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

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-34942

Inphi Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**77-0557980**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

3945 Freedom Circle, Suite 1100,
Santa Clara, California 95054
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (408) 217-7300

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Exchange on Which Registered
Common Stock, $0.001 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

The Registrant's common stock, $0.001 par value per share, first traded on the New York Stock Exchange on November 11, 2010. Accordingly, the Registrant's common stock was not trading publicly on June 30, 2010. As of February 23, 2011, the aggregate market value of the Registrant's common stock held by non-affiliates of the Registrant was approximately $ 288.8 million, based on the closing price of the common stock as reported on the New York Stock Exchange for that date.

The total number of shares outstanding of the Registrant's common stock, $0.001 par value per share, as of February 23, 2011 was 25,388,810.

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INPHI CORPORATION
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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PART I

ITEM 1. *BUSINESS*

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this report, the terms "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "predict," "potential," "plan," or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements are statements that relate to future periods and include statements regarding our anticipated trends and challenges in our business and the markets in which we operate, including the market for 40G and 100G high-speed analog semiconductor solutions, our plans for future products, such as our isolation memory buffer or iMB™, clock and data recovery, or CDR, and serializer/deserializer, or SERDES, products, and enhancements of existing products, our expectations regarding our expenses and revenue, including our expectations that our research and development, sales and marketing and general and administrative expenses may increase in absolute dollars, our anticipated cash needs and our estimates regarding our capital requirements and our needs for additional financing, our anticipated growth strategies, our ability to retain and attract customers, particularly in light of our dependence on a limited number of customers for a substantial portion of our revenue, the anticipated costs and benefits of our recent acquisition of Winyatek Technology Inc., and our expectations regarding competition as more and larger semiconductor companies enter our markets and as existing competitors improve or expand their product offerings. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those risks discussed below, as well as factors affecting our quarterly results, our ability to manage our growth, our ability to sustain or increase profitability, demand for our solutions, the effect of declines in average selling prices for our products, our ability to compete, our ability to rapidly develop new technology and introduce new products, our ability to safeguard our intellectual property, trends in the semiconductor industry and fluctuations in general economic conditions, and the risks set forth throughout this Report, including the risks set forth under Item 1A., "Risk Factors." These forward-looking statements speak only as of the date of this report. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All references to "Inphi," "we," "us" or "our" mean Inphi Corporation.

Inphi®, iMB™ and the Inphi logo are trademarks or service marks owned by Inphi. All other trademarks, service marks and trade names appearing in this report are the property of their respective owners.

Overview

Our Company

We are a fabless provider of high-speed analog semiconductor solutions for the communications and computing markets. Our analog semiconductor solutions provide high signal integrity at leading-edge data speeds while reducing system power consumption. Our semiconductor solutions are designed to address bandwidth bottlenecks in networks, maximize throughput and minimize latency in computing environments and enable the rollout of next generation communications and computing infrastructures. Our solutions provide a vital high-speed interface between analog signals and digital information in high-performance systems such as telecommunications transport systems, enterprise networking equipment, datacenters and enterprise servers, storage platforms, test and measurement equipment and military systems. We provide 40G and 100G high-speed analog semiconductor solutions for the communications market and high-speed memory interface solutions for the computing market. We have a broad product portfolio with 17 product lines and over 170 products as of December 31, 2010.

We leverage our proprietary high-speed analog signal processing expertise and our deep understanding of system architectures to address data bottlenecks in current and emerging communications, enterprise network, computing and storage architectures. We develop these solutions as a result of our competitive strengths, including our system-level simulation capabilities, analog design expertise, strong relationships with industry leaders, extensive broad process technology experience and high-speed package modeling and design expertise. We use our core technology and strength in high-speed analog design to enable our customers to deploy next generation communications and computing systems that operate with high performance at high speed. We believe we are at the forefront of developing semiconductor solutions that deliver 100G speeds throughout the network infrastructure, including core, metro and the datacenter. Furthermore, our analog signal processing expertise enables us to improve throughput in computing systems. For example, some of our computing products enable up to four times the memory capacity on server platforms while using the current generation of memory devices.

We have ongoing, informal collaborative discussions with industry and technology leaders such as Advanced Micro Devices, Inc., Alcatel-Lucent, Huawei Technologies Co., Ltd. and Intel Corporation to design architectures and products that solve bandwidth bottlenecks in existing and next generation communications and computing systems. Although we do not have any formal agreement

with these entities, we engage in informal discussions with these entities with respect to anticipated technological challenges, next generation customer requirements and industry conventions and standards. We help define industry conventions and standards within the markets we target by collaborating with technology leaders, original equipment manufacturers or OEMs, systems manufacturers and standards bodies. Our products are designed into systems sold by OEMs, including Agilent Technologies, Inc., Alcatel-Lucent, Cisco Systems, Inc., Danaher Corporation, Dell Inc., EMC Corporation, Hewlett-Packard Company, Huawei, International Business Machines Corporation and Oracle Corporation. We believe we are one of a limited number of suppliers to these OEMs, and in some cases we may be the sole supplier for certain applications. We sell both directly to these OEMs and to other intermediary systems or module manufacturers that, in turn, sell to these OEMs.

