event that Tenant disputes Landlord's calculation set forth in the Termination Statement, then Tenant shall notify Landlord of such dispute within thirty (30) days following Landlord's delivery of the Termination Statement. In such an event, Landlord and Tenant shall use good faith efforts to resolve Tenant's dispute of the calculation of the Termination Fee as set forth in the Termination Statement.

The termination right contained in this Section 2.7 shall be personal to the Original Tenant and a Related Assignee, and may only be exercised by the Original Tenant or a Related Assignee (and not any other assignee, sublessee or transferee of the Original Tenant's interest in this Lease). Provided that Tenant terminates this Lease in accordance with the terms of this Section 2.7, then this Lease shall terminate as of the Early Termination Date with the same force and effect as if this Lease were scheduled to expire in accordance with its terms on the Early Termination Date, and, without limiting the generality of the foregoing, Tenant shall surrender possession of the Premises to Landlord on the Early Termination Date in the condition required pursuant to the terms of this Lease.

ARTICLE 3

USE AND OCCUPANCY

Tenant shall use and occupy the Premises for the Permitted Uses and for no other purpose. Tenant shall not use or occupy or permit the use or occupancy of any part of the Premises in a manner constituting a Prohibited Use. If Tenant uses the Premises for a purpose constituting a Prohibited Use, violating any Requirement, ‘or causing the Building to be in violation of any Requirement, then Tenant shall promptly discontinue such use upon notice of such violation. Tenant, at its expense, shall procure and at all times maintain and comply with the terms and conditions of all licenses and permits required for the lawful conduct of the Permitted Uses in the Premises.

ARTICLE 4

CONDITION OF THE PREMISES

Tenant has inspected the Premises and agrees, except as otherwise specifically in the Work Letter, (a) to accept possession of the Premises in the condition existing on the Commencement Date “as is”, and (b) that Landlord has no obligation to perform any work, supply any materials, incur any expense or make any alterations or improvements to prepare the Premises for Tenant’s occupancy. Any work to be performed by Tenant in connection with Tenant’s initial occupancy of the Premises shall be hereinafter referred to as the “**Initial Installations**”. Landlord hereby represents that as of the Effective Date, the Building Systems are in good working condition.

ARTICLE 5

ALTERATIONS

Section 5.1 Tenant’s Alterations.

(a) Tenant shall have the right, without Landlord’s prior written consent, but upon five (5) Business Days prior written notice to Landlord (which notice shall contain a description of the contemplated work), to make cosmetic, non-structural additions and alterations, such as painting, wall coverings, floor coverings, cabling, minor electrical installation and interior wall adjustments, to the Premises that (i) are reasonably estimated not to involve the expenditure of more than One Hundred Thousand and No/100 Dollars ($100,000.00) in the aggregate in any twelve (12) month period, and (ii) do not contain a Design Problem (defined below) (the foregoing additions and alterations described in this sentence are collectively referred to herein as “**Decorative Alterations**”). Except in connection with Decorative Alterations, Tenant shall not make any alterations, additions or other physical changes in or about the Premises (collectively, “**Alterations**”), without Landlord’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, that it shall be deemed reasonable for Landlord to withhold its consent to any Alterations that contain a Design Problem. In the event that Landlord disapproves any of Tenant’s proposed Alterations, then Landlord shall deliver a notice to Tenant stating with particularity the reasons for its disapproving any such proposed Alterations. A “**Design Problem**” is defined as and will be

deemed to exist if any Alterations (i) are structural or materially and adversely affect any Building Systems, (ii) are visible from outside of the Premises or affect the exterior appearance of the Building, (iii) adversely affect the certificate of occupancy issued for the Building, and/or (iv) violate any Requirement. Landlord shall grant or withhold its consent, in writing, to any proposed Alteration within ten (10) days following Landlord's receipt of Tenant's request for any such consent. If Landlord fails to provide such consent within such ten (10) day period, and such failure continues for two (2) Business Days after Tenant delivers a second notice to Landlord, then Landlord shall be deemed to have consent to any such proposed Alteration.

(b) **Plans and Specifications**. Prior to making any Alterations (other than Decorative Alterations), Tenant, at its expense, shall (i) submit to Landlord for its approval in accordance with Section 5.1(a) above, detailed plans and specifications ("**Plans**") of each proposed Alteration (other than Decorative Alterations), and with respect to any Alteration affecting any Building System, evidence that the Alteration has been designed by, or reviewed and approved by, an engineer for the affected Building System, reasonably approved by Landlord, (ii) obtain all permits, approvals and certificates required by any Governmental Authorities, and (iii) furnish to Landlord duplicate original policies or certificates of worker's compensation (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors in connection with such Alteration) and commercial general liability (including property damage coverage) insurance and Builder's Risk coverage (as described in Article 11) all in such form, with such companies, for such periods and in such amounts as Landlord reasonably requires, naming Landlord, Landlord's Agent, any Lessor and any Mortgagee as additional insureds.

(c) **Governmental Approvals**. Tenant, at its expense, shall, as and when required, promptly obtain certificates of partial and final approval of such Alterations required by any Governmental Authority and shall furnish Landlord with copies thereof, together with "as-built" Plans for such Alterations prepared on an AutoCAD Computer Assisted Drafting and Design System (or such other system or medium as Landlord may accept), using naming conventions issued by the American Institute of Architects in June, 1990 (or such other naming conventions as Landlord may reasonably accept) and magnetic computer media of such record drawings and specifications translated in DFX format or another format acceptable to Landlord.

Section 5.2 Manner and Quality of Alterations. All Alterations shall be performed (a) in a good and workmanlike manner and free from known defects, (b) substantially in accordance with the Plans, and, except in connection with Decorative Alterations, by contractors reasonably approved by Landlord, and (c) in compliance with all Requirements, the terms of this Lease and all construction procedures and regulations then reasonably prescribed by Landlord. All materials and equipment shall be of high quality and at least equal to the applicable standards for the Building then established by Landlord, and no such materials or equipment (other than Tenant's Property) shall be subject to any lien or other encumbrance. Upon completion of any Alterations hereunder, Tenant shall provide Landlord with copies of all construction contracts, proof of payment for all labor and materials, and final unconditional waivers of lien from all contractors, subcontractors, materialmen, suppliers and others having lien rights with respect to such Alterations, in the form prescribed by California law. In addition, Tenant shall cause a Notice of Completion to be recorded in the Office of the Recorder of the county in which the Real Property is located in accordance with Section 3093 of the Civil Code of the State of California or any successor statute and shall timely give all notices required pursuant to Section 3259.5 of the Civil Code of the State of California or any successor statute**.**

Section 5.3 Removal of Tenant's Property. Tenant's Property shall remain the property of Tenant and Tenant may remove the same at any time on or before the Expiration Date. On or prior to the Expiration Date, Tenant shall, at Tenant's sole cost and expense, remove any Specialty Alterations and close up any slab penetration in the Premises (provided that, at the time Landlord approves or consents to any such Alterations in the Premises, Landlord notifies Tenant that such Alterations shall be deemed Specialty Alterations and that Landlord shall require the removal of such Specialty Alterations). Notwithstanding the foregoing, Tenant shall not be obligated to remove or restore any of the Initial Installations (including the installation of any internal staircase in the Premises). Tenant shall repair and restore, in a good and workmanlike manner, any damage to the Premises or the Building caused by Tenant's removal of any Alterations or Tenant's Property or by the closing of any slab penetrations, and upon default thereof, Tenant shall reimburse Landlord for Landlord's cost of repairing and restoring such damage. Any Specialty Alterations that Tenant is required to remove pursuant to the terms of this Section 5.3 or any of Tenant's Property not so removed shall be deemed abandoned and Landlord may retain or remove and dispose of same as permitted by applicable Requirements, and repair and restore any damage caused thereby, at Tenant's cost. All other Alterations shall become Landlord's property upon termination of this Lease.

Section 5.4 Mechanic's Liens. Tenant, at its expense, shall discharge any lien or charge recorded or filed against the Real Property in connection with any work done or claimed to have been done by or on behalf of, or materials furnished or claimed to have been furnished to, Tenant, within 20 days after Tenant's receipt of notice thereof by payment, filing the bond required by law or otherwise in accordance with applicable Requirements.

Section 5.5 Labor Relations. Tenant shall not employ, or permit the employment of, any contractor, mechanic or laborer, or permit any materials to be delivered to or used in the Building, if, in Landlord's reasonable judgment, such employment, delivery or use will interfere or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Building by Landlord, Tenant or others. If such interference or conflict occurs, upon Landlord's request, Tenant shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building immediately.

Section 5.6 Tenant's Costs. Tenant shall pay to Landlord, upon demand, all out-of-pocket costs actually incurred by Landlord in connection with Alterations, including costs incurred in connection with (a) except in connection with Decorative Alterations, Landlord's review of the Alterations (including review of requests for approval thereof) and (b) the provision of Building personnel during the performance of any Alteration, to operate elevators or otherwise to facilitate the Alterations. In addition, if Tenant's Alterations cost more than $25,000, Tenant shall pay to Landlord, prior to the completion of any such Alterations, an administrative fee in an amount equal to (i) 2% on the cost of any Alterations between $25,001 to $250,000 (excluding Decorative Alterations), and (ii) 1% thereafter (i.e., on any cost in excess of $250,000) (excluding Decorative Alterations). At Landlord's request, Tenant shall deliver to Landlord reasonable supporting documentation evidencing the hard and soft costs incurred by Tenant in designing and constructing any Alterations.

Section 5.7 Tenant's Equipment. Tenant shall provide notice to Landlord prior to moving any heavy machinery, heavy equipment, freight, bulky matter or fixtures (excluding ordinary office equipment) (collectively, "**Equipment**") into or out of the Building and shall pay to Landlord any reasonable, documented, out-of-pocket costs actually incurred by Landlord in connection therewith. Notwithstanding the foregoing, Tenant shall not be charged a fee in connection with Tenant's use of the freight elevator and/or the loading dock of the Building for Tenant's move of any Building standard Equipment into the Premises. If such Equipment requires special handling, Tenant agrees (a) to employ only persons holding all necessary licenses to perform such work, (b) all work performed in connection therewith shall comply with all applicable Requirements and (c) such work shall be done only during hours reasonably designated by Landlord.

Section 5.8 Legal Compliance. The approval of Plans, or consent by Landlord to the making of any Alterations, does not constitute Landlord's representation that such Plans or Alterations comply with any Requirements. Landlord shall not be liable to Tenant or any other party in connection with Landlord's approval of any Plans, or Landlord's consent to Tenant's performing any Alterations. Subject to the terms of Section 8.1, below, if any Alterations made by or on behalf of Tenant require Landlord to make any alterations or improvements to any part of the Building in order to comply with any Requirements, then, subject to the terms of Section 8.1, below, Tenant shall pay all costs and expenses incurred by Landlord in connection with such alterations or improvements.

Section 5.9 Floor Load. Tenant shall not place a load upon any floor of the Premises that exceeds 50 pounds per square foot "live load"; provided, however, Tenant shall have the right to place a load upon any floor of the Premises that exceeds such amount provided that Tenant has (at its sole cost and expense) reinforced any such floor in a manner and to the extent approved by Landlord. Landlord reserves the right to reasonably designate the position of all Equipment which Tenant wishes to place within the Premises, and to place limitations on the weight thereof.

ARTICLE 6

REPAIRS

Section 6.1 Landlord's Repair and Maintenance. Landlord shall operate, maintain and, except as provided in Section 6.2 hereof, make all necessary repairs (both structural and nonstructural) to (i) the Base Building (defined below) and (ii) the Common Areas, in conformance with standards applicable to Comparable Buildings. For purposes of this Lease, the "**Base Building**" shall include, but not be limited, to the following: (a) roof structure and membrane; (b) exterior walls and glass; (c) floor/ceiling slabs and other structural portions of the Building, including, without limitation, the foundation, curtain wall, exterior glass, and mullions, columns, beams, shafts (including elevator shafts); and (d) Building Systems.

Section 6.2 Tenant's Repair and Maintenance. Subject to the terms of Article 11, below, Tenant shall promptly, at its expense and in compliance with Article 5 including, without limitation, the requirement that any repairs materially affecting any Building System be reviewed and approved by an engineer for the affected Building System reasonably approved by Landlord, make all nonstructural repairs to the Premises and the fixtures, equipment and appurtenances

therein (including all electrical, plumbing, heating, ventilation and air conditioning, sprinklers and life safety systems located in and exclusively serving the Premises) (collectively, "**Tenant Fixtures**") as and when needed to preserve the Premises in good working order and condition, except for reasonable wear and tear and damage which is Landlord's obligation to repair pursuant to the express provisions of this Lease (but such obligation shall not extend to the Base Building, except to the extent otherwise required pursuant to this Section 6.2 or Section 8.1(a) below). All damage to the Building or to any portion thereof, or to any Tenant Fixtures, requiring structural or nonstructural repair caused by or resulting from any act, omission, neglect or improper conduct of a Tenant Party or the moving of Tenant's Property or Equipment into, within or out of the Premises by a Tenant Party, shall be repaired at Tenant's expense by (i) Tenant, if the required repairs are nonstructural in nature and do not affect any Building System, or (ii) Landlord, if the required repairs are structural in nature, involve replacement of exterior window glass or affect any Building System. All Tenant repairs shall be of good quality utilizing new construction materials.

Section 6.3 Reserved Rights. Landlord reserves the right to make all changes, alterations, additions, improvements, repairs or replacements to the Building and Building Systems, including changing the arrangement or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets or other Common Areas (collectively, "**Work of Improvement**"), as Landlord deems necessary or desirable, and to take all materials into the Premises required for the performance of such Work of Improvement, provided that (a) the level of any Building service shall not decrease in any material respect from the level required of Landlord in this Lease as a result thereof (other than temporary changes in the level of such services during the performance of any such Work of Improvement), and (b) Tenant is not deprived of access to or reasonable use and occupancy of the Premises. Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises during the performance of such Work of Improvement. Subject to the foregoing, there shall be no Rent abatement (except as otherwise provided in Section 26.22 below) or allowance to Tenant for a diminution of rental value, no actual or constructive eviction of Tenant, in whole or in part, no relief from any of Tenant's other obligations under this Lease, and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others performing, or failing to perform, any Work of Improvement.

Section 6.4 Tenant's Right to Make Repairs. Notwithstanding any of terms set forth in this Lease to the contrary, if Tenant provides notice (the "**Repair Notice**") to Landlord of an event or circumstance which requires the action of Landlord and such repair and/or maintenance relates to (i) improvements which are contained wholly within the Premises (not including any Building core systems and equipment) or (ii) a leak in the roof of the Building, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the receipt of such notice, then Tenant may proceed to take the required action upon delivery of an additional ten (10) Business Days notice to Landlord specifying that Tenant is taking such required action (or, in the event of an "Emergency," as that term is defined, below, not later than one (1) business day after receipt of such Repair Notice, except in connection with repairs to the roof of the Building, which shall require the delivery of an additional one (1) Business Day notice), and if such action was required under the terms of this Lease to be taken by Landlord, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action. In the event Tenant takes such action, Tenant shall use only those contractors used by Landlord in the Building for similar work, and in connection with any

work to the roof of the Building, Tenant's contractors shall be escorted by a Landlord representative during the course of any such work, provided that Landlord makes any such representative reasonably available to Tenant. For purposes of this Section 6.4, an "**Emergency**" shall mean an event threatening immediate and material danger to people located in the Building or immediate, material damage to the Building, Building Systems, Building structure, Initial Installations, or Alterations, or creates a realistic possibility of an immediate and material interference with, or immediate and material interruption of a material aspect of Tenant's business operations.

ARTICLE 7

INCREASES IN TAXES AND OPERATING EXPENSES

Section 7.1 Definitions. For the purposes of this Article 7, the following terms shall have the meanings set forth below:

(a) "**Assessed Valuation**" shall mean the amount for which the Real Property is assessed by the County Assessor of San Francisco for the purpose of imposition of Taxes.

(b) "**Base Operating Expenses**" shall mean the Operating Expenses for the Base Year.

(c) "**Base Taxes**" shall mean the Taxes payable for the Base Year.

(d) "**Comparison Year**" shall mean each calendar year commencing subsequent to the Base Year.

(e) "**Operating Expenses**" shall mean the aggregate of all costs and expenses paid or incurred by or on behalf of Landlord in connection with the ownership, operation, repair and maintenance of the Real Property, including the rental value (at customary market rates) of Landlord's Building office not to exceed 1,500 rentable square feet, and capital repairs, replacements, improvements and other capital costs (collectively, "**Capital Cost**") incurred after the Base Year only if such Capital Costs either (i) are reasonably intended to result in a reduction in Operating Expenses (as for example, a labor-saving improvement), provided the amount included in Operating Expenses in any Comparison Year shall not exceed an amount equal to the savings reasonably anticipated to result from the installation and operation of such improvement, and/or (ii) are required to be made during any Comparison Year to comply with applicable Requirements, except for such Capital Costs to remedy a condition existing prior to the Commencement Date, which a federal, state or municipal governmental authority, if it had knowledge of such condition prior to the Commencement Date, would have then required to be remedied pursuant to the then-current applicable Requirements in their form existing as of the Commencement Date. Such Capital Costs shall be amortized (with interest at the Base Rate) on a straight-line basis over such period as Landlord reasonably determines in accordance with sound real estate management and accounting principles, consistently applied, and the amount included in Operating Expenses in any Comparison Year shall be equal to the annual amortized amount. Operating Expenses shall not include any Excluded Expenses. If during all or part of the Base Year or any Comparison Year, Landlord shall not furnish any particular item(s) of work or service (which would otherwise constitute an Operating Expense) to any occupable portions

of the Building for any reason, then, for purposes of computing Operating Expenses for such period, the amount included in Operating Expenses for such period shall be increased by an amount equal to the costs and expenses that would have been reasonably incurred by Landlord during such period if Landlord had furnished such item(s) of work or service to such portion of the Building. If Landlord eliminates from Operating Expenses for any Comparison Year any particular type of insurance included in Operating Expenses for the Base Year, then Landlord may adjust the amount of any insurance premium included in Operating Expenses for the Base Year to equal that amount which Landlord reasonably estimates it would have incurred had Landlord maintained similar types of insurance during the Base Year as maintained by Landlord during such Comparison Year. In determining the amount of Operating Expenses for the Base Year or any Comparison Year, if less than 95% of the Building rentable area is occupied by tenants at any time during any such Base Year or Comparison Year, Operating Expenses that vary based on occupancy shall be determined for such Base Year or Comparison Year to be an amount equal to the like expenses which would normally be expected to be incurred had such occupancy been 95% throughout the Base Year or such Comparison Year.

(f) "**Statement**" shall mean a statement containing a comparison of (i) Base Taxes and the Taxes for any Comparison Year, or (ii) Base Operating Expenses and the Operating Expenses for any Comparison Year.

(g) "**Taxes**" shall mean (i) all real estate taxes, assessments, sewer and water rents, rates and charges and other governmental levies, impositions or charges, whether general, special, ordinary, extraordinary, foreseen or unforeseen, which may be assessed, levied or imposed upon all or any part of the Real Property, and (ii) all reasonable expenses (including reasonable attorneys' fees and disbursements and experts' and other witnesses' fees) incurred in contesting or otherwise seeking a reduction of any of the foregoing or the Assessed Valuation of the Real Property. Taxes shall not include (x) interest or penalties incurred by Landlord as a result of Landlord's late payment of Taxes, or (y) franchise, transfer, gift, inheritance, estate or net income taxes imposed upon Landlord. If Landlord elects to pay any assessment in annual installments, then (i) such assessment shall be deemed to have been so divided, and (ii) there shall be deemed included in Taxes for the Base Year, as applicable, and each Comparison Year the installments of such assessment becoming payable during such Base Year, as applicable, or Comparison Year, together with interest payable during such Comparison Year on such installments. If at any time the methods of taxation prevailing on the Effective Date shall be altered so that in lieu of or as an addition to the whole or any part of Taxes, there shall be assessed, levied or imposed (1) a tax, assessment, levy, imposition or charge based on the income or rents received from the Real Property whether or not wholly or partially as a capital levy or otherwise, (2) a tax, assessment, levy, imposition or charge measured by or based in whole or in part upon all or any part of the Real Property and imposed upon Landlord, (3) a license fee measured by the rents, or (4) any other tax, assessment, levy, imposition, charge or license fee however described or imposed, including business improvement district impositions, then all such taxes, assessments, levies, impositions, charges or license fees or the part thereof so measured or based shall be deemed to be Taxes.

Section 7.2 Tenant's Tax Payment. (a) If the Taxes payable for any Comparison Year exceed the Base Taxes, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess ("**Tenant's Tax Payment**"). For each Comparison Year, Landlord shall furnish to Tenant a statement setting forth Landlord's reasonable estimate of Tenant's Tax Payment for

such Comparison Year (the "**Tax Estimate**"). Tenant shall pay to Landlord on the 1st day of each month during such Comparison Year an amount equal to 1112 of the Tax Estimate for such Comparison Year. If Landlord furnishes a Tax Estimate for a Comparison Year subsequent to the commencement thereof, then (i) until the 1st day of the month following the month in which the Tax Estimate is furnished to Tenant, Tenant shall pay to Landlord on the 1st day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 7.2 during the last month of the preceding Comparison Year, (ii) promptly after the Tax Estimate is furnished to Tenant or together therewith, Landlord shall give notice to Tenant stating whether the installments of Tenant's Tax Estimate previously made for such Comparison Year were greater or less than the installments of Tenant's Tax Estimate to be made for such Comparison Year in accordance with the Tax Estimate, and (x) if there shall be a deficiency, Tenant shall pay the amount thereof within forty-five (45) days after demand therefor, or (y) if there shall have been an overpayment, Landlord shall credit the amount thereof against subsequent payments of Rent due hereunder, or if no further payments of Rent are due hereunder, Landlord shall refund such amount directly to Tenant within forty-five (45) days following the date upon which Landlord becomes aware of such overpayment, and (iii) within forty-five (45) day following the date upon which the Tax Estimate is furnished to Tenant, and on the 1st day of each month thereafter throughout the remainder of such Comparison Year, Tenant shall pay to Landlord an amount equal to 1/12 of the Tax Estimate. Landlord shall have the right, upon not less than forty-five (45) days prior written notice to Tenant, to reasonably adjust the Tax Estimate from time to time during any Comparison Year.

(b) As soon as reasonably practicable after Landlord has determined the Taxes for a Comparison Year, Landlord shall furnish to Tenant a Statement for such Comparison Year. If the Statement shows that the sums paid by Tenant under Section 7.2(a) exceeded the actual amount of Tenant's Tax Payment for such Comparison Year, Landlord shall credit the amount of such excess against subsequent payments of Rent due hereunder, or if no further payments of Rent are due hereunder, Landlord shall refund such amount directly to Tenant within forty-five (45) days following the date upon which Landlord becomes aware of such overpayment if the Statement for such Comparison Year shall show that the sums so paid by Tenant were less than Tenant's Tax Payment for such Comparison Year, Tenant shall pay the amount of such deficiency within forty-five (45) days after delivery of the Statement to Tenant.

(c) Only Landlord may institute proceedings to reduce the Assessed Valuation of the Real Property and the filings of any such proceeding by Tenant without Landlord's consent shall constitute an Event of Default. If Landlord receives a refund of Taxes for any Comparison Year, Landlord shall credit against subsequent payments of Rent due hereunder, an amount equal to Tenant's Proportionate Share of the refund, net of any expenses, which amount shall not exceed Tenant's Tax Payment paid for such Comparison Year. In the event of the expiration or earlier termination of the Lease, Landlord shall refund such amount directly to Tenant within forty-five (45) days following the date upon which Landlord becomes aware of such overpayment. Landlord shall not be obligated to file any application or institute any proceeding seeking a reduction in Taxes or the Assessed Valuation. Landlord hereby acknowledges and agrees that reduction in Taxes payable for the Base Year as a result of a reduced assessment of the Real Property pursuant to Proposition 8 shall not result in a reduction of Base Taxes.

(d) Tenant shall be responsible for any applicable occupancy or rent tax now in effect or hereafter enacted and, if such tax is payable by Landlord, Tenant shall promptly pay such amounts to Landlord, upon Landlord's demand.

(e) Tenant shall be obligated to make Tenant's Tax Payment regardless of whether Tenant may be exempt from the payment of any Taxes as the result of any reduction, abatement or exemption from Taxes granted or agreed to by any Governmental Authority, or by reason of Tenant's diplomatic or other tax-exempt status.

Section 7.3 Tenant's Operating Payment. (a) If the Operating Expenses payable for any Comparison Year exceed the Base Operating Expenses, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess ("**Tenant's Operating Payment**"). For each Comparison Year, Landlord shall furnish to Tenant a statement setting forth Landlord's reasonable estimate of Tenant's Operating Payment for such Comparison Year (the "**Expense Estimate**"). Tenant shall pay to Landlord on the 1st day of each month during such Comparison Year an amount equal to 1/12 of the Expense Estimate. If Landlord furnishes an Expense Estimate for a Comparison Year subsequent to the commencement thereof, then (i) within forty-five (45) days following the date upon which the Expense Estimate is furnished to Tenant, Tenant shall pay to Landlord on the 1st day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 7.3 during the last month of the preceding Comparison Year, (ii) promptly after the Expense Estimate is furnished to Tenant or together therewith, Landlord shall give notice to Tenant stating whether the installments of Tenant's Operating Payment previously made for such Comparison Year were greater or less than the installments of Tenant's Operating Payment to be made for such Comparison Year in accordance with the Expense Estimate, and (x) if there shall be a deficiency, Tenant shall pay the amount thereof within forty-five (45) days after demand therefor, or (y) if there shall have been an overpayment, Landlord shall credit the amount thereof against subsequent payments of Rent due hereunder, or if no further payments of Rent are due hereunder, Landlord shall refund such amount directly to Tenant within forty-five (45) days following the date upon which Landlord becomes aware of such overpayment, and (iii) within forty-five (45) days following the date upon which the Expense Estimate is furnished to Tenant, and on the 1st day of each month thereafter throughout the remainder of such Comparison Year, Tenant shall pay to Landlord an amount equal to 1/12 of the Expense Estimate. Landlord shall have the right, upon not less than forty-five (45) days prior written notice to Tenant, to reasonably adjust the Expense Estimate from time to time during any Comparison Year.

(b) On or before May 1st of each Comparison Year, Landlord shall furnish to Tenant a Statement for the immediately preceding Comparison Year. If the Statement shows that the sums paid by Tenant under Section 7.3(a) exceeded the actual amount of Tenant's Operating Payment for such Comparison Year, Landlord shall credit the amount of such excess against subsequent payments of Rent due hereunder, or if no further payments of Rent are due hereunder, Landlord shall refund such amounts directly to Tenant within forty-five (45) days following the date upon which Landlord becomes aware of such overpayment. If the Statement shows that the sums so paid by Tenant were less than Tenant's Operating Payment for such Comparison Year, Tenant shall pay the amount of such deficiency within forty-five (45) days after delivery of the Statement to Tenant.

Section 7.4 Non-Waiver; Disputes.

(a) Landlord's failure to render any Statement on a timely basis with respect to any Comparison Year shall not prejudice Landlord's right to thereafter render a Statement with respect to such Comparison Year or any subsequent Comparison Year, nor shall the rendering of a Statement prejudice Landlord's right to thereafter render a corrected Statement for that Comparison Year. Notwithstanding the foregoing, Tenant shall not be responsible for Taxes or Operating Expenses attributable to any Comparison Year which are first billed to Tenant more than one (1) calendar year after the expiration of the Term, provided that in any event Tenant shall be responsible for Taxes and Operating Expenses levied by any governmental authority at any time following the expiration of the Term which are attributable to any Comparison Year (provided that Landlord delivers to Tenant any such bill for such amounts within two (2) calendar years following Landlord's receipt of the bill therefor).

