

Document

68

[REDACTED]

From: [REDACTED]
Sent: Wednesday, December 08, 2010 3:24 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Meeting with [REDACTED] Solyndra

Yes.

[REDACTED]

Portfolio Management
Loan Guarantee Program Office
US Department of Energy
1000 Independence Avenue SW
Washington, DC 20585

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, December 08, 2010 3:08 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Meeting with [REDACTED] Solyndra

Can you guys do this? If not I will go on my own and try to set up larger group later.

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, December 08, 2010 3:06 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Meeting with [REDACTED] Solyndra
Importance: High

Just talked to him. He can do it at 3:30.

-----Original Message-----

From: [REDACTED]
Sent: Wednesday, December 08, 2010 2:51 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Meeting with [REDACTED] Solyndra
Importance: High

[REDACTED] We have a serious problem at Solyndra and need to brief [REDACTED] as soon as possible. Could you set up a meeting with the folks on this e-mail (plus, I assume [REDACTED] would want [REDACTED] in the meeting). Thank you

[REDACTED]

Chief Counsel, Office of Loan Programs

Document

69

[REDACTED]

From: [REDACTED]
Sent: Monday, August 31, 2009 4:50 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Solyndra Update

[REDACTED]: we should discuss this with you early tomorrow morning.

From: [REDACTED]
Sent: Monday, August 31, 2009 4:27 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Solyndra Update

I would prefer that the announcement be postponed. The BRD credit crew is out on leave this week, as is [REDACTED]. This is the first loan guarantee and we should have a full review with all hands on deck to make sure we get it right. Furthermore, the announcement this week would require us to have a waiver to the requirement in the rule that 30 days elapse from when the final credit rating was submitted, setting a bad precedent.

That said, we have only one item left that I am aware of, but it is not clear how the information would impact the credit subsidy calculation (CSC).

Our outstanding request to DOE is for field performance data to back up engineering claims made in the proposal documents.

Solyndra claims to have a pricing advantage based on performance and lower costs of installation (sometimes referred to as balance of plant). Recent developments in the solar market, in particular, pricing pressure from China from silicon wafer plants scheduled to come on line (and that also may or may not be due to dumping; see articles below), raise concerns about how strong Solyndra's position will be in the face of rising competition. If the engineering claims can be backed up with field data that is consistent with claims, I think we would accept DOE's CSC; but a lot of times field performance is not quite up to the engineering claims, in which case we might want to notch the credit rating down (or viewed conversely, increase our estimate of risk).

See:

China Racing Ahead of U.S. in the Drive to Go Solar
<http://www.nytimes.com/2009/08/25/business/energy-environment/25solar.html?scp=1&sq=solar%20china&st=cse>

And

Chinese Solar Firm Revises Price Remark
<http://www.nytimes.com/2009/08/27/business/energy-environment/27panel.html?scp=3&sq=solar%20china&st=cse>

and

As Prices Slump, Solar Industry Suffers
<http://greeninc.blogs.nytimes.com/2009/08/13/as-prices-slump-solar-industry-suffers/?scp=6&sq=solar%20china&st=cse>

More Sun for Less: Solar Panels Drop in Price
<http://www.nytimes.com/2009/08/27/business/energy-environment/27solar.html?scp=6&sq=solar%20energy&st=cse>

-----Original Message-----

From: [REDACTED]
Sent: Monday, August 31, 2009 3:59 PM
To: [REDACTED]
Subject: FW: Solyndra Update

What should we tell [REDACTED] on our review status?

-----Original Message-----

From: [REDACTED]
Sent: Monday, August 31, 2009 3:23 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Solyndra Update

[REDACTED], [REDACTED], [REDACTED]:

As you guys may know, the VP is set to make a Solyndra announcement on Friday. We know that OMB and DoE are still working on finalizing credit issues, and wanted to see where that was in the process (if there is anything we need to push DoE in speeding along, or conversely if there is anything we can help speed along on the OMB side). Below is an email from DoE on their latest thoughts about where things stand and I think they are still waiting on the final list of questions / issues from OMB to which they will need to respond.

Can you let us know where things currently stand, and ETA on completion of the credit review process?

[REDACTED]

-----Original Message-----

From: [REDACTED]
Sent: Monday, August 31, 2009 3:05 PM
To: [REDACTED]
Subject: FW: Solyndra Update

See below

We are walking a fine line with Solyndra needing to begin notifying investors to fly in for the Friday event, but this OMB piece not being final.

Our concern on the press end is that this leaks out before the OMB portion is cooked - if there is any way to accelerate, would give a lot of peace of mind/flexibility on that front.

The final step will be the loan closing which will happen on Thursday regardless - but my understanding is that that's pretty much a given - it's the leaking out before OMB is finished that could leave us in an awkward place.

-----Original Message-----

From: [REDACTED]
Sent: Friday, August 28, 2009 10:08 AM
To: [REDACTED]
Cc: [REDACTED]

Subject: RE: Solyndra Update

On the OMB side, from our Credit Policy Director

"We still have one outstanding question from our initial meeting Tuesday (DOE has not responded--I need more information from [REDACTED] and Solyndra). We have also not received the final set of questions/issues from OMB to which DOE will need to respond. After OMB review, and any changes are made to the credit subsidy cash flows, OMB would essentially pre-approve that calculation (formal approval comes in the form of the apportionment which occurs after S2 or S1 approve commitment of the loan amount and subsidy rate)."

OMB is fully aware of the Friday timeline. The DOE team is hoping to receive the final OMB questions/issues today so that they can be quickly reviewed/responded in full so that we can complete the outstanding process requirements.

[REDACTED]

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As filed with the Securities and Exchange Commission on December 18, 2009

Registration No. 333-

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

**FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933**

Solyndra, Inc.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3674
(Primary Standard Industrial
Classification Code Number)

41-2175583
(I.R.S. Employer
Identification Number)

**47700 Kato Road
Fremont, California 94538
510-440-2400**

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

**Dr. Christian M. Gronet
Chief Executive Officer
Solyndra, Inc.
47700 Kato Road
Fremont, California 94538
510-440-2400**

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

Copies to:

**John A. Fore
Michael S. Russell
Wilson Sonsini Goodrich & Rosati
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304
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Facsimile: 650-493-6811**

**Benjamin H. Schwartz
Acting General Counsel
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47700 Kato Road
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Telephone: 510-440-2400
Facsimile: 510-440-2625**

**Patrick A. Pohlen
Andrew S. Williamson
Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025
Telephone: 650-328-4600
Facsimile: 650-463-2600**

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

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

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, 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.

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 | Proposed Maximum | Amount of |
|------------------------|------------------|-----------|
|------------------------|------------------|-----------|

| Securities to be Registered | Aggregate Offering Price(1) | Registration Fee |
|-----------------------------------|-----------------------------|------------------|
| Common Stock, \$0.00001 par value | \$300,000,000 | \$16,740 |

(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. Includes offering price of 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 prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued December 18, 2009

Shares



SOLYNDRA, INC.
COMMON STOCK

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

We have applied to have our common stock approved for listing on _____ under the symbol "SOLY."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 11.

PRICE \$ A SHARE

| | Price to Public | Underwriting Discounts and Commissions | Proceeds to Solyndra |
|-----------|-----------------|--|----------------------|
| Per Share | \$ _____ | \$ _____ | \$ _____ |
| Total | \$ _____ | \$ _____ | \$ _____ |

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

Argonaut Ventures I, L.L.C., or Argonaut, which together with its affiliates beneficially owns approximately 35.7% of our outstanding common stock on an as-converted basis, has the right to purchase from us up to 15% of the aggregate number of shares offered in this offering at the initial price to the public, but is under no obligation to purchase any shares. Any shares purchased by Argonaut will be purchased directly from us and will not be a part of the underwritten offering. Steven R. Mitchell, a member of our board of directors, is a managing director of the manager of Argonaut.

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

The underwriters expect to deliver the shares to purchasers on _____, 2010.

Goldman, Sachs & Co.

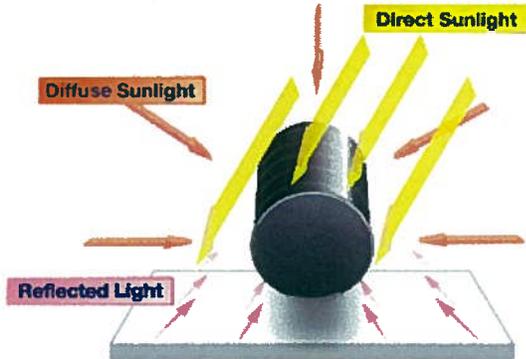
Morgan Stanley

, 2010

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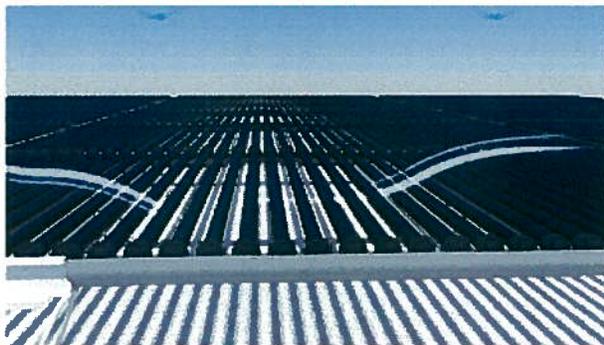
Cylindrical Photovoltaic Modules Enhance Light Collection



Our Product Is a Panel, with 40 Modules Spaced Apart, and Mounts

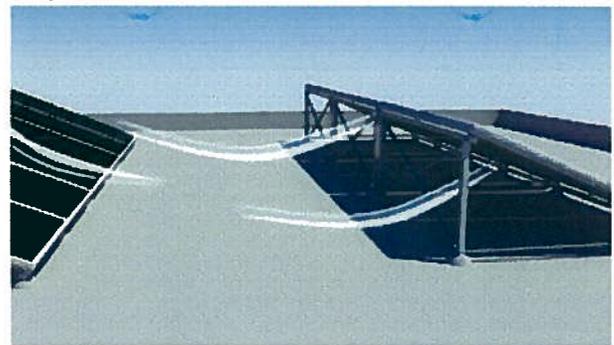


Wind Blows Through Solyndra Panels Enabling Low-Cost Installation without Attachments or Penetrations



Solyndra

Flat Plate Panels Typically Require Expensive Attachments or Ballast



Conventional Flat Plate Panels

Solyndra Enables Greater Rooftop Coverage and More Energy Production per Rooftop



Solyndra



Conventional Flat Plate Panels

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Commercial Rooftops Represent a Vast and Underutilized Opportunity for the Generation of Solar Electricity



Solyndra Delivers Simple, Low-Cost Installations

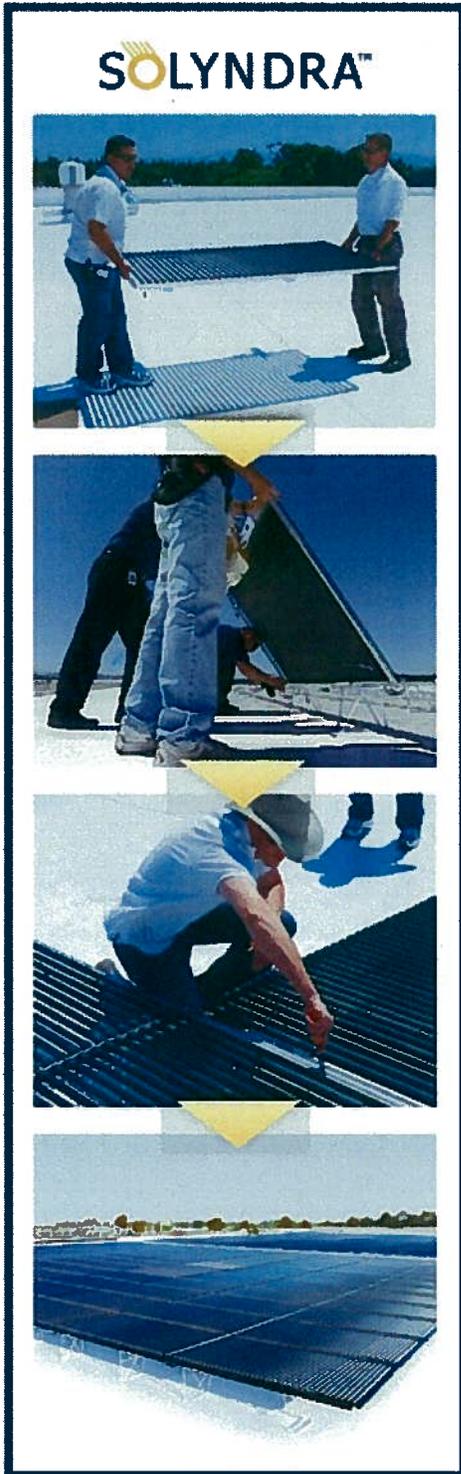


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You should rely only on the information contained in this prospectus and in any free writing prospectus we may authorize to be delivered or made available to you. We have not authorized anyone to provide you with information different from that contained in this prospectus or any such free writing prospectus. 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 in this prospectus may only be accurate as of the date on the front cover of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock.