Our Business

Our semiconductor solutions leverage our deep understanding of high-speed analog signal processing and our system architecture knowledge to address data bottlenecks in current and emerging network architectures. We design and develop our products for the communications and computing markets, which typically have two to three year design cycles, and product life cycles of 10 or more years. We believe our leadership position in developing high-speed analog semiconductors is a result of the following core strengths:

- ***System-Level Simulation Capabilities.*** We design our high-speed analog semiconductor solutions to be critical components in complex systems. In order to understand and solve system problems, we work closely with systems vendors to develop proprietary component, channel and system simulation models. We use these proprietary simulation and validation tools to accurately predict system performance prior to fabricating the semiconductor or alternately, to identify and optimize critical semiconductor parameters to satisfy customer system requirements. We use these simulation and validation capabilities to reduce our customers' time to market and engineering investments, thus enabling us to establish differentiated design relationships with our customers.
- ***Analog Design Expertise.*** We believe that we are a leader in developing broadband analog semiconductors operating at high frequencies of up to 100 GHz. High-speed analog circuit design is extremely challenging because, as frequencies increase, semiconductors are increasingly sensitive to temperature, power supply noise, process variation and interaction with neighboring circuit elements. Development of components that work robustly at high frequencies requires an understanding of analog circuit design, including electromagnetic theory and practical experience in implementation and testing. Our analog design expertise has enabled us to design and commercially ship the first 18 GHz track-and-hold amplifier, 28 GHz linear transimpedance amplifier, 40 GHz transimpedance amplifier and 50 GHz multiplexer, or MUX and demultiplexer, or DEMUX components.
- ***Strong Relationships with Industry Leaders.*** We develop many of our high-speed analog semiconductor solutions for applications and systems that are driven by industry leaders in the communications and computing markets. Through our established relationships with industry leaders, we have repeatedly demonstrated the ability to address their technological challenges. As a result, we are designed into several of their current systems and believe we are well-positioned to develop high-speed analog semiconductor solutions for their emerging architectures. For instance, our high-speed memory interface designs have been validated for Intel's Xeon ® Core i7® and next generation platforms. We have ongoing, informal collaborative discussions with communication companies such as Alcatel-Lucent and Huawei to address their next generation 100G efforts, although we have not entered into formal agreements with these entities. Specifically, we engage in informal discussions with these entities with respect to anticipated technological challenges, next generation customer requirements and industry conventions and standards. As a result of our development efforts with industry leaders, we help define industry conventions and standards within the markets we target by collaborating with technology leaders, OEMs and systems manufacturers, as well as standards bodies such as the Joint Electronic Device Engineering Councils, or JEDEC, and the Institute of Electrical and Electronic Engineers, or IEEE, and the Optical Internetworking Forum, or OIF, to establish industry standards.
- ***Broad Process Technology.*** We employ process technology experts, device technologists and circuit designers who have extensive experience in many process technologies including complementary metal oxide semiconductor, or CMOS, silicon germanium, or SiGe and III-V technologies such as gallium arsenide, or GaAs or indium phosphide, or InP. We have developed specific internal models and design kits for each process to support a uniform design methodology across all of our semiconductor solutions. For example, our products using 40 nanometer CMOS technology require development of accurate models for sub-circuits such as integrated phase lock loop, or PLLs, varactors and inductors. As another example, for III-V materials-based processes, in-house model development is a necessity and we believe also provides a substantial competitive advantage because these processes have complex material and device interactions. Combined with our fabless manufacturing strategy, our design expertise, proprietary model libraries and uniform design methodology allow us to use the best possible materials and substrates to design and develop our semiconductor solutions. We believe that our ability to design high-speed analog semiconductors in a wide range of materials and process technologies allows us to provide superior performance, power, cost and reliability for a specific set of market requirements.

- ***High-Speed Package Modeling and Design.*** We have developed deep expertise in high-speed package modeling and design, since introducing the first high-speed 50 GHz MUX and DEMUX product in 2001. At high frequencies, the interaction between an analog device, its package and the external environment can significantly affect product performance. Accurately modeling and developing advanced packaging allows semiconductor solutions to address this challenge. Due to the advanced nature of this work, there is a limited supply of engineers with experience in high-speed package modeling and design, and therefore this required expertise can be difficult to acquire for companies that have not invested in developing such a skill set. We have developed an infrastructure to simulate electrical, mechanical and thermal properties of devices and packages that we integrate within our semiconductor design process and implement at our third-party packaging providers. Modeling is an inherently iterative process, and since our model libraries are used extensively by our circuit designers, the accuracy and value of these models increases over time. Our current packaging and modeling techniques enable us to deliver semiconductors that are energy efficient, offer high-speed processing and enable advanced signal integrity, all in a small footprint.