(b) Within two (2) years after receipt of a Statement by Tenant, Tenant or an agent of Tenant may, after reasonable notice to Landlord, commence an inspection of Landlord's records (including records pertaining to Taxes or Operating Expenses, as applicable, for the Base Year, provided that in no event shall Tenant be entitled to inspect such records more than one (1) time during the Term, as the same may be extended) at Landlord's offices in San Francisco. Each Statement sent to Tenant shall be conclusively binding upon Tenant unless Tenant (1) pays to Landlord when due the amount set forth in such Statement, without prejudice to Tenant's right to dispute such Statement, and (ii) within two (2) years after such-Statement is sent, sends a notice to Landlord objecting to such Statement and specifying the reasons therefor. Tenant agrees that Tenant will not employ, in connection with any dispute under this Lease, any person or entity who is to be compensated, in whole or in part, on a contingency fee basis, provided, however, Tenant shall have the right to employ on a contingency fee basis only a nationally recognized accounting firm whose primary business is accounting (as opposed to tenant audits). If the parties are unable to resolve any dispute as to the correctness of such Statement within 30 days following such notice of objection, either party may refer the issues raised to one of the nationally recognized public accounting firms selected by Landlord and reasonably acceptable to Tenant, and the decision of such accountants shall be conclusively binding upon Landlord and Tenant. In connection therewith, Tenant and such accountants shall execute and deliver to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord, whereby such parties agree not to disclose to any third party any of the information obtained in connection with such review, except as may be required to resolve any disputes pertaining thereto with consultants whom have executed and delivered to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord. Tenant shall pay the fees and expenses relating to such procedure, unless such accountants determine that Landlord overstated Operating Expenses by more than 3% for such Comparison Year, in which case Landlord shall pay such fees and expenses. Except as provided in this Section 7.4, Tenant shall have no right whatsoever to dispute, absent fraud, by judicial proceeding or otherwise, the accuracy of any Statement.

Section 7.5 Proration. If the Commencement Date is not January 1, and provided that the Commencement Date does not occur in the Base Year, Tenant's Tax Payment and Tenant's Operating Payment for the Comparison Year in which the Commencement Date occurs shall be apportioned on the basis of the number of days in the year from the Commencement Date to the following December 31. If the Expiration Date occurs on a date other than December

31st, Tenant's Tax Payment and Tenant's Operating Payment for the Comparison Year in which such Expiration Date occurs shall be apportioned on the basis of the number of days in the period from January 1st to the Expiration Date. Upon the expiration or earlier termination of this Lease, any Additional Rent under this Article 7 shall be adjusted or paid within forty-five (45) days after submission of the Statement for the last Comparison Year. Landlord shall have the right, from time to time, to equitably allocate some or all of the Taxes and/or Operating Expenses for the Real Property among different portions or occupants of the Real Property (the "Cost Pools"), in Landlord's reasonable discretion. Such Cost Pools may include, but shall not be limited to, the office space tenants of the Real Property and the retail space tenants of the Real Property. The Taxes and/or Operating Expenses allocable to each such Cost Pool shall be allocated to such Cost Pool and charged to the tenants within such Cost Pool in an equitable manner.

Section 7.6 No Reduction in Rent. In no event shall any decrease in Operating Expenses or Taxes in any Comparison Year below the Base Operating Expenses or Base Taxes, as the case may be, result in a reduction in the Fixed Rent or any component of Additional Rent payable hereunder.

ARTICLE 8

REQUIREMENTS OF LAW

Section 8.1 Compliance with Requirements.

(a) **Tenant's Compliance**. Except to the extent otherwise specifically provided in this Lease, Tenant, at its expense, shall comply with all Requirements applicable to the Premises; provided, however, that Tenant shall not be obligated to comply with any Requirements requiring any alterations to the Base Building or Common Areas unless the application of such Requirements arises from (i) the specific manner and/or nature of Tenant's use or occupancy of the Premises, as distinct from general office use, (ii) any non general office use Alterations made by Tenant or any other non general office use tenant improvements located within the Premises (including the Initial Installations), or (iii) a breach by Tenant of any provisions of this Lease. Any repairs or alterations which are Tenant's responsibility hereunder shall be made at Tenant's expense (1) by Tenant in compliance with Article 5 if such repairs or alterations are nonstructural and do not materially affect any Building System, or (2) by Landlord if such repairs or alterations are structural or materially affect any Building System. If Tenant obtains knowledge of any failure to comply with any Requirements applicable to the Premises, Tenant shall give Landlord prompt notice thereof. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Section 8.1 to the extent consistent with the terms of Section 7.1(e), above.

(b) **Hazardous Materials**. Tenant shall not cause or permit (i) any Hazardous Materials to be brought into the Building, (ii) the storage or use of Hazardous Materials in any manner other than in full compliance with any Requirements, or (iii) the escape, disposal or release of any Hazardous Materials within or in the vicinity of the Building. Nothing herein shall be deemed to prevent Tenant's use of any Hazardous Materials customarily used in the ordinary course of office work or common cleaning supplies, provided such use is in accordance with all Requirements. Tenant shall be responsible, at its expense, for all matters directly or indirectly based on, or arising or resulting from the presence of Hazardous Materials

in the Building which is caused by a Tenant Party. Tenant shall provide to Landlord copies of all communications received by Tenant with respect to any Requirements relating to Hazardous Materials in the Building, and/or any claims made in connection therewith. Landlord or its agents may perform environmental inspections of the Premises at any time, subject to the provisions of Section 14.1 below. Landlord covenants that during the Term, Landlord shall comply with all Requirements relating to Hazardous Materials in accordance with, and as required by, the terms of Section 8.1(c) below.

(c) **Landlord's Compliance**. Landlord shall comply with (or cause to be complied with) all Requirements applicable to the Common Areas and the Base Building which are not the obligation of Tenant, to the extent that non-compliance would reasonably be anticipated to (i) prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, (ii) unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees or invitees, (iii) materially impair Tenant's use and occupancy of the Premises for the Permitted Uses, or (iv) materially adversely affects Tenant's access to the Premises. Landlord shall remove any Hazardous Materials present in the Premises, provided that such Hazardous Materials were not brought onto the Premises by a Tenant Party, but regardless of whether such Hazardous Materials were brought onto the Premises by Landlord. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Section 8.1(c) to the extent consistent with the terms of Section 7.1(e), above.

(d) **Landlord's Insurance**. Tenant shall not cause or permit any action or condition that would (i) invalidate or conflict with Landlord's insurance policies, (ii) violate applicable rules, regulations and guidelines of the Fire Department, Fire Insurance Rating Organization or any other authority having jurisdiction over the Building, (iii) cause an increase in the premiums of insurance for the Building over that payable with respect to Comparable Buildings, or (iv) result in Landlord's insurance companies' refusing to insure the Building or any property therein in amounts and against risks as reasonably determined by Landlord. If insurance premiums increase as a result of Tenant's failure to comply with the provisions of this Section 8.1, Tenant shall promptly cure such failure and shall reimburse Landlord for the increased insurance premiums paid by Landlord as a result of such failure by Tenant.

Section 8.2 Fire and Life Safety.

(a) **Tenant's Compliance**. Tenant shall maintain in good order and repair the sprinkler, fire-alarm and life-safety system in the Premises in accordance with this Lease including, without limitation, the provisions of Section 6.2 respecting any repairs affecting any Building System, the Rules and Regulations and all Requirements. If the Fire Insurance Rating Organization or any Governmental Authority or any of Landlord's insurers requires or recommends any modifications and/or alterations be made or any additional equipment be supplied in connection with the sprinkler system or fire alarm and life-safety system serving the Building by reason of Tenant's business, any Alterations performed by Tenant or the location of the partitions, Tenant's Property, or other contents of the Premises, Landlord (to the extent outside of the Premises) or Tenant (to the extent within the Premises) shall make such modifications and/or Alterations, and supply such additional equipment, in either case at Tenant's expense.

(b) **Landlord's Compliance**. Landlord shall maintain in good operation and repair the sprinkler, fire-alarm and life-safety system of the Building up to the point of connection of localized distribution to the Premises (excluding, however, sprinklers and the horizontal distribution systems within and servicing the Premises by which fire-alarm and life-safety systems are distributed from the Base Building for provision of such services to the Premises), in accordance with this Lease, including, without limitation, Section 6.1, all specifications therefor and the Requirements (including conducting all required inspections and maintaining commercially reasonable contracts for maintenance thereof). Landlord's cost to comply with the terms of this Section 8.2, including, without limitation, the cost of any service contract concerning such system, shall be included in Operating Expenses subject to all of the terms and conditions of this Lease (e.g., unless such costs are Excluded Expenses).

ARTICLE 9

SUBORDINATION

Section 9.1 Subordination and Attornment. (a) Subject to the terms of Section 9.6 below, this Lease is subject and subordinate to all Mortgages and Superior Leases, and, at the request of any Mortgagee or Lessor, Tenant shall attorn to such Mortgagee or Lessor, its successors in interest or any purchaser in a foreclosure sale.

(b) Subject to the terms of Section 9.6 below, if a Lessor or Mortgagee or any other person or entity shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or the delivery of a new lease or deed, then at the request of the successor landlord and upon such successor landlord's written agreement to accept Tenant's attornment and to recognize Tenant's interest under this Lease, Tenant shall be deemed to have attorned to and recognized such successor landlord as Landlord under this Lease. The provisions of this Section 9.1 are self-operative and require no further instruments to give effect hereto; provided, however, that Tenant shall promptly execute and deliver any instrument that such successor landlord may reasonably request (i) evidencing such attornment, (ii) setting forth the terms and conditions of Tenant's tenancy, and (iii) containing such other terms and conditions as may be reasonably required by such Mortgagee or Lessor, provided such terms and conditions do not increase the Rent, materially increase Tenant's other obligations or adversely affect Tenant's rights under this Lease. Upon such attornment this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in this Lease except that such successor landlord shall not be

(i) liable for any act or omission of Landlord (except to the extent such act or omission continues beyond the date when such successor landlord succeeds to Landlord's interest and Tenant gives notice of such act or omission);

(ii) subject to any defense, claim, counterclaim, set-off or offset which Tenant may have against the prior Landlord (provided, however, that the Mortgagee or Lessor, as the case may be, shall be obligated to cure any continuing non-monetary default under the Lease that occurs after the date that Lender obtains legal and equitable title to the Property);

(iii) bound by any prepayment of Rent more than thirty (30) days in advance of the date due under this Lease to any prior landlord;

(iv) bound by any obligation to make any payment to Tenant which was required to be made prior to the time such successor landlord succeeded to Landlord's interest, except to the extent the amount of such payment was actually received by such successor landlord;

(v) bound by any obligation to perform any work or to make improvements to the Premises except for (x) repairs and maintenance required to be made by Landlord under this Lease, and (y) repairs to the Premises as a result of damage by fire or other casualty or a partial condemnation pursuant to the provisions of this Lease, but only to the extent that such repairs can reasonably be made from the net proceeds of any insurance or condemnation awards, respectively, actually made available to such successor landlord;

(vi) bound by any modification, amendment or renewal (except as to any renewal rights granted to Tenant under this Lease) of this Lease made without successor landlord's consent; or

(vii) liable for the repayment of any security deposit or surrender of any letter of credit, unless and until such security deposit actually is paid or such letter of credit is actually delivered to such successor landlord.

(c) Tenant shall from time to time within 10 Business Days of request from Landlord execute and deliver any documents or instruments that may be reasonably required by any Mortgagee or Lessor to confirm any subordination.

Section 9.2 Mortgage or Superior Lease Defaults. Any Mortgagee may elect that this Lease shall have priority over the Mortgage and, upon notification to Tenant by such Mortgagee, this Lease shall be deemed to have priority over such Mortgage, regardless of the date of this Lease. In connection with any financing of the Real Property, Tenant shall consent to any reasonable modifications of this Lease requested by any lending institution, provided such modifications do not increase the Rent, materially increase the other obligations, or materially and adversely affect the rights, of Tenant under this Lease.

Section 9.3 Tenant's Termination Right. As long as any Superior Lease or Mortgage exists, Tenant shall not seek to terminate this Lease by reason of any act or omission of Landlord until (a) Tenant shall have given notice of such act or omission to all Lessors and/or Mortgagees, provided that Tenant has received contact information for the same, and (b) a reasonable period of time shall have elapsed following the giving of notice of such default and the expiration of any applicable notice or grace periods (unless such act or omission is not capable of being remedied within a reasonable period of time), during which period such Lessors and/or Mortgagees shall have the right, but not the obligation, to remedy such act or omission and thereafter diligently proceed to so remedy such act or omission. If any Lessor or Mortgagee elects to remedy such act or omission of Landlord, Tenant shall not seek to terminate this Lease so long as such Lessor or Mortgagee is proceeding with reasonable diligence to effect such remedy.

Section 9.4 Provisions. The provisions of this Article 9 shall (a) inure to the benefit of Landlord, any future owner of the Building or the Real Property, Lessor or Mortgagee and any sublessor thereof and (b) apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of any such Superior Lease or Mortgage.

Section 9.5 Future Condominium Declaration. This Lease and Tenant's rights hereunder are and will be subject and subordinate to any condominium declaration, by-laws and other instruments (collectively, the "**Declaration**") which may be recorded regardless of the reason therefor, in order to permit a condominium form of ownership of the Building pursuant to the California Subdivision Map Act or any successor Requirement, provided that the Declaration does not by its terms increase the Rent, materially increase Tenant's non-Rent obligations or adversely affect Tenant's rights under this Lease. At Landlord's request, and subject to the foregoing proviso, Tenant will execute and deliver to Landlord an amendment of this Lease confirming such subordination and modifying this Lease to conform to such condominium regime.

Section 9.6 Non-Disturbance Agreements. Landlord shall, within forty-five (45) days following the execution and delivery of this Lease, deliver to Tenant a subordination, non-disturbance and attornment agreement (an "**SNDA**") from all existing Mortgagees and Lessors, substantially in the form attached hereto as **Exhibit H**. Tenant shall have the right to terminate this Lease by written notice to Landlord in the event that Landlord fails to deliver any such SNDA(s) to Tenant within such forty-five (45) day period. Landlord shall, within forty-five (45) days following the execution and delivery of this Lease, establish an escrow account with a third party reasonably designated by Landlord, which escrow account shall be funded with Landlord's Contribution, Landlord shall provide Tenant with perfected security interest in such account and such account shall be used in connection with the disbursement of Landlord's Contribution to Tenant pursuant to the terms of Section 3 of the Work Letter attached hereto. As a condition to Tenant's agreement hereunder to subordinate Tenant's interest in this Lease to any future Mortgage and/or any Superior Lease made between Landlord and such Mortgagee and/or Lessor, Landlord shall obtain from each Mortgagee or Lessor a commercially reasonable agreement, in recordable form, pursuant to which such Mortgagee or Lessor shall agree that if and so long as no Event of Default hereunder shall have occurred and be continuing, the leasehold estate granted to Tenant and the rights of Tenant pursuant to this Lease to quiet and peaceful possession of the Premises shall not be terminated, modified, affected or disturbed by any action which such Mortgagee may take to foreclose any such Mortgage, or which such Lessor shall take to terminate such Superior Lease, as applicable, and that any successor landlord shall recognize this Lease as being in full force and effect as if it were a direct lease between such successor landlord and Tenant upon all of the terms, covenants, conditions and options granted to Tenant under this Lease, except as otherwise provided in Section 9.1(b) hereof (any such agreement, a "**Non-Disturbance Agreement**"), Such Non-Disturbance Agreement shall recognize the right of an assignee to remain as the tenant under this Lease, provided that such assignee shall not be entitled to any rights reserved for the Original Tenant or a Related Assignee.

ARTICLE 10

SERVICES

Section 10.1 Electricity. Subject to any Requirements or any public utility rules or regulations governing energy consumption, Landlord shall make or cause to be made, customary arrangements with utility companies and/or public service companies to furnish electric current

to the Premises for Tenant's use in accordance with the Design Standards. If Landlord reasonably determines by the use of an electrical consumption survey or by other reasonable means that Tenant is using electric current (including overhead fluorescent fixtures) in excess of 1.0 kilowatt hours per square foot of usable area in the Premises per month, as determined on an annualized basis ("**Excess Electrical Usage**"), then Landlord shall have the right to charge Tenant for such Excess Electrical Usage as measured by a Meter (as defined below). In connection with the foregoing, Landlord shall have the further right to install an electric current meter, sub-meter or check meter in the Premises (a "**Meter**") to measure the amount of electric current consumed in the Premises. The cost of such Meter, special conduits, wiring and panels needed in connection therewith and the installation, maintenance and repair thereof shall be paid by Tenant in the event that Tenant has Excess Electrical Usage. If Tenant does not have Excess Electrical Usage, then Landlord shall be responsible for the payment of the cost of the Meter. Tenant shall pay to Landlord, from time to time, but no more frequently than monthly, for its Excess Electrical Usage at the Premises. The rate to be paid by Tenant for submetered electricity shall include any taxes or other charges in connection therewith.

Section 10.2 Excess Electricity. Tenant shall at all times comply with the rules and regulations of the utility company supplying electricity to the Building. Tenant shall not use any electrical equipment which, in Landlord's reasonable judgment, would exceed the capacity of the electrical equipment serving the Premises. If Landlord determines that Tenant's electrical requirements necessitate installation of any additional risers, feeders or other electrical distribution equipment (collectively, "**Electrical Equipment**"), or if Tenant provides Landlord with evidence reasonably satisfactory to Landlord of Tenant's need for excess electricity and requests that additional Electrical Equipment be installed, Landlord shall, at Tenant's expense, install such additional Electrical Equipment, provided that Landlord, in its reasonable judgment, determines that (a) such installation is practicable, (b) such additional Electrical Equipment is permissible under applicable Requirements, and (c) the installation of such Electrical Equipment will not cause permanent damage to the Building or the Premises, cause or create a hazardous condition, entail unreasonable alterations, unreasonably interfere with or limit electrical usage by other tenants or occupants of the Building or exceed the limits of the switchgear or other facilities serving the Building, or require power in excess of that available from the utility company serving the Building.

Section 10.3 Elevators. Landlord shall provide passenger elevator service to the Premises 24 hours per day, 7 days per week: provided, however, Landlord may limit passenger elevator service during times other than Ordinary Business Hours. Landlord shall provide at least one freight elevator serving the Premises, available upon Tenant's prior request, on a non-exclusive "first come, first serve" basis with other Building tenants, on all Business Days from 7:00 a.m. to 3:30 p.m., which hours of operation are subject to change, provided that in no event shall the freight elevator serving the Premises be available less than at least eight and one/half hours on Business Days.

Section 10.4 Heating. Ventilation and Air Conditioning. Landlord shall furnish to the Premises heating, ventilation and air-conditioning ("**HVAC**") in accordance with the Design Standards set forth in **Exhibit D** during Ordinary Business Hours. Landlord shall have access to all air-cooling, fan, ventilating and machine rooms and electrical closets and all other mechanical installations of Landlord (collectively, "**Mechanical Installations**"), and Tenant shall not construct partitions or other obstructions which may interfere with Landlord's access thereto or

the moving of Landlord's equipment to and from the Mechanical Installations. No Tenant Party shall at any time enter the Mechanical installations or tamper with, adjust, or otherwise affect such Mechanical Installations. Landlord shalt not be responsible if the HVAC System fails to provide cooled or heated air, as the case may be, to the Premises in accordance with the Design Standards by reason of (i) any equipment installed by, for or on behalf of Tenant, which has an electrical load in excess of the average electrical load and human occupancy factors for the HVAC System as designed, or (ii) any rearrangement of partitioning or other Alterations made or performed by, for or on behalf of Tenant. Tenant agrees that, notwithstanding the proper operation of the HVAC System, Tenant's failure, depending on the position of the sun during daylight hours, to lower the blinds, may affect the HVAC System's ability to meet the Design Standards. Tenant shall cooperate with Landlord and shall abide by the rules and regulations which Landlord may reasonably prescribe for the proper functioning and protection of the HVAC System.

Section 10.5 Overtime Freight Elevators and HVAC. If Tenant desires the HVAC services or freight elevator services during any periods other than as set forth in Section 10.3 and Section 10.4 ("**Overtime Periods**"), Tenant shall deliver notice to the Building office requesting such services at least 24 hours prior to the time Tenant requests such services to be provided; provided, however, that Landlord shall use reasonable efforts to arrange such service on such shorter notice as Tenant shall provide. The Fixed Rent does not include any charge to Tenant for the furnishing of HVAC to the Premises during Overtime Periods. If Landlord furnishes HVAC service during Overtime Periods, Tenant shall pay to Landlord the Actual Cost for such service. "**Actual Cost**" shall mean the actual cost incurred by Landlord (to the extent not duplicative of costs included in Operating Expenses) as reasonably determined by Landlord, including reasonable depreciation and administration costs, but without charge for overhead or profit. If Landlord furnishes freight elevator service during Overtime Periods and Tenant requests staff oversight for access control purposes during such periods, then Tenant shall pay to Landlord, Landlord's actual, out-of-pocket labor cost incurred by Landlord for providing such staff oversight (to the extent not duplicative of costs included in Operating Expenses), as reasonably determined by Landlord without charge for overhead.

Section 10.6 Cleaning. Landlord shall cause the Premises (excluding any portions thereof used for the storage, preparation, service or consumption of food or beverages, as an exhibition area or classroom, for storage, as a shipping room, mail room or for similar purposes, for private bathrooms, showers or exercise facilities, as a trading floor, or primarily for operation of computer, data processing, reproduction, duplicating or similar equipment) to be cleaned, substantially in accordance with the standards set forth in **Exhibit E**. Any areas of the Premises which Landlord is not required to clean hereunder or which require additional cleaning shall be cleaned, at Tenant's expense, by Landlord's cleaning contractor, at rates which shall be competitive with rates of other cleaning contractors providing comparable services to Comparable Buildings. Landlord's cleaning contractor and its employees shall have access to the Premises at all times except between 8:00 a.m. and 5:30 p.m. on weekdays which are not Observed Holidays. Tenant shall have the right, at Tenant's sole cost and expense, to retain the services of "Little Giant," or another cleaning service provider, subject to Landlord's reasonable approval, to provide monthly supplemental cleaning services to the Premises. Tenant hereby acknowledges and agrees that Little Giant (and any other cleaning service provider retained by Tenant pursuant to the terms of this Section 10.6) shall be deemed a Tenant Party for all purposes under this Lease and shall be required to carry and maintain insurance in an amount

reasonably approved by Landlord. Tenant hereby represents that Little Giant is a union service provider. Tenant hereby agrees that any other cleaning service provider retained by Tenant pursuant to the terms of this Section 10.6 shall be a union service provider.

Section 10.7 Water. Landlord shall provide water in the core lavatories on each floor of the Building and to the core of each floor on which any portion of the Premises is located for any coffee stations, kitchens and executive bathrooms located in the Premises. Tenant shall pay the cost of any installation, and for all maintenance, repairs and replacements of any equipment required to deliver such water horizontally from such core location to the Premises. Tenant shall not pay a fee to Landlord for water consumed pursuant to the terms of this Section 10.7.

Section 10.8 Refuse Removal. Landlord shall provide recycling services and refuse removal services at the Building for ordinary office refuse and rubbish. Tenant shall pay to Landlord, within forty-five (45) days after delivery of an invoice therefor, Landlord's reasonable out-of-pocket cost for such removal to the extent that the refuse generated by Tenant materially exceeds the refuse customarily generated by general office tenants. Tenant shall not dispose of any refuse in the Common Areas, and if Tenant does so, Tenant shall be liable for Landlord's reasonable charge for such removal.

Section 10.9 Directory. Tenant shall be entitled to use, at Landlord's sole cost and expense, an unlimited number of tines on the electronic directory located in the lobby of the Building for the designation of Tenant's entity name and the names of its employees at the Premises. Additionally, Landlord shall, at Landlord's sole cost and expense, install (and Tenant shall be entitled to maintain) entry identification signage for the designation of Tenant's entity name at the entrance to the Premises, the location, quality, design, style, lighting and size of which signage shall be consistent with the Landlord's then current Building standard signage program and shall be subject to Landlord's prior written approval, in its reasonable discretion, and all applicable Requirements. Following the initial installation of the directory board strips and Tenant's entry identification signage in accordance with this Section 10.9, Tenant shall be entitled, at its sole cost and expense, to change the names on the directory board and Tenant's entry identification signage, so long as the such change does not involve an "**Objectionable Name**," as that term is defined hereinbelow. The term '**Objectionable Name**" shall mean any name which relates to an entity which is of a character or reputation, or is associated with a political orientation or faction, which is inconsistent with the quality of the Building as a first-class office building, or which would otherwise reasonably offend a landlord of the Comparable Buildings.

Section 10.10 Telecommunications. If Tenant requests that Landlord grant access to the Building to a telecommunications service provider designated by Tenant for purposes of providing telecommunications services to Tenant, Landlord shall use its good faith efforts to respond to such request within 30 days. Tenant acknowledges that nothing set forth in this Section 10.10 shall impose any affirmative obligation on Landlord to grant such request and that Landlord, in its sole discretion, shall have the right to determine which telecommunications service providers shall have access to Building facilities. Subject to the terms of this Section 10.10 and provided that AT&T grants Tenant access to the AT&T vault, Tenant shall have the right to install up to a four inch diameter cable in the existing conduit (the "**Existing Conduit**") connecting the AT&T vault and the Main Point of Entry ("**MPOE**"). Tenant shall also have the right to install one four inch conduit (the "**New Conduit**") from the MPOE through the basement

area of the Building through the telecommunications room located in the Building and the common riser path located in the Building to the Premises. The location of the New Conduit in the common riser path shall be subject to Landlord's reasonable approval. Notwithstanding any provision to the contrary contained in this Lease, at Landlord's election, Tenant shall remove Tenant's cabling from the Existing Conduit and the New Conduit prior to the expiration or earlier termination of this Lease, and repair all damage to the Building resulting from such removal, at Tenant's sole cost and expense. If Tenant fails to timely perform such removal and/or repair work, then Landlord may (but shall not be obligated to) perform such work at Tenant's sole cost and expense. Tenant shall coordinate access to the MPOE and the common riser path located in the Building with Landlord prior to any such access.

Section 10.11 Service Interruptions. Landlord reserves the right to suspend any service when necessary, by reason of Unavoidable Delays, accidents or emergencies, or for any Work of Improvement which, in Landlord's reasonable judgment, is necessary or desirable, until such Unavoidable Delay, accident or emergency shall cease or such Work of Improvement is completed and Landlord shall not be liable for any interruption, curtailment or failure to supply services, except as otherwise provided in Section 26.22 below. Landlord shall provide Tenant with at least five (5) Business Days prior notice of any scheduled interruption of services. Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises as a result of any such interruption, curtailment or failure of or defect in such service, or change in the supply, character and/or quantity of, electrical service, and to restore any such services, remedy such situation and minimize any interference with Tenant's business. The exercise of any such right or the occurrence of any such failure by Landlord shall not constitute an actual or constructive eviction, in whole or in part, entitle Tenant to any compensation, abatement or diminution of Rent (except as otherwise provided in Section 26.22 below), relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or any Indemnified Party by reason of inconvenience to Tenant, or interruption of Tenant's business, or otherwise. Subject to Section 26.22 below, Landlord shall not be liable in any way to Tenant for any failure, defect or interruption of, or change in the supply, character and/or quantity of, electric service furnished to the Premises for any reason except if attributable to the gross negligence or willful misconduct of Landlord.

Section 10.12 Access Control Services. Landlord shall provide reasonable access-control services for the Building in a first-class manner materially consistent with the services provided by landlords of the Comparable Buildings. As of the date hereof, Landlord's access control services include manned access control service in the lobby of the Building twenty-four (24) hours a day, seven days a week, regular access control patrol services of the Common Areas and the exterior of the Building, and a key-card access system with secured turnstiles at the entry of each elevator bank located in the Building. Notwithstanding the foregoing, Landlord shall in no case be liable for personal injury or property damage for any error with regard to the admission to or exclusion from the Building or Real Property of any person. Subject to the terms of this Lease (including the Work Letter and/or Article 5 hereof, as applicable), Tenant may, at its own expense, install its own security system ("**Tenant's Security System**") in the Premises. Tenant may coordinate the Tenant's Security System to provide that the Building's system and the Tenant's Security System will operate on the same type of key card, so that Tenant's employees are able to use a single card for both systems, but shall not otherwise integrate the Tenant's Security System with the Building's system. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the monitoring, operation and removal of Tenant's Security

System, Notwithstanding anything contained herein to the contrary, Landlord shall at all times have access to the Premises, including, without limitation, for purposes of providing services required of Landlord pursuant to the terms of this Lease.

Section 10.13 Cable Television Services. Tenant hereby acknowledges that the Building is currently wired for cable television service. Tenant and/or Tenant's cable service provider which have been approved by Landlord in its reasonable discretion shall have access to certain parts of the Building (i.e., cable risers and roof), as necessary, in order to bring cable or satellite service to the Premises, which access shall be subject to Landlord's prior reasonable approval. Tenant shall be responsible for all costs and expenses incurred by Tenant in connection with any cable or satellite service provided to the Premises, provided that Landlord shall not charge a fee in connection with Tenant's cable service provider's access to the Building.