Until _____, 2010 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we nor any of 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. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

The term "Solyndra," a stylized "Solyndra," the Solyndra "O", "Omnifacial" and the term "The New Shape of Solar" and other trademarks or service marks of Solyndra, Inc. appearing in this prospectus are the property of Solyndra, Inc. This prospectus contains additional trade names, trademarks and service marks of other companies. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply relationships with, or endorsement or sponsorship of us by, these other companies.

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PROSPECTUS SUMMARY

This summary highlights information described elsewhere in this prospectus but does not contain all of the information needed for making an investment decision. Therefore read this entire prospectus carefully, especially the "Risk Factors" section beginning on page 11 and our consolidated financial statements and the related notes appearing elsewhere in this prospectus, before making an investment decision.

Overview

Commercial rooftops represent a vast and underutilized resource for the generation of solar electricity. We have pioneered a photovoltaic system featuring proprietary cylindrical modules that we believe can enable the lowest cost of electricity on commercial rooftops by delivering the lowest total system costs per watt and the highest kilowatt hour production per rooftop for typical installations. We are able to significantly reduce the cost of installation, which is a substantial component of the total system cost, by eliminating expensive mounting hardware and significantly reducing the amount of labor required when mounting conventional flat plate photovoltaic systems. We believe that the differentiated benefits of our photovoltaic systems, together with our planned expansion of production, manufacturing process improvements and product enhancements, will enable us by 2012 to deliver photovoltaic systems for commercial rooftops that produce electricity at rates that are competitive with the retail price of electricity in key markets on a non-subsidized basis.

Our photovoltaic systems, which are comprised of panels and mounts, enhance sunlight collection by capturing direct, diffuse and reflected sunlight across a 360-degree photovoltaic surface. Unlike conventional panels that typically need to be tilted to achieve effective energy generation, the cylindrical shape of our modules allows our systems to achieve effective energy generation when mounted horizontally. Horizontal mounting allows our panels to be spaced significantly closer together than conventional panels on a typical rooftop, thereby enabling greater rooftop coverage and enhanced energy production over the system's lifetime. The cylindrical shape allows modules to be spaced apart within our panels so that wind can blow through our panels, thus eliminating the need for the expensive mounting hardware and ballast typically required to secure conventional flat plate panels against uplift from the wind. As a result, our customers can achieve significantly reduced labor, hardware, design and other balance of system costs, which account for a substantial portion of the total installed cost of a conventional flat plate photovoltaic system, while maximizing the amount of electricity generated for a typical rooftop installation.

We commenced commercial shipments of our photovoltaic systems in July 2008 and have increased our sales volume and revenue every quarter since that date. We sold 17.2 megawatts, or MW, of panels in the nine months ended October 3, 2009, compared to 1.6 MW for the fiscal year ended January 3, 2009. For the nine months ended October 3, 2009, our revenue was \$58.8 million, compared to \$6.0 million for the fiscal year ended January 3, 2009. Our panels have been deployed in over 100 commercial installations internationally and across the United States. We primarily sell our photovoltaic systems to value-added resellers, including system integrators and roofing materials manufacturers, which resell our systems to various system owners, including third-party investors, enterprises such as manufacturers, wholesaler-distributors and big-box retailers, government entities and utility companies. Our customers include Alwitra GmbH, Carlisle Syntec Incorporated, Geckologic GmbH, Phoenix Solar AG, Premier Solar Systems Pvt Ltd., Solar Power, Inc., Sunconnex B.V., Sun System S.p.A. and USE Umwelt Sonne Energie GmbH. As of the date of this prospectus, we have framework agreements with system integrators and roofing materials manufacturers outlining general terms for the delivery of up to 865 MW of our photovoltaic systems by the end 2013.

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We manufacture our solar panels in a highly automated plant where we perform all operations required to process commodity materials into the final product. We intend to significantly expand our production capacity through a combination of additional production facilities and equipment, manufacturing process improvements and product enhancements in order to reduce our per-watt production costs and meet demand for our systems. Our first manufacturing facility, which we refer to as Fab 1, had an annualized production run rate of 45 MW during our fiscal month ended December 5, 2009. We are in the process of expanding our production capacity at Fab 1 and expect to reach an annualized production run rate of 110 MW by the fourth fiscal quarter of 2010, assuming achievement of minimum product development objectives and planned manufacturing process improvements. We are further expanding our production capacity with the addition of a second manufacturing facility, which we refer to as Fab 2. We are in the construction stage of the first of two planned phases for Fab 2, which we refer to as Phase I. We expect Phase I to have an annualized production run rate of 250 MW by the end of the first half of 2012, assuming achievement of minimum product development objectives and planned manufacturing process improvements. We expect the first production output from Phase I to occur in the first quarter of 2011. We are funding the costs of Phase I with the proceeds of a prior equity financing and a \$535 million loan facility guaranteed by the U.S. Department of Energy, or the DOE. Borrowings under this facility mature in 2016 and accrue interest at a rate per annum fixed at the time of disbursement and equal to the sum of a treasury rate index plus 37.5 basis points (2.838% as of October 3, 2009). This loan facility was the first guaranteed by the DOE under its loan guarantee program for innovative clean technologies.

We intend to use the proceeds of this offering to finance a portion of the costs of the second phase of Fab 2, which we refer to as Phase II. We believe that Phase II represents a significant opportunity to further expand our production capacity and reduce our costs of manufacturing. When the construction and production ramp of both phases of Fab 2 are complete, we expect Fab 2 to have an annualized production run rate of 500 MW, assuming achievement of minimum product development objectives and planned manufacturing process improvements. We estimate that the costs for Phase II will be approximately \$642 million, which amount includes building expansion and improvements, manufacturing equipment, certain sales, marketing and other start-up costs, and a contingency reserve of approximately \$53 million. On September 11, 2009, we applied for a second loan guarantee from the DOE, in the amount of approximately \$469 million, to partially fund Phase II. If we are unable to obtain the DOE guaranteed loan in whole or in part, we intend to fund any financing shortfall with some combination of the proceeds of this offering, cash flows from operations, debt financing and additional equity financing.

Commercial Rooftop Photovoltaic Market Opportunity

Based on market data from Navigant Consulting, Freedonia Group and Ecofys, we estimate that there are approximately 11 billion square meters of commercial rooftop area worldwide. Commercial rooftop systems are installed where power is consumed, which avoids the significant transmission capital expenditures associated with centralized electricity generation systems, reduces transmission congestion during periods of peak demand and reduces the energy losses to the end users associated with transmission and distribution of electricity from centralized large-scale electric plants. According to the National Renewable Energy Laboratory, or NREL, cumulative rooftop photovoltaic system installations in the United States alone are projected to grow from 733 MW in 2007 to 7,492 MW in 2015, representing a compound annual growth rate of 34%.

In the commercial rooftop solar market, several key factors influence what type of photovoltaic system will be used. First, system owners, such as third-party investors and enterprises that purchase photovoltaic systems to install on their own rooftops, generally seek the highest return possible from a photovoltaic system. The highest return is achieved by minimizing the levelized cost of electricity

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per kilowatt hour, or LCOE, which is the ratio of a system's total life cycle cost to its total lifetime energy output. Second, building owners typically seek to limit rooftop impact in order to comply with a rooftop's warranty requirements and structural limitations. Third, system integrators, which often have significant influence on purchase decisions, are motivated by their desire to enhance their own productivity and perform more project installations in a given year.

The commercial rooftop photovoltaic market to date primarily has consisted of flat plate panels using crystalline silicon or thin film technologies, which we refer to as conventional panels. These conventional approaches present several fundamental challenges which have, to date, increased the cost of commercial rooftop photovoltaic systems and limited the addressable market. These challenges include:

- **Light collection.** Conventional panels typically need to be tilted using expensive mounting hardware to improve the capture of direct light, creating shadows that can reduce and, in some cases, shut down the output of neighboring panels. Therefore, conventional panels typically are widely spaced to avoid shading other panels, reducing the surface area that can be covered by this type of rooftop photovoltaic system.
- **Orientation.** Conventional panels typically need to be oriented on a directional axis such as North-South for optimal performance, which often differs from the directional axis of the building and its rooftop, further limiting rooftop coverage and reducing total energy production per rooftop.
- **Installation Time and Cost.** Installing conventional panels on commercial rooftops typically takes weeks to complete and requires the use of expensive mounting hardware, involving steps such as rooftop preparation and penetration, assembly of mounting racks and installation of panels at the correct tilt and axis orientation.
- **Wind.** Conventional photovoltaic systems typically require ballast or penetrating rooftop attachments to counter uplift from wind. The weight of the panels, ballast and mounting system may exceed the weight limitations of many commercial rooftops.

These factors have limited the penetration of the addressable commercial rooftop market by manufacturers of conventional panels, as photovoltaic system owners have struggled to minimize LCOE and preserve the integrity of building rooftops, while system integrators have struggled to minimize the cost and time to install systems.

Our Solution

We believe that our photovoltaic systems address many of the challenges facing system owners and system integrators that have limited the penetration of the commercial rooftop market in the past. Specifically, our solution is designed to reduce LCOE and preserve the integrity of building rooftops, while reducing the cost and time to install systems. Key benefits of our photovoltaic systems include:

- **Low leveled cost of electricity.** We believe that our photovoltaic systems will allow system owners to achieve the lowest LCOE by delivering low installed costs, increased energy output and low lifetime costs for typical commercial rooftop installations. Our unique product design helps our system owners minimize installed cost per watt by offering significant savings on balance of system costs, including labor. Our photovoltaic systems are also designed to generate significantly more solar electricity per rooftop than conventional panel photovoltaic systems, as our system design enables greater rooftop coverage and the highest energy production per rooftop over the system lifetime for typical installations. This increased electricity production per rooftop also has

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the benefit of spreading fixed costs for certain operational and maintenance expenses over a larger system, resulting in a lower lifetime operations and maintenance cost per kilowatt hour. Our design provides benefits relating to lifetime roof replacement and repair costs, where the speed with which our systems can be removed and then reinstalled reduces the amount of electricity that is lost due to downtime.

- **Minimal impact to building rooftop.** Our photovoltaic systems minimize rooftop impact by avoiding rooftop penetrations associated with conventional panel photovoltaic systems. Our photovoltaic systems also weigh less than conventional panel photovoltaic systems, enabling the installation of our photovoltaic systems on rooftops that would not otherwise support the weight of a conventional panel photovoltaic system.
- **Significant installation benefits.** Our photovoltaic systems can be installed more quickly and more cost-effectively than conventional panel photovoltaic systems. Due to the relative ease of installation of our systems, we believe that system integrators, roofing materials manufacturers and the subcontractors that they employ to install our photovoltaic systems will be able to significantly increase the productivity of their workforces, enabling them to perform more installations in a given year with fewer labor expenditures. Further, because our rooftop coverage benefits enable greater power generation per rooftop, we believe that system integrators and roofing materials manufacturers generally can generate more revenue per project by installing our systems.

Our Strategy

Our goal is to deliver by 2012 photovoltaic systems for commercial rooftops that are competitive with the retail price of electricity in key markets on a non-subsidized basis. We believe that the achievement of this goal in any given market will result in substantial additional demand for our photovoltaic systems in that market. We intend to continue to pursue the following strategies to achieve this goal:

- **Expand production capacity.** In order to meet expected demand for our systems, we intend to significantly expand our production capacity through the expansion of capacity at Fab 1 and the addition of Fab 2, as well as through manufacturing process improvements and product enhancements.
- **Reduce per-watt manufacturing costs.** We intend to continue to reduce our per-watt manufacturing costs by expanding capacity and increasing the throughput of our production lines, improving yields and raising nameplate panel power ratings.
- **Target key customers.** We currently allocate the sale of the majority of our photovoltaic systems to a select number of value-added resellers with broad geographic reach and the capacity to purchase large volumes of our systems. In addition, we plan to continue to strategically target the sale of our photovoltaic systems to value-added resellers for which we believe we offer the most differentiated value proposition.
- **Expand roofing materials manufacturer sales channel.** We plan to develop additional strategic relationships with leading global manufacturers of reflective roofing materials, thereby expanding an important sales channel for our photovoltaic systems. Our systems are easy for roofers to install and, when installed together with a new, reflective "cool" roof, can provide a unique combination of building energy efficiency and solar electricity production.
- **Support customer project financing.** We intend to support customer project financing by strategically aligning our products with key government programs that provide financial incentives, export credit and project finance.

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- ***Continue to explore new markets where we can leverage our innovative product offering.*** We plan to continue to explore new geographies and product applications where we believe our product offers a compelling value proposition. For example, we are exploring the integration of our products into the top of sheltered horticulture structures, such as greenhouses used in large-scale commercial agriculture.

Corporate Information

Our company was incorporated in Delaware in May 2005 as Gronet Technologies, Inc. In January 2006, our company was renamed Solyndra, Inc. Our principal executive offices are located at 47700 Kato Road, Fremont, California 94538, and our telephone number is 510-440-2400. Our website address is www.solyndra.com. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus.

Except where the context requires otherwise, we use the terms the "Company," "Solyndra," "we," "us" and "our" in this prospectus to refer to Solyndra, Inc., a Delaware corporation, and, where appropriate, its subsidiaries.