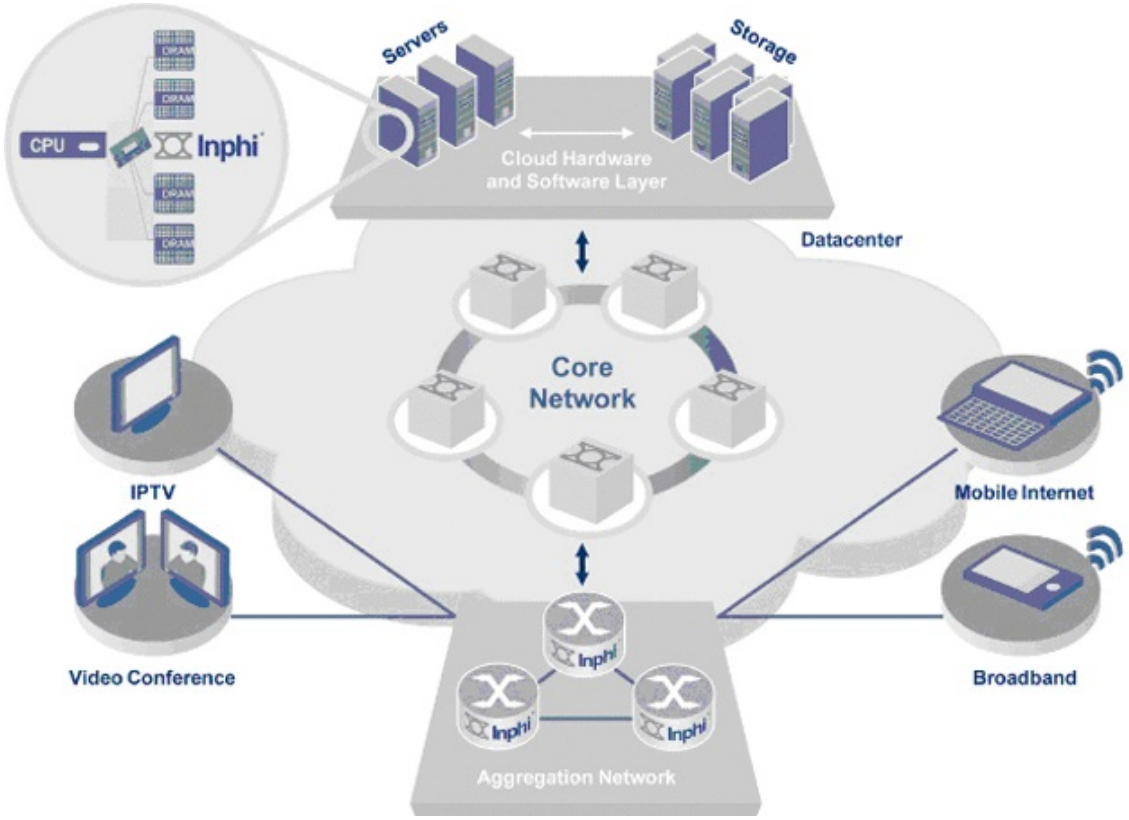
We believe that our system-level simulation capabilities, our analog design and broad process technology design capabilities as well as our strengths in packaging enable us to differentiate ourselves by delivering advanced high-speed analog signal processing solutions. For example, we believe we have successfully demonstrated the feasibility of our next generation 100G Ethernet architecture well ahead of our competitors. Within the server market, we have applied our analog signal processing expertise to develop our iMB ™ technology, which is designed to expand the memory capacity in existing server and computing platforms. Adoption of the iMB™ allows up to four times the memory capacity to be installed in a server platform, while using the current generation of memory devices.

We believe the key benefits that our solutions provide to our customers are as follows:

- ***High Performance.*** Our high-speed analog semiconductor solutions are designed to meet the specific technical requirements of our customers in their respective end-markets. In many cases, our close design relationships and deep engineering expertise put us in a position where we are one of a limited group of semiconductor vendors that can provide the necessary solution. For instance, in the broadband communications market, we believe our products achieve the highest signal integrity and attain superior signal transmission distance at required error-free or low error rates. In the computing market, we believe our products achieve industry leading data transfer rates at the smallest die size.
- ***Low Power and Small Footprint.*** In each of the end markets that we serve, the power budget of the overall system is a key consideration for systems designers. Power consumption greatly impacts system operation cost, footprint and cooling requirements, and is increasingly becoming a point of focus for our customers. We believe that our high speed analog signal processing solutions enable our customers to implement system architectures that reduce overall system power consumption. We also believe that, at high frequencies, our high-speed analog semiconductor devices typically consume less power than competitors' standard designs, which often incorporate power-consuming digital signal processing to perform data transfer functions, thereby further reducing overall system power consumption. In addition, in many of our applications, we are able to design and deliver semiconductors that have a smaller footprint and therefore reduce the overall system size.
- ***Faster Time to Market.*** Our customers compete in markets that require high-speed, reliable semiconductors that can be integrated into their systems as soon as new market opportunities develop. To meet our customers' time-to-market requirements, we work closely with them early in their design cycles and are actively involved in their development processes. Over the past nine years, we have developed methodologies and simulation environments that accurately predict the behavior of complex integrated circuits within various communications systems. In addition, we have developed an extensive internal library of proven building block circuits such as amplifiers, phase frequency detectors and transmitters that are reused to shorten design cycles and reduce risk.