Section 10.14 Supplemental HVAC System. The installation of any supplemental HVAC system in or exclusively serving the Premises for the purpose of providing supplemental air-conditioning to the Premises (the "**Supplemental HVAC System**") shall be governed by the terms of Article 5 of this Lease and this Section 10.14, and, if approved by Landlord pursuant to the terms of Article 5 of this Lease and this Section 10.14, shall be performed by Tenant at its sole cost and expense. All aspects of the Supplemental HVAC System (including, but not limited to, the plans and specifications therefor) shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, unless the structural aspects of the Building, the Building Systems, the exterior appearance of the Building and/or the certificate of occupancy issued for the Building will be materially and adversely affected and/or the installation of the Supplemental HVAC System will violate any applicable Requirements, in which event Landlord's approval may be withheld in Landlord's sole and absolute discretion. In connection with the foregoing, Landlord may, at Tenant's sole cost and expense, separately meter the electricity utilized by the Supplemental HVAC System, and, in any event, Tenant shall reimburse Landlord for the cost as reasonably determined by Landlord of all electricity utilized by the Supplemental HVAC System. Landlord shall provide condenser water to service the Supplemental HVAC System and Tenant shall pay to Landlord, the Actual Cost for such service. Landlord shall calculate the Actual Cost pursuant to the following formula: (i) the hours during which condenser water is supplied to the Premises, multiplied by (ii) number of tons of condenser water supplied to the Premises per hour, multiplied by (iii) the cost of supplying a ton of condenser water to the Premises (based on the cost of operating the condenser water system, including, without limitation, amount of the water and electricity required to run the condenser water system). Tenant shall not be obligated to pay any "tap" fees in connection with the use of the Supplemental HVAC System. Notwithstanding any provision to the contrary contained in this Lease, in the event that Supplemental HVAC System is located on the floor of the Premises, then, at Landlord's election prior to the expiration or earlier termination of this Lease, Tenant shall surrender such Supplemental HVAC System to Landlord with the Premises upon the expiration or earlier termination of this Lease, and Tenant shall thereafter have no further rights with respect thereto. In the event that Landlord fails to elect to have such Supplemental HVAC System surrendered to it upon the expiration or earlier termination of this Lease, then Tenant shall remove such Supplemental HVAC System prior to the expiration or earlier termination of this Lease, and repair all damage to the Building resulting from such removal, at Tenant's sole cost and expense. If Tenant fails to timely perform such removal and/or repair work, then Landlord may (but shall not be obligated to) perform such work at

Tenant's sole cost and expense. Tenant shall not be obligated to remove the Supplemental HVAC System if it is located in the ceiling of the Premises. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the monitoring, operation, repair, replacement, and removal (subject to the foregoing terms of this Section 10.14), of the Supplemental HVAC System. In no event shall the Supplemental HVAC System be permitted to interfere with Landlord's operation of the Building. Any reimbursements owing by Tenant to Landlord pursuant to this Section 10.14 shall be payable by Tenant within forty-five (45) days of Tenant's receipt of an invoice therefor.

Section 10.15 Base Building Stairwell. To the extent permitted by the Requirements, Tenant may use the Base Building stairwells and staircases to travel to and from the Premises, provided that Tenant installs a card key pass access compatible with Landlord's and/or Tenant's Security System to access the Premises from the stairwell. Tenant may redecorate the stairwells between the floors comprising the Premises, subject to all applicable Requirements and Tenant obtaining the prior written approval of both Landlord and the San Francisco Fire Department to any such redecoration.

ARTICLE 11

INSURANCE; PROPERTY LOSS OR DAMAGE

Section 11.1 Tenant's Insurance; Landlord's Insurance.

(a) Effective as of the date Landlord delivers possession of the Premises to Tenant for the construction of the Initial Installations pursuant to the Work Letter attached hereto as **Exhibit C**, and continuing thereafter throughout the Term, Tenant, at its expense, shall obtain and maintain in full force and effect the following insurance policies throughout the Term:

(i) **Commercial General Liability (CGL) Insurance** on an occurrence basis covering liability arising from premises operations, independent contractors, product-completed operations, personal injury, advertising injury, bodily injury, death and/or property damage occurring in or about the Building, including liquor liability coverage if the Tenant's operation involves the selling or serving of alcoholic beverages, under which Tenant is insured and Landlord, Landlord's Agent and any Lessors and any Mortgagees whose names have been furnished to Tenant are named as additional insureds (the "Insured Parties"). Such insurance shall provide primary coverage without contribution from any other insurance or self-insurance carried by or for the benefit of the Insured Parties, and such insurance shall include blanket broad-form contractual liability coverage. The minimum limits of liability shall be a combined single limit with respect to each occurrence in an amount of not less than Ten Million and No/100 Dollars ($10,000,000.00) provided that, Tenant may carry such coverage under an "umbrella" policy of liability insurance. The personal injury and advertising injury coverages set forth herein may be covered by a separate media liability policy on a claims-made basis. Landlord shall retain the right to require Tenant to increase such coverage from time to time to that amount of insurance which in Landlord's reasonable judgment is then being customarily required by landlords for similar office space in Comparable Buildings.

(ii) Subject to the terms of this Section 11.1(a)(ii), **All-Risk Commercial Property Insurance** insuring Tenant's Property (as defined in Exhibit B) and the Tenant Improvements (as defined in Exhibit B), for the full replacement cost thereof. The Insured Parties shall be included as loss payee(s) with respect to the Tenant improvements;

(iii) **Builder's Risk** during the performance of any Alteration, until completion thereof, on an "All Risk" basis, including a permission to complete and occupy, for full replacement cost covering the interest of Landlord and Tenant (and their respective contractors and subcontractors) in all work incorporated in the Building and all materials and equipment in or about the Premises, or evidence of such coverage under the property insurance policies set forth in (ii) above. The Insured Parties shall be named as additional insureds;

(iv) **Workers' Compensation Benefits Insurance and Employer's Liability Insurance**, with Worker's Compensation Benefits Insurance as required by law and Employer's Liability Insurance with a limit not less than One Million and No/100 Dollars ($1,000,000.00) each accident for bodily injury by accident and One Million and No/100 Dollars ($1,000,000.00) each employee for bodily injury by disease;

(v) **Commercial Automobile Liability Insurance** (if the Tenant is operating a fleet out of the leased Premises) covering any auto including owned, hired, and non-owned autos with a combined single limit with respect to each occurrence in an amount of not less than One Million and No/100 Dollars ($1,000,000.00). The Commercial auto policy shall include contractual liability coverage. The Insured Parties shall be named as additional insureds; and

(vi) such other insurance in such amounts as the Insured Parties may reasonably require from time to time, but in no event in excess of the amounts and types of insurance then being required by landlords of Comparable Buildings,

(b) Tenant shall provide Landlord with thirty (30) days' prior written notice in advance of any termination or material change to the policies that would affect the interest of any of the Insured Parties and shall be effected under valid and enforceable policies issued by reputable insurers authorized to do business in the State of California and rated in AM Best's Insurance Guide, or any successor thereto as having an AM Best's Rating of "A" or better and a Financial Size Category of at least "VIII" or better, or such other financial rating as Landlord may at any time consider reasonably appropriate.

(c) Subject to Section 11(g), on or prior to the Commencement Date, Tenant shall deliver to Landlord appropriate certificates of insurance that evidence insurance required to be covered by this Article 11, the waivers of subrogation required by Section 11.2 below, the Insured Parties are named as additional insureds/loss payees as required pursuant to this Article 11, and the commercial general liability is primary, non-contributory, and not excess of any other valid and collectible insurance. Evidence of each renewal or replacement policies shall be delivered by Tenant to Landlord at least ten (10) days after the expiration of the policies.

(d) By requiring insurance herein, Landlord does not represent that coverage and limits will necessarily be adequate to protect Tenant, and such coverage and limits shall not be deemed a limitation on or transfer of Tenant's liability under the indemnities granted to Landlord in this contract.

(e) All rights that inure to the benefit of the Landlord shall not be prejudiced by the expiration of the Lease,

(f) Tenant may satisfy the limits of liability required herein with a combination of umbrella and/or excess policies of insurance where applicable, provided that such policies comply with all of the provisions hereof (including, without limitation, with respect to scope of coverage and naming of the Insured Parties as additional insureds).

(g) So long as Visa Inc., a Delaware corporation ("**Visa**") maintains a total shareholder equity and accumulated income (net of goodwill) equal to or greater than Two Hundred Fifty Million and 001100 Dollars ($250,000,000.00) (the "**Net Worth Amount**"), as evidenced by Visa's publicly filed financial statements (provided, however, in the event that Visa's financial statements are not available to the public, then Visa shall be required to provide Landlord with evidence of such Net Worth Amount in a form reasonably acceptable to Landlord), then Tenant shall have the right to self-insure its insurance requirements set forth in this Article 11, provided that (i) Visa, as a condition to such self-insurance, agrees that it shall be jointly liable with Tenant for any claims and/or amounts payable had Tenant provided the insurance otherwise required to be carried under this Article 11 and (ii) Landlord agrees to provide Visa with notice of such claims and/or amounts payable at the address set forth on the signature page to this Lease. Any self-insurance by Tenant shall be deemed to contain all of the terms and conditions applicable to such insurance as required in this Article 11, including, without limitation, a full waiver of subrogation. If Tenant elects to self-insure, then with respect to any claims which may result from incidents occurring during the Term, such self-insurance obligation shall survive the expiration or earlier termination of this Lease to the same extent as the insurance required would survive. Notwithstanding the foregoing, in the event that Visa does not meet the Net Worth Amount, but nevertheless desires to self-insure its insurance requirements set forth in this Article 11, then, following Tenant's posting of a bond or obtaining of a letter of credit or other means of funding the insurance requirements in form and substance reasonably acceptable to Landlord, in favor of Landlord to secure losses that are self-insured by Tenant, Tenant shall have the right to self-insure.

(h) So long as Visa maintains a total shareholder equity and accumulated income (net of goodwill) equal to or greater than the Net Worth Amount, as evidenced by Visa's publicly filed financial statements (provided; however, in the event that Visa's financial statements are not available to the public, then Visa shall be required to provide Landlord with evidence of such Net Worth Amount in a form reasonably acceptable to Landlord), then the deductibles maintained for all policies required by this Article 11 may be reasonably determined by Tenant, provided that (i) Visa, as a condition to determining such deductibles, agrees that it shall be jointly liable with Tenant for any claims and/or amounts payable for any such deductibles and (ii) Landlord agrees to provide Visa with notice of such claims and/or amounts payable at the address set forth on the signature page to this Lease, Notwithstanding the foregoing, in the event that Visa does not meet the Net Worth Amount, but nevertheless desires to determine the amount of deductible maintained for the policies required under this Article 11, then, following Tenant's posting of a bond or obtaining of a letter of credit or other means of funding the insurance requirements in form and substance reasonably acceptable to Landlord, in favor of Landlord to secure losses that may reasonably occur within the deductible, Tenant shall have the right to determine the deductibles maintained for all policies required by this Article 11 (or otherwise mutually agree with Landlord to carry specific deductibles).

(i) So long as the same is available at commercially reasonable rates, Landlord shall maintain "All Risk" Property Insurance on the Building at replacement cost value as reasonably estimated by Landlord and commercial general liability insurance together with such other insurance coverage as Landlord, in its reasonable judgment, may elect to maintain.

Section 11.2 Waiver of Subrogation. Landlord and Tenant shall have no liability to one another, or to any insurer, by way of subrogation or otherwise, on account of any loss or damage to their respective property, the Premises or its contents or the Building, regardless of whether such loss or damage is caused by the negligence of Landlord or Tenant, arising out of any of the perils or casualties insured against by the property insurance policies carried, or required to be carried, by the parties pursuant to this Lease, but only to the extent covered by such insurance policies carried, or required to be carried, by the parties pursuant to this Lease. In addition, Landlord and Tenant shall have no liability to one another for any deductible amount carried under any policy, except with respect to Tenant's reimbursement of deductible amounts to Landlord as a part of Operating Expenses in accordance with Article 7 above. The insurance policies obtained by Landlord and Tenant pursuant to this Lease, shall permit waivers of subrogation which the insurer may otherwise have against the non-insuring party. In the event the policy or policies do not include blanket waiver of subrogation prior to loss, either Landlord or Tenant shall, at the request of the other party, arrange and deliver to the requesting party a waiver of subrogation endorsement in such form and content as may reasonably be required by the requesting party or its insurer. Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for, (i) damage to the Tenant improvements, (ii) Tenant's Property, and (iii) any loss suffered by Tenant due to interruption of Tenant's business.

Section 11.3 Restoration. (a) If the Premises or any Common Areas, Building exterior or Building Systems serving the Premises are damaged by fire or other casualty, or if the Building is damaged such that Tenant is deprived of reasonable access to or use of the Premises, the damage shall be repaired by Landlord, to substantially the condition prior to the damage, subject to the provisions of any Mortgage or Superior Lease, but Landlord shall have no obligation to repair or restore (i) Tenant's Property or (ii) except as provided in Section 11.3(b), any Tenant Improvements. So long as Tenant is not in default beyond applicable grace or notice provisions in the payment or performance of its obligations under this Section 11.3, and provided Tenant timely delivers to Landlord either Tenant's Restoration Payment (as hereinafter defined) or the Restoration Security (as hereinafter defined) or Tenant expressly waives any obligation of Landlord to repair or restore any of the Tenant Improvements, then until the restoration of the Premises is Substantially Completed or would have been Substantially Completed but for Tenant Delay, Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment shall be reduced in the proportion by which the area of the part of the Premises which is not usable (or accessible) and is not used by Tenant for the Permitted Use bears to the total area of the Premises, until the restoration of the Premises is Substantially Completed or would have been Substantially Completed but for a Tenant Delay.

(b) As a condition precedent to Landlord's obligation to repair or restore any Tenant Improvements, Tenant shall (i) pay or cause its insurers to pay to Landlord within forty-five (45) days following Landlord's demand a sum ("**Tenant's Restoration Payment**") equal to the amount, if any, by which (A) the cost, as estimated by a reputable independent contractor designated by Landlord, of repairing and restoring all of the Tenant Improvements in the Premises to their condition prior to the damage, exceeds (B) the cost of restoring the Premises to

a base, shell and core condition, or (ii) furnish to Landlord security (the '**Restoration Security**") in form and amount reasonably acceptable to Landlord to secure Tenant's obligation to pay all costs in excess of restoring the Premises to a base, shell and core condition. If Tenant shall fail to deliver to Landlord either (1) Tenant's Restoration Payment or the Restoration Security, as applicable, or (2) a waiver by Tenant, in form satisfactory to Landlord, of all of Landlord's obligations to repair or restore any of the Tenant improvements in either case within 15 days after Landlord's demand therefor, Landlord shall have no obligation to restore any Tenant Improvements and Tenant's abatement of Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment shall cease when the restoration of the Premises (other than the Tenant Improvements) is Substantially Complete.

Section 11.4 Landlord's Termination Right. Notwithstanding anything to the contrary contained in Section 11.3, (a) if the Premises are totally damaged and are thereby rendered wholly untenantable, (b) if (i) the Building shall be so damaged that, in the reasonable opinion of Landlord's contractor such damage shall require more than nine (9) months to repair (whether or not the Premises are so damaged or rendered untenantable), and (ii) Landlord does not intend to rebuild the Building within one (1) year following any such damage, (c) if (i) the cost to repair any such damage exceeds the sum of all amounts payable to Landlord under Landlord's insurance policies, excluding any deductible amounts, in excess of $1,000,000.00, and (ii) Landlord does not intend to rebuild the Building within one (1) year following any such damage, or (d) if any Mortgagee shall require that the insurance proceeds or any portion thereof be used to retire the Mortgage debt or any Lessor shall terminate the Superior Lease, as the case may be, then in any of such events, Landlord may, not later than 60 days following the date of the damage, terminate this Lease by notice to Tenant, provided that if the Premises are not damaged, Landlord may not terminate this Lease unless Landlord similarly terminates the leases of all the other tenants in the high rise portion of the Building occupied for office purposes immediately prior to such damage. If this Lease is so terminated, (a) the Term shall expire upon the 30th day after such notice is given, (b) Tenant shall vacate the Premises and surrender the same to Landlord, (c) Tenant's liability for Rent shall cease as of the date of the damage, and (d) any Rent paid for any period after the date of the damage shall be refunded by Landlord to Tenant.

Section 11.5 Tenant's Termination Right. If the Premises are totally damaged and are thereby rendered wholly untenantable, or if the Building or the Common Areas shall be so damaged that Tenant is deprived of reasonable access to or use of the Premises, and if Landlord elects or is otherwise obligated to restore the Premises, Landlord shall, within 60 days following the date of the damage, cause a contractor selected by Landlord to give notice (the "**Restoration Notice**") to Tenant of the date by which such contractor estimates the restoration of any above-described damage to the Building and the Common Areas and any damage to the Premises (including any Tenant Improvements, provided that Tenant furnishes to Landlord Restoration Security pursuant to the terms of Section 11.3 above) shall be Substantially Completed. If such date, as set forth in the Restoration Notice, is more than nine (9) months from the date of such damage, then Tenant shall have the right to terminate this Lease by giving notice (the "**Termination Notice**") to Landlord not later than 30 days following delivery of the Restoration Notice to Tenant. If Tenant delivers a Termination Notice, this Lease shall be deemed to have terminated as of the date of the giving of the Termination Notice, in the manner set forth in the second sentence of Section 11.4.

Section 11.6 Final 18 Months. Notwithstanding anything to the contrary in this Article 11, if any damage during the final 18 months of the Term renders the Premises wholly untenantable, either Landlord or Tenant may terminate this Lease by notice to the other party within 30 days after the occurrence of such damage and this Lease shall expire on the 30th day after the date of such notice: provided that in the event that Landlord elects to terminate this Lease pursuant to the terms of this Section 11.6, and such damage occurred prior to the second Renewal Term, then Tenant shall have the right to void Landlord's termination by delivering to Landlord a Renewal Exercise Notice within thirty (30) days following Landlord's delivery of a termination notice, and in such event the Rent payable during the second Renewal Term shall be determined by arbitration pursuant to the terms of Section 2.6(d) of this Lease. For purposes of this Section 11.6, the Premises shall be deemed wholly untenantable if Tenant shall be precluded from using more than 50% of the Premises for the conduct of its business and Tenant's inability to so use the Premises is reasonably expected to continue for more than 90 days.

Section 11.7 Landlord's Liability. Any Building employee to whom any property shall be entrusted by Tenant shall be deemed to be acting as Tenant's agent with respect to such property and neither Landlord nor its agents shall be liable for any damage to such property, or for the loss of or damage to any property of Tenant by theft or otherwise, except to the extent that any such loss or damage is caused as a result of Landlord's gross negligence. None of the Insured Parties shall be liable for any injury or damage to persons or property or interruption of Tenant's business resulting from fire or other casualty, any damage caused by other tenants or persons in the Building or by construction of any private, public or quasi-public work, or any latent defect in the Premises or in the Building (except that Landlord shall be required to repair the same to the extent provided in Article 6). No penalty shall accrue for delays which may arise by reason of adjustment of casualty insurance on the part of Landlord or Tenant, or for any Unavoidable Delays arising from any repair or restoration of any portion of the Building, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises during the performance of any such repair or restoration.

ARTICLE 12

EMINENT DOMAIN

Section 12.1 Taking.

(a) **Total Taking**. If all or substantially all of the Real Property, the Building or the Premises shall be acquired or condemned for any public or quasi-public purpose (a "**Taking**"), this Lease shall terminate and the Term shall end as of the date of the vesting of title and Rent shall be prorated and adjusted as of such date.

(b) **Partial Taking**. Upon a Taking of only a part of the Real Property, the Building or the Premises then, except as hereinafter provided in this Article 12, this Lease shall continue in full force and effect, provided that from and after the date of the vesting of title, Fixed Rent and Tenant's Proportionate Share shall be modified to reflect the reduction of the Premises and/or the Building as a result of such Taking.

(c) **Landlord's Termination Right**. Whether or not the Premises are affected, Landlord may, by notice to Tenant, within 60 days following the date upon which

Landlord receives notice of the Taking of all or a portion of the Real Property, the Building or the Premises, terminate this Lease effective as of the date of the vesting of title, provided that, if no portion of the Premises is taken, Landlord may terminate this Lease only if Landlord elects to terminate leases (including this Lease) all the rentable area of the high-rise portion of the Building.

(d) **Tenant's Termination Right**. If the part of the Real Property so Taken contains more than 10% of the total area of the Premises occupied by Tenant immediately prior to such Taking, or if, by reason of such Taking, Tenant no longer has reasonable means of access to or use of the Premises, Tenant may terminate this Lease by notice to Landlord given within 30 days following the date upon which Tenant is given notice of such Taking. If Tenant so notifies Landlord, this Lease shall end and expire upon the date of the vesting of such title. If a part of the Premises shall be so Taken and this Lease is not terminated in accordance with this Section 12.1 Landlord, without being required to spend more than it collects as an award, shall, subject to the provisions of any Mortgage or Superior Lease, restore that part of the Premises not so Taken to a self-contained rental unit substantially equivalent (with respect to character, quality, appearance and services) to that which existed immediately prior to such Taking, excluding Tenant's Property and the Tenant improvements, provided that, in the event that Tenant funds the cost of restoring the Tenant Improvements and/or assigns to Landlord any award that it collects in connection with the Tenant Improvements, then, subject to the sufficiency of any such funds received, Landlord shall restore such items to the condition existing immediately prior to such Taking to the extent that Landlord is provided with any such funds.

(e) **Apportionment of Rent**. Upon any termination of this Lease pursuant to the provisions of this Article 12, Rent shall be apportioned as of, and shall be paid or refunded up to and including, the date of such termination.

Section 12.2 Awards. Upon any Taking, except as provided below, Landlord shall receive the entire award for any such Taking, and Tenant shall have no claim against Landlord for the value of any unexpired portion of the Term; and Tenant hereby assigns to Landlord all of its right in and to such award. Nothing contained in this Article 12 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the then value of any Tenant's Property, the portion of the costs incurred by Tenant in connection with the Initial Installations in excess of Landlord's Contribution, or the portion of any Initial Installations or Alterations paid for by Tenant included in such Taking and for any loss of good will and moving expenses.

Section 12.3 Temporary Taking. If all or any part of the Premises is Taken temporarily during the Term for any public or quasi-public use or purpose, Tenant shall give prompt notice to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay all Rent payable by Tenant without reduction or abatement and to perform all of its other obligations under this Lease, except to the extent prevented from doing so by the condemning authority, and Tenant shall be entitled to receive any award or payment from the condemning authority for such use. Notwithstanding the foregoing, Tenant shall have the right to terminate this Lease upon thirty (30) days prior written notice to Landlord if any such temporary taking exceeds a period of nine (9) months.

ARTICLE 13

ASSIGNMENT AND SUBLETTING

Section 13.1 Consent Requirements.

(a) **No Transfers**. Except as expressly set forth herein, Tenant shall not assign, mortgage, pledge, encumber, or otherwise transfer this Lease, whether by operation of law or otherwise, and shall not sublet, or permit, or suffer the Premises or any part thereof to be used or occupied by others (whether for desk space, mailing privileges or otherwise), without Landlord's prior consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed. Any assignment, sublease, mortgage, pledge, encumbrance or transfer in contravention of the provisions of this Article 13 shall be void and shall constitute a default.

(b) **Collection of Rent**. If, without Landlord's consent, this Lease is assigned, or any part of the Premises is sublet (such assignment or subleasing shall sometimes be referred to herein as a "**Transfer**") or occupied by anyone other than Tenant or this Lease is encumbered (by operation of law or otherwise), Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Rent herein reserved. No such collection shall be deemed a waiver of the provisions of this Article 13, an acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the performance of Tenant's covenants hereunder, and in all such cases Tenant shall remain fully liable for its obligations under this Lease.

(c) **Further Assignment/Subletting**. Landlord's consent to any assignment or subletting shall not relieve Tenant from the obligation to obtain Landlord's consent to any further assignment or subletting. In no event shall any permitted subtenant assign or encumber its sublease or further sublet any portion of its sublet space, or otherwise suffer or permit any portion of the sublet space to be used or occupied by others without Landlord's prior written consent.

Section 13.2 Intentionally Omitted.

Section 13.3 Intentionally Omitted.

Section 13.4 Conditions to Assignment/Subletting.

(a) Landlord's consent to the proposed assignment or subletting shall not be unreasonably withheld or delayed. Such consent shall be granted or denied in writing within 20 days after delivery to Landlord of (i) a true and complete statement reasonably detailing the identity of the proposed assignee or subtenant ("**Transferee**"), the nature of its business and its proposed use of the Premises, (ii) current financial information with respect to the Transferee, including its most recent financial statements, (iii) all of the terms of the proposed Transfer and the consideration therefor, together with a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, and (iv) any other information Landlord may reasonably request, provided that:

(i) in Landlord's reasonable judgment, the Transferee is engaged in a business or activity, and the Premises will be used in a manner, which (1) is in keeping with the then standards of the Building, (2) is for the Permitted Uses, and (3) does not violate any restrictions set forth in this Lease, any Mortgage or Superior Lease or any negative covenant as to use of the Premises required by any other lease in the Building (provided, however, Landlord agrees that no other lease in the Building shall restrict the use of the Premises for the Permitted Use);

(ii) the Transferee is reputable with sufficient financial means to perform all of its obligations under this Lease or the sublease, as the case may be;

(iii) there shall be not more than 2 subtenants in each floor of the Premises;

(iv) Tenant shall, upon demand, reimburse Landlord for all reasonable expenses incurred by Landlord in connection with such assignment or sublease, including any investigations as to the acceptability of the Transferee and all legal costs reasonably incurred in connection with the granting of any requested consent, but in no event in an amount exceeding Two Thousand Five Hundred and No/100 Dollars ($2,500.00) for a Transfer in the ordinary course of business;

(v) the proposed Transfer is either a sublease or a non-collateral complete assignment;

(vi) the proposed Transfer would not cause Landlord to be in violation of any Requirements or any other lease, Mortgage, Superior Lease or agreement to which Landlord is a party and would not give a tenant of the Real Property a right to cancel its lease (provided, however, Landlord covenants that no such other lease, Mortgage, Superior Lease or other agreement shall restrict the use of the Premises for the Permitted Uses, nor shall such Mortgage or Superior Lease impose consent requirements that are more restrictive than those set forth in this Lease);

(vii) the Transferee shall not be either a governmental agency or an instrumentality thereof, nor shall the Transferee be entitled, directly or indirectly, to diplomatic or sovereign immunity, regardless of whether the Transferee agrees to waive such diplomatic or sovereign immunity, and shall be subject to the service of process in, and the Jurisdiction of the courts of, the County of San Francisco and State of California; and

(viii) Landlord has received assurances acceptable to Landlord in its reasonable discretion that all past due amounts owing from Tenant to Landlord, if any, will be paid and all defaults on the part of Tenant, if any, will be cured prior to the effective date of the proposed Transfer.

The parties hereby agree that it shall be reasonable under this Lease and under applicable law for Landlord to withhold consent to any proposed Transfer based upon any of the foregoing criteria. In the event that Landlord withhold its consent to a proposed Transfer, Landlord's written reply to Tenant shall set forth in reasonable specificity Landlord's reason for withholding or conditioning its consent to a proposed Transfer. If Landlord fails to grant or deny its consent to a proposed Transfer within 20 days following Landlord's receipt of the items set forth in

Section 13.4(a) above, and such failure continues for two (2) Business Days after Tenant delivers a second notice to Landlord, then Landlord shall be deemed to have consented to such proposed Transfer.

(b) With respect to each and every subletting and/or assignment approved by Landlord under the provisions of this Lease:

(i) the form of the proposed assignment or sublease shall be reasonably satisfactory to Landlord;

(ii) no sublease shall be for a term ending later than one day prior to the Expiration Date;

(iii) no Transferee shall take possession of any part of the Premises until an executed counterpart of such sublease or assignment has been delivered to Landlord and approved by Landlord as provided in Section 13.4(a); and

(iv) each sublease shall be subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate; and Tenant and each Transferee shall be deemed to have agreed that upon the occurrence and during the continuation of an Event of Default hereunder, Tenant has hereby assigned to Landlord, and Landlord may, at its option, accept such assignment of, all right, title and interest of Tenant as sublandlord under such sublease, together with all modifications, extensions and renewals thereof then in effect and such Transferee shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (A) liable for any previous act or omission of Tenant under such sublease, (B) subject to any counterclaim, offset or defense not expressly provided in such sublease or which theretofore accrued to such Transferee against Tenant, (C) bound by any previous modification of such sublease not consented to by Landlord or by any prepayment of more than one month's rent, (D) bound to return such Transferee's security deposit, if any, except to the extent Landlord shall receive actual possession of such deposit and such Transferee shall be entitled to the return of all or any portion of such deposit under the terms of its sublease, or (E) obligated to make any payment to or on behalf of such Transferee, or to perform any work in the sublet space or the Building, except as otherwise required pursuant to the terms of this Lease, or in any way to prepare the subleased space for occupancy, beyond Landlord's obligations under this Lease. The provisions of this Section 13.4(b)(iv) shall be self-operative, and no further instrument shall be required to give effect to this provision, provided that the Transferee shall execute and deliver to Landlord any instruments Landlord may reasonably request to evidence and confirm such subordination and attornment.