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THE OFFERING

| | |
|--|---|
| Common stock offered by us | shares (or shares if the underwriters exercise their over-allotment option in full). |
| Common stock to be outstanding after this offering | shares (or shares if the underwriters exercise their over-allotment option in full). |
| Use of proceeds | We estimate that our net proceeds from the sale of the common stock that we are offering will be approximately \$ million, assuming an initial public offering price of \$ per share, which is the midpoint of the range listed 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 to us from this offering to fund costs of Phase II of Fab 2 and any remaining balance for general corporate purposes, including working capital, repayment of amounts, if any, drawn under our revolving loan facility with Argonaut Ventures I, L.L.C., or Argonaut, and additional capital expenditures. We may also use a portion of our net proceeds to fund acquisitions of complementary businesses, products or technologies. See the "Use of Proceeds" section of this prospectus for more information. |
| Proposed symbol | "SOLY" |
| Risk factors | See the "Risk Factors" section beginning on page 11 of this prospectus for a discussion of factors that you should carefully consider before deciding to invest in our common stock. |

Argonaut, which together with its affiliates beneficially owns approximately 35.7% of our outstanding common stock on an as-converted basis, has the right to purchase from us up to 15% of the aggregate number of shares offered in this offering at the initial price to the public, but is under no obligation to purchase any shares. Any shares purchased by Argonaut will be purchased directly from us and will not be a part of the underwritten offering. Steven R. Mitchell, a member of our board of directors, is a managing director of the manager of Argonaut.

The number of shares of common stock that will be outstanding after this offering is based on 241,333,149 number of shares outstanding at October 3, 2009, and excludes:

- 25,316,966 shares of common stock issuable upon the exercise of options outstanding at October 3, 2009, at a weighted-average exercise price of \$1.66 per share;
- 26,638,290 shares of common stock issuable upon the exercise of warrants outstanding at October 3, 2009, at a weighted-average exercise price of \$5.99 per share; and

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- 6,196,679 shares of our common stock reserved for future issuance under our 2005 Amended and Restated Equity Incentive Plan.

Unless otherwise indicated, all information in this prospectus assumes:

- an initial public offering price of \$ per share, which is the midpoint of the range listed on the cover page of this prospectus;
- the conversion of all outstanding shares of preferred stock into an aggregate of 226,527,933 shares of common stock and the related conversion of all outstanding preferred stock warrants to common stock warrants upon the closing of this offering;
- no exercise by the underwriters of their right to purchase up to shares of common stock from us to cover over-allotments; and
- the filing of our amended and restated certificate of incorporation upon the closing of this offering.

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SUMMARY HISTORICAL FINANCIAL AND OPERATING DATA

The following table presents a summary of our historical financial and operating data for the periods and at the dates indicated. The consolidated statements of operations data for the fiscal years ended December 30, 2006, December 29, 2007 and January 3, 2009 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 27, 2008 and October 3, 2009 and the consolidated balance sheet data as of October 3, 2009 are derived from our unaudited consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited consolidated financial data on the same basis as the audited consolidated financial statements and, in our opinion, included all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth therein. We use the other operating data presented to help us evaluate growth trends, establish budgets, ensure the effectiveness of our sales and marketing efforts and assess operational efficiencies. Our historical financial and operating results for any prior period are not necessarily indicative of results to be expected in any future period, and our results for any interim period are not necessarily indicative of results for a full fiscal year.

The information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited and unaudited consolidated financial statements and related notes, each included elsewhere in this prospectus.

| | Fiscal Years Ended | | | Nine Months Ended | |
|---|---------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | December 30, 2006 | December 29, 2007 | January 3, 2009 | September 27, 2008 | October 3, 2009 |
| | (in thousands, except per share data) | | | | |
| Consolidated Statements of Operations | | | | | |
| Data: | | | | | |
| Revenue | \$ — | \$ — | \$ 6,005 | \$ 1,501 | \$ 58,814 |
| Cost of revenue(1) | — | — | 44,435 | 21,395 | 108,321 |
| Gross profit/(loss) | — | — | (38,430) | (19,894) | (49,507) |
| Research and development(1) | 19,927 | 85,859 | 125,499 | 93,425 | 61,632 |
| Sales and marketing(1) | 574 | 2,677 | 4,838 | 3,276 | 5,905 |
| General and administrative(1) | 5,829 | 23,279 | 21,221 | 16,805 | 10,633 |
| Asset impairment charges | — | — | 31,610 | 31,610 | — |
| Loss from operations | (26,330) | (111,815) | (221,598) | (165,010) | (127,677) |
| Interest expense | (494) | (6,906) | (12,444) | (10,770) | (807) |
| Interest income | 1,184 | 2,829 | 1,870 | 1,742 | 131 |
| Other income/(expense), net | (1,532) | 1,764 | 107 | (5,810) | 8,592 |
| Net loss | <u>\$ (27,172)</u> | <u>\$ (114,128)</u> | <u>\$(232,065)</u> | <u>\$ (179,848)</u> | <u>\$(119,761)</u> |
| Deemed dividend on preferred stock | — | — | (10,452) | — | — |
| Net loss attributable to common stockholders | <u>\$ (27,172)</u> | <u>\$ (114,128)</u> | <u>\$(242,517)</u> | <u>\$ (179,848)</u> | <u>\$(119,761)</u> |
| Net loss per share (basic and diluted)(2) | <u>\$ (6.69)</u> | <u>\$ (16.55)</u> | <u>\$ (23.85)</u> | <u>\$ (18.33)</u> | <u>\$ (9.48)</u> |
| Weighted-average common shares (basic and diluted)(2) | <u>4,063</u> | <u>6,898</u> | <u>10,167</u> | <u>9,810</u> | <u>12,629</u> |
| Pro forma loss per share (basic and diluted)(2) | | | <u>\$ (2.64)</u> | | <u>\$ (0.70)</u> |
| Weighted-average common shares used in pro forma calculations (basic and diluted) (2) | | | <u>91,986</u> | | <u>174,179</u> |

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| | As of October 3, 2009 | | | | |
|---|------------------------------|--------------------------------|-----------------------------|-------------------------------|----------------------------|
| | Actual | Pro Forma(3) (in thousands) | Pro Forma As Adjusted(4) | | |
| Consolidated Balance Sheet Data: | | | | | |
| Cash, cash equivalents and short-term investments | \$ 45,307 | \$ 45,367 | \$ | | |
| Restricted cash(5) | 165,400 | 165,400 | | | |
| Working capital | 8,085 | 8,145 | | | |
| Property, plant and equipment, net | 303,502 | 303,502 | | | |
| Total assets | 589,519 | 589,579 | | | |
| Total long-term debt | 21,380 | 21,380 | | | |
| Redeemable convertible preferred stock | 961,315 | — | | | |
| Total stockholders' equity (deficit) | (482,650) | 479,466 | | | |
| | Fiscal Year Ended | Nine Months Ended | | | |
| | January 3, 2009 | September 27, 2008 | October 3, 2009 | | |
| Other Operating Data: | | | | | |
| Megawatts produced(6) | 1.8 | 0.6 | 17.9 | | |
| Megawatts sold(7) | 1.6 | 0.4 | 17.2 | | |
| Annualized production run rate (in megawatts)(8) | 7.8 | 4.1 | 40.2 | | |
| Average nameplate panel power rating (in watts)(9) | 164 | 160 | 178 | | |
| (1) Includes stock-based compensation as follows: | | | | | |
| | Fiscal Years Ended | | | Nine Months Ended | |
| | December 30, 2006 | December 29, 2007 | January 3, 2009 | September 27, 2008 | October 3, 2009 |
| | | | (in thousands) | | |
| Cost of revenue | \$ — | \$ — | \$ 564 | \$ 212 | \$ 1,266 |
| Research and development | 26 | 118 | 1,744 | 992 | 2,485 |
| Sales and marketing | 2 | 7 | 131 | 54 | 305 |
| General and administrative | 84 | 100 | 1,136 | 808 | 1,402 |
| Total | <u>\$ 112</u> | <u>\$ 225</u> | <u>\$ 3,575</u> | <u>\$ 2,066</u> | <u>\$ 5,458</u> |
| (2) See Note 17 to the Notes to Consolidated Financial Statements for an explanation of the method used to calculate basic and diluted net shares used to calculate net loss per share and pro forma loss per share. | | | | | |
| (3) Reflects (i) the conversion of all outstanding shares of preferred stock into 226,527,933 shares of common stock and the related conversion of all outstanding preferred stock warrants to common stock warrants upon the closing of this offering; and (ii) the repayment of a note by a stockholder. | | | | | |
| (4) Reflects the pro forma adjustments described in (3) above and the sale of _____ shares of our common stock by us in this offering at an assumed initial public offering price of \$ _____ per share (the midpoint of the price range set forth on the cover page of this prospectus), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with the offering. A \$1.00 increase or decrease in the assumed initial public offering price of \$ _____ per share of common stock would increase or decrease cash, cash equivalents and short-term investments by \$ _____ million, working capital by \$ _____ million, total assets by \$ _____ million and total stockholders' equity (deficit) by \$ _____ million, assuming the number of | | | | | |

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shares offered by us, as shown on the cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with the offering. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual public offering price and other terms of this offering determined at pricing.

- (5) As of October 3, 2009, restricted cash consists of certificates of deposit held by a bank as collateral for outstanding letters of credit. Restricted cash also included \$160.0 million of cash deposited in a bank account in connection with the DOE guaranteed loan facility. Pursuant to the terms of our DOE guaranteed loan facility, use of cash held in this account is limited to funding the costs of Phase I of Fab 2.
- (6) Megawatts produced equals the aggregate nameplate panel power ratings of panels we produced during the period presented. Nameplate panel power rating is expressed in watts per panel and represents the watt-peak capacity of photovoltaic panels measured under standard test conditions for our panels.
- (7) Megawatts sold equals the aggregate nameplate panel power ratings of panels we sold during the period presented.
- (8) Annualized production run rate is expressed in megawatts and equals the aggregate nameplate panel power ratings of the panels we produced in our most recent fiscal month within the period presented, multiplied by 12.
- (9) Average nameplate panel power rating is expressed in watts and equals the megawatts produced during the period presented divided by the number of panels produced during that period.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following information, together with the other information in this prospectus, before deciding whether to buy shares of our common stock. If any of the following risks occur, our business, financial condition and results of operations could be materially and adversely affected, the trading price of our common stock could decline and you may lose all or a part of your investment.

Risks Related to Our Business

Our future success depends on our ability to increase our production capacity by completing expansion of our first manufacturing facility, developing additional manufacturing facilities, including our second manufacturing facility, and increasing our production throughput and yield.

Our future success depends on our ability to significantly increase our production capacity through facility expansion and increased production throughput and yield in a cost-effective and efficient manner, mainly through the expansion of our first manufacturing facility, which we refer to as Fab 1, and through construction of additional manufacturing facilities, including our second manufacturing facility, which we refer to as Fab 2. Our ability to complete the expansion of Fab 1 and the planning, construction and equipping of both phases of Fab 2 and additional manufacturing facilities in the future are subject to significant risk and uncertainty, including:

- the build-out of the first phase of Fab 2, which we refer to as Phase I, is being financed by a U.S. Department of Energy, or the DOE, guaranteed loan facility, which requires us to remain in compliance with numerous financial and operational covenants in order to draw funds under this loan facility, compliance with some of which are beyond our control;
- the build-out of any manufacturing facilities will be subject to the risks inherent in the development and construction of new facilities, including risks of delays and cost overruns as a result of a number of factors, many of which may be out of our control, such as delays in government approvals, burdensome permit conditions and delays in the delivery of manufacturing equipment and subsystems that we manufacture or obtain from suppliers;
- we may be unable to achieve the production throughput and yields necessary to achieve our target annualized production run rate at our current and future manufacturing facilities;
- the additional capital needed in order to finance the costs of constructing and equipping the second phase of Fab 2, which we refer to as Phase II, and any additional facilities, including the \$469 million DOE loan guarantee for which we have applied, may not be available on reasonable terms, or at all;
- our custom-built equipment may take longer and cost more to engineer and build than expected and may never operate as required to meet our production plans;
- we may be required to depend on third-party relationships in the development and operation of additional production capacity, which may subject us to risks that such third parties do not fulfill their obligations to us under our arrangements with them; and
- we may fail to execute our expansion plans effectively.

If we are unable to successfully complete expansion of Fab 1 and develop, construct and successfully operate Fab 2 and any additional manufacturing facilities in the future, we may be unable to scale our business to the extent necessary to improve our results of operations and achieve profitability. Moreover, even if we are successful in continuing to expand our production capacity as planned, we may not be able to generate customer demand for our photovoltaic systems at the increased production levels and may not be able to generate sufficient revenue to achieve or maintain profitability. As we build additional manufacturing facilities, our fixed costs will increase. If the demand for our systems or our production

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output decreases, we may not be able to spread a significant amount of our fixed costs over the production volume, thereby increasing our per unit fixed cost, which would have a negative impact on our financial condition and results of operations.

Our business is based on a new technology, and if our photovoltaic systems or manufacturing processes fail to achieve the performance and cost metrics that we expect, we may be unable to develop demand for our systems and generate sufficient revenue to support our operations.