Products

Our products address bandwidth bottlenecks throughout the cloud computing and network communications infrastructure, as depicted in the illustration below. For instance, our high-speed memory interface products can be found in servers where they allow CPUs to better utilize available memory resources. In addition, our products find application in devices such as dense wavelength division multiplexers that enable core and aggregation networks.



As of December 31, 2010, we had more than 170 products across 17 product lines, including products that have commercially shipped, products for which we have shipped engineering samples and products under development, that perform a wide range of functions such as amplifying, encoding, multiplexing, demultiplexing, retiming and buffering data and clock signals at speeds up to 100 Gbps. These products are key enablers for servers, routers, switches, storage and other equipment that process, store and transport data traffic. Our products are also used in test and measurement equipment and military radar systems that capture and process high-speed and ultra broadband signals. We introduced 8 new products in 2010. We design and develop our products for the communications and computing markets, which typically have two to three year design cycles, and product life cycles as long as 10 years or more.

In 2009, we successfully introduced and began to ship a new product in production which we identify as product number INSSTE32882-GS04, or the GS04 product, and which consists of an integrated PLL and register buffer. Sales of the GS04 product comprised 18% and 43% of our total revenue in 2010 and 2009, respectively. In 2010, we also began to ship in production volume a new “low voltage” version of our integrated PLL and register buffer, which is shipping in the form of product number INSSTE32882LV-GS02, or the GS02 product. The GS02 product has been launched and is currently in full commercial production and is shipping in commercial volume. Sales of the GS02 product comprised 32% of our total revenue in 2010. There were no other products that generated more than 10% of our total revenue in 2010, 2009 or 2008.

The table below lists our products, their application speed in gigabits per second, or Gbps or G, and functional description.

Product Line	Speed	Description	Application
Clock and Data Recovery (CDR)	100G	Recovers the clock from high-speed signals; used to retime the signal prior to re-transmitting to ensure the highest signal integrity	Enables the next generation of small form factor 100G Ethernet modules, line cards and backplane applications
Clock fanout	10G to 50G	Provides replication and buffering of high-speed clock signals	Typically used to distribute a high-speed clock to multiple chips in a system
Demultiplexer (DEMUX)	10G to 50G	De-serializes a high-speed data stream to multiple lower speed data streams for further signal processing	Typically used in high-speed data acquisition applications
D Flip Flops	10G to 50G	Retimes the input signal to deliver optimal signal integrity	Typically used in high-speed pattern generation applications
Differential Amplifiers	10G	Amplifies differential signals and drives high-speed analog-to-digital converters	Typically used to amplify linear broadband signals or drive high-speed analog-to-digital converters for data acquisition applications
Differential Encoders	10G	Provides differential encoding function for Differential Phase Shift Keying (DPSK) transmission	Typically used in 10 Gbps ultra long haul optical transceivers
Isolation Memory Buffer (iMB™)	1.6G	Provides critical high-speed interface between the central processing unit (CPU) and memory	Architecture adopted by the Joint Electronic Device Engineering Council as an industry standard
Latched Comparator	10G to 50G	Used as a high-speed 1-bit analog-to-digital converter	Typically used in high-speed data acquisition applications
Logic Gates	10G to 50G	Standard logic gates used as general-purpose building blocks for high-speed data processing	Typically used in test and measurement applications
Modulator Driver	40G to 100G	Amplifies a small signal to 8 volts (or higher) output voltage in order to drive optical modulators for very long distance data transmission	Typically used in optical transmission systems and test and measurement equipment
Multiplexer (MUX)	10G to 50G	Serializes multiple data streams to a high-speed data stream prior to transmission	Typically used in high-speed pattern generation applications
Phase-Lock Loop (PLL)*	1.86G	Provides critical high-speed interface between CPU and memory	Typically used for all but the lowest capacity modules in order to install sufficient memory in computing and storage platforms
Prescalers	10G to 50G	Divides the high frequency clock to a lower frequency clock	Typically used in test and measurement, military and ultra long haul optical transmission equipment
Register Buffers*	1.86G	Regenerates a CPU's command and address signals	Typically used for all but the lowest capacity modules in order to install sufficient memory in computing and storage platforms
Return-to-Zero (RZ) Converter	10G	Converts a Non-Return-to-Zero (NRZ) digital bit stream to RZ format	Typically used in 10 Gbps ultra long haul optical transceivers
Serializer-Deserializer (SERDES)	100G	Combines a serializer, deserializer, equalizer and CDR functions on one chip	Enables the next generation of high density 100G Ethernet linecards
Transimpedance Amplifier (TIA)	10G to 100G	Amplifies small currents generated by a photodetector for further signal processing	Typically used in optical transceivers for Ethernet, synchronous optical networking, dense wavelength division multiplexing, as well as other optical receiver applications