Section 13.5 Binding on Tenant; Indemnification of Landlord. Notwithstanding any assignment (other than in connection with an assignment to a "Related Entity," as that term is defined in Section 13.8, which has released Tenant of its obligations pursuant to the terms of Section 13.8) or subletting or any acceptance of rent by Landlord from any Transferee and Tenant shall remain fully liable for the payment of all Rent due and for the performance of all the covenants, terms and conditions contained in this Lease on Tenant's part to be observed and performed, and any default under any term, covenant or condition of this Lease by any Transferee or anyone claiming under or through any Transferee shall be deemed to be a default

under this Lease by Tenant. Tenant shall indemnify, defend, protect and hold harmless Landlord from and against any and all Losses resulting from any claims that may be made against Landlord by any brokers or other persons or entities claiming a commission or similar compensation in connection with the proposed assignment or sublease, irrespective of whether Landlord shall give or decline to give its consent to any proposed assignment or sublease, or if Landlord shall exercise any of its options under this Article 13.

Section 13.6 Tenant's Failure to Complete If Landlord consents to a proposed assignment or sublease and Tenant fails to execute and deliver to Landlord such assignment or sublease within 90 days after the giving of such consent, or the amount of space subject to any such sublease varies by more than 10% from that initially contemplated in the documents submitted by Tenant to Landlord pursuant to Section 13.4(a), or the net effective rent payable under such sublease is less than 90% of the rate initially contemplated in the documents submitted by Tenant to Landlord pursuant to Section 13.4(a), or if there are any changes in the terms and conditions of the proposed assignment or sublease such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Article 13, then Tenant shall again comply with all of the provisions and conditions of Section 13.4 before assigning this Lease or subletting all or part of the Premises.

Section 13.7 Profits. If Tenant enters into any assignment or sublease permitted hereunder or consented to by Landlord, Tenant shall, within 60 days of Landlord's consent to such assignment or sublease (but not as to any assignment or subletting to Related Entities which does not require Landlord's consent hereunder), deliver to Landlord a list of Tenant's reasonable third-party brokerage fees, legal fees, architectural fees and improvement costs, moving allowances, marketing costs and other actual out-of pocket costs or economic inducements paid or to be paid in connection with such transaction and, in the case of any sublease, any actual costs incurred by Tenant in connection with such sublease, including separately demising the sublet space (collectively, "**Transaction Costs**"), together with a list of all of Tenant's Property to be transferred to such Transferee; provided, however, that Transaction Costs shall not include any rent paid by Tenant to Landlord, including with respect to the period Tenant is marketing the Premises or any portion thereof for sublease. The Transaction Costs shall be deducted from the first payments received by Tenant from such Transferee in connection with any such Transfer (until such Transaction Costs have been fully recouped by Tenant). Tenant shall deliver to Landlord evidence of the payment of such Transaction Costs promptly after the same are paid. In consideration of such assignment or subletting, Tenant shall pay to Landlord:

(a) In the case of an assignment, within forty-five (45) days following the effective date of the assignment, 50% of all sums and other consideration paid to Tenant by the Transferee for or by reason of such assignment (including key money, bonus money and any sums paid for services rendered by Tenant to the Transferee in excess of fair market value for such services and sums paid for the sale or rental of Tenant's Property, less the then fair market sale or rental value thereof) after first deducting the Transaction Costs; or

(b) in the case of a sublease, 50% of any consideration payable under the sublease to Tenant by the Transferee which exceeds on a per square foot basis the Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment accruing during the term of the sublease in respect of the sublet space (together with any sums paid for services rendered by Tenant to the Transferee in excess of fair market value for such services and sums paid for the sale or rental of

Tenant's Property, less the then fair market sale or rental value thereof, as reasonably determined by Landlord) after first deducting the Transaction Costs. The sums payable under this clause shall be paid by Tenant to Landlord monthly within forty-five (45) days following the date upon which the same are paid by the subtenant to Tenant.

The amount payable under this Section 13.7 with respect to any particular Transfer is sometimes referred to herein as the "**Transfer Premium**." Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within forty-five (45) days after demand, pay the deficiency, and if understated by more than three percent (3%), Tenant shall pay Landlord's costs of such audit.

Section 13.8 Transfers.

(a) **Related Entities**. If Tenant is a legal entity, the transfer (by one or more transfers), directly or indirectly, by operation of law or otherwise, of a majority of the stock or other beneficial ownership interest in Tenant or of all or substantially all of the assets of Tenant (collectively, "**Ownership Interests**") shall be deemed a voluntary assignment of this Lease; provided, however, that notwithstanding anything to the contrary set forth herein, the provisions of this Article 13 shall not apply to the transfer of Ownership Interests in Tenant if and so long as Tenant is publicly traded on a nationally recognized stock exchange. For purposes of this Article the term "transfers" shall be deemed to include (x) the issuance of new Ownership Interests which results in a majority of the Ownership Interests in Tenant being held by a person or entity which does not hold a majority of the Ownership Interests in Tenant on the Effective Date, and (y) except as provided below, the sale or transfer of all or substantially all of the assets of Tenant in one or more transactions or the merger, consolidation or conversion of Tenant into or with another business entity. Notwithstanding any provision to the contrary contained in this Article 13, an assignment or sublease of Tenant's interest in this Lease to a Related Entity (defined below) of Tenant shall not be deemed an assignment or sublease requiring the consent of Landlord under this Article 13 (and Sections 13.1, 13.4, 13.6, 13.7 and 13.9 of this Lease shall not apply to such assignment or sublease), provided that Tenant notifies Landlord of any such assignment or sublease at least ten (10) days prior to the effective date of such assignment or sublease, and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such assignment or sublease or such Related Entity, and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. Notwithstanding the foregoing, in no event shall any such assignment or sublease permitted under this Section 13.8 relieve Tenant (including its successors and assigns) of its obligations under this Lease; provided, however that following an assignment of this Lease to a Related Entity, the Original Tenant may cause Landlord to release Original Tenant of its obligations arising under this Lease after the date of the transfer, provided that it is determined that such Related Entity then has and has had for the two (2) years prior to the effective date of such assignment total shareholder equity and accumulated income (net of goodwill) equal to or greater than Five Hundred Million and 00/100 Dollars ($500,000,000.00) the ("**Release Requirement**"). In the event that such Related Entity does not satisfy the Release Requirement as of the effective date of such assignment, but such Related Entity later satisfies the Release Requirement for a continuous two (2) year period, then Tenant shall have the right to cause Landlord to release Original Tenant of the obligations arising under this Lease after the date of

such release. Notwithstanding the foregoing, in no event shall Original Tenant be released from any obligations under this Lease which have accrued as of the date of such assignment. "**Related Entity**" shall mean any entity to whom Tenant's interest in this Lease is assigned or sublet, provided such entity (i) is an entity controlled by, under common control with, or which controls Tenant, (ii) is the resulting entity of a merger or stock consolidation of Tenant with another entity, or (iii) is an entity which acquires all or substantially all of the stock or business assets of Tenant. "**Control**," as used in this Section 13.8 shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity. A Related Entity to whom Tenant's interest in this Lease is assigned shall be referred to herein as a "**Related Assignee**."

(b) **Applicability**. The limitations set forth in this Section 13.8 shall apply to Transferee(s) of this Lease, if any, and any transfer by any such entity in violation of this Section 13.8 shall be a transfer in violation of Section 13.1.

(c) **Modifications, Takeover Agreements**. Any modification, amendment or extension of a sublease and/or any other agreement by which a landlord of a building other than the Building or its affiliate agrees to assume the obligations of Tenant under this Lease shall be deemed a sublease for the purposes of Section 13.1 hereof.

Section 13.9 Assumption of Obligations. No assignment or transfer shall be effective unless and until the Transferee executes, acknowledges and delivers to Landlord an agreement in form and substance reasonably satisfactory to Landlord whereby the Transferee (a) assumes Tenant's obligations under this Lease and (b) agrees that, notwithstanding such assignment or transfer, the provisions of Section 13.1 hereof shall be binding upon it in respect of all future assignments and transfers.

Section 13.10 Tenant's Liability. The joint and several liability of Tenant and any successors-in-interest of Tenant and the due performance of Tenant's obligations under this Lease shall not be discharged, released or impaired by any agreement or stipulation made by Landlord, or any grantee or assignee of Landlord, extending the time, or modifying any of the terms and provisions of this Lease, or by any waiver or failure of Landlord, or any grantee or assignee of Landlord, to enforce any of the terms and provisions of this Lease.

Section 13.11 Listings in Building Directory. The listing of any name other than that of Tenant on the doors of the Premises, the Building directory or elsewhere shall not vest any right or interest in this Lease or in the Premises, nor be deemed to constitute Landlord's consent to any assignment or transfer of this Lease or to any sublease of the Premises or to the use or occupancy thereof by others. Any such listing, except of the name of Related Entity or a Transferee consented to by Landlord pursuant to this Article 13, shall constitute a privilege revocable in Landlord's discretion by notice to Tenant.

Section 13.12 Lease Disaffirmance or Rejection. If at any time after an assignment by Tenant named herein, this Lease is not affirmed or is rejected in any bankruptcy proceeding or any similar proceeding, or upon a termination of this Lease due to any such proceeding, Tenant named herein, upon request of Landlord given after such disaffirmance, rejection or termination (and actual notice thereof to Landlord in the event of a disaffirmance or rejection or in the event

of termination other than by act of Landlord), shall (a) pay to Landlord all Rent and other charges due and owing by the assignee to Landlord under this Lease to and including the date of such disaffirmance, rejection or termination, and (b) as "tenant," enter into a new lease of the Premises with Landlord for a term commencing on the effective date of such disaffirmance, rejection or termination and ending on the Expiration Date, at the same Rent and upon the then executory terms, covenants and conditions contained in this Lease, except that (i) the rights of Tenant named herein under the new lease shall be subject to the possessory rights of the assignee under this Lease and the possessory rights of any persons or entities claiming through or under such assignee or by virtue of any statute or of any order of any court, (ii) such new lease shall require all defaults existing under this Lease to be cured by Tenant named herein with due diligence, and (iii) such new lease shall require Tenant named herein to pay all Rent which, had this Lease not been so disaffirmed, rejected or terminated, would have become due under the provisions of this Lease after the date of such disaffirmance, rejection or termination with respect to any period prior thereto. If Tenant named herein defaults in its obligations to enter into such new lease for a period of 10 days after Landlord's request, then, in addition to all other rights and remedies by reason of default, either at law or in equity, Landlord shall have the same rights and remedies against Tenant named herein as if it had entered into such new lease and such new lease had thereafter been terminated as of the commencement date thereof by reason of Tenant's default thereunder.

Section 13.13 Permitted Occupants. Notwithstanding any contrary provision of this Lease, Landlord hereby acknowledges and agrees that Tenant may, subject to the applicable terms and conditions of this Lease, permit up to one (1) full floor of the Premises (the "**Permitted Occupant Space**") to be occupied and utilized for general office, from time to time throughout the Term, by other third parties who have a business relationship with Landlord (the "**Permitted Occupants**") without Landlord's consent (but upon at least five (5) business days prior written notice); provided however, (a) in no event shall any such Permitted Occupants occupy a separately demised portion of the Premises; (b) such Permitted Occupants shall be of a character and reputation consistent with the first-class quality of the Building; (c) in no event shall such Permitted Occupants be permitted to occupy the Permitted Occupant Space for a period in excess of six (6) continuous months, and (d) such occupancy shall not be a subterfuge by Tenant to avoid its obligations under this Lease, or the restrictions on Transfers pursuant to Article 13 of this Lease. Tenant shall promptly supply Landlord with the name of any such Permitted Occupants and any documents or information reasonably requested by Landlord regarding any such Permitted Occupants and/or their occupancy of the Permitted Occupant Space (or any portion of the Premises), provided that, in no event shall Tenant be obligated to provide to Landlord any confidential contractual information regarding such Permitted Occupants (including, if applicable, a Permitted Occupant's company name). The occupancy of the Permitted Occupant Space by any Permitted Occupants permitted under this Section 13.13 shall not be deemed a Transfer under Article 13 of this Lease; provided however, if at any time during the Term, Tenant has provided in excess of one (1) full floor of the Premises in the aggregate for occupancy to the Permitted Occupants, then any such occupancy by any such Permitted Occupants shall be deemed a Transfer hereunder and shall be subject to the terms and conditions of Article 13 of this Lease. Notwithstanding the foregoing, no such occupancy by any such Permitted Occupants shall relieve Tenant from any liability under this Lease, and Tenant hereby agrees to indemnify, defend, protect and hold harmless the Landlord from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with such Permitted Occupants and/or the occupancy of the Permitted Occupant Space or any other portion of the Premises.

ARTICLE 14

ACCESS TO PREMISES

Section 14.1 Landlord's Access.

(a) Subject to the terms of Section 26.22 below, Landlord, Landlord's agents and utility service providers servicing the Building may erect, use and maintain concealed ducts, pipes and conduits in and through the Premises provided such use does not cause the usable area of the Premises to be reduced beyond a de minimis amount or materially modify the location or construction of the Initial Installations. Landlord shall promptly repair any damage to the Premises caused by any work performed pursuant to this Article 14.

(b) Subject to the terms of Section 26.22 below, Landlord, any Lessor or Mortgagee and any other party designated by Landlord and their respective agents shall have the right to enter the Premises at all reasonable times during the Business Day, upon at least one Business Day prior notice (which notice may be oral) except in the case of emergency (in which event no notice shall be required), to examine the Premises, to show the Premises to prospective purchasers, Mortgagees, or Lessors (or to tenants in the last twelve (12) months of the Term) and their respective agents and representatives or others and to perform Work of Improvement to the Premises or the Building. Tenant shall have the right to escort Landlord during any such entry into the Premises (other than in an emergency, in which case Landlord shall not need an escort). Notwithstanding anything to the contrary set forth in this Section 14.1(b), Tenant may designate in writing certain reasonable areas of the Premises as "Secured Areas" should Tenant require such areas for the purpose of securing certain valuable property or confidential information. In connection with the foregoing, Landlord shall not enter such Secured Areas except in the event of an emergency.

All parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises, all balconies, terraces and roofs adjacent to the Premises, all space in or adjacent to the Premises used for shafts, stacks, stairways (except Tenant's internal stairway), mail chutes, conduits and other mechanical facilities, Building Systems, Building facilities and Common Areas are not part of the Premises, and Landlord shall have the use thereof, and access thereto through the Premises pursuant to the terms of this Lease for the purposes of Building operation, maintenance, alteration and repair.

Section 14.2 Building Name. Landlord has the right at any time to change the name, number or designation by which the Building is commonly known. Notwithstanding the foregoing, so long as (i) the Original Tenant or any Related Entities are occupying at least the equivalent of two (2) full floors comprising the Premises (excluding periods during which Tenant cannot occupy the Premises due to repairs or damage to the Premises), and (ii) Tenant is not in default under this Lease (beyond any applicable notice and cure period), Landlord agrees that, subject to the terms of this Section 14.2, it will not name the Building after any Direct Competitor (defined below) of Tenant or grant any signage rights in the lobby of the Building to any Direct Competitor. For purposes hereof, the term "**Direct Competitor**" shall mean any

entity which is known to the general public primarily as the issuer, licensor or operator of payment services, which entity may be involved in the electronic commerce industries, provided that such term shall not include an entity that offers such services merely as an incident to its primary business. Tenant's current Direct Competitors are set forth on the list attached hereto as **Exhibit G**, Tenant shall have the right to update **Exhibit G** by January 31st of each calendar year based on the same criteria used by Tenant in preparing the initial **Exhibit G**; provided, however, in no event shall such update (a) preclude Landlord from entering into a lease with a third party whose name was not on **Exhibit G** prior to Landlord's initiation of "serious" negotiations with such third party (for the purposes of this Section 14.2, "serious" negotiations shall be deemed to mean Landlord's delivery of a draft of a letter of intent with a prospective tenant), or (b) affect Landlord's ability to maintain and/or renew a lease with an existing tenant whose name was not **Exhibit G** prior to any such update. Notwithstanding any provision to the contrary set forth in this Section 14.2, (i) Landlord shall have the right to grant signage rights in the lobby of the Building to any tenant leasing space in the retail portion of the ground floor of the Building or on the second (2nd) floor of the Building and (ii) nothing in this Section 14.2 shall restrict the right of Landlord to maintain any existing signage at the project for any existing tenant of the Building or their successors and/or assigns, provided that any such successor and/or assign has the right to any such existing signage pursuant to the terms of the existing tenant's lease. The rights set forth in this Section 14.2 shall be personal to the Original Tenant and a Related Assignee.

Section 14.3 Light and Air. If at any time any windows of the Premises are temporarily darkened or covered over by reason of any Work of Improvement, any of such windows are permanently darkened or covered over due to any Requirement or there is otherwise a diminution of light, air or view by another structure which may hereafter be erected (whether or not by Landlord), Landlord shall not be liable for any damages and Tenant shall not be entitled to any compensation or abatement of any Rent, nor shall the same release Tenant from its obligations hereunder or constitute an actual or constructive eviction. Landlord hereby represents and warrants that it does not have any knowledge of any contemplated Work of Improvement at the Real Property which would result in a diminution of light, air or view as set forth herein.

ARTICLE 15

DEFAULT

Section 15.1 Tenant's Defaults. Each of the following events shall be an "Event of Default" hereunder:

(a) Tenant fails to pay when due any installment of Rent (provided that Tenant shall be entitled to a grace period before such failure to pay shall constitute an Event of Default of five (5) Business Days after written notice by Landlord to Tenant that such amount is past due for the first late payment of Rent during any twelve (12) month period); or

(b) Tenant fails to observe or perform any other term, covenant or condition of this Lease and such failure continues for more than 30 days (10 days with respect to a default under Article 3, Article 9 or Section 26.10) after notice by Landlord to Tenant of such default, or if such default (including a default under Article 3, but excluding a default under Article 9 or

Section 26.10) is of a nature that it cannot be remedied within 30 days (10 days for a default under Article 3), failure by Tenant to commence to remedy such failure within said 30 days, and thereafter diligently prosecute to completion all steps necessary to remedy such default as soon as reasonably practicable; or

(c) intentionally omitted; or

(d) Tenant files a voluntary petition in bankruptcy or insolvency, or is adjudicated a bankrupt or insolvent, or files any petition or answer seeking any reorganization, liquidation, dissolution or similar relief under any present or future federal bankruptcy act or any other present or future applicable federal, state or other statute or law, or makes an assignment for the benefit of creditors or seeks or consents to or acquiesces in the appointment of any trustee, receiver, liquidator or other similar official for Tenant or for all or any part of Tenant's property; or

(e) A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a trustee, receiver or liquidator of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

Section 15.2 Landlord's Remedies. (a) Intentionally omitted.

(b) Upon the occurrence of an Event of Default, Landlord, at its option, and without limiting the exercise of any other right or remedy Landlord may have on account of such Event of Default, and without any further demand or notice, may terminate this Lease, pursuant to Section 1951.2 of the California Civil Code, Landlord shall be entitled to recover from Tenant the aggregate of:

(i) The worth at the time of award of the unpaid rent earned as of the date of the termination hereof;

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after the date of termination hereof until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iv) Any other amount necessary to compensate Landlord for the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom; and

(v) Any other amount which Landlord may hereafter be permitted to recover from Tenant to compensate Landlord for the detriment caused by Tenant's default.

For the purposes of this Section 15.2(b), "rent" shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others, the "time of award" shall mean the date upon which the judgment in any action brought by Landlord against Tenant by reason of such Event of Default is entered or such earlier date as the court may determine; the "worth at the time of award" of the amounts referred to in Sections 15.2(b)(i) and 15.2(b)(ii) shall be computed by allowing interest on such amounts at the Interest Rate; and the "worth at the time of award" of the amount referred to in Section 15.2(b)(iii) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1% per annum. Tenant agrees that such charges shall be recoverable by Landlord under California Code of Civil Procedure Section 1174(b) or any similar, successor or related provision of law.

Section 15.3 Recovering Rent as it Comes Due. Upon any Event of Default, in addition to any other remedies available to Landlord at law or in equity or under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease, Landlord may, from time to time, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due. Such remedy may be exercised by Landlord without prejudice to its right thereafter to terminate this Lease in accordance with the other provisions contained in this Article 15. Landlord's reentry to perform acts of maintenance or preservation of, or in connection with efforts to relet, the Premises, or any portion thereof, or the appointment of a receiver upon Landlord's initiative to protect Landlord's interest under this Lease shall not terminate Tenant's right to possession of the Premises or any portion thereof and, until Landlord elects to terminate this Lease, this Lease shall continue in full force and Landlord may pursue all its remedies hereunder. Nothing in this Article 15 shall be deemed to affect Landlord's right to indemnification, under the indemnification clauses contained in this Lease, for Losses arising from events occurring prior to the termination of this Lease.

Section 15.4 Intentionally Omitted.

Section 15.5 General. (a) All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Landlord at law or in equity. The exercise of any one or more of such rights or remedies shall not impair Landlord's right to exercise any other right or remedy including any and all rights and remedies of Landlord under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related Requirements.

(b) If, after Tenant's abandonment of the Premises, Tenant leaves behind any of Tenant's Property, then Landlord shall store such Tenant's Property at a warehouse or any other location at the risk, expense and for the account of Tenant, and such property shall be released only upon Tenant's payment of such charges, together with moving and other costs relating thereto. If Tenant does not reclaim such Tenant's Property within the period permitted

by law, Landlord may sell such Tenant's Property in accordance with law and apply the proceeds of such sale to any sums due and owing hereunder, or retain said Property, granting Tenant credit against sums due and owing hereunder for the reasonable value of such Property.

Section 15.6 Interest. If any payment of Rent is not paid when due, interest shall accrue on such payment, from the date such payment became due until paid at the Interest Rate; provided, however, that on one (1) occasion during any calendar year of the Term, Landlord shall give Tenant notice of such non-payment and Tenant shall have a period of 5 Business Days thereafter in which to make such payment before interest commences to accrue. Tenant acknowledges that late payment by Tenant of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and late charges that may be imposed on Landlord by the terms of any note secured by a Mortgage covering the Premises. Therefore, in addition to interest, if any amount is not paid when due, a late charge equal to 5% of such amount shall be assessed; provided, however, that on 2 occasions during any calendar year of the Term, Landlord shall give Tenant notice of such late payment and Tenant shall have a period of 5 Business Days thereafter in which to make such payment before any late charge is assessed. Such interest and late charges are separate and cumulative and are in addition to and shall not diminish or represent a substitute for any of Landlord's rights or remedies under any other provision of this Lease.

Section 15.7 Other Rights of Landlord. If Tenant fails to pay any Additional Rent when due, Landlord, in addition to any other right or remedy, shall have the same rights and remedies as in the case of a default by Tenant in the payment of Fixed Rent. If Tenant is in arrears in the payment of Rent, Tenant waives Tenant's right, if any, to designate the items against which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to any items Landlord sees fit, regardless of any request by Tenant.

Section 15.8 Landlord Default. Notwithstanding any provision to the contrary contained in this Lease, Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless Landlord fails to perform such obligation within thirty (30) days after the receipt of written notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion. Upon any such default by Landlord under this Lease, Tenant may, except as otherwise specifically provided in this Lease to the contrary, exercise any of its rights provided at law or in equity.

ARTICLE 16

LANDLORD'S RIGHT TO CURE; FEES AND EXPENSES

If Tenant defaults in the performance of its obligations under this Lease, Landlord, without waiving such default, may perform such obligations at Tenant's expense: (a) immediately and without notice to Tenant, in case of an emergency, and upon delivery of one (1) days notice to Tenant (and if under the then existing circumstances such is not possible, then upon oral notice), if the default (i) materially interferes with the use by any other tenant of the

Building, (ii) materially interferes with the efficient operation of the Building, (iii) results in a violation of any Requirement, or (iv) results or will result in a cancellation of any insurance policy maintained by Landlord, and (b) in any other case if such default continues after 15 days from the date Landlord gives notice of Landlord's intention to perform the defaulted obligation, unless Tenant commences to remedy such default within said 15 day period, and thereafter diligently prosecutes to completion all steps necessary to remedy such default as soon as reasonably practicable. All reasonable costs and expenses reasonably incurred by Landlord in connection with any such performance by it and all costs and expenses, including reasonable counsel fees and disbursements, incurred by Landlord in any action or proceeding (including any unlawful detainer proceeding) brought by Landlord or in which Landlord is a party to enforce any obligation of Tenant under this Lease and/or right of Landlord in or to the Premises or as a result of any default by Tenant under this Lease, shall be paid by Tenant to Landlord on demand, with interest thereon at the Interest Rate from the date incurred by Landlord. Except as expressly provided to the contrary in this Lease, all costs and expenses which, pursuant to this Lease are incurred by Landlord and payable to Landlord by Tenant, and all charges, amounts and sums payable to Landlord by Tenant for any property, material, labor, utility or other services which, pursuant to this Lease, are attributable directly to Tenant's use and occupancy of the Premises or presence at the Building, or at the request and for the account of Tenant, are provided, furnished or rendered by Landlord, shall become due and payable by Tenant to Landlord within forty-five (45) days after receipt of Landlord's invoice for such amount.

ARTICLE 17

NO REPRESENTATIONS BY LANDLORD; LANDLORD'S APPROVAL

Section 17.1 No Representations. Except as expressly set forth herein and in the Work Letter attached hereto, Landlord and Landlord's agents have made no warranties, representations, statements or promises with respect to the Building, the Real Property or the Premises and no rights, easements or licenses are acquired by Tenant by implication or otherwise. Tenant is entering into this Lease after full investigation and is not relying upon any statement or representation made by Landlord not embodied in this Lease or in the Work Letter.

Section 17.2 No Money Damages. Wherever in this Lease Landlord's consent or approval is required, if Landlord refuses to grant such consent or approval, whether or not Landlord expressly agreed that such consent or approval would not be unreasonably withheld, Tenant shall not make or exercise, and Tenant hereby waives, any claim for money damages (including any claim by way of set-off, counterclaim or defense) and/or any right to terminate this Lease based upon Tenant's claim or assertion that Landlord unreasonably withheld or delayed its consent or approval. Tenant's sole remedy shall be an action or proceeding to enforce such provision, by specific performance, injunction or declaratory judgment; provided, however, if Tenant claims that Landlord has unreasonably withheld or delayed its consent under Article 5 or Article 13, Tenant shall have a right to file a claim for monetary damages resulting from Landlord's failure to consent to Tenant's proposed Alterations pursuant to Article 5 of this Lease, a proposed assignment or sublease pursuant to the terms of Article 13 of this Lease. Notwithstanding any provision to the contrary set forth in this Lease, in no event shall either party be liable for, and each party, on behalf of itself and its respective representative employees, agents and contractors, hereby waives any claim for, any indirect, consequential or punitive damages, including loss of profits or business opportunity, arising under or in connection with

this Lease other than those consequential or punitive damages incurred by Landlord in connection with a holdover of the Premises by Tenant after the expiration or earlier termination of this Lease (subject to Section 18.2, below).

Section 17.3 Reasonable Efforts. For purposes of this Lease, "reasonable efforts" by Landlord shall not include an obligation to employ contractors or labor at overtime or other premium pay rates or to incur any other overtime costs.

ARTICLE 18

END OF TERM

Section 18.1 Expiration. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender the Premises to Landlord vacant, broom clean and in good order and condition, ordinary wear and tear and damage for which Tenant is not responsible under the terms of this Lease excepted, and Tenant shall remove all of Tenant's Property and Specialty Alterations, unless the Lease is terminated pursuant to the terms of Article 11 or Article 12.