Our use of copper indium gallium diselenide, or CIGS, thin film technology on a cylindrical module is a new technology in commercial scale production. As a result of our use of this new technology, we may experience significant challenges as we seek to expand our production capacity and output and scale our operations to support large-scale commercial manufacturing of photovoltaic systems. The manufacture of our solar modules is a highly complex process and minor deviations in the manufacturing process can cause substantial decreases in yield or throughput and, in some cases, cause production to be suspended or yield no output. Our business plan and long-term growth strategy assume that we will be able to achieve certain milestones and metrics in terms of throughput, uniformity of cell efficiencies, yield, encapsulation, packaging, cost and other production parameters in order to achieve our targeted production capacity. For example, our ability to expand from our current annualized production run rate at Fab 1, which was 45 MW during our fiscal month ended December 5, 2009, to our estimated 110 MW annualized production run rate by the fourth fiscal quarter of 2010, depends on our ability to achieve certain minimum product development objectives and planned manufacturing process improvements. We cannot assure you that we will achieve these product development objectives, process improvements or other milestones or metrics or that our technology will prove to be commercially viable. If we are unable to achieve our targets on time and within our planned budget, then we may not be able to generate adequate demand for our systems, and our business, financial condition and results of operations could be harmed. Even if we are able to achieve our target metrics as we expand the production capacity at Fab 1, we may be unable to replicate these metrics in Fab 2 or in other facilities in the future. If we are unable to replicate our production facilities and achieve and sustain improved operating metrics as we expand our production facilities, our production capacity could be substantially constrained, our manufacturing costs per watt could increase, and we could lose customers, any of which could harm our business, financial condition and results of operations.

Further, we may experience operational problems with our technology after its commercial introduction that could adversely impact our revenue or delay or prevent us from becoming profitable. We only commenced field testing of our first solar modules in August 2006 and, to date, Fab 1 has produced less than 30 MW of output. As a result, our thin film technology and photovoltaic systems do not have a sufficient operating history to confirm how they will perform over their estimated 25-year useful life. For example, although the hermetic seal that we use on our solar modules has been subjected to extensive testing by us, if it does not perform as expected, the CIGS thin film material used in our solar modules could be subject to moisture degradation, which would decrease the reliability and performance of our solar panels. In addition, under real-world operating conditions, a typical photovoltaic system operates outside of standard test conditions for much of the time, and the conversion efficiencies of solar panels generally decrease when operating outside standard test conditions. Real-world conditions that can affect lifetime electricity output include the location and design of a photovoltaic system, insolation, soiling and weather conditions such as temperature and snow. If our thin film technology and photovoltaic systems perform below expectations or have unexpected reliability problems, we may be unable to gain or retain customers and could face substantial penalties and warranty expense.

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We have incurred significant net losses since our inception and our ability to achieve or sustain a positive gross margin and profitability depends on our ability to significantly increase our production capacity and reduce our manufacturing cost per watt faster than our average selling prices decrease.

We have incurred significant net losses since our inception, including a net loss of \$27.2 million in 2006, \$114.1 million in 2007, \$232.1 million in 2008 and \$119.8 million in the first nine months of fiscal 2009, and we had an accumulated deficit of \$505.0 million at October 3, 2009. We expect to continue to incur significant operating and net losses and negative cash flow from operations for the foreseeable future. Moreover, we expect that average selling prices of our photovoltaic systems will continue to decline until we offer our products at a price per watt that is comparable to conventional energy sources and alternative distributed generation technologies. The success of our business depends on our ability to significantly increase our production capacity, including the build-out of Phase I of Fab 2, and significantly reduce our manufacturing cost per watt. If we fail to achieve these objectives and reduce our manufacturing cost per watt faster than our average selling prices decrease, our business will be materially adversely impacted.

We will need to raise significant additional capital in order to continue to grow our business and fund our operations.

We will need to raise significant additional capital to fund our planned expansion of our manufacturing facilities and to grow our business. We do not know what forms of financing, if any, will be available to us for this planned expansion. If financing is not available on acceptable terms, if and when needed, our ability to fund our operations, further develop and expand our manufacturing operations and sales and marketing functions, develop and enhance our products, respond to unanticipated events, or otherwise respond to competitive pressures would be significantly limited. In any such event, our business, financial condition and results of operations could be harmed, and we may be unable to continue our operations.

In particular, a key component of our expansion plan is the construction and build-out of Fab 2. We estimate that the cost, which is comprised of the total capital required for the land, buildings, improvements, manufacturing equipment and certain sales, marketing and other start-up costs, for Phase I and Phase II of Fab 2 will total approximately \$1.38 billion. Although we have already secured funding for Phase I with a DOE guaranteed loan facility and a prior round of equity financing, we still need financing for Phase II. We estimate the cost of Phase II will be approximately \$642 million. On September 11, 2009, we applied for a second loan guarantee from the DOE, in the amount of approximately \$469 million, to partially fund Phase II. If our application is approved, we intend to fund Phase II with the proceeds from the loan and this offering. Although the DOE determined on November 4, 2009 that our initial application was complete, and we submitted the second part of the application on November 17, 2009, there is no guarantee that the DOE will approve our application in the full amount requested or at all.

Even if the DOE determines to offer a loan guarantee for Phase II, we will have to negotiate the terms and conditions of the loan guarantee with the DOE and the underlying loan with the Federal Financing Bank. Accordingly, we cannot assure you of the timing for closing the planned financing for Phase II, and such financing may not be available at the time we would like to commence construction. Any delays in the approval of our application or the negotiation of the guarantee and underlying loan could have a material adverse impact on our ability to complete Phase II in a timely manner and would increase the ultimate construction costs for Phase II.

If we do not receive a guaranteed loan under this program of approximately \$469 million, we intend to fund any financing shortfall with some combination of the proceeds of this offering, cash flow from operations, debt financing and additional equity financing. These funding sources, however, may not be available in sufficient amounts at the time needed, or on favorable terms to us, for the construction

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of Phase II. If we are not able to complete Fab 2 as planned, we may not be able to grow our business, realize the benefits of economies of scale or satisfy our customer requirements. If we are required to raise additional capital through future equity issuances, our existing equity holders could experience substantial dilution. If we are required to raise additional debt financing, we may be subject to restrictive covenants that may limit our ability to conduct our business.

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

The initial price of our solar panels is significantly higher than the initial price of solar panels with the same nameplate panel power rating offered by the majority of our competitors. As a result, certain system owners who focus more on the up-front price of solar panels than on achieving the lowest levelized cost of electricity per kilowatt hour, or LCOE, which is the ratio of a system's total life cycle cost to its total lifetime energy output, may choose the product offerings of those competitors that have a lower initial panel purchase price. If we fail to effectively demonstrate to system owners the LCOE value proposition of our systems, we may fail to achieve broader market acceptance of our systems, which would have an adverse impact on our ability to increase our revenue, gain market share and achieve and sustain profitability.

Our ability to achieve broader market acceptance for our photovoltaic systems will be impacted by a number of other factors, including:

- whether system owners will adopt our CIGS thin film technology in a cylindrical module, which is a new technology with a limited history with respect to reliability and performance;
- whether system owners will be willing to purchase photovoltaic systems with an expected 25-year lifespan from us given our limited operating history;
- the ability of prospective system owners to obtain long-term financing for our photovoltaic systems on acceptable terms or at all;
- our ability to produce photovoltaic systems that compete favorably against other photovoltaic systems on the basis of price, quality and performance;
- our ability to produce photovoltaic systems that compete favorably against conventional energy sources and alternative distributed generation technologies, such as wind and biomass, on the basis of price, quality and performance; and
- our ability to develop and maintain successful relationships with our customers and suppliers.

Our financial condition and results of operations are likely to fluctuate in future periods.

Our financial condition and results of operations have fluctuated significantly in the past and may continue to fluctuate from quarter to quarter in the future due to a variety of factors, many of which are beyond our control, including:

- fluctuations in currency exchange rates relative to the U.S. dollar, given that a majority of our revenue is currently denominated in Euro;
- the timing of shipments, which may depend on many factors such as availability of inventory and logistics or product quality or performance issues;
- the ability of our customers to pay the purchase price for our systems in a timely fashion;
- delays or cancellations of photovoltaic installations, including as a result of our customers' inability to obtain financing;
- fluctuations in our research and development expense, including periodic increases associated with the pre-production qualification of additional tools as we expand our production capacity;

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- delays or greater than anticipated expenses associated with the construction of Fab 2;
- weaker than anticipated demand for our photovoltaic systems due to changes in government subsidies and policies supporting renewable energy or other factors;
- seasonal trends and construction cycles of photovoltaic systems;
- unanticipated expenses associated with changes in governmental regulations and environmental, health and safety requirements; and
- general market conditions.

Fluctuations in our operating results from period to period could cause our stock price to decline, give rise to short-term liquidity issues and may impact our ability to achieve and maintain profitability or cause other unanticipated issues.

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

We have only been in existence since 2005, and much of our growth has occurred in recent periods. Fab 1 has only been producing commercial quantities of our photovoltaic systems since July 2008 and we only recently began construction of Phase I of Fab 2. Our limited operating history makes it difficult to evaluate our current business and our future prospects. We have encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly changing industries, including increased expenses as we continue to grow our business. If we do not manage these risks and overcome these difficulties successfully, our business will suffer.

Our efforts to achieve broader market acceptance for our photovoltaic systems and to expand beyond our existing markets may never succeed, which would adversely impact our ability to generate additional revenue or become profitable. Therefore, our recent growth trajectory may not provide an accurate representation of the market dynamics we may be exposed to in the future, making it difficult to evaluate our future prospects.

Our substantial indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations.

As of October 3, 2009, our total indebtedness was approximately \$21.4 million and we anticipate incurring a total of \$535 million under the DOE guaranteed loan facility by the time we have completed Phase I of Fab 2. We currently estimate that the construction of Phase II of Fab 2 will cost approximately \$642 million, and we anticipate that we will incur a significant amount of additional indebtedness to finance a portion of Phase II. If we undertake additional expansion beyond Fab 2, we anticipate that we may incur significant additional indebtedness. Our substantial indebtedness could have important consequences, including:

- requiring us to generate a significant amount of cash flow from operations to service the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- increasing our vulnerability to general economic and industry conditions that may adversely affect our ability to repay any indebtedness and comply with applicable covenants, including financial covenants contained in our DOE guaranteed loan facility; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who have greater capital resources.

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If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Failure to pay our indebtedness on time would constitute an event of default under the agreements governing our indebtedness, which would allow our lenders to accelerate the obligations and seek other remedies against us.

We will need to meet certain funding conditions in order to draw funds under our \$535 million DOE guaranteed loan facility and we are also subject to a number of affirmative, negative and financial covenants under this facility.

The financing agreements with the Federal Financing Bank and the DOE governing our \$535 million loan facility require us to meet certain funding conditions related to the development and construction of Phase I and specific performance milestones related to Fab 1. Our failure to meet any of these conditions to funding could result in our inability to access funds under this loan facility.

In addition, our DOE guaranteed loan facility contains various affirmative, negative and financial covenants. The failure to comply with any of these covenants, or the occurrence of a change of control of us, would result in a default under this loan facility. If a default occurs, all of the outstanding obligations under this loan facility could become immediately due and payable and could result in a default and acceleration of any other outstanding debt. The existence of such a default could also preclude us from borrowing any remaining unfunded portion of the DOE guaranteed loan facility, and the DOE could exercise its remedies under the financing agreements governing the loan facility, including foreclosing on the assets of Phase I and requiring us to contribute the full amount of our \$198 million equity contribution to the extent that such equity contribution has not yet been applied to the cost of developing and constructing Phase I. A default under this loan facility, which could result from events beyond our control, if not cured or waived, would have a material adverse effect on us.

There are significant risks associated with the planning, construction and completion of Fab 2, which may cause budget overruns or delays in the completion of the project.

The scheduled completion dates for Fab 2 and the budgeted costs necessary to complete construction assume that there are no material unforeseen or unexpected difficulties or delays. Construction, equipment or staffing problems or difficulties in obtaining financing or any of the requisite licenses, permits or authorizations from regulatory authorities could delay the construction or commencement of operations or otherwise affect the design and features of Fab 2. Such delays or other unexpected difficulties could involve additional costs and result in a delay in the scheduled expansion of Fab 2. Failure to complete Fab 2 within budget or on schedule may harm our financial condition and results of operations.

If we have any cost overruns in connection with the development and construction of Phase I and we do not generate positive future cash flow sufficient to fund those cost overruns, we may need to raise additional capital in order to meet our obligations.

Phase I has an estimated cost of \$733 million, including a contingency reserve of approximately \$65 million, which we intend to fund with the proceeds of our \$535 million DOE guaranteed loan facility and with \$198 million of the proceeds of a previously completed private placement of our preferred stock. To the extent that the development and cost of construction of Phase I exceeds \$733 million, we will be obligated to fund any such excess costs until the requirements of project completion have been satisfied. In addition, we have an obligation starting in our fourth fiscal quarter of 2010 to establish an additional \$30 million reserve for cost overruns. As a result, if we do not have sufficient funds or cash

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flow to fund this \$30 million reserve or any other excess costs, we will be required to raise additional capital to meet our obligations and to complete the construction of Phase I. Any such financing may not be available on acceptable terms, or at all, if and when needed.

If potential purchasers of our photovoltaic systems are unable to secure financing on acceptable terms, we could experience a reduction in the demand for our photovoltaic systems.