* Product number INSSTE32882-GS04, or the GS04 product, consists of an integrated PLL and register buffer. Sales of the GS04 product comprised 18% and 43% of our total revenue in 2010 and 2009, respectively. In 2010, a new low voltage version of our integrated PLL and register buffer started shipping in volume as product number INSSTE32882LV-GS02. Sales of the GS02 product comprised 32% of our total revenue in 2010.

Each of the products listed in the table above are currently in commercial production except for our iMB ™ product, for which we are currently shipping engineering samples and expect to commence commercial production in 2011, and our CDR and SERDES products, which are under development. We currently expect to commence shipments of engineering samples of our CDR and SERDES products in 2011, and commercial production of these products in 2012.

Customers

We sell our products directly to OEMs and indirectly to OEMs through module manufacturers, ODMs and sub-systems providers. We work closely with technology leaders, including microprocessor and communications equipment companies, to design architectures and products that help solve bandwidth bottlenecks in and between systems. These technology leaders often design our products into reference designs, which they provide to their customers and suppliers. For example, in the server market we work closely with major CPU manufacturers to address the bottleneck between their CPU and the increasing amount of memory attached to it. These CPU manufacturers then provide their server CPU customers and memory module partners with a validation report, including validation of our memory interface products. These server OEMs and memory module companies then design our memory interface products into their production systems. Ultimately, our sales into these servers are to memory module companies, including Hynix, Micron, Samsung and others. In the networking market, we work closely with OEMs to deliver high performance communication links. These OEMs design our product into their systems and then require their ODM and electronics manufacturing services suppliers to purchase and use that specific product from us. We also work directly with module manufacturers to design our products into their modules, which they sell to OEMs.

We work closely with our customers throughout design cycles that often last two to three years and we are able to develop long-term relationships with them as our technology becomes embedded in their products. As a result, we believe we are well-positioned to not only be designed into their current systems, but also to continually develop next generation high-speed analog semiconductor solutions for their future products. During the year ended December 31, 2010, we sold our products to more than 160 customers.

Sales to customers in Asia accounted for 80%, 77% and 64% of our total revenue in 2010, 2009 and 2008, respectively. Because many of our customers or their OEM manufacturers are located in Asia, we anticipate that a majority of our future revenue will continue to come from sales to that region. Although a large percentage of our sales are made to customers in Asia, we believe that a significant number of the systems designed by these customers and incorporating our semiconductor products are then sold to end users outside Asia.

We currently rely, and expect to continue to rely, on a limited number of customers for a significant portion of our revenue. In the year ended December 31, 2010, Samsung accounted for 34% of our total revenue, and our 10 largest customers collectively accounted for 76% of our total revenue. In addition, sales directly and through distributors to Micron accounted for 11% of our total revenue in the year ended December 31, 2010. Samsung directly accounted for 36% of our total revenue and sales directly and through distributors to Micron accounted for 17% of our total revenue for the year ended December 31, 2009. No other single customer directly or indirectly accounted for more than 10% of our total revenue in 2010 or 2009.

Sales and Marketing

Our design cycle from initial engagement to volume shipment is typically two to three years, with product life cycles in the markets we serve ranging from two to 10 years or more. For many of our products, early engagement with our customers' technical staff is necessary for success. To ensure an adequate level of early engagement, our application and development engineers work closely with our customers to identify and propose solutions to their systems challenges.

In addition to our direct customers, we work closely with technology leaders such as Intel and AMD for the computing and storage markets and Alcatel-Lucent, Cisco, Huawei for the networking and communications market to anticipate and solve next generation challenges facing our customers. As part of the sales and product development process, we often design our products in close collaboration with these industry leaders and help define their architecture. We also participate actively in setting industry standards with organizations such as IEEE, JEDEC and OIF to have a voice in the definition of future market trends.

We sell our products worldwide through multiple channels, including our direct sales force and a network of sales representatives and distributors. For the year ended December 31, 2010, 79% of our revenue was generated by our direct sales team and third-party sales representatives. We operate direct sales offices in Japan, Korea, Singapore, Taiwan and the United States and employ sales personnel that cover our direct customers and manage our channel partners. We utilize two sales representatives and two distributors in Asia, a distributor in Europe, a distributor in Israel, nine sales representatives in North America and a distributor in Japan. Our channel network includes more than 100 sales professionals to support our products and customers, including seven in Japan, 21 in Asia (other than Japan), 62 in North America and 26 in Europe, the Middle East and Africa, or EMEA. All of these sales professionals are sales agents and are employed by our distributors and sales representatives except for 10 sales agents who are our direct employees, including two in Japan, three in Asia, four in North America and one in EMEA. We believe these distributors and sales representatives have the requisite technical experience in our target markets and are able to leverage existing relationships and

understanding of our customers' products to effectively sell our products. Given the breadth of our target markets, customers and products, we provide our direct and indirect sales teams with regular training and share product information with our customers and sales team using web-based tools.