Section 18.2 Holdover Rent. Landlord and Tenant recognize that Landlord's damages resulting from Tenant's failure to timely surrender possession of the Premises may be substantial, may exceed the amount of the Rent payable hereunder, and will be impossible to accurately measure. Accordingly, if possession of the Premises is not surrendered to Landlord on the Expiration Date or sooner termination of this Lease, Tenant shall pay to Landlord for each month (or any portion thereof) during which Tenant holds over in the Premises after the Expiration Date or sooner termination of this Lease, a sum for Fixed Rent equal to 1.5 times the Fixed Rent payable under this Lease for the last full calendar month of the Term. If Tenant fails to surrender the Premises within (30) days following the later to occur of (i) the expiration or earlier termination of this Lease, and (ii) Landlord's delivery of notice to Tenant stating that Tenant's failure to surrender the Premises pursuant to the terms of this Lease may cause Landlord to incur damages and/or the loss and the benefit of the bargain in connection with a New Tenant (as that terms is defined below) in addition to any other liabilities to Landlord accruing therefrom, Tenant shall (a) be liable to Landlord for (1) any payment or rent concession which Landlord may be required to make to any tenant obtained by Landlord for all or any part of the Premises (a "**New Tenant**") in order to induce such New Tenant not to terminate its lease by reason of the holding-over by Tenant, and (2) the loss of the benefit of the bargain if any New Tenant shall terminate its lease by reason of the holding-over by Tenant, and (b) indemnify Landlord against all claims for damages by any New Tenant. No holding-over by Tenant, nor the payment to Landlord of the amounts specified above, shall operate to extend the Term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or sooner termination of this Lease, and no acceptance by Landlord of payments from Tenant after the Expiration Date or sooner termination of this Lease shall be deemed to be other than on account of the amount to be paid by Tenant in accordance with the provisions of this Section 18.2.

ARTICLE 19

QUIET ENJOYMENT

Provided this Lease is in full force and effect and no Event of Default then exists, Tenant may peaceably and quietly enjoy the Premises without hindrance by Landlord or any person lawfully claiming through or under Landlord, subject to the terms and conditions of this Lease and to all Superior Leases and Mortgages.

ARTICLE 20

NO SURRENDER; NO WAIVER

Section 20.1 No Surrender or Release. No act or thing done by Landlord or Landlord's agents or employees during the Term shall be deemed an acceptance of a surrender of the Premises, and no provision of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and is signed by Landlord.

Section 20.2 No Waiver. The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules and Regulations, shall not be construed as a waiver or relinquishment for the future performance of such obligations of this Lease or the Rules and Regulations, or of the right to exercise such election but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission. The receipt by Landlord of any Rent payable pursuant to this Lease or any other sums with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Rent herein stipulated shall be deemed to be other than a payment on account of the earliest stipulated Rent, or as Landlord may elect to apply such payment, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

ARTICLE 21

WAIVER OF TRIAL BY JURY; COUNTERCLAIM

Section 21.1 Jury Trial Waiver. TO THE EXTENT THAT THE TERMS OF THIS SECTION 21.1 ARE ENFORCEABLE UNDER THEN APPLICABLE REQUIREMENTS, THE PARTIES HEREBY AGREE THAT THIS LEASE CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 831 AND EACH PARTY DOES HEREBY CONSTITUTE AND APPOINT THE OTHER PARTY ITS TRUE AND LAWFUL ATTORNEY-IN-FACT, WHICH APPOINTMENT IS COUPLED WITH AN INTEREST, AND EACH PARTY DOES HEREBY AUTHORIZE AND EMPOWER THE OTHER PARTY, IN THE NAME, PLACE AND STEAD OF SUCH PARTY, TO FILE THIS LEASE WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A STATUTORY WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY.

Section 21.2 Waiver of Counterclaim. If Landlord commences any summary proceeding against Tenant, Tenant will not interpose any counterclaim of any nature or description in any such proceeding (unless failure to interpose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of such counterclaim), and will not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant.

ARTICLE 22

NOTICES

Except as otherwise expressly provided in this Lease, all consents, notices, demands, requests, approvals or other communications given under this Lease shall be in writing and shall be deemed sufficiently given or rendered (i) if delivered by hand (provided a signed receipt is obtained), (ii) if sent by registered or certified mail (return receipt requested) or by a nationally recognized overnight delivery service making receipted deliveries, or (iii) if sent by facsimile provided that such communication is also simultaneously given by one of the methods set forth in the foregoing items (i) and (ii), addressed to Landlord and Tenant as set forth in Article 1, and to any Mortgagee or Lessor who shall require copies of notices and whose address is provided to Tenant, or to such other address(es) as Landlord, Tenant or any Mortgagee or Lessor may designate as its new address(es) for such purpose by notice given to the other in accordance with the provisions of this Article 22. Any such approval, consent, notice, demand, request or other communication shall be deemed to have been given, (a) if sent by the delivery method set forth in item (i), above, on the date of receipted delivery, refusal to accept delivery or when delivery is first attempted but cannot be made due to a change of address for which no notice is given, (b) if sent by the delivery method set forth in item (ii), above, 3 Business Days after it shall have been mailed as provided in this Article 22, or (c) if sent by the method of delivery set forth in item (iii) above, on the date of transmission, provided that such facsimile was received before 5:00 p.m., local time as evidenced by a facsimile delivery confirmation.

ARTICLE 23

RULES AND REGULATIONS

All Tenant Parties shall observe and comply with the Rules and Regulations, as reasonably supplemented or amended from time to time. Landlord reserves the right, from time to time, to adopt additional reasonable Rules and Regulations and to reasonably amend the Rules and Regulations then in effect, provided that Landlord shall not adopt additional Rules and Regulation or amend the Rules and Regulations in a manner that will unreasonably interfere with Tenant's use of the Premises. Nothing contained in this Lease shall impose upon Landlord any obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease against any other Building tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, visitors or licensees, provided that Landlord shall enforce the Rules or Regulations against Tenant in a non-discriminatory fashion.

ARTICLE 24

BROKER

Landlord has retained Landlord's Agent as leasing agent in connection with this Lease and Landlord will be solely responsible for any fee that may be payable to Landlord's Agent. Landlord agrees to pay a commission to Tenant's Broker pursuant to a separate agreement. Each of Landlord and Tenant represents and warrants to the other that neither it nor its agents have dealt with any broker in connection with this Lease other than Landlord's Agent and Tenant's Broker. Each of Landlord and Tenant shall indemnify, defend, protect and hold the other party harmless from and against any and all Losses which the indemnified party may incur by reason of any claim of or liability to any broker, finder or like agent (other than Landlord's Agent and Tenant's Broker) arising out of any dealings claimed to have occurred between the indemnifying party and the claimant in connection with this Lease, and/or the above representation being false.

ARTICLE 25

INDEMNITY

Section 25.1 Tenant's Indemnity. Tenant shall not do or permit to be done any act or thing upon the Premises or the Building which may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of any Requirement, and shall exercise such control over the Premises as to fully protect Landlord against any such liability. Except to the extent of any such injury or damage resulting from the negligence or willful misconduct of Landlord or Landlord's agents or employees or from the breach, violation or nonperformance of any covenant, condition or agreement of this Lease on the part of Landlord to be fulfilled, kept, observed, Tenant shall indemnify, defend, protect and hold harmless each of the Indemnitees from and against any and all Losses, resulting from any claims (i) against the indemnitees arising from any act, omission or negligence of any Tenant Party, (ii) against the Indemnitees arising from any accident, injury or damage to any person or to the property of any person and occurring in or about the Premises during the Term, or prior to commencement or following the expiration of the Term, if such is caused by a Tenant Party, and (iii) against the Indemnitees resulting from any breach, violation or nonperformance of any covenant, condition or agreement of this Lease or the "Parking Agreement," as that term is defined in Article 27, below, on the part of Tenant to be fulfilled, kept, observed or performed.

Section 25.2 Landlord's Indemnity. Landlord shall indemnify, defend and hold harmless a Tenant Party from and against all Losses incurred by a Tenant Party arising from any accident, injury or damage to any person or the property of any person in or about the Common Areas (specifically excluding the Premises) to the extent attributable to the gross negligence or willful misconduct of Landlord or its employees or agents or from the breach, violation or nonperformance of any covenant, condition or agreement of this Lease on the part of Landlord to be fulfilled, kept, observed.

Section 25.3 Defense and Settlement. If any claim, action or proceeding is made or brought against any Indemnitee, then upon demand by an Indemnitee, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in the Indemnitee's name (if

necessary), by attorneys approved by the Indemnitee, which approval shall not be unreasonably withheld (attorneys for Tenant's insurer shall be deemed approved for purposes of this Section 25.3). If Tenant fails to diligently defend or if there is a legal conflict or other conflict of interest, then Landlord may retain separate counsel at Tenant's expense. Notwithstanding anything herein contained to the contrary, Tenant may direct the Indemnitee to settle any claim, suit or other proceeding provided that (a) such settlement shall involve no obligation on the part of the Indemnitee other than the payment of money, (b) any payments to be made pursuant to such settlement shall be paid in full exclusively by Tenant at the time such settlement is reached, (c) such settlement shall not require the Indemnitee to admit any liability, and (d) the Indemnitee shall have received an unconditional release from the other parties to such claim, suit or other proceeding.

ARTICLE 26

MISCELLANEOUS

Section 26.1 Delivery. This Lease shall not be binding upon Landlord or Tenant unless and until Landlord shall have executed and delivered a fully executed copy of this Lease to Tenant.

Section 26.2 Transfer of Real Property. Provided that the transferee assumes in writing the obligations of Landlord hereunder arising from and after the date of the Landlord Transfer (as defined hereinbelow), Landlord's obligations accruing thereafter under this Lease shall not be binding upon the Landlord named herein after the sale, conveyance, assignment or transfer (collectively, a "**Landlord Transfer**") by such Landlord (or upon any subsequent landlord after the Landlord Transfer by such subsequent landlord) of its interest in the Building or the Real Property, as the case may be, and in the event of any such Landlord Transfer, Landlord (and any such subsequent Landlord) shall be entirely freed and relieved of all covenants and obligations of Landlord hereunder arising from and after the date of the Landlord Transfer, and the transferee of Landlord's interest (or that of such subsequent Landlord) in the Building or the Real Property, as the case may be, shall be deemed to have assumed all obligations under this Lease arising from and after the date of the Landlord Transfer. A Landlord Transfer shall not release the transferring Landlord from any obligations under this Lease which have accrued during such Landlord's period of ownership as of the date of such Landlord Transfer.

Section 26.3 Limitation on Liability. The liability of Landlord for Landlord's obligations under this Lease and any other documents executed by Landlord and Tenant in connection with this Lease (including, without limitation, the "Parking Agreement," as that term is defined in Article 27, below) (collectively, the "**Lease Documents**") shall be limited to Landlord's interest in the Real Property (together with any sales, insurance and condemnation proceeds actually received by Landlord and not subject to any superior rights of any third parties) and Tenant shall not look to any other property or assets of Landlord or the property or assets of any direct or indirect partner, member, manager, shareholder, director, officer, principal, employee or agent of Landlord (collectively, the "**Parties**") in seeking either to enforce Landlord's obligations under the Lease Documents or to satisfy a judgment for Landlord's failure to perform such obligations; and none of the Parties shall be personally liable for the performance of Landlord's obligations under the Lease Documents.

Section 26.4 Rent. All amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated Fixed Rent, Tenant's Tax Payment, Tenant's Operating Payment, Additional Rent or Rent, shall constitute rent for the purposes of Section 502(b)(6) of the United States Bankruptcy Code.

Section 26.5 Entire Document. This Lease (including any Schedules and Exhibits referred to herein and all supplementary agreements provided for herein) contains the entire agreement between the parties and all prior negotiations and agreements are merged into this Lease. All of the Schedules and Exhibits attached hereto are incorporated in and made a part of this Lease, provided that in the event of any inconsistency between the terms and provisions of this Lease and the terms and provisions of the Schedules and Exhibits hereto, the terms and provisions of this Lease shall control.

Section 26.6 Governing Law. This Lease shall be governed in all respects by the laws of the State of California.

Section 26.7 Unenforceability. If any provision of this Lease, or its application to any person or entity or circumstance, shall ever be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the application of such provision to any other person or entity or any other circumstance (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

Section 26.8 Lease Disputes. (a) Landlord and Tenant agree that all disputes arising, directly or indirectly, out of or relating to this Lease, and all actions to enforce this Lease, shall be dealt with and adjudicated in the state courts of the State of California or the United States District Court for the Northern District of California and for that purpose hereby expressly and irrevocably submits itself to the jurisdiction of such courts. Landlord and Tenant agree that so far as is permitted under applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners specified in this Lease, or as otherwise permitted by law, shall be necessary in order to confer jurisdiction upon it in any such court.

(b) To the extent that Tenant has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Tenant irrevocably waives such immunity in respect of its obligations under this Lease.

Section 26.9 Landlord's Agent. Unless Landlord delivers notice to Tenant to the contrary, Landlord's Agent is authorized to act as Landlord's agent in connection with the performance of this Lease, and Tenant shall be entitled to rely upon correspondence received from Landlord's Agent. Tenant acknowledges that Landlord's Agent is acting solely as agent for Landlord in connection with the foregoing; and neither Landlord's Agent nor any of its direct or indirect partners, members, managers, officers, shareholders, directors, employees, principals, agents or representatives shall have any liability to Tenant in connection with the performance of this Lease, and Tenant waives any and all claims against any and all of such parties wising out of, or in any way connected with, this Lease, the Building or the Real Property.

Section 26.10 Estoppel. Within 15 days following request from Landlord, any Mortgagee or any Lessor, Tenant shall deliver to Landlord a statement executed and acknowledged by Tenant, in form reasonably satisfactory to Landlord, (a) stating the Commencement Date, the Rent Commencement Date and the Expiration Date, and that this Lease is then in full force and effect and has not been modified (or if modified, setting forth all modifications), (b) setting forth the date to which the Fixed Rent and any Additional Rent have been paid, together with the amount of monthly Fixed Rent and Additional Rent then payable, (c) stating whether or not, to the knowledge of Tenant's Director of Corporate Real Estate (or an equivalent position) ("**Tenant's Estoppel Representative**"), Landlord is in default under this Lease, and, if Landlord is in default, setting forth the specific nature of all such defaults, (d) stating the amount of the Letter of Credit, if any, under this Lease, (e) stating whether there are any subleases or assignments affecting the Premises, (f) stating the address of Tenant to which all notices and communications under the Lease shall be sent, and (g) responding to any other matters reasonably requested by Landlord, such Mortgagee or such Lessor. Tenant acknowledges that any statement delivered pursuant to this Section 26.10 may be relied upon by any purchaser or owner of the Real Property or the Building, or all or any portion of Landlord's interest in the Real Property or the Building or any Superior Lease, or by any Mortgagee, or assignee thereof or by any Lessor, or assignee thereof and that Tenant's Estoppel Representative shall have the authority to bind Tenant to the statement delivered pursuant to this Section 26.10.

Section 26.11 Certain Interpretational Rules. For purposes of this Lease, whenever the words "include", "includes", or "including" are used, they shall be deemed to be followed by the words "without limitation" and, whenever the circumstances or the context requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine and/or the neuter and vice versa. This Lease shall be interpreted and enforced without the aid of any canon, custom or rule of law requiring or suggesting construction against the party drafting or causing the drafting of the provision in question. The captions in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Lease or the intent of any provision hereof.

Section 26.12 Parties Bound. The terms, covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided in this Lease, to their respective legal representatives, successors, and assigns.

Section 26.13 Memorandum of Lease. This Lease shall not be recorded; however, at either Landlord's or Tenants request, Landlord and Tenant shall promptly execute, acknowledge and deliver a memorandum with respect to this Lease sufficient for recording and Landlord may record the memorandum. Within 10 days after the end of the Term, Tenant shall enter into such documentation as is reasonably required by Landlord to remove the memorandum of record.

Section 26.14 Counterparts. This Lease may be executed in 2 or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

Section 26.15 Survival. All obligations and liabilities of Landlord or Tenant to the other which accrued before the expiration or other termination of this Lease, and all such obligations and liabilities which by their nature or under the circumstances can only be, or by the provisions

of this Lease may be, performed after such expiration or other termination, shall survive the expiration or other termination of this Lease. Without limiting the generality of the foregoing, the rights and obligations of the parties with respect to any indemnity under this Lease, and with respect to any Rent and any other amounts payable under this Lease, shall survive the expiration or other termination of this Lease.

Section 26.16 Code Waivers. Tenant hereby waives any and all rights under and benefits of Subsection 1 of Section 1931, 1932, Subdivision 2, 1933, Subdivision 4, 1941, 1942 and 1950.7 (providing that a Landlord may only claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises) of the California Civil Code, Section 1265.130 of the California Code of Civil Procedure (allowing either party to petition a court to terminate a lease in the event of a partial taking), and any similar law, statute or ordinance now or hereinafter in effect.

Section 26.17 Inability to Perform. This Lease and the obligation of Tenant to pay Rent hereunder shall not be affected, impaired or excused by any Unavoidable Delays. Landlord and Tenant shall use reasonable efforts to promptly notify the other party of any Unavoidable Delay which prevents Landlord or Tenant from fulfilling any of its obligations under this Lease.

Section 26.18 Intentionally Omitted.

Section 26.19 Financial Statements. Provided Tenant or any parent company of Tenant (which issues financial reports on a consolidated basis with Tenant) is a public company, Landlord shall obtain Tenant's financial records from public records. In the event that Tenant is not a public company and the company which issues financial reports on a consolidated basis with Tenant converts to a private company, then within fifteen (15) Business Days following Landlord's request, Tenant shall deliver to Landlord (i) Tenant's audited financial statements for the most recently completed fiscal year or (ii) if audited statements for Tenant are not prepared, then unaudited financial statements for the most recent fiscal year of Tenant which shall be certified to be true and correct by Tenant's Chief Financial Officer. Landlord shall ensure that all financial statements furnished by Tenant are kept confidential by Landlord and any Mortgagee or prospective purchaser that may receive the same, and that such statements are used only for the purpose of assessing the credit-worthiness of Tenant as a tenant of the Building.

Section 26.20 Development of the Real Property. Landlord reserves the right to subdivide all or a portion of the Real Property. Tenant agrees to execute and deliver, upon demand by Landlord and in the form reasonably requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from such subdivision. If portions of the Real Property or property adjacent to the Real Property (collectively, the "**Other Improvements**") are owned or later acquired by an entity other than Landlord or an affiliate of Landlord, Landlord, at its option, may enter into an agreement with the owner or owners of any or all of the Other Improvements to provide (i) for reciprocal rights of access and/or use of the Real Property and the Other Improvements, (ii) for the common management, operation, maintenance, improvement and/or repair of all or any portion of the Real Property and the Other Improvements, provided that Tenant's rights under this Lease are not materially impaired, (iii) for the allocation of a portion of the Operating Expenses and Taxes to the Other Improvements and the operating expenses and taxes for the Other Improvements to the Real Property, and (iv) for the use or improvement of the Other Improvements and/or the Real

Property in connection with the improvement, construction, and/or excavation of the Other Improvements and/or the Real Property. Nothing contained herein shall be deemed or construed to limit or otherwise affect Landlord's right to convey all or any portion of the Real Property or any other of Landlord's rights described in this Lease; provided that any such conveyance shall in no event materially and adversely affect Tenant's rights under this Lease.

Section 26.21 Tax Status of Beneficial Owner. Tenant recognizes and acknowledges that Landlord and/or certain beneficial owners of Landlord may from time to time qualify as real estate investment trusts pursuant to Sections 856, et seq. of the Internal Revenue Code and that avoiding (a) the loss of such status, (b) the receipt of any income derived under any provision of this Lease that does not constitute "rents from real property" (in the case of real estate investment trusts), and (c) the imposition of income, penalty or similar taxes (each an "**Adverse Event**") is of material concern to Landlord and such beneficial owners. In the event that this Lease or any document contemplated hereby could, in the opinion of counsel to Landlord, result in or cause an Adverse Event, Tenant agrees to cooperate with Landlord in negotiating an amendment or modification thereof and shall at the request of Landlord execute and deliver such documents reasonably required to effect such amendment or modification. Any amendment or modification pursuant to this Section 26.21 shall be structured so that the economic results to Landlord and Tenant shall be substantially similar to those set forth in this Lease without regard to such amendment or modification. Without limiting any of Landlord's other rights under this Section 26.21, Landlord may waive the receipt of any amount payable to Landlord hereunder and such waiver shall constitute an amendment or modification of this Lease with respect to such payment. Tenant expressly covenants and agrees not to enter into any sublease or assignment which provides for rental or other payment for such use, occupancy, or utilization based in whole or in part on the net income or profits derived by any person from the property leased, used, occupied, or utilized (other than an amount based on a fixed percentage or percentages of receipts or sales), and that any such purported sublease or assignment shall be absolutely void and ineffective as a conveyance of any right or interest in the possession, use, occupancy, or utilization of any part of the Premises.

Section 26.22 Failure of Services, Utilities or Access. In the event that Tenant is prevented from using, and does not use for the Permitted Use, the Premises or any portion thereof as a result of (i) any repair, maintenance, alteration or other work performed by Landlord (including those required or permitted by Landlord hereunder), or which Landlord failed to perform, after the Commencement Date and required by this Lease, which substantially interferes with Tenant's use of or ingress to or egress from the Building or the Premises, or (ii) any failure to provide the services, utilities, or the use of or ingress to and egress from the Building or the Premises, required by this Lease (any such set of circumstances as set forth in items (i) or (ii) above, to be known as an "**Abatement Event**"), then Tenant shall give Landlord written notice of such Abatement Event, and, if such Abatement Event continues for three (3) consecutive Business Days, or ten (10) non-consecutive Business Days in any twelve (12) month period, after Landlord's receipt of any such notice (the "**Eligibility Period**"), then the Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment shall be abated or reduced, as the case may be, after the expiration of the Eligibility Period, for such time that such Abatement Event continues (the "**Abatement Period**"), in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use, bears to the total rentable area of the Premises; provided, however, that in the event that Tenant is prevented from using, and does not use, a portion of the Premises for a period of time in excess of the Eligibility

Period and the remaining portion of the Premises is not sufficient to allow Tenant to effectively conduct its business therein, and if Tenant does not conduct its business from such remaining portion, then for such time after the expiration of the Eligibility Period during which Tenant is so prevented from effectively conducting its business therein, the Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment for the entire Premises shall be abated for such time as Tenant continues to be so prevented from using, and does not use for the Permitted Use, the Premises. Tenant's right to abate Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment under this Section 26.22 above shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event. Except as otherwise provided in this Section 26.22, nothing contained herein shall be interpreted to mean that Tenant is excused from paying Rent due hereunder.

Section 26.23 Rooftop Rights. Provided that Tenant is then in occupancy of the Premises, then in accordance with, and subject to, the terms and conditions set forth in Article 5, above, and this Section 26.23, Tenant may install and maintain, at Tenant's sole cost and expense, one (1) satellite dish/antenna on the roof of the Building which shall be no larger than no larger than eighteen (18) inches wide/tall in height and diameter (and reasonable equipment and cabling related thereto), for receiving of signals or broadcasts servicing the business conducted by Tenant from within the Premises (all such equipment is defined collectively as the "**Telecommunications Equipment**") upon the roof of the Building. Landlord makes no representations or warranties whatsoever with respect to the condition of the roof of the Building, or the fitness or suitability of the roof of the Building for the installation, maintenance and operation of the Telecommunications Equipment, including, without limitation, with respect to the quality and clarity of any receptions and transmissions to or from the Telecommunications Equipment and the presence of any interference with such signals whether emanating from the Building or otherwise. Tenant shall pay the prevailing rate charged from time to time for the use of the Telecommunications Equipment, provided that Tenant shall not be obligated to pay a fee in connection with the Telecommunications Equipment during the initial Term. The Telecommunications Equipment shall be located at a location on the roof of the Building reasonably approved by Landlord, and Landlord may require Tenant to install screening around such Telecommunications Equipment, at Tenant's sole cost and expense, as designated by Landlord, in Landlord's sole discretion. The physical appearance of the Telecommunications Equipment shall be subject to Landlord's approval, in Landlord's sole discretion. Tenant shall maintain such Telecommunications Equipment, at Tenant's sole cost and expense, in a first-class condition. In the event Tenant elects to exercise its right to install the Telecommunication Equipment, then Tenant shall give Landlord prior notice thereof. Tenant shall reimburse to Landlord the actual costs reasonably incurred by Landlord in reviewing the proposed Telecommunications Equipment. Tenant shall remove such Telecommunications Equipment upon the expiration or earlier termination of the Lease, and shall return the affected portion of the rooftop and the Premises to the condition the rooftop and the Premises would have been in had no such Telecommunications Equipment been installed (reasonable wear and tear accepted). Such Telecommunications Equipment shall be installed pursuant to plans and specifications approved by Landlord (specifically including, without limitation, all mounting and waterproofing details), in Landlord's sole discretion, and shall not interfere with any existing telecommunications equipment located on the roof of the Building. Notwithstanding any such review or approval by Landlord, Tenant shall remain solely liable for any damage to any portion of the roof or roof membrane, specifically including any penetrations, in connection with Tenant's installation, use, maintenance and/or repair of such Telecommunications Equipment,

and Landlord shall have no liability in connection therewith. Such Telecommunications Equipment shall, in all instances, comply with applicable Requirements. Tenant shall not be entitled to license its Telecommunications Equipment to any unrelated third party, nor shall Tenant be permitted to receive any revenue, fees or any other consideration for the use of such Telecommunications Equipment by an unrelated third party. Tenant's right to install such Telecommunication Equipment shall be non-exclusive, and Tenant hereby expressly acknowledges Landlord's continued right (i) to itself utilize any rooftop space, and (ii) to re-sell, license or lease any rooftop space to an unaffiliated third party; provided, however, that such Landlord (or third-party) use shall not materially interfere with the then existing Tenant's Telecommunications Equipment in its then existing position.

ARTICLE 27

PARKING

Tenant hereby acknowledges that the Building does not have a parking garage. Landlord and Tenant hereby acknowledge that Tenant shall have certain parking privileges in that certain underground parking garage (the "**Associated Parking Facility**") located at One Bush Street, San Francisco, California, subject to the terms and conditions set forth in that certain Parking Agreement by and between Landlord, Tenant and One Bush, Inc., a Delaware corporation, dated of event date herewith (the "**Parking Agreement**").

[signatures appear on following page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

595 MARKET STREET, INC.,
a Delaware corporation

By: /s/ Michael B. Benner

By: Michael B. Benner

Its Vice President

TENANT:

VISA U.S.A. INC.,
a Delaware corporation

By: /s/ John Partridge

By: John Partridge

Its Chief Operating Officer

Visa Inc., a Delaware corporation, joins in the execution of this Lease for the sole purpose of acknowledging its agreement to be bound by the provisions of Sections 11.1(g) and 11.1(h) of this Lease. Notices to Visa Inc. shall be sent to the same addresses as notices to Tenant set forth in the Basic Lease Provisions of this Lease, unless otherwise notified by Visa Inc. in accordance with the provisions of Article 22 of the Lease.

VISA U.S.A. INC.,
a Delaware corporation

By: /s/ John Partridge

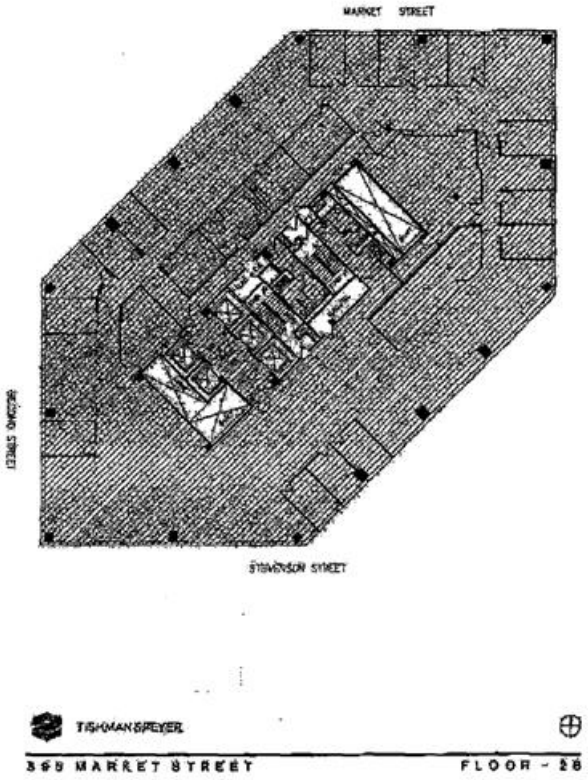
By: John Partridge

Its Chief Operating Officer

EXHIBIT A

Floor Plan of Premises

The floor plan which follows is intended solely to identify the general location of the Premises, and should not be used for any other purpose. All areas, dimensions and locations are approximate, and any physical conditions indicated may not exist as shown.