Many purchasers of photovoltaic systems depend on debt financing to purchase a system. The limited use of CIGS thin film technologies at commercial scale, coupled with our limited operating history, could result in lenders refusing to provide the financing necessary to purchase our photovoltaic systems on favorable terms, or at all. Moreover, even if lenders are willing to finance the purchase of our photovoltaic systems, an increase in interest rates could make it difficult for owners to secure the financing necessary to purchase a photovoltaic system on favorable terms, or at all. In addition, we believe that a significant percentage of owners purchase photovoltaic systems as an investment, funding the initial capital expenditure through a combination of equity and debt. Difficulties in obtaining financing for our photovoltaic systems on favorable terms, or increases in interest rates, could lower an investor's return on investment in our photovoltaic system, or make alternative photovoltaic systems or other investments more attractive relative to our photovoltaic systems. Any of these events could result in reduced demand for our systems, which could have a material adverse effect on our financial condition and results of operations.

A drop in the retail price of electricity derived from the utility grid or from alternative energy sources, or our inability to deliver photovoltaic systems that compete with the price of retail electricity on a non-subsidized basis, may harm our business, financial condition and results of operations.

We believe that a customer's decision to purchase our photovoltaic systems is to a significant degree driven by the relative cost of electricity generated by our systems compared to the applicable retail price of electricity from the utility grid and the cost of other renewable energy sources, including photovoltaic electricity delivered by our competitors. Decreases in the retail prices of electricity from the utility grid or from other renewable energy sources would make it more difficult for our photovoltaic systems to be competitive and could harm our business, financial condition and results of operations. The approval of the construction of a significant number of power generation plants, including nuclear, coal, natural gas or power plants utilizing other renewable energy technologies, and the approval of the construction of additional electric transmission and distribution lines, could reduce the price of electricity, thereby making the purchase of our systems less economically attractive. The ability of energy conservation technologies and public initiatives to reduce electricity consumption could also lead to a reduction in the price of electricity, which would also undermine the attractiveness of photovoltaic systems. Moreover, technological developments by our competitors in the solar power industry could allow them to offer customers electricity at costs lower than those that can be achieved from our photovoltaic systems, which could result in reduced demand for our systems.

In addition, we may be unable to deliver photovoltaic systems for the commercial rooftop market that produce electricity at rates that are competitive with the price of retail electricity on a non-subsidized basis. If this were to occur, we will remain at a competitive disadvantage with other electricity providers and may be unable to attract new customers or retain existing customers, which could harm our business, financial condition and results of operations.

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

The market for on-grid applications, where solar power is used to supplement a customer's electricity purchased from the utility network or sold to a utility under tariff, depends in large part on the

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availability and size of government and economic incentives that vary by geographic market. Because our sales are into the on-grid market, the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity may result in the diminished competitiveness of solar electricity relative to conventional and non-solar renewable sources of electricity, and could harm the growth of the solar electricity industry and our business.

Today, the cost of solar power exceeds retail electricity rates. As a result, federal, state and local government bodies in many countries, most notably Canada, France, Germany, Greece, Italy, Japan, Portugal, South Korea, Spain and the United States, have provided incentives in the form of feed-in tariffs, rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of photovoltaic systems to promote the use of solar electricity in on-grid applications and to reduce dependency on other forms of energy. Many of these government incentives expire, phase out over time, terminate upon the exhaustion of the allocated funding or require renewal by the applicable authority. Reductions in, or eliminations or expirations of, governmental incentives could result in decreased demand for and lower revenue from our photovoltaic systems.

For example, Germany has been a strong supporter of photovoltaic products and systems. However, the German Renewable Energy Law, or the EEG, was modified as of January 1, 2009 by the German government and feed-in tariffs were significantly reduced compared with the former legislation. German subsidies decline at a rate of between 8.0% and 10.0%, based on the type of photovoltaic system, instead of between 5.0% and 6.5% per year prior to the effective date of the amendment to the EEG. The rate of decrease is subject to change based upon the overall market growth. The next review of German feed-in tariffs is scheduled for 2012. However, an earlier adjustment is possible following the recent election of a new government. If the German government reduces or eliminates the subsidies under the EEG, demand for photovoltaic products could significantly decline in Germany.

The U.S. government has adopted various incentives, including a 30% federal investment tax credit available to businesses in the United States for the installation of photovoltaic systems. In October 2008, the U.S. Congress extended the 30% federal investment tax credit for both residential and commercial solar installations for eight years, through December 31, 2016. In early 2009, legislation was enacted that creates a new program, through the Department of the Treasury, which provides grants equal to 30% of the cost of solar installations that are placed in service during 2009 and 2010 or that begin construction prior to January 1, 2011 and are placed in service by January 1, 2017. This grant is available in lieu of receiving the 30% federal investment tax credit and, unlike the 30% federal investment tax credit, can be currently utilized even if the recipient does not have federal income tax liability. Although the current legislative and regulatory environment in the United States provides significant incentives for the adoption of solar photovoltaic electricity, changes in these laws or regulations could have a significant adverse impact on the solar photovoltaic industry and our business.

Currently, an advantageous regulatory policy in certain states allows customers to interconnect their photovoltaic systems to the utility grid and offset their electricity purchases with excess solar electricity generation, which is known as net metering. In the absence of net metering regulation, utilities may purchase excess solar electricity at a reduced rate or not at all, thereby diminishing photovoltaic system economics for the system owner. Our ability to sell photovoltaic systems may be adversely impacted by the failure to expand net metering regulations in states which have implemented it, the failure to adopt net metering where it is not currently in place, or any limitation in the number of customer interconnections that utilities are required to allow. Net metering and other operational policies in California or other markets could also limit the amount of photovoltaic systems installed there.

Belgium has several incentive schemes that vary by region, scope and subsidy mechanisms. For example, the Flanders region of Belgium utilizes green certificate remunerations, which in 2009 allowed photovoltaic system owners rebates of 450 Euros/MWh per year for 20 years, with no size limit on projects. These green certificates also allow the photovoltaic system owner to consume or sell the

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electricity generated by the photovoltaic system. In 2010, the payment terms for these green certificates will drop to 350 Euros/MWh, and will drop by an additional 20 Euros every year going forward. As these green certificate subsidies and other similar subsidies decline in Belgium, demand could decline and revenue from this region could decline.

In Ontario, Canada, a new feed-in-tariff program was introduced in September 2009 and replaced the Renewable Energy Standard Offer Program as the primary subsidy program for future renewable energy projects. In order to participate in the Ontario feed-in-tariff program, certain provisions relating to minimum required domestic content and land use restrictions for solar installations must be satisfied. As these rules are currently written, we satisfy the initial domestic content requirements but may be unable to fully satisfy such rules (in particular domestic content requirement rules that are currently scheduled to take effect at the end of 2010) and thus qualify for the Ontario feed-in-tariff. In the event the Ontario domestic content rules are not sufficiently modified, our ability to participate in the Ontario feed-in-tariff program for future projects will be substantially reduced and possibly eliminated, and thus our ability to pursue an expansion strategy in Ontario, Canada would be adversely affected.

Most of our manufacturing equipment is customized, and either we manufacture the equipment ourselves or provide our designs to third-party equipment manufacturers. If we are unable to manufacture our equipment for the costs we have budgeted or if our manufacturing equipment fails, we could experience cost overruns, delays in our expansion plans or disruptions in production and may be unable to satisfy customer demand.

Most of our manufacturing equipment is customized for our production facilities based on designs or specifications that we use either to manufacture the equipment ourselves or provide to third-party equipment manufacturers. As we scale our equipment manufacturing operations, we may be unable to build the equipment for the costs that we have budgeted, which could result in incremental costs. In addition, the equipment that we have built so far and that we intend to continue building has a limited operating history and could fail to perform to specifications or have a shorter than expected operating life. In such cases, we may be forced to redesign, repair or replace this equipment earlier than anticipated which would result in incremental and unexpected equipment costs that could be substantial. If any piece of equipment fails or is damaged, production throughout a facility could be interrupted, and we could be unable to produce enough photovoltaic systems to satisfy customer demand, which in turn could lead to loss of market share and damage to our reputation and customer relationships.

Our sales are based on purchase orders with our customers, both under the terms of framework agreements and on a standalone basis. If customers choose not to place purchase orders for our photovoltaic systems, it would reduce our net sales, which could lead to excess inventory and unabsorbed overhead costs. In addition, we may be forced to lower our prices to generate sales, which would negatively affect our operating results.

Sales to our customers are made on a purchase order basis, both under the terms of framework agreements and on a standalone basis. Our existing framework agreements set forth volume and price expectations over a number of years, but they generally do not result in a firm purchase commitment until a purchase order is issued. The timing of placing these orders and the amounts of these orders are often at our customers' discretion and our ability to convert the preliminary volume expectations contained in our framework agreements into revenue will depend on a number of factors, including the financial condition of our customers and the availability of capital to finance solar projects as well as government subsidy programs for our photovoltaic systems. If our customers cancel, reduce, postpone or fail to make anticipated orders, it would result in the delay or loss of expected sales without allowing us sufficient time to reduce, or delay the incurrence of, our corresponding inventory and operating expenses. Moreover, to reduce our excess inventory, we may be forced to lower the selling prices of our photovoltaic systems, which would result in lower revenue and have an adverse impact on our operating results.

Table of Contents**Problems with product delivery delays or performance could subject us to substantial penalties under our customer agreements, which could harm our business and results of operations.**

Our customers may require protections in the form of price reductions, rescheduling of deliveries and similar arrangements that allow them to require us to deliver additional solar panels or reimburse them for losses they suffer as a result of our late delivery or failure to meet agreed upon performance specifications. Delays in delivery of our photovoltaic systems, unexpected performance problems in electricity generation or other events could cause us to fail to meet these contractual commitments, resulting in unanticipated revenue and earnings losses and financial penalties. Failure to meet these commitments could be caused by delays in obtaining necessary materials used in our production process, defects in material or workmanship or unexpected problems in our manufacturing process. The occurrence of any of these events could harm our business and results of operations.

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

Consistent with standard practice in the solar industry, the duration of our photovoltaic system warranties is lengthy. We provide a limited warranty for defects in materials and workmanship of our panels under normal use and service conditions for five years following the installation of our photovoltaic systems. We also warrant to the owner of our photovoltaic systems that panels, when installed in accordance with our agreed-upon specifications, will have a minimum peak power output under standard test conditions of at least 90% of their initial nameplate panel power rating during the first 10 years following their installation and a minimum peak power output under standard test conditions of at least 80% of their initial nameplate panel power rating during the following 15 years. Due to the long warranty period, we bear the risk of warranty claims long after we have shipped product and recognized revenue.

Because of the limited operating history of our photovoltaic systems, we have been required to make assumptions and apply judgments, based on accelerated life cycle testing conducted to measure performance and reliability, regarding a number of factors, including our anticipated rate of warranty claims, the durability and reliability of our systems and the performance of our hermetic seal in isolating our active solar cell materials from moisture. 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 photovoltaic systems in the future. Any widespread product failures may damage our market reputation and cause our revenue to decline.

We may be unable to sustain our growth or manage the expansion of our operations effectively and implement effective controls and procedures.

We have only been in existence since 2005, and much of our growth has occurred in recent periods. We intend to continue to expand our business significantly, including through the expansion of the production capacity at Fab 1 and the development and construction of Fab 2. To manage the expansion of our operations, we will be required to improve our operational and financial systems, procedures and controls and expand, train and manage our growing employee base. Our management will also be required to maintain and expand our relationships with customers, suppliers and other third parties and attract new customers and suppliers, as well as to manage multiple locations. In addition, our current and planned operations, personnel, systems and internal procedures and controls might be inadequate to support our future growth, which would require us to make additional investment in our infrastructure. We may not be able to successfully improve our information and control systems to a level necessary to manage our growth, and we may discover deficiencies in existing systems and controls that we may not be able to remediate in an efficient or timely manner. If we cannot sustain our growth or manage our growth effectively, we may be unable to take advantage of market opportunities, execute our

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business strategies or respond to competitive pressures, and our business, financial condition and results of operations could be harmed. Moreover, we will need to enhance and improve our existing internal control over financial reporting, particularly as we transition from a private to a public company. If we are unable to establish and maintain effective internal controls, our ability to accurately and timely report our financial position, results of operations or cash flows could be impaired, which could result in restatements of our consolidated financial statements or other material effects on our business, reputation, financial condition, results of operations or liquidity.

Our dependence on third-party suppliers for raw materials used in our photovoltaic systems could increase our manufacturing costs.

We may enter into long-term contracts with suppliers in order to ensure adequate supply of certain of the raw materials used in our photovoltaic systems. For example, we have negotiated a multi-year, binding contract directly with a glass supplier for the glass utilized in manufacturing our photovoltaic systems. Under these supply agreements, we may be required to purchase a specified quantity of materials at fixed prices, in some cases subject to upward inflation-related adjustments over a period of several years. We also may be required to make substantial prepayments to suppliers against future deliveries. These types of "take or pay" agreements allow suppliers to invoice us for a percentage of the full purchase price of materials we are under contract to purchase each year, whether or not we actually order the required volume. If for any reason we fail to order the required annual volume under these types of agreements or similar agreements, the resulting monetary damages could harm our business and results of operations. Additionally, long-term contractual commitments also expose us to specific counterparty risk, which can be magnified when dealing with suppliers without a long, stable production and financial history. For example, if one or more of our contractual counterparties is unable or unwilling to provide us with the contracted amount of materials, we could be required to obtain those materials in the spot market, which could be unavailable at that time, or only available at prices in excess of our contracted prices. In addition, in the event any such supplier experiences financial difficulties, it may be difficult or impossible, or may require substantial time and expense, for us to recover any or all of our prepayments.