Manufacturing

We operate a fabless business model and use third-party foundries and assembly and test manufacturing contractors to manufacture, assemble and test our semiconductor products. We also inspect and test parts in our Westlake Village, California, facility. This outsourced manufacturing approach allows us to focus our resources on the design, sale and marketing of our products. In addition, we believe outsourcing many of our manufacturing and assembly activities provides us the flexibility needed to respond to new market opportunities, simplifies our operations and significantly reduces our capital requirements.

We subject our third-party manufacturing contractors to qualification requirements in order to meet the high quality and reliability standards required of our products. We carefully qualify each of our partners and processes before applying the technology to our products. Our engineers work closely with our foundries and other contractors to increase yield, lower manufacturing costs and improve product quality.

- ***Wafer Fabrication.*** We currently utilize a wide range of semiconductor processes to develop and manufacture our products. Each of our foundries tends to specialize in a particular semiconductor wafer process technology. We choose the semiconductor process and foundry that we believe provides the best combination of performance attributes for any particular product. For most of our products, we utilize a single foundry for semiconductor wafer production. Our principal foundries are Taiwan Semiconductor Manufacturing Company Ltd., or TSMC, in Taiwan, Sumitomo Electric Device Innovations Inc., or SEDI, in Japan, WIN Semiconductors Corp. in Taiwan, Global Communications Semiconductors, Inc., or GCS, in North America and United Monolithic Semiconductors S.A.S, or UMS, in France.
- ***Package and Assembly.*** Upon the completion of processing at the foundry, the finished wafers are shipped to our third-party assemblers for packaging and assembly. Currently, our principal packaging and assembly contractors are Orient Semiconductor Electronics Ltd., or OSE in Taiwan, STATS ChipPAC Ltd. in Korea, Signetics Korea Co., Ltd. in Korea, Kyocera Corporation in North America and Japan, and Natel Engineering Co., Inc., in North America.
- ***Test.*** At the last stage of integrated circuit production, our third-party test service providers test the packaged and assembled integrated circuits. Currently, OSE in Taiwan, STATS ChipPAC in Korea, Signetics in Korea and Presto Engineering in North America are our test partners. We also perform testing in our Westlake Village, California, facility.

We are committed to maintaining the highest level of quality in our products. Our objective is that our products meet all of our customer requirements, are delivered on-time and function reliably throughout their useful lives. As part of our total quality assurance program, our quality management system has been certified to ISO 9001:2008 standards. Our manufacturing partners are also ISO 9001 certified.

Research and Development

We focus our research and development efforts on developing products that address bandwidth bottlenecks in networks and minimize latency in computing environments. We believe that our continued success depends on our ability to both introduce improved versions of our existing products and to develop new products for the markets that we serve. We devote a portion of our resources to expanding our core technology including efforts in system-level simulation, high-speed analog design, supporting a broad range of process technologies and high-speed package modeling and design.

We develop models that are used as an input to a combination of proprietary and commercially available simulation tools. We use these tools to predict overall system performance based on the performance of our product. After our product is manufactured, we perform system measurements and refine our model set to improve the model's accuracy and predictive ability. As a result, our models and simulation tools have improved over time and we have been able to very accurately predict overall system performance prior to fabricating a part.

We have assembled a core team of experienced engineers and systems designers in three design centers located in the United States, the United Kingdom and Taiwan. Our technical team typically has, on average, more than 20 years of industry experience with more than 75% having advanced degrees and more than 25% having Ph.Ds. These engineers and designers are involved in advancing our core technologies, as well as applying these core technologies to our product development activities across a number of areas including telecommunications transport systems, enterprise networking equipment, datacenters and enterprise servers, storage platforms, test and measurement and military systems. In 2010, 2009 and 2008, our research and development expenses were $23.8 million, $17.8 million and $17.5 million, respectively.

Competition

The global semiconductor market in general, and the communications and computing markets in particular, are highly competitive. We expect competition to increase and intensify as more and larger semiconductor companies enter our markets. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue and operating results.

Currently, our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. Our primary competitors include Broadcom Corporation, Hittite Microwave Corporation, Integrated Device Technology, Inc., or IDT, and Texas Instruments Incorporated, as well as other smaller analog signal processing companies. We expect competition in our target markets to increase in the future as existing competitors improve or expand their product offerings. In addition, as we continue to develop our 100G semiconductor solutions for enterprise networks, we may face competition from companies such as Broadcom and NetLogic Microsystems, Inc.

Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. During past periods of downturns in our industry, competition in the markets in which we operate intensified as our customers reduced their purchase orders. Many of our competitors are significantly larger, have greater financial, technical, marketing, distribution, customer support and other resources, are more established than we are, and have significantly better brand recognition and broader product offerings with which to withstand similar adverse economic or market conditions in the future. These developments may materially and adversely affect our current and future target markets and our ability to compete successfully in those markets.

We compete or plan to compete in different target markets to various degrees on the basis of a number of principal competitive factors, including:

- product performance;
- power budget;
- features and functionality;
- customer relationships;
- size;
- ease of system design;
- product roadmap;
- reputation and reliability;
- customer support; and
- price.

We believe we compete favorably with respect to each of these factors. We maintain our competitive position through our ability to successfully design, develop and market complex high-speed analog solutions for the customers that we serve.

Intellectual Property

We rely on a combination of intellectual property rights, including patents, trade secrets, copyrights and trademarks, and contractual protections, to protect our core technology and intellectual property. As of December 31, 2010, we had 30 issued and allowed patents in the United States and other patent applications pending in the United States. The 30 issued and allowed patents in the United States expire in the years beginning in 2021 through 2027. Many of our issued patents and pending patent applications relate to high-speed circuit and package designs.

We may not receive competitive advantages from any rights granted under our patents, and our patent applications may not result in the issuance of any patents. In addition, any future patent may be opposed, contested, circumvented, designed around by a third party or found to be unenforceable or invalidated. Others may develop technologies that are similar or superior to our proprietary technologies, duplicate our proprietary technologies or design around patents owned or licensed by us.

In addition to our own intellectual property, we also use third-party licensors for certain technologies embedded in our semiconductor solutions. These are typically non-exclusive contracts provided under paid-up licenses. These licenses are generally perpetual or automatically renewed for so long as we continue to pay any maintenance fees that may be due. To date, maintenance

fees have not constituted a significant portion of our capital expenditures. We have entered into a number of licensing arrangements pursuant to which we license third-party technologies. We do not believe our business is dependent to any significant degree on any individual third-party license.

We generally control access to and use of our confidential information through the use of internal and external controls, including contractual protections with employees, contractors and customers. We rely in part on United States and international copyright laws to protect our mask work. All employees and consultants are required to execute confidentiality agreements in connection with their employment and consulting relationships with us. We also require them to agree to disclose and assign to us all inventions conceived or made in connection with the employment or consulting relationship.

Despite our efforts to protect our intellectual property, unauthorized parties may still copy or otherwise obtain and use our software, technology or other information that we regard as proprietary intellectual property. In addition, we intend to expand our international operations, and effective patent, copyright, trademark and trade secret protection may not be available or may be limited in foreign countries.

The semiconductor industry is characterized by vigorous protection and pursuit of intellectual property rights and positions, which has resulted in protracted and expensive litigation for many companies. We have in the past received and, particularly as a public company, we expect that in the future we may receive, communications from various industry participants alleging our infringement of their patents, trade secrets or other intellectual property rights. Any lawsuits could subject us to significant liability for damages, invalidate our proprietary rights and harm our business and our ability to compete. Any litigation, regardless of success or merit, could cause us to incur substantial expenses, reduce our sales and divert the efforts of our technical and management personnel. In the event we receive an adverse result in any litigation, we could be required to pay substantial damages, seek licenses from third parties, which may not be available on reasonable terms or at all, cease sale of products, expend significant resources to develop alternative technology or discontinue the use of processes requiring the relevant technology.

Employees

At December 31, 2010, we employed 166 full-time equivalent employees, including 93 in research, product development and engineering, 28 in sales and marketing and 19 in general and administrative management and 26 in manufacturing logistics. We consider relations with our employees to be good and have never experienced a work stoppage. None of our employees are either represented by a labor union or subject to a collective bargaining agreement.

Other

We were incorporated in Delaware in November 2000 as TCom Communications, Inc. and changed our name to Inphi Corporation in February 2001. Our principal executive offices are located at 3945 Freedom Circle, Suite 1100, Santa Clara, California 95054. Our telephone number at that location is (408) 217-7300. Our website address is *www.inphi.com*. Information on our website is not part of this report and should not be relied upon in determining whether to make an investment decision. The inclusion of our website address in this report does not include or incorporate by reference into this report any information on our website.

We electronically file our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended with the SEC. The public may read or copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is http://www.sec.gov. You may obtain a free copy of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports with the SEC on our website.

ITEM 1A. *RISK FACTORS*

Risks Related to Our Business

Our revenue and operating results can fluctuate from period to period, which could cause our share price to fluctuate.