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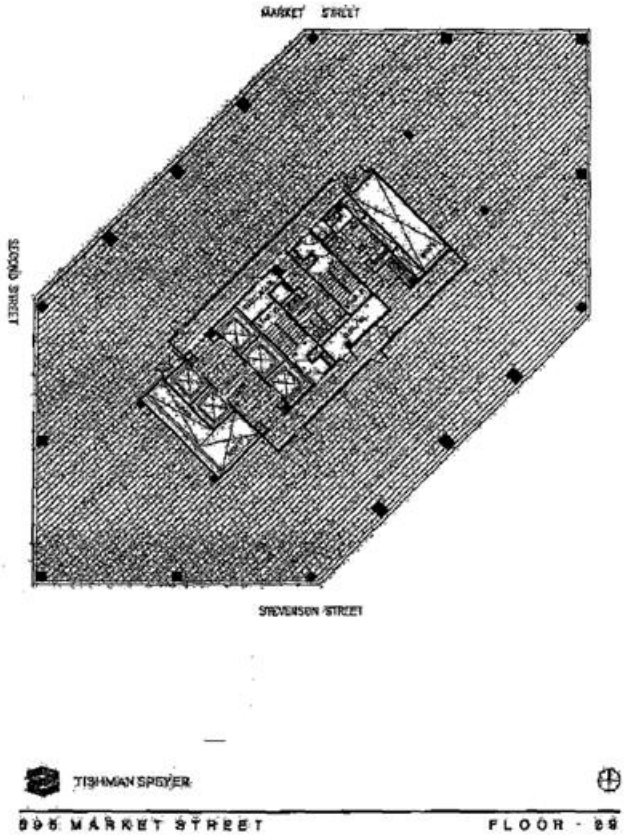
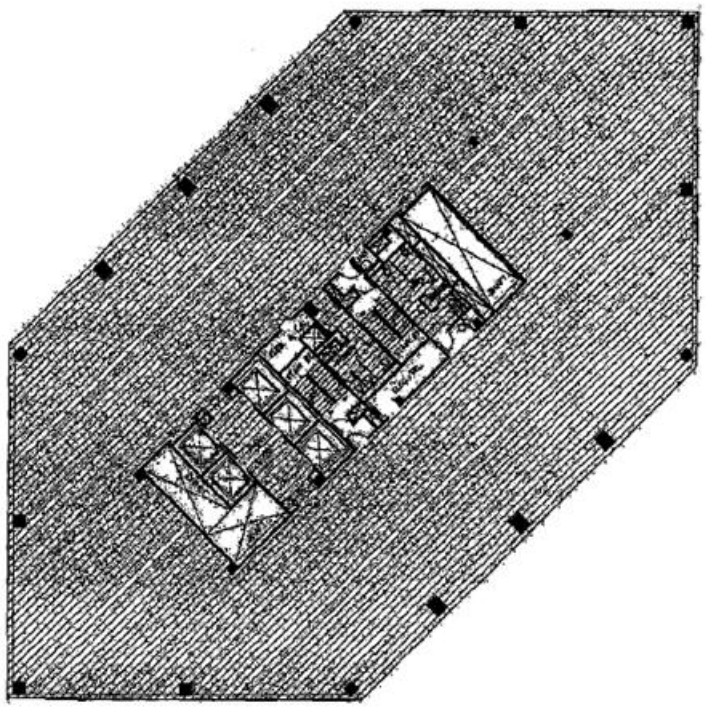

MARKET STREET
SECOND STREET
STEVENSON STREET
TISHMAN SPEYER
595 MARKET STREET
FLOOR - 29



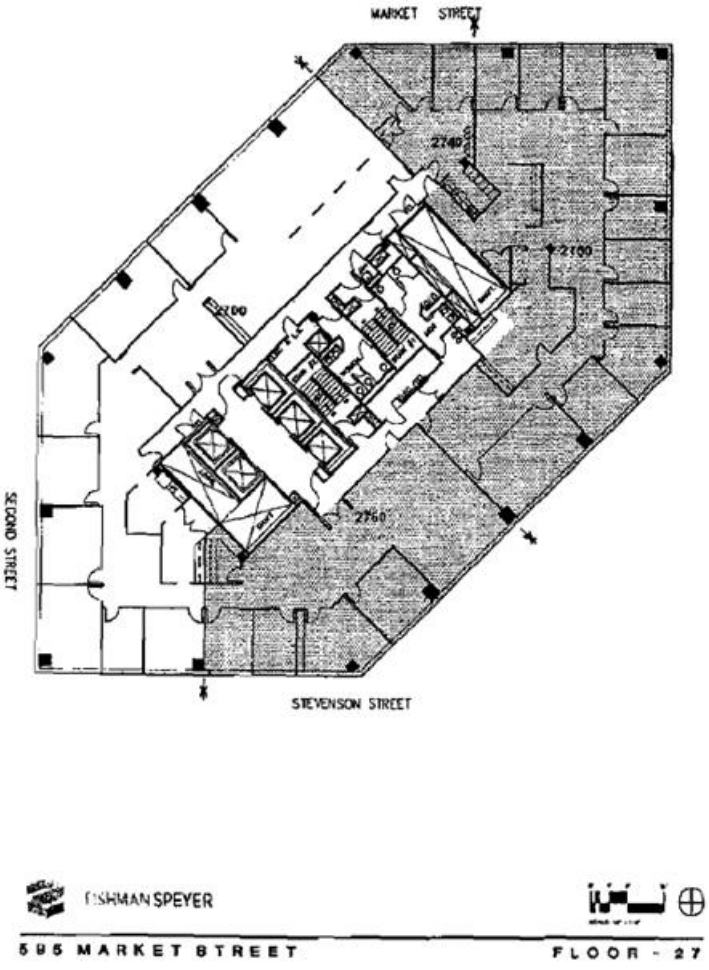
TISHMAN SPEYER

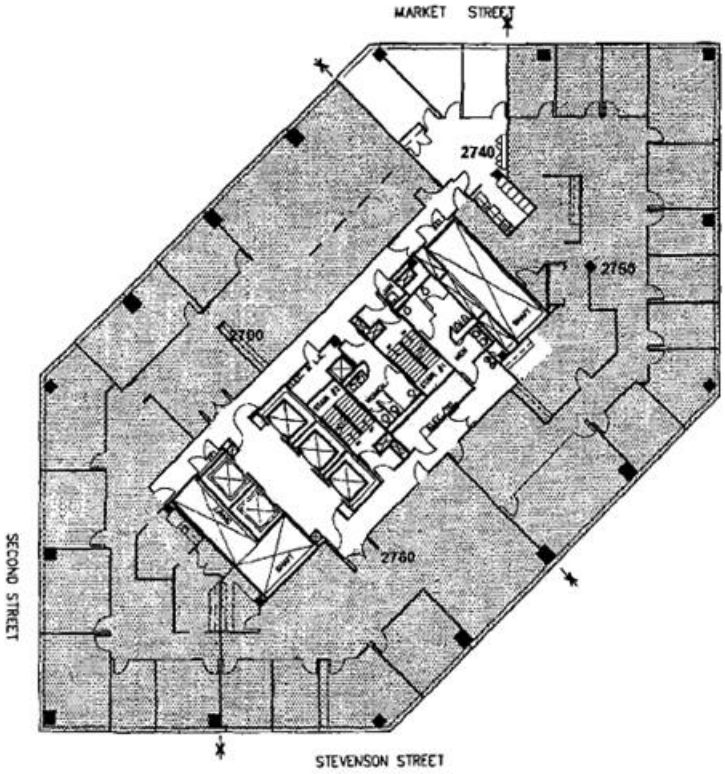
595 MARKET STREET FLOOR - 30

EXHIBIT A-1

Floor Plan of First Offer Space

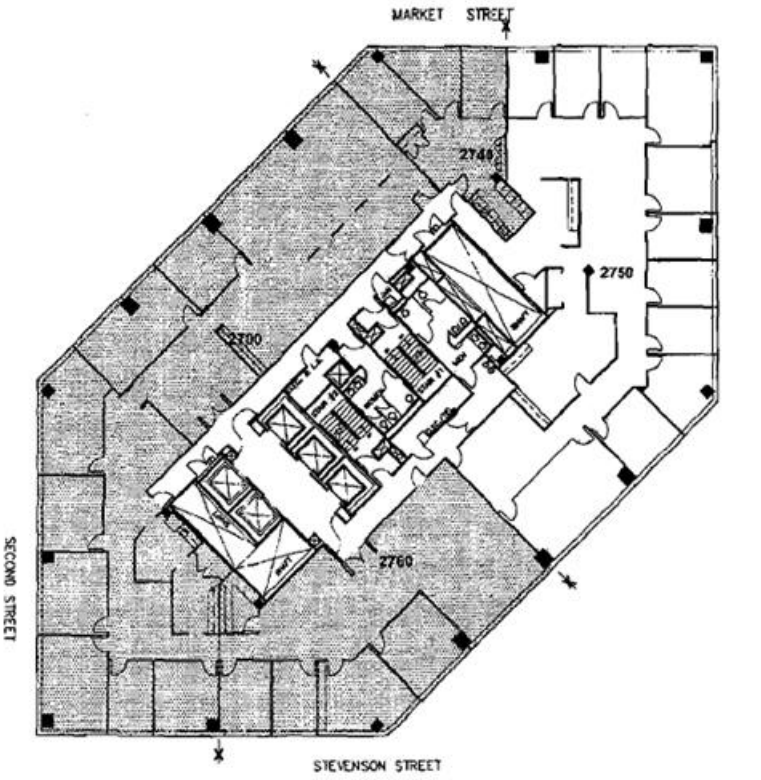
The floor plan which follows is intended solely to identify the general location of the First Offer Space, and should not be used for any other purpose. All areas, dimensions and locations are approximate, and any physical conditions indicated may not exist as shown.





TISHMAN SPEYER

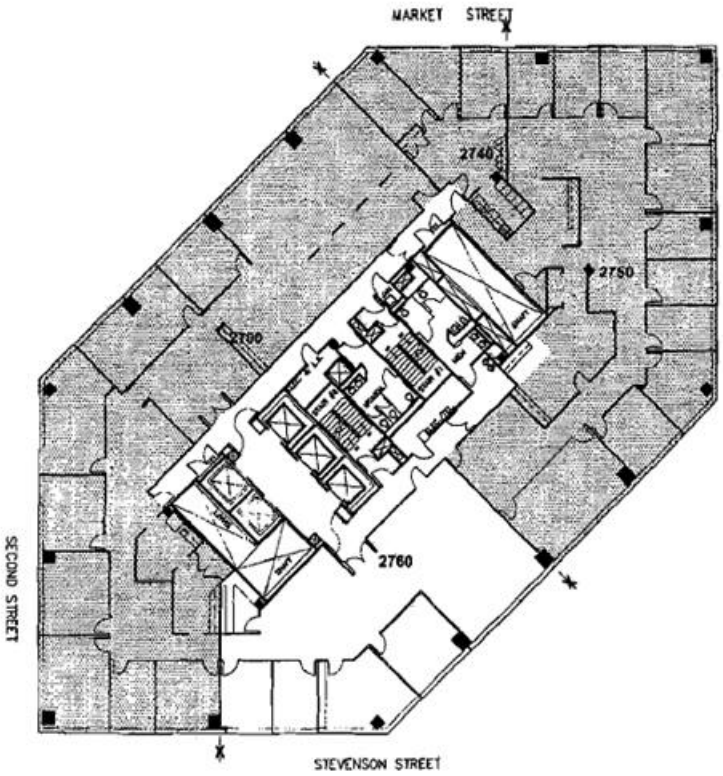
595 MARKET STREET FLOOR - 27



TISHMAN SPEYER

595 MARKET STREET

FLOOR - 27



TISHMAN SPEYER

595 MARKET STREET FLOOR - 27

EXHIBIT B

Definitions

Base Rate: The annual rate of interest publicly announced from time to time by Citibank, N.A., or its successor, in New York, New York as its "base rate" (or such other term as may be used by Citibank, NA., from time to time, for the rate presently referred to as its "base rate").

Building Systems: The mechanical, electrical, plumbing, sanitary, sprinkler, heating, ventilation and air conditioning, security, life-safety, elevator and other service systems or facilities of the Building up to the point of connection of localized distribution to the Premises (excluding, however, supplemental HVAC systems of tenants, sprinklers and the horizontal distribution systems within and servicing the Premises and by which mechanical, electrical, plumbing, sanitary, heating, ventilating and air conditioning, security, life-safety and other service systems are distributed from the base Building risers, feeders, panelboards, etc. for provision of such services to the Premises).

Business Days: All days, excluding Saturdays, Sundays and Observed Holidays.

Code: The Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, as amended.

Common Areas: The lobby, plaza and sidewalk areas, and other similar areas of general access and the areas on individual multi-tenant floors in the Building devoted to corridors, elevator lobbies, restrooms, and other similar facilities serving the Premises.

Comparable Buildings: First-class office buildings of comparable age and quality in the Financial District of San Francisco, California.

Excluded Expenses: (a) Taxes; (b) sales, franchise or income taxes imposed upon Landlord (including those for parking concessions); (c) mortgage amortization and interest, except to the extent the same may be included in Operating Expenses pursuant to the terms of Section 7.1(e), above, or any other costs or fees related to Landlord's financing of the Building or Real Property; (d) leasing commissions; (e) the cost of tenant installations and decorations incurred in connection with preparing space for any Building tenant, including work letters and concessions; (f) fixed rent under Superior Leases, if any; (g) management fees to the extent in excess of three percent (3%) of the gross receipts collected for the Real Property; (h) wages, salaries and benefits paid to any persons above the grade of property manager or chief engineer and their immediate supervisor; (i) legal and accounting fees relating to (A) disputes with tenants, prospective tenants or other occupants of the Building, (B) disputes with purchasers, prospective purchasers, mortgagees or prospective mortgagees of the Building or the Real Property or any part of either, or (C) negotiations of leases, contracts of sale or mortgages; (j) costs of services provided to other tenants of the Building on a "rent-inclusion" basis which are not provided to Tenant on such basis; (k) costs that are reimbursed out of insurance, warranty or condemnation proceeds, provided that Landlord shall use good faith efforts to collect any such reimbursable costs, or which are reimbursed by Tenant or other tenants other than pursuant to an expense escalation clause or which arise during the contractual warranty period from construction defects in the base, shell and core of the Building or improvements installed by

Landlord; (l) costs in the nature of penalties or fines; (m) costs for services, supplies or repairs paid to any related entity in excess of costs that would be payable in an "arm's length" or unrelated situation for comparable services, supplies or repairs; (n) allowances, concessions or other costs and expenses of improving or decorating any demised or demisable space in the Building; (o) advertising and promotional expenses in connection with leasing of the Building or any other property of Landlord, including costs of any "tenant relations" parties or events; (p) the costs of installing, operating and maintaining a specialty improvement, including a cafeteria, lodging or private dining facility, or an athletic, luncheon or recreational club unless Tenant is permitted and has elected to make use of such facility without additional cost (other than payments for key deposits, use of towels, or other incidental items) or on a subsidized basis consistent with other users; (q) any costs or expenses (including fines, interest, penalties and legal fees) arising out of Landlord's failure to timely pay Operating Expenses or Taxes; (r) costs incurred to comply with applicable Requirements relating to any Hazardous Materials which were in existence in the Building or on the Real Property prior to the date of this Lease, and were of such a nature that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such Hazardous Materials, in the state, and under the conditions that it then existed in the Building or on the Real Property, would have then required the removal of such Hazardous Materials or other remedial or containment action with respect thereto (the "**Pre-Existing Hazardous Materials**"); (s) costs incurred to remove, remedy, contain, or treat Hazardous Materials, which Hazardous Materials are brought or released into the Building or onto the Real Property after the date of this Lease by Landlord, any other tenant of the Building or any third party and is of such a nature, at that time, that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such Hazardous Materials, in the state, and under the conditions, that it then existed in the Building or on the Real Property, would have then required the removal of such Hazardous Materials or other remedial or containment action with respect thereto; (t) Capital Costs other than those expressly included in Operating Expenses pursuant to Section 7.1; (u) rentals and other related expenses for leasing a heating, ventilation and air conditioning system, elevators, or other items (except when needed for a temporary period, in connection with normal repairs and maintenance of the Building) which if purchased, rather than rented, would constitute a Capital Cost not included in Operating Expenses pursuant to Section 7.1 of this Lease; (v) expenses in connection with services or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Building, without charge; (w) costs incurred by Landlord due to the violation by Landlord or any tenant of the terms and conditions of any lease of space in the Building; (x) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or by others (y) any bad debt loss, rent loss, or reserves for bad debts or rent loss or any reserves of any kind, (z) costs arising from charitable contributions made by Landlord on behalf of tenants of the Building in excess of Five Thousand Dollars ($5,000) per calendar year (subject to CPI Adjustment), political contributions or dues to professional or lobbying associations (other than Building Owners and Managers Association); (aa) costs associated with the acquisition and/or rental of sculptures, paintings and other objects of art; (bb) costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of operation of the Building (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Building); it being understood that costs associated with the operation of the business of the partnership or entity which constitutes the Landlord include costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee or tenant (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing,

mortgaging or hypothecating any of the Landlord's interest in the Building or the Real Property, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants, and Landlord's general corporate overhead and general and administrative expenses, (cc) expenses incurred by Landlord for use of any portions of the Building to accommodate events including, but not limited to shows, promotions, kiosks, displays, filming, photography, private events or parties, ceremonies, and advertising beyond the normal expenses otherwise attributable to providing Building services, such as lighting and HVAC to such public portions of the Building in normal Building operations during standard Building hours of operation; (dd) entertainment and travel expenses incurred by Landlord, its employees, agents, partners and affiliates, other than local travel expenses incurred directly in connection with the operation, maintenance or repair of the Building or the Real Property; (ee) any costs and fees, dues, contributions or similar expenses for industry association or organizations in which officer or employees of Landlord and its agent are members of, excluding BOMA; (ff) any costs incurred in connection with the subdivision of the Property, (gg) costs (including attorneys' fees and costs of settlements, judgements and payments in lieu thereof) arising from claims, disputes or potential disputes pertaining to Landlord, the Building and/or the Property, (hh) deductible amounts under earthquake insurance policies in excess of $1.50 per rentable square foot of the Building per calendar year, (ii) any costs associated with the Associated Parking Facility, and (jj) any insurance premium allocable to any tenant improvement in the Building.

Governmental Authority: The United States of America, the City of San Francisco, County of San Francisco, or State of California, or any political subdivision, agency, department, commission, board, bureau or instrumentality of any of the foregoing, now existing or hereafter created, having jurisdiction over the Real Property.

Hazardous Materials: Any substances, materials or wastes currently or in the future deemed or defined in any Requirement as "hazardous substances," "toxic substances," "contaminants," "pollutants" or words of similar import.

HVAC System: The Building System designed to provide heating, ventilation and air conditioning.

Indemnitees: Landlord, Landlord's Agent, each Mortgagee and Lessor, and each of their respective direct and indirect partners, officers, shareholders, directors, members, managers, trustees, beneficiaries, employees, principals, contractors, servants, agents, and representatives.

Lessor: A lessor under a Superior Lease.

Losses: Any and all losses, liabilities, damages, claims, judgments, fines, suits, demands, costs, interest and expenses of any kind or nature (including reasonable attorneys' fees and disbursements) incurred in connection with any claim, proceeding or judgment and the defense thereof, and including all costs of repairing any damage to the Premises or the Building or the appurtenances of any of the foregoing to which a particular indemnity and hold harmless agreement applies.

Mortgage(s): Any mortgage, trust indenture or other financing document which may now or hereafter affect the Premises, the Real Property, the Building or any Superior Lease and the leasehold interest created thereby, and all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder.

Mortgagee(s): Any mortgagee, trustee or other holder of a Mortgage.

Observed Holidays: New Years Day, Martin Luther King Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, plus certain other Federal holidays.

Ordinary Business Hours: 8:00 a.m. to 6:00 p.m. on Business Days.

Prohibited Use: Any use or occupancy of the Premises that in Landlord's reasonable judgment would: (a) cause damage to the Building or any equipment, facilities or other systems therein; (b) impair the appearance of the Building; (c) interfere with the efficient and economical maintenance, operation and repair of the Premises or the Building or the equipment, facilities or systems thereof; (d) materially and adversely affect any service provided to, and/or the use and occupancy by, any Building tenant or occupants: (e) violate the certificate of occupancy issued for the Premises or the Building; (f) materially and adversely affect the first-class image of the Building or (g) result in protests or civil disorder or commotions at, or other disruptions of the normal business activities in, the Building. Prohibited Use also includes the use of any part of the Premises for: (i) a restaurant or bar; (ii) the preparation, consumption, storage, manufacture or sale of food or beverages (except in connection with vending machines (provided that each machine, where necessary, shall have a waterproof pan thereunder and be connected to a drain) and/or warming kitchens installed for the use of Tenant's employees only), liquor, tobacco or drugs; (iii) the business of photocopying, multilith or offset printing (except photocopying in connection with Tenant's own business); (iv) a school or classroom; (v) lodging or sleeping; (vi) the operation of retail facilities (meaning a business whose primary patronage arises from the generalized solicitation of the general public to visit Tenant's offices in person without a prior appointment) of a savings and loan association or retail facilities of any financial, lending, securities brokerage or investment activity; (vii) a payroll office (except as an ancillary portion of Tenant's comprehensive business operations); (viii) a barber, beauty or manicure shop; (ix) an employment agency or similar enterprise; (x) offices of any Governmental Authority, any foreign government, the United Nations, or any agency or department of the foregoing; (xi) the manufacture, retail sale, storage of merchandise or auction of merchandise, goods or property of any kind to the general public which could reasonably be expected to create a volume of pedestrian traffic substantially in excess of that normally encountered in the Premises; (xii) the rendering of medical, dental or other therapeutic or diagnostic services; or (xiii) any illegal purposes or any activity constituting a nuisance.

Requirements: All present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders, extraordinary and ordinary of (i) all Governmental Authorities, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. §12101 (et seq.), and any law of like import, and all rules, regulations and government orders with respect thereto, and any of the foregoing relating to Hazardous Materials, environmental matters, public health and safety matters and landmarks protection,

(ii) any applicable fire rating bureau or other body exercising similar functions, affecting the Real Property or the maintenance, use or occupation thereof, or any street, avenue or sidewalk comprising a part of or in front thereof or any vault in or under the same, (iii) all requirements of all insurance bodies affecting the Premises, and (iv) utility service providers.

Rules and Regulations: The rules and regulations annexed to and made a part of this Lease as**Exhibit F**, as they may be modified from time to time by Landlord.

Specialty Alterations: The following Alterations which are not standard office installations: raised computer floors, floor mounted supplemental HVAC equipment, safe deposit boxes, vaults, internal staircases conveyors, and dumbwaiters.

Substantial Completion: As to any construction performed by any party in the Premises other than with respect to the Initial Installations (which shall be governed by the terms of the Work Letter), "Substantial Completion" or "Substantially Completed" means that such work has been completed, as reasonably determined by Landlord's or Tenant's architect, as applicable, in accordance with (a) the provisions of this Lease applicable thereto, (b) the plans and specifications for such work, other than non-material variations therefrom, and (c) all applicable Requirements, except for minor details of construction, decoration and mechanical adjustments, if any, the non-completion of which does not materially interfere with Tenant's use of the Premises or which in accordance with good construction practices should be completed after the completion of other work in the Premises or Building.

Superior Lease(s): Any ground or underlying lease of the Real Property or any part thereof heretofore or hereafter made by Landlord and all renewals, extensions, supplements, amendments, modifications, consolidations, and replacements thereof.

Tenant Delay: Any actions of or inaction by Tenant, which actually delays Landlord in completing any work required to be performed by Landlord under this Lease.

Tenant Improvements: Any Alterations or improvements to the Premises (including the Initial Installations).

Tenant Party: Tenant and any subtenants or occupants of the Premises and their respective agents, contractors, subcontractors, employees, invitees or licensees.

Tenant's Property: Tenant's movable fixtures and movable partitions, telephone and other equipment, computer systems, trade fixtures, furniture, furnishings, and other items of personal property which are removable without material damage to the Building.

Unavoidable Delays: Landlord's or Tenant's inability to fulfill or delay in fulfilling any of its obligations under this Lease expressly or impliedly to be performed by Landlord or Tenant, or Landlord's or Tenant's inability to make or delay in making any repairs, additions, alterations, improvements or decorations or Landlord's or Tenant's inability to supply or delay in supplying any equipment or fixtures, if Landlord's or Tenant's inability or delay is due to or arises by reason of strikes, labor troubles or by accident, or by any cause whatsoever beyond Landlord's or Tenant's, as applicable, reasonable control, including governmental preemption in connection with a national emergency, Requirements or shortages, or unavailability of labor, fuel, steam, water, electricity or materials, or delays caused by Tenant or Landlord, respectively, mechanical breakdown, acts of God, enemy action, civil commotion, fire or other casualty.

EXHIBIT C

WORK LETTER

1. Proposed and Final Plans.

(a) Tenant shall cause to be prepared and delivered to Landlord, for Landlord's approval, the following proposed drawings ("**Proposed Plans**") for all improvements Tenant desires to complete or have completed in the Premises (the "**Initial Installations**"):

(i) Architectural drawings (consisting of demolition plans, floor construction plan, ceiling lighting and layout, power, and telephone plan).

(ii) Mechanical drawings (consisting of HVAC, sprinkler, electrical, telephone, and plumbing). Mechanical drawings shall include a tabulation of connected electrical load and an analysis of anticipated electrical demand load.

(iii) Finish schedule (consisting of wall finishes and floor finishes and miscellaneous details).

(b) All architectural drawings shall be prepared by a licensed architect selected and employed by Tenant, subject to Landlord's reasonable approval. Landlord hereby approves IA Interior Architects. Tenant shall deliver one set of architectural drawings in electronic format prepared on an AutoCAD computer Assisted Drafting and Design System (or such other system or medium subject to Landlord's approval) to Landlord. All mechanical drawings shall be prepared by a licensed engineer selected by Tenant, subject to Landlord's reasonable approval, whom Tenant shall employ. Tenant shall reimburse Landlord for all third party reasonable and actual out-of-pocket costs incurred by Landlord in having any such third party review the Proposed Plans to the extent such Proposed Plans affect the Building structure or materially affect the Building Systems, provided that in no event shall such costs exceed One Thousand Five Hundred and 00/100 Dollars ($1,500.00). The cost of the architectural and engineering drawings shall be funded from Landlord's Contribution, subject to the terms of Section 3(b) of this Work Letter.

(c) Within 15 days after Landlord's receipt of the architectural drawings, Landlord shall approve or disapprove such drawings, and if disapproved, Landlord shall advise Tenant, within such period, of any changes or additional information required to obtain Landlord's approval.

(d) Within 15 days after receipt of mechanical drawings, Landlord shall approve or disapprove such drawings, and if disapproved, Landlord shall advise Tenant, within such period, of any changes required to obtain Landlord's approval.

(e) If Landlord disapproves of, or requests additional information regarding the Proposed Plans, Tenant shall, within 15 days thereafter, revise the Proposed Plans disapproved by Landlord and resubmit such plans to Landlord or otherwise provide such additional Information to Landlord. Landlord shall, within 10 days after receipt of Tenant's revised plans, approve or disapprove such plans, and if disapproved, Landlord shall advise Tenant, within such period, of any additional changes which may be required to obtain

Landlord's approval. If Landlord disapproves the revised plans specifying the reason therefor, or requests further additional information, Tenant shall, within 15 days of receipt of Landlord's required changes, revise such plans and resubmit them to Landlord or deliver to Landlord such further information as Landlord has requested. Landlord shall, again within 5 Business Days after receipt of Tenant's revised plans, approve or disapprove such plans, and if disapproved, Landlord shall advise Tenant, within such period, of further changes, if any, required for Landlord's approval. This process shall continue, with a 5 Business Day period within which Landlord shall provide its approval or disapproval, until Landlord has approved or is deemed to have approved Tenant's revised Proposed Plans. If Landlord falls to approve or disapprove Tenant's Proposed Plans or Tenant's revised Proposed Plans within the time periods set forth in this Section 1(e), and such failure continues for two (2) Business Days after Tenant delivers a second notice to Landlord, then Landlord shall be deemed to have approved any such Proposed Plans. "**Final Plans**" shall mean the Proposed Plans, as revised, which have been approved by Landlord in writing or deemed to have been approved by Landlord pursuant to the terms of this Section 1(e). Landlord agrees not to unreasonably withhold, condition or delay its approval so long as such Initial Installations (i) are non-structural and do not adversely affect any Building Systems (including Intrabuilding Network Telephone Cable), (ii) are not visible from outside of the Premises or the Building, (iii) do not affect the certificate of occupancy issued for the Building, (iv) do not violate any Requirement, (v) utilize only Building standard (as established by Landlord) or better quality materials and finishes, and (vi) are not incompatible with the Building's status as a first-class office building. Any item that does not satisfy any or all of the foregoing conditions (i) through (vi) are referred to herein as a "**Design Problem**". Notwithstanding any provision set forth herein, Landlord shall not withhold its consent to Tenant's installation of an internal stairway located in the Premises, provided that the installation of such an internal stairway does not result in a Design Problem. The Final Plans shall be deemed to include any changes thereto which are required by any Governmental Authority in reviewing the same or during such Governmental Authority's inspection of the Initial Installations during the course of construction.