If we fail to manage distribution of our products properly, or if our value-added resellers' financial condition or operations weaken, our revenue could be adversely affected.

We market and sell our photovoltaic systems directly through value-added resellers, such as large system integrators and roofing materials manufacturers. In order for us to maintain or increase our revenue, we must effectively manage our relationships with value-added resellers.

Several factors could result in disruption of or changes in our distribution model, which could materially harm our revenue, including the following:

- we do not have exclusive arrangements with our value-added resellers, which may lead them to offer competing products that could reduce our sales;
- our value-added resellers may demand that we absorb a greater share of the risks that their customers may ask them to bear, for example by seeking to return products if they are unable to complete projects with the ultimate system owners or obtain long-term financing; and
- our value-added resellers may have insufficient financial resources and may not be able to withstand changes and challenges in business conditions.

In addition, we depend on our value-added resellers to comply with applicable regulatory requirements in the jurisdictions in which they operate. Their failure to do so could have a material adverse effect on our business, and subject us to sanctions by the applicable governmental authority.

Table of Contents**If we are unable to maintain our existing relationships and develop new relationships with value-added resellers, our revenue may be impacted negatively.**

We allocate the sale of our photovoltaic systems to key value-added resellers that we believe will allow us to maximize revenue in the future, even if the price at which such sales occur is not the highest price we could currently obtain. We believe that these value-added resellers are industry leaders that will offer us expanded access to segments of the commercial rooftop market. There is intense competition for relationships with value-added resellers, and even if we can establish these relationships, such relationships may not generate significant revenue or may not continue to be in effect for any specific period of time. Although we have previously allocated sales of our photovoltaic systems to these value-added resellers, we cannot assure you that sales to these value-added resellers will increase in the future commensurate with the expected increases in our production capacity. If these relationships fail to materialize as expected, we could suffer delays in product deployment, our revenue could fail to grow or even decrease, and we could fail to achieve widespread adoption of our photovoltaic systems.

We intend to continue to pursue business relationships with key value-added resellers to accelerate the sale and marketing of our photovoltaic systems. To the extent that we are unsuccessful in developing new relationships or maintaining our existing relationships, our future revenue and operating results could be impacted negatively.

We are exposed to the credit risk of some of our customers, as well as credit exposures in weakened markets, which could adversely impact our financial condition and operating results.

Most of our sales to customers are on credit, with typical payment terms ranging from 30 to 60 days. We expect demand for customer financing to continue. During periods of economic downturn in the global economy, our exposure to credit risks from our customers increases. Although we have programs in place to monitor and mitigate the associated risks, such programs may not be effective in reducing our credit risks. In the event of non-payment by one or more of our customers, our business could be materially adversely affected. Additionally, to the extent that the recent turmoil in the credit markets makes it more difficult for customers to obtain credit, our product sales could be adversely impacted, which in turn could have a material adverse impact on our financial condition and operating results.

We face intense competition.

The solar electricity and renewable energy industries are both highly competitive and continually evolving as participants strive to distinguish themselves within their markets and compete with the larger electric power industry. We believe that our main sources of competition are crystalline silicon photovoltaic systems manufacturers and other thin film photovoltaic systems manufacturers.

Within the solar industry, we face competition from crystalline silicon photovoltaic cell and panel manufacturers, including BP Solar International Inc., General Electric Company, Sanyo North America Corporation, Sharp Electronics Corporation, SolarWorld AG, SunPower Corporation, Yingli Green Energy Holding Company Limited and Suntech Power Holdings Co., Ltd. The thin film component of the industry is largely made up of a broad mix of technology platforms at various stages of development, and consists of a large and growing number of medium- and small-sized companies. Competition from thin film photovoltaic system manufacturers includes First Solar, Inc. and United Solar Ovonic, LLC, and several crystalline silicon manufacturers who are developing thin film technologies. In addition, several emerging companies are pursuing a variety of methods to make CIGS-based thin film solar products and possibly compete in the commercial rooftop segment. These companies include AVANCIS GmbH & Co. KG, Honda Soltec Co., Ltd., MiaSolé, NanoSolar, Inc., Showa Shell Solar K.K. and Würth Solar GmbH & Co. We may also face competition from semiconductor equipment manufacturers, semiconductor manufacturers or their customers, several of which have already entered the solar photovoltaic market.

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Some of our existing and potential competitors have substantially greater financial, technical, manufacturing and other resources than we do. The greater size of some of our competitors may provide them with a competitive advantage because they can realize economies of scale and purchase certain raw materials at lower prices. As a result of their greater size, some of our 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. A number of our competitors also have greater brand name recognition, more established distribution networks and larger customer bases. In addition, a number of our competitors have well-established relationships with our current and potential customers and have extensive knowledge of our target markets.

As photovoltaic system manufacturers expand their operations and the supply of silicon increases, the corresponding increase in the global supply of solar photovoltaic products may cause substantial downward pressure on the prices of photovoltaic systems, resulting in lower revenue.

Even if demand for photovoltaic systems continues to grow, the rapid expansion plans of many photovoltaic systems manufacturers could create periods where photovoltaic system supply exceeds demand. In addition, we believe that the significant increase in the supply, and the resulting significant decrease in cost, of silicon will result in substantial reductions in the manufacturing cost of crystalline silicon based photovoltaic systems and lead to pricing pressures on photovoltaic systems and potential oversupply.

If confronted with such downward pricing pressures, our competitors could decide to reduce the sales price of their photovoltaic systems, even below their manufacturing cost, to generate sales. As a result, we might be forced to reduce the sales prices of our systems, which, absent a commensurate increase in our manufacturing efficiency and production output or decrease in our manufacturing costs, could result in lower revenue, harm our financial condition and results of operations and prevent us from achieving profitability.

The success of our business depends on the continuing contributions of our key personnel and our ability to attract and retain new qualified employees in a competitive labor market.

We have attracted a highly skilled management team and specialized workforce, including scientists, engineers, researchers and manufacturing and marketing professionals. If we were to lose the services of any of our executive officers or key employees, particularly Dr. Christian Gronet, our founder and Chief Executive Officer, our business could be harmed. With the exception of Dr. Gronet, we do not carry key person life insurance on any of our senior management or other key personnel.

Our future success depends, to a significant extent, on our ability to attract, train and retain technical personnel. Recruiting and retaining capable personnel, particularly those with expertise in the solar power industry, thin film technology, CIGS and manufacturing processes, is vital to our success. Competition for personnel is intense, and qualified technical personnel are likely to remain a limited resource for the foreseeable future. Locating candidates with the appropriate qualifications can be costly and difficult. We may not be able to hire the necessary personnel to implement our business strategy given our anticipated hiring needs, or we may need to provide higher compensation or more training to our personnel than we currently anticipate. Moreover, any employee, including our officers, can terminate his or her relationship with us at any time. If we are unable to replace critical employees in a timely manner, or at all, our business may suffer.

If we fail to protect our intellectual property rights adequately, our competitive position may be undermined.

Our ability to compete effectively against competing solar power technologies will depend, in part, on our ability to protect our current and future proprietary technology, product designs and

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manufacturing processes by obtaining, maintaining and enforcing our intellectual property rights through a combination of patents, copyrights, trademarks and trade secrets and also through unfair competition laws. We may not be able to obtain, maintain or enforce adequately our intellectual property and may need to defend against infringement or misappropriation claims, either of which could materially harm our business and prospects. We face numerous risks relating to our intellectual property rights, including:

- our pending U.S. and foreign patent applications may not result in issued patents, and the claims in our issued patents may not be sufficiently broad to prevent others from developing or using technology similar to ours or in developing, using, manufacturing, marketing or selling products similar to ours;
- given the costs of obtaining patents, we may choose not to file patent applications or not to maintain issued patents for certain innovations that later turn out to be important, or we may choose not to obtain foreign patent protection at all or in certain foreign countries, which later turn out to be important markets for us;
- we have no issued patents in any foreign jurisdictions and, even if our pending or future patent applications result in the issuance of foreign patents, the laws of some foreign jurisdictions do not protect intellectual property rights to the same extent as laws in the United States, and we may encounter difficulties in protecting and defending our rights in such foreign jurisdictions;
- our patents and other intellectual property rights may not be sufficient to deter infringement or misappropriation of our intellectual property rights by others;
- third parties may design around our patented technologies, independently develop substantially equivalent proprietary information, products and techniques or otherwise gain access to our proprietary information;
- third parties may seek to challenge or invalidate our patents, and if they are successful, the claims in our patents may be narrowed or our patents may be invalidated or rendered unenforceable;
- we may have to participate in proceedings such as interference, cancellation or opposition, before the U.S. Patent and Trademark Office, or before foreign patent and trademark offices, with respect to our patents, patent applications, trademarks or trademark applications or those of others, and these actions may result in substantial costs to us as well as a diversion of management attention;
- we may need to enforce our intellectual property rights against third parties for infringement or misappropriation or defend our intellectual property rights through lawsuits, which can result in significant costs and diversion of management resources, and we may not be successful in those lawsuits or obtain adequate remedies for any infringement or misappropriation that occurs;
- while we rely on trade secret protection to protect our interests in proprietary know-how and processes for which patents are difficult to obtain or enforce, we may not be able to protect our trade secrets adequately; and
- the contractual provisions on which we rely to protect our trade secrets and proprietary information, such as our confidentiality and non-disclosure agreements with our employees, consultants and other third parties, may be breached, and our trade secrets and proprietary information may be disclosed to competitors, strategic third parties and the public, or others may independently develop technology equivalent to our trade secrets and proprietary information.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to pay significant damage awards or prohibit us from the manufacture and sale of our photovoltaic systems or the use of our technology.

In recent years, there has been significant litigation involving patents and other intellectual property rights in many technology-related industries. There may be patents or patent applications in the United

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States or other countries that are pertinent to our systems or business of which we are not aware. The technology that we incorporate into and use to develop and manufacture our current and future products may be subject to claims that they infringe the patents or proprietary rights of others. The success of our business will depend on our ability to develop new technologies without infringing or misappropriating the proprietary rights of others. Third parties may allege that we infringe patents, trademarks or copyrights, or that we have misappropriated trade secrets, and they could have significantly more resources to devote to any resulting enforcement actions. These allegations could result in significant costs and diversion of the attention of management.

If a claim were brought against us, and we are found to infringe a third party's intellectual property rights, we could be required to pay substantial damages, including treble damages if it is determined that we have willfully infringed such rights, or be enjoined from using the technology deemed to be infringing or using, making or selling products deemed to be infringing. If we have supplied infringing products or technology to any of our customers, we may be obligated to indemnify those customers for damages they may be required to pay to the patent holder and for any losses they may sustain as a result of the infringement. In addition, we may need to attempt to license the intellectual property rights from the patent holder or spend time and money to design around or avoid the intellectual property. Any such license may not be available on reasonable terms, or at all, and our efforts to design around or avoid the intellectual property may be unsuccessful. Regardless of the outcome, litigation can be very costly and can divert management's efforts. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our systems until resolution of such litigation. An adverse determination may subject us to significant liabilities and disrupt our business.

Existing regulations and changes to such regulations concerning the electric utility industry may present technical, regulatory and economic barriers to the purchase and use of photovoltaic systems, which may significantly reduce demand for our photovoltaic systems.

The market for electricity generation products is heavily influenced by federal, state, local and foreign government regulations and policies concerning the electric utility industry, as well as internal policies and regulations promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation. In the United States and in a number of other countries, these regulations and policies are being modified and may continue to be modified. Customer purchases of, or further investment in the research and development of, alternative energy sources, including photovoltaic technology, could be deterred by these regulations and policies, which could result in a significant reduction in the potential demand for our photovoltaic systems. For example, utility companies commonly charge fees to larger, industrial customers for disconnecting from the electric grid or for having the capacity to use power from the electric grid for back-up purposes. These fees could increase the cost to our customers of using our systems and make them less desirable, thereby harming our business, prospects, financial condition and results of operations. In addition, electricity generated by photovoltaic systems mostly competes with expensive peak-hour electricity from the electric grid, rather than the less expensive average price of electricity. Modifications to the peak hour pricing policies of utilities, such as to a flat rate, would require photovoltaic systems to achieve lower prices in order to compete with the price of electricity from the electric grid.

Our photovoltaic systems and their installation will be subject to oversight and regulation in accordance with national, state and local laws and ordinances relating to building codes, safety, environmental protection, utility interconnection and metering and related matters. It is difficult to track the requirements of individual governmental authorities and design equipment to comply with the varying standards. Any new government regulations or utility policies pertaining to our systems may result in significant additional expenses to us and our customers and distributors and their customers and, as a result, could cause a significant reduction in demand for our systems.