(f) All Proposed Plans and Final Plans shall comply with all applicable Requirements. Neither review nor approval by Landlord of the Proposed Plans and resulting Final Plans shall constitute a representation or warranty by Landlord that such plans either (i) are complete or suitable for their intended purpose, or (ii) comply with applicable Requirements, it being expressly agreed by Tenant that Landlord assumes no responsibility or liability whatsoever to Tenant or to any other person or entity for such completeness, suitability or compliance. Tenant shall not make any material changes in the Final Plans without Landlord's prior approval, which shall not be unreasonably withheld, conditioned or delayed; provided that Landlord may, in the exercise of its sole and absolute discretion, disapprove any proposed changes that create a Design Problem.

(g) **Landlord Work**. Landlord, at its sole cost and expense, shall complete any work (the "**Landlord Work**") necessary to ensure that the core lavatories on the 28th, 29th, and 30th floors of the Building and the path of travel to and from the lavatories, the elevator, lobbies and stairwells in the Premises are in compliance with the Requirements; provided, however, Landlord shall not be obligated to complete any such work to the extent the application of such Requirements arises from the installation of Specialty Alterations. Tenant hereby acknowledges that Tenant shall be constructing the Initial Installations during the performance of the Landlord Work. Tenant further acknowledges that, notwithstanding Tenant's construction of

the Initial Installations during the performance of the Landlord Work, Tenant shall provide a clear working area for the performance of the Landlord Work. In connection therewith, Tenant shall cooperate with all reasonable Landlord requests in connection with the performance of the Landlord Work. Landlord shall have no responsibility or for any reason be liable to Tenant for any direct or indirect injury to or interference with Tenant's installations or construction of the Initial Installations arising from the performance of the Landlord Work, nor shall Tenant be entitled to any compensation or damages from Landlord resulting from the performance of the Landlord Work or Landlord's actions in connection with the performance of the Landlord Work, or for any Inconvenience or annoyance occasioned by Landlord's performance of the Landlord Work.

2. Performance of the Initial Installations.

(a) **Filing of Final Plans, Permits**. Tenant, at its sole cost and expense, shall file the Final Plans with the Governmental Authorities having jurisdiction over the Initial Installations. Tenant shall furnish Landlord with copies of all documents submitted to all such Governmental Authorities and with the authorizations to commence work and the permits for the Initial Installations issued by such Governmental Authorities. Tenant shall not commence the Initial Installations until the required governmental authorizations for such work are obtained and delivered to Landlord.

(b) **Landlord Approval of Contractors**. As soon as reasonably practical following Landlord's approval of the Final Plans, Tenant shall enter into a contract for construction of the Initial Installations with a general contractor reasonably acceptable to Landlord (the "**General Contractor**"). Landlord hereby approves the following general contractors, DOME, BCCI, Skyline Construction, GCI and City Building. The General Contractor shall be responsible for all required construction, management and supervision. Tenant shall cause the Initial Installations to be performed in an expeditious manner, and subject to delay caused by any act or omission of Landlord or any Unavoidable Delay, to be substantially completed by the Commencement Date or as soon thereafter as reasonably practical. In addition, Tenant shall only utilize Honeywell Building Solutions as the life and safety contractor in connection with the construction and installation of the Initial Installations (the "**Essential Sub**"). At Tenant's election and subject to Landlord's approval rights, the Project Management Group of CB Richard Ellis shall have the right to designate the process pursuant to which the General Contractor, the Essential Subs (excluding the sprinkler contractor) and all other subcontractors are selected. The cost incurred by Tenant in connection with retaining any such parties shall be funded by Landlord's Contribution, Tenant shall submit to Landlord not less than 10 days prior to commencement of construction the following information and items:

(i) The names and addresses of the other subcontractors, and subsubcontractors (collectively, together with the General Contractor and Essential Sub, the "**Tenant's Contractors**") Tenant intends to employ in the construction of the Initial Installations. Landlord shall have the right to approve or disapprove Tenant's Contractors (excluding the Essential Sub), within 5 Business Days following Tenant's submission of the names and addresses thereof. If Landlord fails to approve or disapprove Tenant's Contractors, within such 5 Business Day period, and such failure continues for two (2) Business Days after Tenant delivers a second notice to Landlord, then Landlord shall be deemed to have approved

any such Tenant's Contractor. Tenant shall employ, as Tenant's Contractors, only those persons or entities approved or deemed approved by Landlord, provided that Landlord shall not unreasonably withhold, condition or delay its approval. All contractors and subcontractors engaged by or on behalf of Tenant for the Premises shall be licensed contractors, possessing good labor relations, capable of performing quality workmanship and working in harmony with Landlord's contractors and subcontractors and with other contractors and subcontractors at the Building. All work shall be coordinated with any general construction work in the Building. Notwithstanding any provision set forth herein, Tenant shall have the right to defer the selection of any subcontractors until the completion of any bidding and selection process of the General Contractor.

(ii) The scheduled commencement date of construction, the estimated date of completion of construction work, fixturing work, and date of occupancy of the Premises by Tenant.

(iii) Itemized statement of estimated construction cost, including permits and fees, architectural, engineering, and contracting fees.

(iv) Certified copies of insurance policies or certificates of insurance as hereinafter described. Tenant shall not permit Tenant's Contractors to commence work until the required insurance has been obtained and certified copies of policies or certificates have been delivered to Landlord.

(c) **Access to Premises**. Tenant, its employees, designers, contractors and workmen shall have access to the Premises (including during after Ordinary Business Hours) following the Commencement Date to construct the initial Installations, provided that Tenant and its employees, agents, contractors, and suppliers only access the Premises via the Building freight elevator, work in harmony and do not unreasonably interfere with the performance of other work in the Building by Landlord, Landlord's contractors, other tenants or occupants of the Building (whether or not the terms of their respective leases have commenced) or their contractors. If at any time such entry shall cause, or in Landlord's reasonable judgment threaten to cause, such disharmony or unreasonable interference, Landlord may terminate such permission upon 24 hours' notice to Tenant, and thereupon, Tenant or its employees, agents, contractors, and suppliers causing such disharmony or interference shall immediately withdraw from the Premises and the Building until Landlord determines such disturbance no longer exists.

(d) **Landlord's Right to Perform**. Landlord shall have the right, but not the obligation, to perform, on behalf of and for the account of Tenant, subject to reimbursement pursuant to the terms of Section 3, below, any of the Initial Installations which (i) Landlord reasonably deems necessary to be done on an emergency basis, (ii) pertains to structural components (other than floor reinforcement on the 29th and 30th floors of the Building and the installation of an internal stairway within the Premises) or the general Building systems located outside of the Premises, or (iii) pertains to the erection of temporary safety barricades or signs during construction. Except in case of emergency, Landlord shall give prior reasonable written notice to Tenant of its intention to perform such work.

(e) **Warranties**. On completion of the Initial Installations, Tenant shall provide Landlord with copies of all warranties of at least one year duration on all the Initial

Installations. At Landlord's reasonable request, Tenant shall enforce, at Tenant's expense, all guarantees and warranties made and/or furnished to Tenant with respect to the Initial Installations.

(f) **Protection of Building**. All work performed by Tenant shall be performed with a minimum of interference with other tenants and occupants of the Building and shall conform to the Rules and Regulations and those reasonable rules and regulations governing construction in the Building as Landlord or Landlord's Agent may impose. Tenant will take all reasonable and customary precautionary steps to protect its facilities and the facilities of others affected by the Initial Installations and to properly police same and Landlord shall have no responsibility for any loss by theft or otherwise. Construction equipment and materials are to be located in confined areas and delivery and loading of equipment and materials shall be done at such reasonable locations and at such time as Landlord shall reasonably direct so as not to burden the operation of the Building. Landlord shall advise Tenant in advance of any special delivery and reasonable loading dock requirements. Tenant shall not be obligated to pay a fee in connection with the use of the loading dock or the freight elevator during the construction of the Initial Installations. Tenant shall at all times keep the Premises and adjacent areas free from accumulations of waste materials or rubbish caused by its suppliers, contractors or workmen. Landlord may require daily clean-up if required for fire prevention and life safety reasons or applicable laws and reserves the right to do clean-up at the expense of Tenant if Tenant fails to comply with Landlord's cleanup requirements. At the completion of the Initial Installations, Tenant's Contractors shall forthwith remove all rubbish and all tools, equipment and surplus materials from and about the Premises and Building. Any damage caused by Tenant's Contractors to any portion of the Building or to any property of Landlord or other tenants shall be repaired forthwith after written notice from Landlord to its condition prior to such damage by Tenant at Tenant's expense.

(g) **Compliance by all Tenant Contractors**. Tenant shall impose and enforce all terms hereof on Tenant's Contractors and their designers, architects and engineers. Landlord shall have the right to order Tenant or any of Tenant's Contractors, designers, architects or engineers who materially violate the provisions of this Work Letter, and who fail to immediately commence to cure any such violation, to cease work and remove himself or itself and his or its equipment and employees from the Building.

(h) **Accidents, Notice to Landlord**. Tenant's Contractors shall assume responsibility for the prevention of accidents to their agents and employees and shall take all reasonable safety precautions with respect to the work to be performed and shall comply with all reasonable safety measures initiated by the Landlord and with all applicable Requirements for the safety of persons or property. Tenant shall advise the Tenant's Contractors to report to Landlord any injury to any of their agents or employees and shall furnish Landlord a copy of the accident report filed with its insurance carrier within 3 Business Days of its occurrence.

(i) **Required Insurance**. Tenant shall require by contract Tenant's Contractors to secure, pay for, and maintain during the performance of the construction of the Initial Installations, insurance in the following minimum coverages and limits of liability:

(i) Workmen's Compensation and Employer's Liability Insurance as required by Requirements.

(ii) Commercial General Liability Insurance (including Owner's and Contractors' Protective Liability) in an amount not less than $2,000,000 per occurrence, whether involving bodily injury liability (or death resulting therefrom) or property damage liability or a combination thereof with a minimum aggregate limit of $2,000,000, and with umbrella coverage with limits not less than $10,000,000 (with respect to the General Contractor and $2,000,000 for the other Tenant Contractors), provided that Landlord shall not unreasonably withhold its approval of a lower limit for insurance policies to be secured and maintained by the subcontractors (excluding the Essential Subs) retained by Tenant in connection with the construction of the Initial Installations. Such insurance shall provide for explosion and collapse, completed operations coverage with a one-year extension after completion of the work, and broad form blanket contractual liability coverage and shall insure Tenant's Contractors against any and all claims for bodily injury, including death resulting therefrom and damage to the property of others and arising from its operations under the contracts whether such operations are performed by Tenant's Contractors, or by anyone directly or indirectly employed by any of them (to the extent such broad form blanket contractual liability is provided under the standard ISO form).

(iii) Business Automobile Liability Insurance, including the ownership, maintenance, and operation of any automotive equipment, owned, hired, or non-owned in an amount not less than $500,000 for each person in one accident, and $1,000,000 for injuries sustained by two or more persons in any one accident and property damage liability in an amount not less than $1,000,000 for each accident. Such insurance shall insure Tenant's Contractors against any and all claims for bodily injury, including death resulting therefrom, and damage to the property of others arising from its operations of automotive equipment under the contracts, whether such operations are performed by Tenant's Contractors, or by anyone directly or indirectly employed by any of them.

(iv) Tenant shall secure, pay for and maintain, during the construction of the Initial Installations, "All-risk" builder's risk insurance upon the entire Initial Installations to the full insurance value thereof. Such insurance shall include the interest of Landlord and Tenant (and their respective contractors and subcontractors of any tier to the extent of any insurable interest therein) in the Initial Installations and shall insure against the perils of fire and extended coverage and shall include "all-risk" builder's risk insurance for physical loss or damage including, without duplication of coverage, theft, vandalism, and malicious mischief. If portions of the Initial Installations are stored off the site of the Building or in transit to such site are not covered under such "all-risk" builder's risk insurance, then Tenant shall effect and maintain similar property insurance on such portions of the Initial Installations. Any loss insured under such "all-risk" builder's risk insurance is to be adjusted by Tenant and made payable to Tenant as trustee for the insureds, as their interest may appear, subject to the agreement reached by such parties in interest, or in the absence of any such agreement, then in accordance with a final, nonappealable order of a court of competent jurisdiction. If after such loss no other special agreement is made, the decision to replace or not replace any such damaged Initial Installations shall be made in accordance with the terms and provisions of the Lease including, this Work Letter. The waiver of subrogation provisions contained in the Lease shall apply to the "all-risk" builder's risk insurance policy to be obtained by Tenant pursuant to this paragraph (iv).

All policies (except the Workmen's Compensation policy) shall be endorsed to include as additional insureds Landlord and its officers, employees, and agents, Landlord's contractors,

Landlord's architect, Tishman Speyer Properties, L.P., any Mortgagees and Superior Lessors and such additional persons as Landlord may reasonably designate. Tenant shall provide Landlord with 30 days' prior written notice of any reduction, cancellation, or nonrenewal of coverage by certified mail, return receipt requested (except that 10 days' notice shall be sufficient in the case of cancellation for nonpayment of premium) and shall provide that the insurance coverage afforded to the additional insured parties thereunder shall be primary to any insurance carried independently by such additional insured parties. At Tenant's request, Landlord shall furnish a list of names and addresses of parties to be named as additional insureds. The insurance policies required hereunder shall be considered as the primary insurance and shall not call into contribution any insurance then maintained by Landlord. Additionally, where applicable, such policy shall contain a cross liability and severability of interest clause.

To the fullest extent permitted by law, Tenant (and Tenant's Contractors) shall indemnify and hold harmless the Indemnitees from and against all Losses caused by the activities of the indemnifying party's contractors, bodily injury to persons or damage to property of the Indemnitees arising out of or resulting from the performance of work by the indemnifying party or its contractors. The foregoing indemnity shall be in addition to the insurance requirements set forth above and shall not be in discharge or substitution of the same, and shall not be limited in any way by any limitations on the amount or type of damages, compensation or benefits payable by or for Tenant's Contractors under Workers' or Workmen's Compensation Acts, Disability Benefit Acts or other Employee Benefit Acts.

(j) **Quality of Work**. The Initial Installations shall be constructed in a first-class workmanlike manner using only good grades of material and materially in compliance with the Final Plans, all insurance requirements, applicable laws and ordinances and rules and regulations of governmental departments or agencies and the rules and regulations adopted by Landlord for the Building. The quality of the Initial Installation shall be at least equal to the building standards of a first class office building. If Tenant requests that it not be required to install a Building Standard suspended ceiling in all or any portion of the Premises, and in lieu thereof employ an "open" ceiling, Landlord reserves the right to require that Tenant install a Building Standard ceiling upon the expiration or earlier termination of the Term.

(k) **"As-Built" Plans**. Upon completion of the Initial Installations, Tenant shall furnish Landlord with "as built" plans and air balance reports for the Premises, final waivers of lien for the Initial Installations, a detailed breakdown of the costs of the Initial Installations (which may be in the form of an owner's affidavit) and evidence of payment reasonably satisfactory to Landlord, and an occupancy permit for the Premises. The "as-built" plans shall be prepared on an AutoCAD Computer Assisted Drafting and Design System (or such other system or medium as Landlord may reasonably accept), using naming conventions issued by the American Institute of Architects in June, 1990 (or such other naming conventions as Landlord may reasonably accept) and magnetic computer media of such record drawings and specifications translated in DFX format or another format reasonably acceptable to Landlord.

(l) **Mechanics' Liens**. Tenant shall not permit any of the Tenant's Contractors to record any lien upon the Building, and if any such lien is recorded upon the Building, Tenant shall within 20 days of notice thereof, cause such lien to be discharged of record, by bonding or otherwise. If Tenant shall fail to cause any such lien to be discharged, Landlord shall have the right to have such lien discharged and Landlord's expense in so doing, including bond premiums, reasonable legal fees and filing fees, shall be immediately due and payable by Tenant.

3. Payment of Costs of the Initial Installations.

(a) Subject to Landlord's Contribution as provided in Paragraph 3(b) below, the Initial Installations shall be installed by Tenant at Tenant's sole cost and expense. The cost of the Initial Installations shall include, and Tenant agrees to pay Landlord for, the following costs ("**Landlord's Costs**"): (i) the cost of all work performed by Landlord on behalf of Tenant and for all materials and labor furnished on Tenant's behalf in accordance with the terms hereof, and (ii) the cost of any extraordinary rubbish removal and utilities provided to Tenant or Tenant's Contractors to the extent not included in general conditions charges by the general contractor. All bills shall be due and payable no later than the 45th day after delivery of such bills to Tenant. In addition to Landlord's Contribution, Landlord shall contribute an amount not to exceed $0.20 per rentable square foot of the Premises ("**Landlord's Drawing Contribution**") toward the cost of preliminary space plans to be prepared by the architect retained by Tenant, and no portion of the Landlord's Drawing Contribution, if any, remaining after the completion of the preliminary space plan shall be available for use by Tenant.

(b) Landlord shall pay to Tenant an amount not to exceed Landlord's Contribution toward the cost of the Initial Installations, provided as of the date on which Landlord is required to make payment thereof, (i) the Lease is in full force and effect, and (ii) no Event of Default then exists (and if an Event of Default then exists, such payment shall be made only if and when such Event of Default is subsequently cured). Tenant shall pay all costs of the Initial Installations in excess of Landlord's Contribution. Landlord's Contribution shall be payable solely on account of labor directly related to the Initial Installations and materials delivered to the Premises in connection with the Initial Installations, furniture and equipment (exclusive of computer equipment), except that Tenant may apply up to an amount equal to $8.50 per rentable square foot of the Premises of Landlord's Contribution to pay "soft costs", consisting of architectural, consulting, engineering, construction management and legal fees incurred in connection with the Initial Installations and in connection with Tenant's moving and relocation costs. Tenant shall not be entitled to receive any portion of Landlord's Contribution not actually expended by Tenant in accordance with this Work Letter. Subject to the terms hereof, provided that Tenant is not in default of this Lease, upon notice from Tenant to Landlord, Tenant shall be entitled to utilize any unused portion of Landlord's Contribution as a credit against the next monthly Fixed Rent due under this Lease following notice from Tenant. Notwithstanding anything contained herein to the contrary, in the event that Landlord's Contribution is not fully utilized by Tenant under this Work Letter (whether for the Initial Installations or as a credit against Fixed Rent, as and to the extent permitted hereunder) on or before September 1, 2011, then such unused amounts shall revert to Landlord and Tenant shall have no further rights with respect thereto; provided, however, that notwithstanding anything contained herein to the contrary, such retained amounts shall continue to be held for the benefit of Tenant by Landlord if Tenant delivers a notice to Landlord prior to satisfaction of the conditions set forth below that it is in dispute with any contractors, subcontractors, vendors or other providers of service and refuses to make payments at such time or if any contracts provide for retainage which has not then been finally paid.

(c) Landlord shall make progress payments to Tenant on a monthly basis, for the work performed during the previous month, less a retainage of 10% of each progress payment ("**Retainage**"), provided that any retainage provided for in Tenant's construction contract with the General Contractor (as evidenced in Tenant's draw request) shall be credited against the amount of the Retainage. Each of Landlord's progress payments shall be limited to that fraction of the total amount of such payment, the numerator of which is the amount of Landlord's Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for the Initial Installations, then Landlord's reasonable estimate thereof) for the performance of all of the Initial Installations shown on all plans and specifications approved by Landlord. Provided that Tenant delivers requisitions to Landlord on or prior to the 10th day of any month, such progress payments shall be made within 30 days next following the delivery to Landlord of requisitions therefor, signed by an authorized representative of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due, and the amount thereof, and shall be accompanied by (i) with the exception of the first requisition, copies of conditional waivers and releases of lien upon progress payment in the form prescribed in the Requirements from all contractors, subcontractors, and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant, (ii) a written certification from Tenant's architect and/or project management consultant (provided that Tenant has delivered a writing to Landlord stating that such consultant is an authorized representative of Tenant), that the work for which the requisition is being made has been completed substantially in accordance with the Final Plans and (iii) such other documents and information as Landlord may reasonably request. Any requisition made following the 10th day of any month shall be paid no later than the last day of the month following the month in which such requisitions are made. Landlord shall disburse the Retainage upon submission by Tenant to Landlord of Tenant's requisition therefor accompanied by all documentation required under this Section 3(c), together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for the Initial Installation by Governmental Authorities having jurisdiction thereover, (B) final "as-built" plans and specifications for the Initial Installations as required pursuant to Section 2(k) and (C) issuance of final, unconditional lien waivers and releases in the form prescribed by the Requirements by all contractors, subcontractors and material suppliers covering all of the Initial Installations. Notwithstanding anything to the contrary set forth in this Section 3(c), if Tenant does not pay any contractor or supplier as required by this provision, Landlord shall have the right, but not the obligation, upon prior notice to Tenant, to promptly pay to such contractor or supplier all sums so due from Tenant, and Tenant agrees the same shall either be funded from any remaining portion of Landlord's Contribution, or if no such portion is remaining, be deemed Additional Rent and shall be paid by Tenant within 45 days after Landlord delivers to Tenant an invoice therefor.

(d) If Tenant elects to perform the Initial Installation in two or more stages, then the amount of Landlord's Contribution to be made available to Tenant in connection with each such stage (and subject to the limitations as set forth in Section 3(b), shall be in an amount equal to the product of (i) Landlord's Contribution, and (ii) a fraction, the numerator of which is the rentable square footage of the portion of the Premises Tenant elects to so improve during such stage of construction and the denominator of which is the rentable square footage of the entire Premises.

(e) **Offset Rights**. To the extent that Landlord fails to pay from Landlord's Contribution amounts due to Tenant's Contractors in accordance with the terms hereof, and such amounts remain unpaid for thirty (30) days after notice from Tenant, then without limiting Tenant's other remedies under the Lease, Tenant may, after Landlord's failure to pay such amounts within five (5) business days after Tenant's delivery of a second notice from Tenant delivered after the expiration of such 30-day period, pay same and deduct the amount thereof, together with interest at the Interest Rate, from the Rent next due and owning under the Lease. Notwithstanding the foregoing, if during either the 30-day or 5-day period set forth above, Landlord (i) delivers notice to Tenant that it disputes any portion of the amounts claimed to be due, and (if) pays any amounts not in dispute, Tenant shall have no right to offset any amounts against Rent.

4. Miscellaneous.

(a) All defined terms as used herein shall have the meanings ascribed to them in the Lease.

(b) Tenant agrees that, in connection with the Initial Installations and its use of the Premises prior to the commencement of the Term of the Lease, Tenant shall have those duties and obligations with respect thereto that it has pursuant to the Lease during the Term, except the obligation for payment of Rent, and further agrees that Landlord shall not be liable in any way for injury, loss, or damage which may occur prior to the Commencement Date to any of the Initial Installations or installations made in the Premises, or to any personal property placed therein, the same being at Tenant's sole risk.

(c) If Landlord fails to fund all or any portion of Landlord's Contribution within 30 days of the date when due ("**Funding Failure**"), and provided the Offset Conditions (as hereinbelow defined) are fully satisfied, Tenant shall be entitled to offset the amounts owned including interest thereon at the Interest Rate against Fixed Rent and Additional Rent under the Lease, until all such amounts owed have been recouped. The Offset Conditions are: (i) the Initial Installations have been substantially completed in substantial conformity with the Final Plans; (ii) no Event of Default then exists: (iii) no unresolved goof faith dispute exists between Landlord and Tenant with respect to performance of the Work or Tenant's satisfaction of the disbursement conditions; and (iv) Tenant has advised Landlord's Mortgagee in writing of the Funding Failure.

(d) Except as expressly set forth herein, Landlord has no other agreement with Tenant and Landlord has no other obligation to do any other work or pay any amounts with respect to the Premises. Any other work in the Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be done at Tenant's sole cost and expense and in accordance with the terms and conditions of the Lease.

(e) This Work Letter shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions thereto in the event of a renewal or extension of the initial term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement thereto.

(f) The failure by Tenant to pay any monies due Landlord pursuant to this Work Letter within the time period herein stated shall be deemed a default under the terms of the Lease for which Landlord shall be entitled to exercise all remedies available to Landlord for nonpayment of Rent. All late payments shall bear interest pursuant to Section 15.6 of the Lease.

EXHIBIT D

Design Standards

(a) **HVAC**. The Building HVAC System serving the Premises is designed to maintain average temperatures within the Premises during Ordinary Business Hours of (i) not less than 68° F. during the heating season when the outdoor temperature is 5° F. or more and (ii) not more than 78° F. and 50% humidity + 5% during the cooling season, when the outdoor temperatures are at 89° F. dry bulb and 73° F. wet bulb, with, in the case of clauses (i) and (ii), a population load per floor of not more than one person per 100 square feet of useable area, other than in dining and other special use areas per floor for all purposes, and shades fully drawn and closed, including lighting and power, and to provide at least .15 CFM of outside ventilation per square foot of rentable area. Use of the Premises, or any part thereof, in a manner exceeding the foregoing design conditions or rearrangement of partitioning after the initial preparation of the Premises which interferes with normal operation of the air-conditioning service in the Premises may require changes in the air-conditioning system serving the Premises at Tenant's expense.

(b) **Electrical**. The Building Electrical system serving the Premises is designed to provide:

(i) 1.5 watts per rentable square foot of high voltage (480/277 volt) connected power for lighting, and

(ii) 3.0 watts per rentable square foot of low voltage (120/208 volt) connected power for convenience receptacles.

EXHIBIT E

Cleaning Specifications

GENERAL CLEANING

NIGHTLY

General Offices:

1. All hard surfaced flooring to be swept using approved dustdown preparation.
2. Vacuum all carpets (except private offices), moving only the chairs located in the Premises.
3. Hand dust and wipe clean all counter areas (including those located in the kitchen), conference room tables, credenza tops, furniture, fixtures and window sills.
4. Empty all waste receptacles and remove wastepaper.
5. Wash clean all Building water fountains and coolers.
6. Sweep all private stairways.
7. Vacuum private offices every other night.

Lavatories:

1. Sweep and wash all floors, using proper disinfectants.
2. Wash and polish all mirrors, shelves, bright work and enameled surfaces.
3. Wash and disinfect all basins, bowls and urinals.
4. Wash all toilet seats.
5. Hand dust and clean all partitions, tile walls, dispensers and receptacles in lavatories and restrooms.
6. Empty paper receptacles, fill receptacles from tenant supply and remove wastepaper,
7. Fill toilet tissue holders from tenant supply.
8. Empty and clean sanitary disposal receptacles.

WEEKLY

1. Dust all door louvers and other ventilating louvers within a person's normal reach.
2. Wipe clean all brass and other bright work.

NOT MORE THAN 3 TIMES PER YEAR

High dust premises complete including the following:

1. Dust all pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning.
2. Dust all vertical surfaces, such as walls, partitions, doors, door frames and other surfaces not reached in nightly cleaning.
3. Dust all venetian blinds.
4. Wash the outside of the exterior windows of the Building 3 times a year and wash the interior of such windows 1 time a year. Partition glass shall not be cleaned by Landlord pursuant to the specifications set forth herein.

EXHIBIT F

Rules and Regulations

1. Nothing shall be attached to the outside walls of the Building. Other than Building standard blinds, no curtains, blinds, shades, screens or other obstructions shall be attached to or hung in or used in connection with any exterior window or entry door of the Premises, without the prior consent of Landlord.

2. No sign, advertisement, notice or other lettering visible from the exterior of the Premises shall be exhibited, inscribed, painted or affixed to any part of the Premises without the prior written consent of Landlord. All lettering on doors shall be inscribed, painted or affixed in a size, color and style reasonably acceptable to Landlord.

3. The grills, louvers, skylights, windows and doors that reflect or admit light and/or air into the Premises or Common Areas shall not be permanently covered or obstructed by Tenant, nor shall any articles be placed on the sills, radiators or convectors.