Table of Contents**Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in potentially significant monetary damages and penalties and adverse publicity.**

Our operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials and are subject to extensive environmental laws and regulations at the national, state, local and international level. Such environmental laws and regulations include those governing the discharge of pollutants into the air and water, the use, management and disposal of hazardous materials and wastes, the cleanup of contaminated sites and occupational health and safety. We have incurred, and will continue to incur, costs in complying with these laws and regulations. Any failure by us to control the use of or generation of, limit exposure to, or to restrict adequately the discharge or disposal of, hazardous substances or wastes or to otherwise comply with the complex, technical environmental laws and regulations governing our activities could subject us to potentially significant monetary damages and penalties, criminal proceedings, third-party property damage or personal injury claims, natural resource damage claims, cleanup costs or other costs, or restrictions or suspensions of our business operations. In addition, under some foreign, federal and state statutes and regulations governing liability for releases of hazardous substances or wastes to the environment, a governmental agency or private party may seek recovery of response costs or damages from generators of the hazardous substances or operators of property where releases of hazardous substances have occurred or are ongoing, even if such party was not responsible for the release or otherwise at fault. Also, federal, state or international environmental laws and regulations may ban or restrict the availability and use of certain hazardous or toxic raw materials, such as cadmium, that are or may be used in producing our systems, or placing on the market products that contain certain hazardous or toxic materials in concentrations or amounts that exceed allowable limits, and substitute materials may be more costly or unsatisfactory in performance. Federal, state or international environmental laws and regulations may require us in the future to collect our products from system owners for recycling or disposal at the end of their life cycle and the costs associated with such product take-back requirements could be material to our financial condition or results of operations. While we are not aware of any outstanding, material environmental claims, liabilities or obligations, future developments such as the implementation of new, more stringent laws and regulations, more aggressive enforcement policies, or the discovery of unknown environmental conditions associated with our current or past operations or properties may require expenditures that could harm our business, financial condition or results of operations. Any noncompliance with or incurrence of liability under environmental laws may subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems.

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

Our manufacturing operations and research and development activities involve the use of mechanical equipment and hazardous chemicals, which involve a risk of potential injury to our employees. These operations are subject to regulation under the U.S. Occupational Safety and Health Act. If we fail to comply with these regulations, or if an employee injury occurs, we may be required to pay substantial penalties, incur significant capital expenditures, suspend or limit production or cease operations. Also, any such violations, employee injuries or failure to comply with industry best practices may subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems.

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

Like other retailers, distributors and manufacturers of products that are used by consumers, we face an inherent risk of exposure to product liability claims in the event that the use of the photovoltaic systems we sell results in injury to consumers or our customers. Because our photovoltaic systems are

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electricity producing devices, it is possible that consumers or our customers could be injured or killed by our systems, whether by product malfunctions, defects, improper installation or other causes. In addition, since we have a limited operating history and the products we are selling incorporate new technologies and use new installation methods, we cannot predict whether or not product liability claims will be brought against us in the future or the effect of any resulting adverse publicity on our business. We rely on our general liability insurance to cover product liability claims and have not obtained separate product liability insurance. The successful assertion of product liability claims against us could result in potentially significant monetary damages, and if our insurance protection is inadequate to cover these claims, we could be required to make significant payments. Also, any product liability claims and any adverse outcomes with respect thereto may subject us to adverse publicity, damage our reputation and competitive position and adversely affect sales of our systems.

We have significant international activities, which subject us to a number of risks.

We expect that revenue from customers outside of the United States will continue to represent a substantial portion of our total revenue for the foreseeable future, and we may seek to establish manufacturing facilities in international locations. Risks inherent to international operations include the following:

- multiple, conflicting and changing laws and regulations, including export and import restrictions, tax laws and regulations, environmental regulations, labor laws and other government requirements, approvals, permits and licenses;
- difficulties in enforcing agreements in foreign legal systems;
- difficulties and costs in staffing and managing foreign operations;
- difficulties and costs in recruiting and retaining individuals skilled in international business operations;
- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable;
- fluctuations in currency exchange rates relative to the U.S. dollar;
- inability to obtain, maintain or enforce intellectual property rights;
- changes in general economic and political conditions in the countries in which we operate, including changes in government incentives relating to solar electricity;
- risk of nationalization of private enterprises; and
- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions.

Doing business in foreign markets requires us to be able to respond to rapid changes in market conditions in these countries. The success of our business will depend, in part, on our ability to succeed in differing legal, regulatory, economic, social and political environments. We may not be able to develop and implement policies and strategies that will be effective in each location where we do business.

Fluctuations in foreign currency exchange rates could decrease our revenue or increase our expenses.

We expect that a substantial portion of our total revenue for the foreseeable future will be generated outside the United States. We presently have currency exposure arising from both sales and purchases denominated in foreign currencies. For example, for the nine months ended October 3, 2009, 66% of our revenue was denominated in Euro and our revenue benefited from a strong Euro. We are exposed to the risk of a decrease in the value of these foreign currencies relative to the U.S. dollar, which would

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decrease our total revenue. Changes in exchange rates between foreign currencies and the U.S. dollar may harm our operating results. For example, if these foreign currencies appreciate against the U.S. dollar, it will make it more expensive in terms of U.S. dollars to purchase inventory or pay expenses with foreign currencies. In addition, currency devaluation can result in a loss to us if we hold deposits of that currency. An increase in the value of the U.S. dollar relative to foreign currencies could make our systems more expensive for our international customers, which we typically expect to purchase our photovoltaic systems in U.S. dollars, than locally manufactured products, thus potentially leading to a reduction in our sales. Furthermore, many of our competitors are foreign companies that could benefit from such a currency fluctuation, making it more difficult for us to compete with those companies. The forward contracts we from time to time use to protect against the foreign currency exchange rate risk inherent in our equipment purchases denominated in currencies other than the U.S. dollar may not adequately cover our exposure.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses, or NOLs, to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change in connection with or after this offering, our ability to utilize NOLs could be further limited by Section 382 of the Internal Revenue Code. Future changes in our stock ownership, some of which are beyond our control, could result in an ownership change under Section 382 of the Internal Revenue Code. Furthermore, our ability to utilize NOLs of any companies that we may acquire in the future may be subject to limitations. For these reasons, in the event we experienced a change of control, we may not be able to utilize a material portion of the NOLs reflected on our balance sheet, even if we attain profitability.

Our business could be adversely affected by seasonal trends and construction cycles.

We may be subject to industry-specific seasonal fluctuations in the future, particularly in climates that experience colder weather during the winter months, such as Belgium, Canada, Germany and the United States. There are various reasons for seasonality fluctuations, mostly related to economic incentives and weather patterns. For example, in European countries with feed-in tariffs, the construction of photovoltaic systems may be concentrated during the second half of the calendar year, largely due to the annual reduction of the applicable minimum feed-in tariff and the fact that the coldest winter months are January through March. In the United States, customers will sometimes make purchasing decisions towards the end of the year in order to take advantage of tax credits or for budgetary reasons. In addition, construction levels are typically slower in colder months. Accordingly, our business and quarterly results of operations could be affected by seasonal fluctuations in the future.

Our headquarters and other facilities are located in an active earthquake zone, and an earthquake or other types of natural disasters or resource shortages could disrupt and harm our results of operations.

We conduct our operations in the San Francisco Bay Area in an active earthquake zone. In addition, California from time to time has experienced shortages of water, electric power and natural gas. The occurrence of a natural disaster, such as an earthquake, drought, flood or localized extended outages of critical utilities or transportation systems, or any critical resource shortages, could cause a significant interruption in our business, damage or destroy our facilities, manufacturing equipment or inventory and cause us to incur significant costs, any of which could harm our business, financial condition and results of operations. The insurance we maintain against fires, earthquakes and other natural disasters may not be adequate to cover our losses in any particular case.

Table of Contents**Risks Related to This Offering and to Our Common Stock****Our share price may be volatile and you may be unable to sell your shares at or above the initial public offering price.**

The initial public offering price for our shares will be determined by negotiations between us and representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. The market price of shares of our common stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- delays or other changes in our expansion plans;
- actual or anticipated fluctuations in our financial condition and operating results;
- our cash and short-term investment position;
- actual or anticipated fluctuations in our growth rate relative to our competitors;
- actual or anticipated fluctuations in our competitors' operating results or changes in their growth rate;
- announcements of technological innovations or new products by us or our competitors;
- adverse announcements regarding product performance;
- reductions in the retail price of electricity;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or losses of customers;
- additions or departures of key personnel;
- competition from existing products or new products that may emerge;
- the failure of securities analysts to cover our common stock after this offering or updates or changes in financial estimates or recommendations by securities analysts;
- the inability to meet the financial estimates of securities analysts who follow our common stock;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- disputes or other developments related to our intellectual property rights, including litigation, and our ability to obtain and maintain patent protection for our technologies;
- changes in laws, regulations and policies applicable to our business and products, particularly those relating to government incentives for on-grid solar electricity applications;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- general market conditions in our industry and the industries of our customers; and
- general economic and market conditions.

Furthermore, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and

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market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of shares of our common stock. If the market price of shares of our common stock after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

No public market currently exists for our common stock, and an active trading market may not develop or be sustained following this offering.

Prior to this offering, there has been no public market for our common stock. Although we have applied to have our common stock listed on _____, an active public trading market for our common stock may not develop or, if it develops, may not be sustained after this offering. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations and may impair our ability to acquire other companies or technologies by using our shares as consideration.

Public investors will experience immediate and substantial dilution as a result of this offering.

The initial public offering price will be substantially higher than the net tangible book value per share of shares of our common stock immediately following this offering. Therefore, if you purchase common stock in this offering, you will experience immediate and substantial dilution of your investment. Based upon the issuance and sale of _____ shares of common stock by us at an assumed initial public offering price of \$ _____ per share (the midpoint of the price range set forth on the cover page of this prospectus), you will incur immediate dilution of approximately \$ _____ in the net tangible book value per share if you purchase shares of our common stock in this offering.

We also have approximately _____ outstanding stock options and warrants to purchase common stock with exercise prices that are below the assumed initial public offering price of the common stock. To the extent that these options and warrants are exercised, you will experience further dilution. For further information, see the "Dilution" section of this prospectus.

A significant portion of our total outstanding shares of common stock is restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our common stock to drop significantly.

Sales of a substantial number of shares of our common stock in the public market could occur at any time following this offering, subject to certain securities law restrictions and the terms of contractual lock-up agreements. Sales of shares of our common stock, or the perception in the market that the holders of a large number of shares of common stock intend to sell shares, could reduce the market price of our common stock. After this offering, we will have outstanding _____ shares of common stock. Of these shares, if Argonaut Ventures I, L.L.C., or Argonaut, were to purchase all _____ of the shares it has the right to purchase, _____ shares are or will be currently restricted from transfer under securities laws or pursuant to lock-up agreements described in the "Underwriting" and "Certain Relationships and Related Party Transactions" sections of this prospectus, but will be able to be resold after the offering as described in the "Shares Eligible for Future Sale" section of this prospectus. As of October 3, 2009, our three largest stockholders beneficially own 56.9% of our outstanding common stock, as calculated on an as-converted basis. If one or more of them were to sell a substantial portion of the shares they hold, the market price of our common stock could decline.

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Moreover, after this offering, holders of an aggregate of _____ shares of our common stock will have rights, subject to certain conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If such rights are exercised, once we register these shares, they can be freely sold in the public market, subject, if applicable, to the lock-up agreements described in the "Underwriting" section of this prospectus.

After this offering, we intend to register approximately _____ shares of common stock that we have issued or may issue under our equity plans. Once we register these shares, they can be freely sold in the public market upon issuance and once vested, subject, if applicable, to the lock-up agreements described in the "Underwriting" section of this prospectus.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. If no or few securities or industry analysts commence coverage of our company, the trading price and liquidity for our stock could be negatively impacted. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our stock or publishes misleading or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price or trading volume to decline.

Our directors, officers and principal stockholders will continue to have substantial control over us after this offering, which may limit our stockholders' ability to influence corporate matters and delay or prevent a third party from acquiring control over us.

Upon completion of this offering, if Argonaut were to purchase all _____ of the shares it has the right to purchase, our directors, officers and existing stockholders who hold at least 5% of our stock will beneficially own, in the aggregate, approximately _____ % of our outstanding common stock, compared to _____ % represented by the shares sold in this offering, assuming no exercise of the underwriters' over-allotment option. As of October 3, 2009, our three largest stockholders beneficially own 56.9% of our outstanding common stock, as calculated on an as-converted basis. As a result, these stockholders will be able to exercise influence over all matters requiring stockholder approval, including the election of directors and approval of corporate transactions, such as a merger or other sale of our company or its assets. This concentration of ownership will limit your ability to influence corporate matters and could delay or prevent a third party from acquiring control over us. For information regarding the ownership of our outstanding stock by our executive officers and directors and their affiliates, please see the section titled "Principal Stockholders."

If Argonaut purchases all of the shares that it has the right to purchase, it would reduce the available public float for our shares.

Argonaut, which together with its affiliates beneficially owns approximately 35.7% of our outstanding common stock on an as-converted basis, has the right to purchase from us up to 15% of the aggregate number of shares offered in this offering at the initial price to the public, but is under no obligation to purchase any shares. If Argonaut were to purchase all of these shares, Argonaut would beneficially own approximately _____ % of our outstanding common stock after this offering and our directors, officers and existing stockholders who hold at least 5% of our stock would beneficially own, in the aggregate, approximately _____ % of our outstanding common stock after this offering, based on _____ shares of common stock outstanding after this offering, assuming no exercise of the underwriters over-allotment option.