4. Landlord shall have the right to prohibit any advertising which includes the name of the Building or makes any reference to the Building by any Tenant which, in Landlord's opinion, tends to impair the reputation of the Building, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

5. Common Areas shall not be obstructed or encumbered by any Tenant or used for any purposes other than ingress of egress to and from the Premises and for delivery of merchandise and equipment in a prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord.

6. Except in those areas designated by Tenant as "security areas," all locks or bolts of any kind shall be operable by the Building's Master Key. No locks shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in locks or the mechanism thereof which shall make such locks inoperable by the Building's Master Key. Tenant shall, upon the termination of its Lease, deliver to Landlord all keys of stores, offices and lavatories, either furnished to or otherwise procured by Tenant and in the event of the loss of any keys furnished by Landlord, Tenant shall pay to Landlord the cost thereof.

7. Tenant shall keep the entrance door to the Premises closed at all times.

8. All movement in or out of any freight, furniture, boxes, crates or any other large object or matter of any description must take place during such times and in such elevators as Landlord may reasonably prescribe. Landlord reserves the right to inspect all articles to be brought into the Building and to exclude from the Building all articles which violate any of these Rules and Regulations or the Lease. Landlord may require that any person leaving the public areas of the Building with any article to submit a pass, signed by an authorized person, listing each article being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on Landlord for the protection of any Tenant against the removal of property from the Premises.

9. All hand trucks shall be equipped with rubber tires, side guards and such other safeguards as Landlord may require.

10. No Tenant Party shall be permitted to have access to the Building's roof, mechanical, electrical or telephone rooms without permission from Landlord, subject to any express provision set forth in Tenant's Lease.

11. Tenant shall not permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, vibrations or interfere in any way with other tenants or those having business therein.

12. Tenant shall not employ any person or persons other than the janitor of Landlord for the purpose of cleaning the Premises, except as set forth in Section 10.6 of the Lease, or unless otherwise reasonably agreed to by Landlord. Tenant shall not cause any unnecessary labor by reason of such Tenant's carelessness or indifference in the preservation of good order and cleanliness.

13. Tenant shall store all its trash and recyclables within its Premises. No material shall be disposed of which may result in a violation of any Requirement. All refuse disposal shall be made only though entryways and elevators provided for such purposes and at such times as Landlord shall designate. Tenant shall use the Building's hauler.

14. Tenant shall not deface any part of the Building. No boring or cutting shall be permitted, except with prior reasonable consent of Landlord, and as Landlord may reasonably direct.

15. The water and wash closets, electrical closets, mechanical rooms, fire stairs and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed and no sweepings, rubbish, rags, acids or other substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant where a Tenant Party caused the same.

16. Tenant, before closing and leaving the Premises at any time, shall see that all lights, water faucets, etc. are turned off. All entrance doors In the Premises shall be kept locked by Tenant when the Premises are not in use.

17. No vehicles or animals of any kind (except for service animal dogs) shall be brought into or kept by any Tenant in or about the Premises or the Building. Tenant shall have the right to bring bicycles in the Premises using the freight elevator (but not any passenger elevators). Tenant shall also have the right to bring in-line roller skates in the Premises, provided that such skates are not worn within the Common Areas.

18. Canvassing or soliciting in the Building is prohibited.

19. Employees of Landlord or Landlord's Agent shall not perform any work or do anything outside of the regular duties, unless under special instructions from the office of Landlord or in response to any emergency condition.

20. Tenant is responsible for the delivery and pick up of all mail from the United States Post Office.

21. Landlord reserves the right to exclude from the Building during other than Ordinary Business Hours all persons who do not present a valid Building pass. Tenant shall be responsible for all persons for whom a pass shall be issued at the request of Tenant and shall be liable to Landlord for all acts of such persons.

22. Landlord shall not be responsible to Tenant or to any other person or entity for the non-observance or violation of these Rules and Regulations by any other tenant or other person or entity. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

23. The review/alteration of Tenant drawings and/or specifications by Landlord's Agent and any of its representatives is not intended to verify Tenant's engineering or design requirements and/or solutions. The review/alteration is performed to determine compatibility with the Building Systems and lease conditions. Tenant renovations must adhere to the Building's applicable Standard Operating Procedures and be compatible with all Building Systems.

EXHIBIT G

List of Direct Competitors

1. American Express
2. MasterCard
3. Discover
4. Diners Club
5. Carte Blanche
6. JCB
7. EDS FDS/Concord
8. Ebay
9. Paypal
10. Google
11. Debitman
12. Pay by Touch
13. Obopay
14. Express Pay
15. Bit Pass
16. Fast Lane
17. Peppercoin
18. Bill Me Later
19. Mobile Time
20. Nacah
21. Text Pay

EXHIBIT H

Form of Subordination, Non-Disturbance and Attornment Agreement

BANK OF AMERICA, N.A., successor by merger to LASALLE BANK NATIONAL ASSOCIATION, as Trustee for the Registered Holders of LB-UBS Commercial Mortgage Trust 2004-C1, Commercial Mortgage Pass-Through Certificates, Series 2004-C1 and for and on behalf of each of the GIC OFFICE NON-TRUST MORTGAGE LOAN NOTEHOLDERS (as defined in the PSA) (the "Lender")

– and –

(Tenant)
VISA U.S.A. INC.,

a Delaware corporation

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

Dated: November , 2008

Location: 595 Market Street

County: San Francisco

UPON
RECORDATION RETURN TO:

Attn: Portfolio Manager
c/o Wachovia Securities, Commercial Real Estate Services
8739 Research Drive -URP4
Charlotte, NC 28288-1075

SUBORDINATION NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (the "Agreement") made as of the day of November, 2008 by and between Bank of America, N.A., successor by merger to LASALLE BANK NATIONAL ASSOCIATION, as Trustee for the Registered Holders of LB-UBS Commercial Mortgage Trust 2004-C1, Commercial Mortgage Pass-Through Certificates, Series 2004-C1 and for and on behalf of each of the GIC OFFICE NON-TRUST MORTGAGE LOAN NOTEHOLDERS (as defined in the PSA) (the "Lender"), and VISA U.S.A. INC., a Delaware corporation, having an address at 900 Metro Center Boulevard, Foster City, California ("Tenant").

R E C I T A L S:

A. Tenant is the tenant under a certain lease (the "Lease") dated November 7, 2008, with 595 Market Street, Inc., a Delaware corporation ("Landlord") or its predecessor in interest, of premises described in the Lease (the "Premises") located in a certain office building known as 595 Market Street located in the County of San Francisco, State of California and more particularly described in Exhibit A attached hereto and made a part hereof (such office building, including the Premises, is hereinafter referred to as the "Property").

B. Landlord represents to Tenant that Landlord has executed a deed of trust in favor of Lender pursuant to which Landlord encumbered Landlord's interest in the Property to secure, among other things, a loan made by Lender (or its predecessor in interest) to Landlord on terms more particularly set for in that certain Loan Agreement between Lender (or its predecessor in interest) and Landlord. The Deed of Trust and the Loan Agreement, along with other pertinent loan documents are hereinafter collectively referred to as the "Security Documents".

A G R E E M E N T:

For mutual consideration, including the mutual covenants and agreements set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Tenant agrees that the Lease is and shall be subject and subordinate to the Security Documents and to all present or future advances under the obligations secured thereby and all renewals, amendments, modifications, consolidations, replacements and extensions of the secured obligations and the Security Documents, to the full extent of all amounts secured by the Security Documents from time to time. Said subordination is to have the same force and effect as if the Security Documents and such renewals, modifications, consolidations, replacements and extensions thereof had been executed, acknowledged, delivered and recorded prior to the Lease, any amendments or modifications thereof and any notice thereof.

2. Lender agrees that, if the Lender exercises any of its rights under the Security Documents, including an entry by Lender pursuant to the Mortgage or a foreclosure of the

Mortgage, Lender shall not disturb Tenant's right of quiet possession of the Premises under the terms of the Lease so long as Tenant is not in default beyond any applicable grace period of any term, covenant or condition of the Lease. Lender agrees that, in the event of a foreclosure of the Mortgage or the acceptance of a deed in lieu of foreclosure by Lender or any other succession of Lender to fee ownership of the Property, upon such acquisition of title to the Property and attornment by Tenant, Lender shall be bound to Tenant under all of the terms and conditions of the Lease, except as provided in this Agreement.

3. Tenant agrees that, in the event of a foreclosure of the Mortgage by Lender or the acceptance of a deed in lieu of foreclosure by Lender or any other succession of Lender to fee ownership, Tenant will attorn to and recognize Lender as its landlord under the Lease for the remainder of the term of the Lease (including all extension periods which have been or are hereafter exercised) upon the same terms and conditions as are set forth in the Lease, and Tenant hereby agrees to pay and perform all of the obligations of Tenant pursuant to the Lease.

4. Tenant agrees that, in the event Lender succeeds to the interest of Landlord under the Lease, Lender shall not be:

(a) liable for any act or omission of any prior Landlord (including, without limitation, the then defaulting Landlord) (provided, however, that Lender shall be obligated to cure any continuing non-monetary default under the Lease with respect to repair and maintenance of the Premises and the Property that occurs after the date that Lender obtains legal and equitable title to the Property and attornment by Tenant), or

(b) subject to any defense or offsets which Tenant may have against any prior Landlord (including, without limitation, the then defaulting Landlord) (provided, however, that Tenant shall be entitled to rent abatement pursuant to the terms of Section 26.22 of the Lease for events that occur after the date that Lender obtains legal and equitable title to the Property and attornment by Tenant, provided that Tenant has complied with the provisions of Section 26.22, including applicable notice provisions, or

(c) bound by any payment of rent or additional rent which Tenant might have paid for more than one month in advance of the due date under the Lease to any prior Landlord (including, without limitation, the then defaulting Landlord), or

(d) bound by any obligation to make any payment to Tenant which was required to be made prior to the time Lender succeeded to any prior Landlord's interest, or

(e) accountable for any monies deposited with any prior Landlord (including security deposits), except to the extent such monies are actually received by Lender, or

(f) subject to the terms of Section 8 of the Agreement, bound by any surrender, termination, amendment or modification of the Lease made without the consent of Lender.

5. Tenant agrees that, notwithstanding any provision hereof to the contrary, the terms of the Mortgage shall continue to govern with respect to the disposition of any insurance proceeds or eminent domain awards, and any obligations of Landlord to restore the real estate of

which the Premises are a part shall, insofar as they apply to Lender, be limited to insurance proceeds or eminent domain awards received by Lender after the deduction of all costs and expenses incurred in obtaining such proceeds or awards; provided, however, that Tenant and Lender agree that in the event of a damage or destruction or eminent domain, Tenant shall have the right to terminate the Lease pursuant to the terms of the Lease.

6. Tenant hereby agrees to give to Lender copies of all notices of Landlord default(s) under the Lease in the same manner as, and whenever, Tenant shall give any such notice of default to Landlord, and no such notice of default shall be deemed given to Landlord unless and until a copy of such notice shall have been so delivered to Lender. Lender shall have the right to remedy any Landlord default under the Lease, or to cause any default of Landlord under the Lease to be remedied, and for such purpose Tenant hereby grants Lender an additional period of thirty (30) days to remedy, or cause to be remedied, any such default in addition to the period given to Landlord for remedying, or causing to be remedied, any such default. Tenant shall accept performance by Lender of any term, covenant, condition or agreement to be performed by Landlord under the Lease with the same force and effect as though performed by Landlord. Tenant shall not exercise any right it may have to terminate the Lease as a result of any default by Landlord thereunder (i) as long as Lender, in good faith, shall have commenced to cure such default within the above referenced time period and shall be prosecuting the same to completion with reasonable diligence, subject to force majeure, or (ii) if possession of the Premises is required in order to cure such default, or if such default is not susceptible of being cured by Lender, as long as Lender (a) in good faith, shall have notified Tenant during the above-referenced time period that Lender intends to institute proceedings under the Security Documents, and, thereafter, as long as such proceedings shall have been instituted and shall be prosecuted with reasonable diligence, and (b) diligently pursues the cure of such default promptly after taking possession of the Premises. In the event of the termination of the Lease by reason of any default thereunder by Landlord, upon Lender's written request, given within fifteen (15) days after any such termination, Tenant, within fifteen (15) days after receipt of such request, shall execute and deliver to Lender or its designee or nominee a new lease of the Premises for the remainder of the term of the Lease upon all of the terms, covenants and conditions of the Lease. Lender shall have the right, without Tenant's consent, to foreclose the Mortgage or to accept a deed in lieu of foreclosure of the Mortgage or to exercise any other remedies under the Security Documents.

7. Tenant hereby consents to the Assignment of Leases and Rents from Landlord to Lender in connection with the Loan. Tenant acknowledges that the Interest of the Landlord under the Lease is to be assigned to Lender solely as security for the purposes specified in said assignments, and Lender shall have no duty, liability or obligation whatsoever under the Lease or any extension or renewal thereof, either by virtue of said assignment or by any subsequent receipt or collection of rents thereunder, unless Lender shall specifically undertake such liability in writing or unless Lender or its designee or nominee becomes, and then only with respect to periods in which Lender or its designee or nominee becomes, the fee owner of the Premises. Tenant agrees that upon receipt of a written notice from Lender of a default by Landlord under the Loan, Tenant will thereafter, if requested by Lender, pay rent to Lender in accordance with the terms of the Lease, and Landlord hereby consents to the same.

8. The Lease shall not be modified, amended or terminated (except a termination that is permitted in the Lease without Landlord's consent or a termination at law) without Lenders prior written consent in each instance, which consent shall not be unreasonably withheld or delayed.

9. Any notice, election, communication, request or other document or demand required or permitted under this Agreement shall be in writing and shall be deemed delivered on the earlier to occur of (a) receipt or (b) the date of delivery, refusal or nondelivery indicated on the return receipt, if deposited in a United States Postal Service Depository, postage prepaid, sent certified or registered mail, return receipt requested, or if sent via a recognized commercial courier service providing for a receipt, addressed to Tenant or Lender, as the case may be, at the following addresses:

If to Tenant:

VISA U.S.A., Inc.
900 Metro Center Boulevard
Foster City, California 94404
Attention: Global Real Estate

with a copy to:

Visa U.S.A., Inc.
900 Metro Center Boulevard
Foster City, California 94404
Attention: Office of the General Counsel

If to Lender.

Wachovia Bank, National Association
NC 1075
8739 Research Drive URP4
Charlotte, North Carolina 28288-1075
Attention: Commercial Real Estate Services

with a copy to:

CWCapital Asset Management LLC
701 13th Street, NW
Suite 1000
Washington, DC 20005
Attn: Legal Department

10. The term "Lender" as used herein includes any successor or assign of the named Lender herein, including without limitation, any co-lender at the time of making the Loan, any purchaser at a foreclosure sale and any transferee pursuant to a deed in lieu of foreclosure, and their successors and assigns, and the terms 'Tenant" and "Landlord" as used herein include any successor and assign of the named Tenant and Landlord herein, respectively; provided, however, that such reference to Tenant's or Landlord's successors and assigns shall not be construed as Lender's consent to any assignment or other transfer by Tenant or Landlord.

11. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to be enforceable, or if such modification is not practicable, such provision shall be deemed deleted from this Agreement, and the other provisions of this Agreement shall remain in full force and effect, and shall be liberally construed in favor of Lender.

12. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing executed by the party against which enforcement of the termination, amendment, supplement, waiver or modification is sought.

13. This Agreement shall be construed in accordance with the laws of the state of in which the Property is located.

14. The person executing this Agreement on behalf of Tenant is authorized by Tenant to do so and execution hereof is the binding act of Tenant enforceable against Tenant.

[signatures appear on following page]

Witness the execution hereof under seal as of the date first above written.

LENDER:

BANK OF AMERICA, N.A., successor by merger to LASALLE BANK NATIONAL ASSOCIATION, as Trustee for the Registered Holders of LB-UBS Commercial Mortgage Trust 2004-C1, Commercial Mortgage Pass-Through Certificates, Series 2004-C1and for and on behalf of each of the GIC OFFICE NON-TRUST MORTGAGE LOAN NOTEHOLDERS (as defined in the PSA)

By: CWCapital Asset Management LLC, solely in its capacity as Special Servicer

By: _____
Name: _____
Title: _____

TENANT: VISA U.S.A., Inc.

By: _____
Name: _____
Title: _____

The undersigned Landlord hereby consents to the foregoing Agreement and confirms the facts stated in the foregoing Agreement.

LANDLORD: 595 MARKET STREET, INC.

By: _____
Name: _____
Title: _____

[ADD APPROPRIATE ACKNOWLEDGMENT]

STATE OF _____)
) SS.
COUNTY OF _____)

On _____, 200__, personally appeared the above named _____, a _____ of CWCapital Asset Management LLC, solely in its capacity as Special Servicer for Bank of America, NA, successor by merger to LaSalle Bank, N.A., as Trustee for the Registered Holders of LB-UBS Commercial Mortgage Trust 2004-C1, Commercial Mortgage Pass-Through Certificates, Services 2004-C1 and for and on behalf of each of the GIC Office Non-Trust Mortgage Loan Noteholders, and acknowledged the foregoing to be the free act and deed of said association, before me.

_____
Notary Public
My commission expires: _____

_____, ss.

On _____, 200__, personally appeared the above named _____ the _____, of _____ and acknowledged the foregoing to be the free act and deed of said _____, before me.

_____
Notary Public
My commission expires: _____

_____, ss.

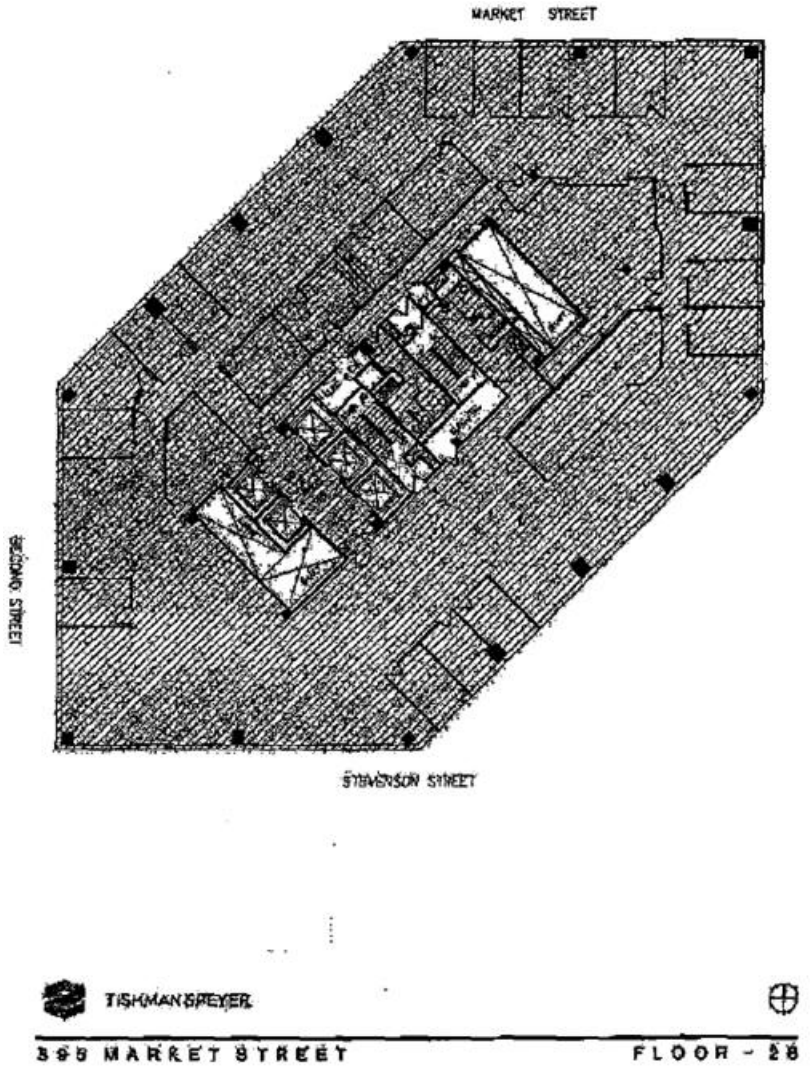
On _____, 200__, personally appeared the above named _____ the _____, of _____ and acknowledged the foregoing to be the free act and deed of said _____, before me.

_____
Notary Public
My commission expires: _____

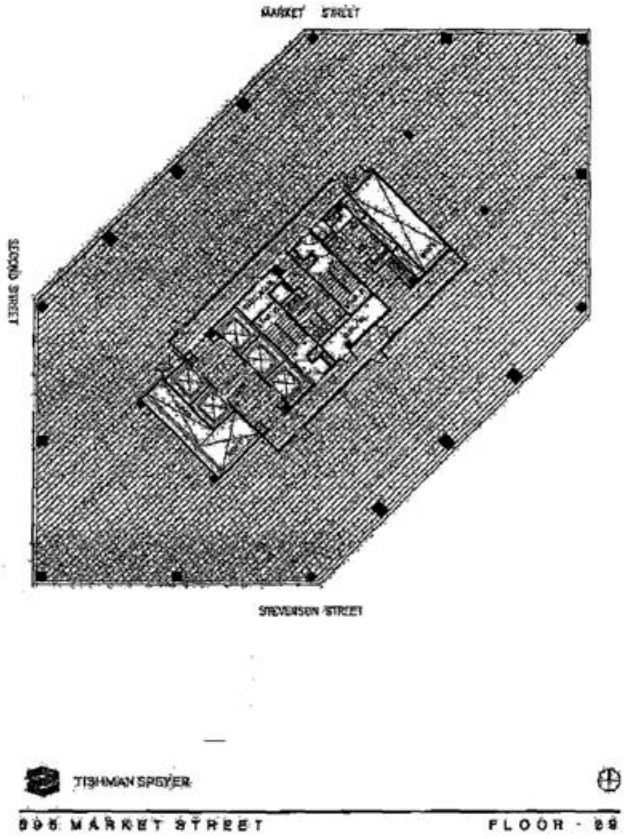
EXHIBIT B

PREMISES

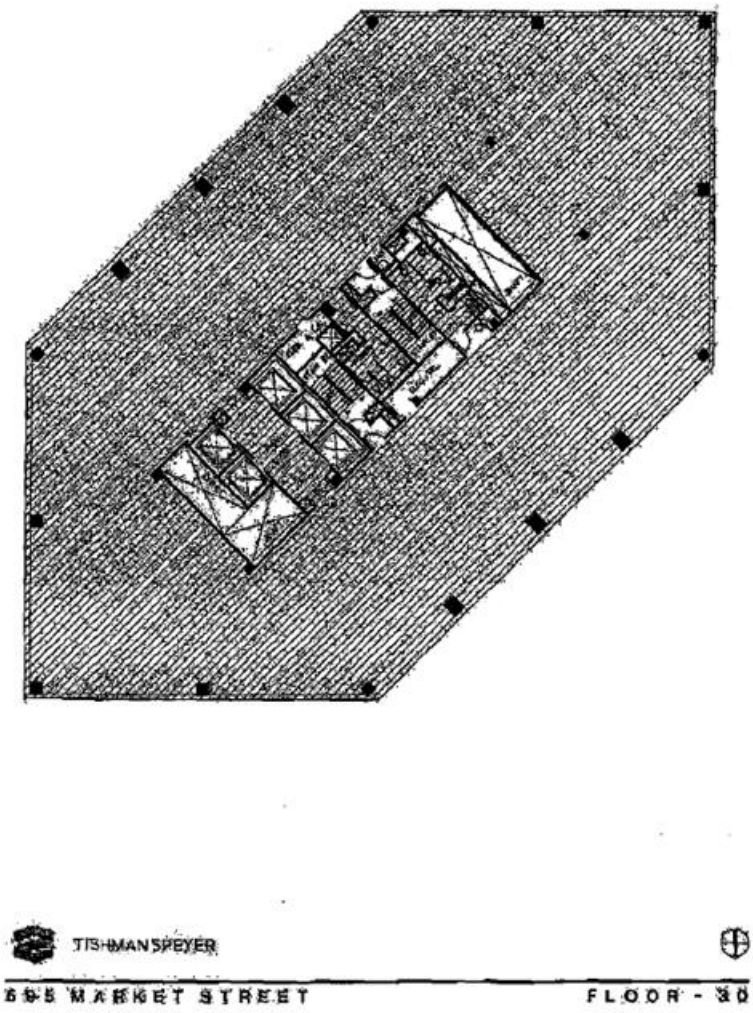
The floor plan which follows is intended solely to identify the general location of the Premises, and should not be used for any other purpose. All areas, dimensions and locations are approximate, and any physical indication may not exist as shown.



Floor 28


MARKET STREET
SECOND STREET
STEVENSON STREET
TISHMAN SPEYER
595 MARKET STREET
FLOOR - 29

Floor 29



Floor 30

EXHIBIT C

CONSENT TO SUBLEASE

[TO BE INSERTED UPON RECEIPT FROM PRIME LANDLORD]

EXHIBIT D

SUBLANDLORD'S FURNITURE

(FFE TO BE REMOVED)

Floor	Quantity	Item
30	4	Executive admin workstations, wood clad

EXHIBIT D

FFE TO REMAIN

Floor	Quantity	Item
28	2	8 seat conference room
28	1	executive office, floating desk, with round table/chairs
28	2	executive office, floating desk, no round table/chairs
28	4	shared offices
28	8	typical L-shaped private offices, complete
28	2	typical L-shaped private offices, no guest seating
28	4	phone room (round table, two chairs)
29	1	8 seat conference room
29	5	executive office, floating desk, with round table/chairs
29	1	executive office, floating desk, no round table/chairs
29	6	typical L-shaped private offices, complete
29	2	phone room (round table, two chairs)
29	1	lobby set up (round table, 3 club chairs)
29	2	Break Room tables with chairs
29	6	club chairs
29	3	occasional tables
30	1	10 seat conference room
30	1	23 seat conference room with table inserts to form square table
30	1	Board Room table, no seating
30	5	flip top conference tables
30	1	executive office with floating desk, round table/chairs
30	1	lobby set up (club chairs, round table)
30	2	Break Room tables with chairs
30	7	club chairs
30	3	occasional tables

EXHIBIT D-2

BILL OF SALE

IN CONSIDERATION OF THE SUM OF ONE DOLLAR and 00/100 ($1.00) (the "**Purchase Price**"), the receipt and sufficiency of which are hereby acknowledged, VISA U.S.A. INC., Delaware corporation ("**Transferor**"), hereby grants and conveys to SUNRUN INC., a Delaware corporation ("**Transferee**"), all of Transferor's right, title and interest in and to the furniture and equipment described in **Exhibit A** attached hereto (collectively, the "**Furniture**").

Transferor grants and conveys the Furniture to Transferee in its "AS IS" condition, "WITH ALL FAULTS" and, except as expressly set forth herein, without covenants or warranties of any kind, whether express or implied (including, without limitation, warranties of fitness for use or a particular purpose); provided that Transferor represents and warrants to Transferee that Transferor owns the Furniture free and clear of all liens and encumbrances and has full power and authority to make this Bill of Sale.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State where the Furniture is located as of the date hereof.

IN WITNESS WHEREOF, this Bill of Sale has been duly executed by Transferor as of the date set forth above.

TRANSFEROR:

VISA U.S.A. INC.
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

FURNITURE

[NOTE — THIS SHOULD BE THE SAME AS EXHIBIT D-1]

EXHIBIT E

CONFIRMATION LETTER

Date _____

Subtenant _____
Address _____
_____
_____

Re: Confirmation Letter with respect to that certain Sublease dated as of _____, 2013, by and between **VISA U.S.A. INC.**, a Delaware corporation, as Sublandlord, and **SUNRUN, INC.**, a Delaware corporation, as Subtenant (the "**Sublease**"), for **43,842** rentable square feet on the twenty eighth (28th), twenty ninth (29th) and thirtieth (30th) floors of the Building located at 595 Market Street, San Francisco, California.

Dear _____:

In accordance with the terms and conditions of the above referenced Sublease, Subtenant accepts possession of the Premises and agrees:

1. The Commencement Date is _____;

2. The Rent Commencement Date is: _____;

3. The Abatement Period is the period commencing as of _____, 201__ and expiring as of _____, 201__, and the Abatement Month is the calendar month of _____, 2019; and

4. The Expiration Date is _____ (subject to extension if Subtenant and Prime Landlord enter into a Direct Lease).

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing a counterpart of this Confirmation Letter in the space provided and returning a fully executed counterpart to my attention.

Sincerely,

_____
Sublandlord Authorized Signatory

Agreed and Accepted:

Subtenant: _____

By: [EXHIBIT — DO NOT SIGN]

Name: _____

Title: Date: _____