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If Argonaut purchases all or a portion of the shares it has the right to purchase, such purchase would reduce the available public float for our shares because Argonaut would be restricted from selling the shares by restrictions under applicable securities laws and contractual lock-up provisions. As a result, any purchase of shares by Argonaut may reduce the liquidity of our common stock relative to what it would have been had these shares been purchased by investors that were not affiliated with us.

We will incur increased costs and our management will face increased demands as a result of operating as a public company.

We have never operated as a public company. As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as related rules implemented by the U.S. Securities and Exchange Commission, or the SEC, and _____, impose various requirements on public companies. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these rules and regulations to make it more expensive for us to maintain director and officer liability insurance. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of director or as our executive officers.

In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, our stock price could decline, and we could face sanctions, delisting or investigations by _____, or other material effects on our business, reputation, results of operations, financial condition or liquidity.

Our management will have broad discretion over the use of the proceeds we receive in this offering and might not apply the proceeds in ways that increase the value of your investment.

Our management will have broad discretion to use the net proceeds from this offering, and you will be relying on the judgment of our management regarding the application of these proceeds. Our management might not apply the net proceeds of this offering in ways that increase the value of your investment. We intend to use the net proceeds from this offering to fund costs of Phase II of Fab 2 and any remaining balance for general corporate purposes, including for working capital, repayment of amounts, if any, drawn under our existing revolving loan facility with Argonaut and additional capital expenditures. We may also use a portion of our net proceeds to fund acquisitions of complementary businesses, products or technologies. We have not allocated these net proceeds for any specific purposes. Our management might not be able to yield a significant return, if any, on any investment of these net proceeds. You will not have the opportunity to influence our decisions on how the net proceeds from this offering are used.

Because we do not intend to pay dividends on our common stock, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We have never declared or paid any cash dividends on our common stock. We anticipate that we will retain our future earnings, if any, to support our operations and to finance the growth and

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development of our business and do not expect to pay cash dividends in the foreseeable future. As a result, the success of an investment in our common stock will depend upon appreciation in the value of our common stock. There is no guarantee that our common stock will appreciate in value or even maintain its current price. Investors seeking cash dividends should not invest in our common stock.

Anti-takeover provisions in our charter documents and Delaware law could discourage, delay or prevent a change in control of our company and may affect the trading price of our common stock.

Our amended and restated certificate of incorporation and bylaws to be effective upon the closing of this offering will contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our board of directors. Our corporate governance documents will include the following provisions:

- authorizing blank check preferred stock, which could be issued with 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 and to take action by written consent in lieu of a meeting;
- 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;
- establishing a classified board of directors, as a result of which the successors to the directors whose terms have expired will be elected to serve from the time of election and qualification until the third annual meeting following their election;
- requiring that directors only be removed from office for cause; and
- limiting the determination of the number of directors on our board and the filling of vacancies or newly created seats on the board to our board of directors then in office.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents some stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without the prior approval of our board of directors or the holders of substantially all of our outstanding common stock.

These provisions of our charter documents and Delaware law, alone or together, could delay or deter hostile takeovers and changes in control or changes in our management. Any provision of our amended and restated certificate of incorporation or bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future.

Table of Contents**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA**

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in the "Risk Factors" section of this prospectus. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Before investing in our common stock, investors should be aware that the occurrence of the risks, uncertainties and events described in the section entitled "Risk Factors" and elsewhere in this prospectus could have a material adverse effect on our business, results of operations and financial condition.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

This prospectus also contains statistical data and estimates, including those relating to market size and growth rates of the markets in which we participate, that we obtained from industry publications and reports generated by the California Renewable Energy Transmission Initiative, the Database of State Incentives for Renewables & Efficiency, Ecofys, Euromonitor, Freedonia Group, iSuppli, the National Renewable Energy Laboratory, Navigant Consulting, Navigant Consulting PV Services, New Energy Finance, the U.S. Energy Information Administration and Solarbuzz. These data and estimates involve a number of assumptions and limitations, and you are cautioned not to give undue weight to them. These publications typically indicate that they have obtained their information from sources they believe to be reliable, but do not guarantee the accuracy and completeness of their information. Although we have assessed the information in the publications and found it to be reasonable and believe the publications are reliable, we have not independently verified their data and, accordingly, we cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of the future performance of the industries in which we operate and the markets we serve are necessarily subject to a high degree of uncertainty and risk.

Document

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1213

To: [REDACTED]
Subject: RE: DOE Loan Guarantees status update

The story made it onto the WSJ, as well.

<http://www.greentechmedia.com/articles/read/how-does-the-u.s.-taxpayer-make-out-in-the-solyndra-affair/>

http://online.wsj.com/article/SB10001424052748704629804575324831312703468.html?mod=googlenews_wsj

From: [REDACTED]
Sent: Wednesday, June 23, 2010 9:32 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: Re: DOE Loan Guarantees status update

A couple of minor nits:

1. It might be worth reading some of the press on Solyndra (e.g. Silicon Valley Mercury New, Greentech Media). Some are already indicating this is a black eye for the Administration. There's not a lot of substance yet, but there may be some fall out (letters, correspondence)

2. On [REDACTED] there are two points: [REDACTED]

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED]
Sent: Wed Jun 23 08:30:41 2010
Subject: RE: DOE Loan Guarantees status update

Great update -- I have no comments. Send to [REDACTED] when ready (subject to others' comments).

Thanks.

From: [REDACTED]
Sent: Tuesday, June 22, 2010 11:20 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: DOE Loan Guarantees status update

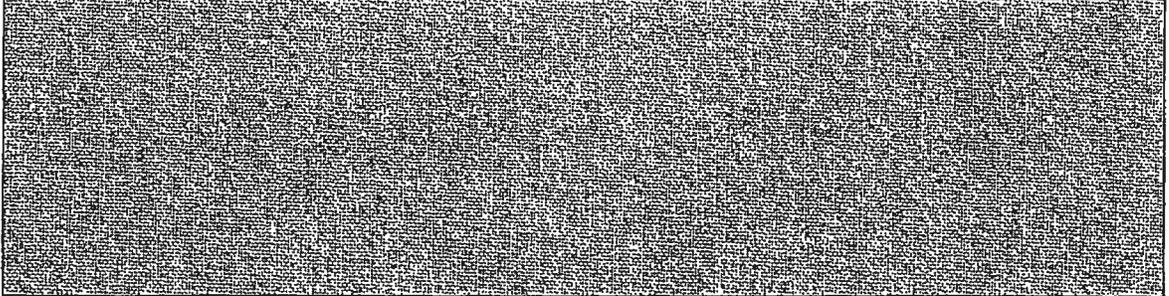
In light of [REDACTED] request (via [REDACTED] earlier this evening, below are some updates on T17, from our weekly call this Monday, as well as various developments over the course of the week. I don't have my notes with me, but will update the running to-do list tomorrow morning in anticipation of update meeting with [REDACTED]. Let me know if you have any feedback on this and if you'd like me to send this up.

Current Loans:

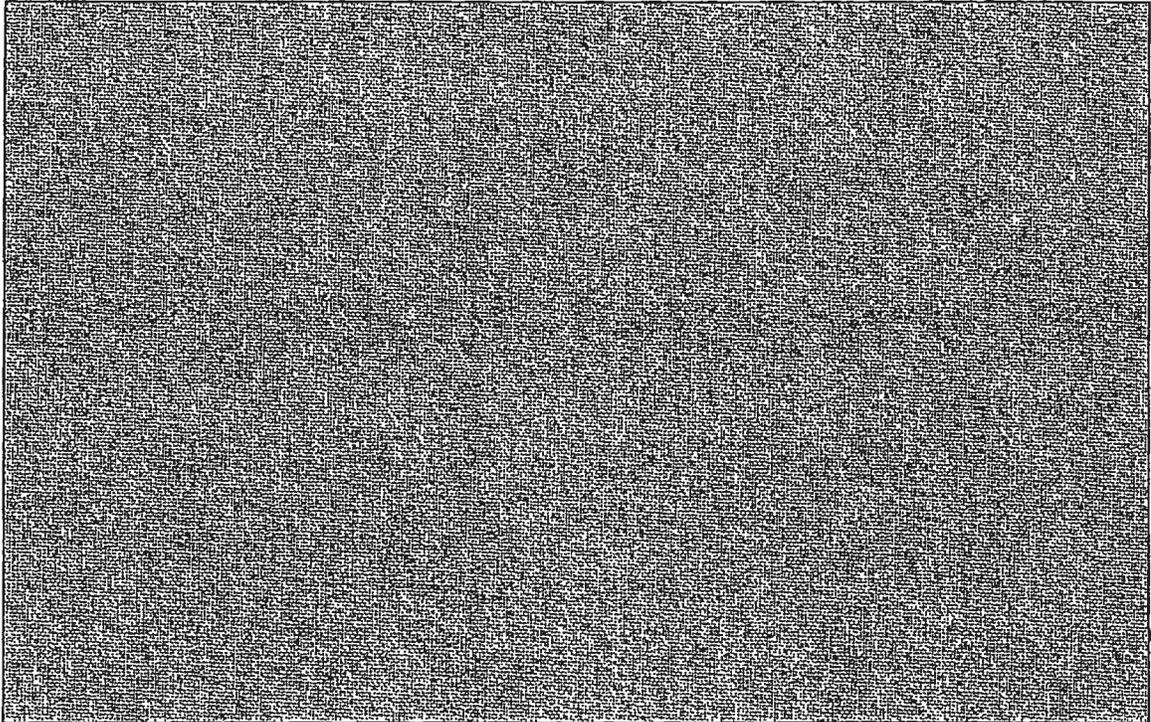
- Solyndra: has canceled its much anticipated \$300m IPO, and has instead raised less capital from its existing shareholders, in the form of debt. Although it has been explained as a function of market conditions, it is something of a black eye for the company. It does however temporarily alleviate some of the cash burn

concerns we've raised in the past. The challenges Solyndra is having should be used to insist that DOE ramp up its monitoring function immediately; if DOE does not stay on top of this project, it risks becoming embarrassing given the high profile S-1, POTUS and VPOTUS events over the past year.

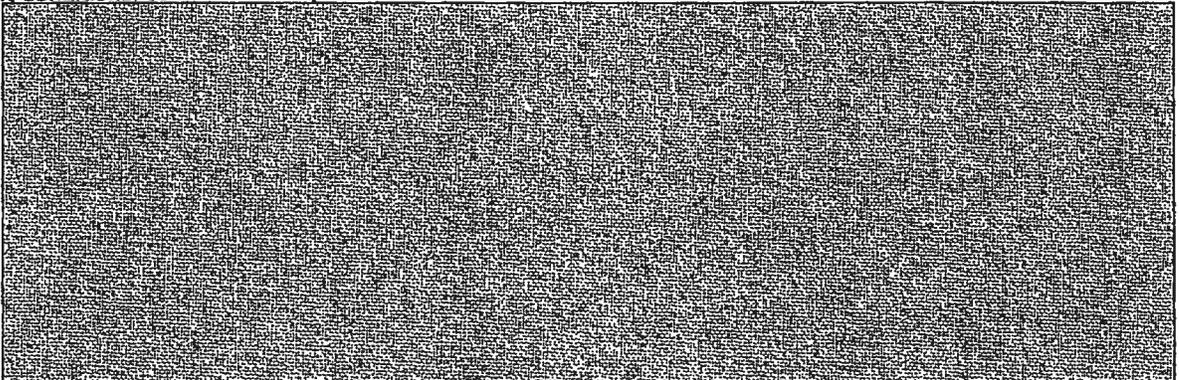
Closings (Gate 3):



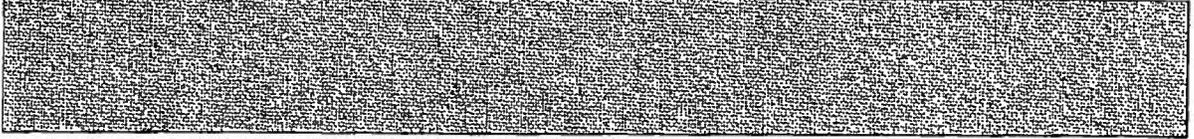
Pending Gate 2's



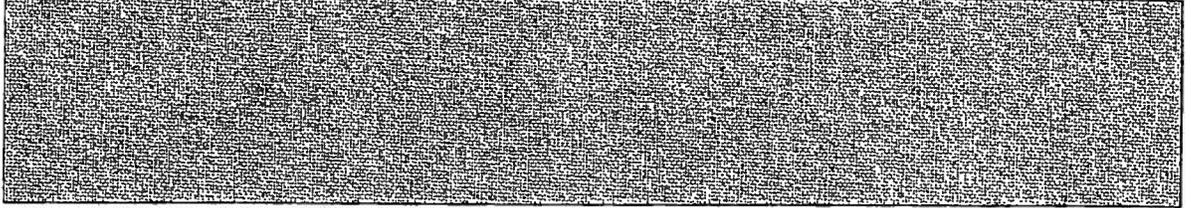
Current Conditional Commitments Updates:



1215



Other Issues:



Program Examiner
Energy Branch
Office of Management & Budget

Tel:
Email:



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