Our revenue and operating results have fluctuated in the past and may fluctuate from period to period in the future due to a variety of factors, many of which are beyond our control. Factors relating to our business that may contribute to these fluctuations include the following factors, as well as other factors described elsewhere in this report:

- the receipt, reduction or cancellation of orders by customers;
- fluctuations in the levels of component inventories held by our customers;

- the gain or loss of significant customers;
- market acceptance of our products and our customers' products;
- our ability to develop, introduce and market new products and technologies on a timely basis;
- the timing and extent of product development costs;
- new product announcements and introductions by us or our competitors;
- incurrence of research and development and related new product expenditures;
- fluctuations in sales by module manufacturers who incorporate our semiconductor solutions in their products, such as memory modules;
- cyclical fluctuations in our markets;
- fluctuations in our manufacturing yields;
- significant warranty claims, including those not covered by our suppliers;
- changes in our product mix or customer mix;
- intellectual property disputes; and
- loss of key personnel or the inability to attract qualified engineers.

As a result of these and other factors, the results of any prior quarterly or annual periods should not be relied upon as indications of our future revenue or operating performance. Fluctuations in our revenue and operating results could cause our share price to decline.

We have an accumulated deficit and have incurred net losses in the past. We may incur net losses in the future.

As of December 31, 2010, we had an accumulated deficit of $34.6 million. We have incurred net losses in each year through 2008. We generated net income (loss) of $26.1 million, $7.3 million and $(3.4) million for the years ended December 31, 2010, 2009 and 2008, respectively. We may incur net losses in the future.

We depend on a limited number of customers for a substantial portion of our revenue, and the loss of, or a significant reduction in orders from, one or more of our major customers could negatively impact our revenue and operating results. In addition, if we offer more favorable prices to attract or retain customers, our average selling prices and gross margins would decline.

For the year ended December 31, 2010, our 10 largest customers collectively accounted for 76% of our total revenue. Sales directly to Samsung accounted for 34% and 36% of our total revenue and sales directly and through distributors to Micron accounted for 11% and 17% of our total revenue for the years ended December 31, 2010 and 2009, respectively. Some of our customers, including Samsung and Micron, use our products primarily in high-speed memory devices. We believe our operating results for the foreseeable future will continue to depend on sales to a relatively small number of customers. In the future, these customers may decide not to purchase our products at all, may purchase fewer products than they did in the past or may alter their purchasing patterns.

In addition, our relationships with some customers may deter other potential customers who compete with these customers from buying our products. To attract new customers or retain existing customers, we may offer these customers favorable prices on our products. In that event, our average selling prices and gross margins would decline. The loss of a key customer, a reduction in sales to any key customer or our inability to attract new significant customers could negatively impact our revenue and materially and adversely affect our results of operations.

We do not have long-term purchase commitments from our customers and if our customers cancel or change their purchase commitments, our revenue and operating results could suffer.

Substantially all of our sales to date, including sales to Samsung and Micron, have been made on a purchase order basis. We do not have any long-term commitments with any of our customers. As a result, our customers may cancel, change or delay product purchase commitments with little or no notice to us and without penalty. This in turn could cause our revenue to decline and materially and adversely affect our results of operations.

We may face claims of intellectual property infringement, which could be time-consuming, costly to defend or settle and result in the loss of significant rights and which could harm our relationships with our customers and distributors.

The semiconductor industry is characterized by companies that hold patents and other intellectual property rights and that vigorously pursue, protect and enforce intellectual property rights. From time to time, third parties may assert against us and our customers and distributors their patent and other intellectual property rights to technologies that are important to our business.

Claims that our products, processes or technology infringe third-party intellectual property rights, regardless of their merit or resolution, could be costly to defend or settle and could divert the efforts and attention of our management and technical personnel. For example, Netlist, Inc. filed suit against us in the United States District Court, Central District of California, in September 2009, alleging that our iMB ™ and certain other memory module components infringe three of Netlist's patents. For more details, see Item 3., "Legal Proceedings."

Infringement claims also could harm our relationships with our customers or distributors and might deter future customers from doing business with us. We do not know whether we will prevail in these proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If any pending or future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the infringing products, processes or technology;
- pay substantial damages for infringement;
- expend significant resources to develop non-infringing products, processes or technology, which may not be successful;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or
- pay substantial damages to our customers or end users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology, if available.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

Winning business is subject to lengthy competitive selection processes that require us to incur significant expenditures prior to generating any revenue or without any guarantee of any revenue related to this business. Even if we begin a product design, a customer may decide to cancel or change its product plans, which could cause us to generate no revenue from a product. If we fail to generate revenue after incurring substantial expenses to develop our products, our business and operating results would suffer.

We are focused on winning more competitive bid processes, known as "design wins," that enable us to sell our high-speed analog semiconductor solutions for use in our customers' products. These selection processes typically are lengthy and can require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single customer opportunity. We may not win the competitive selection process and may never generate any revenue despite incurring significant design and development expenditures. Failure to obtain a design win could prevent us from offering an entire generation of a product. This could cause us to lose revenue and require us to write off obsolete inventory, and could weaken our position in future competitive selection processes. Even after securing a design win, we may experience delays in generating revenue from our products as a result of the lengthy development cycle typically required. Our customers generally take a considerable amount of time to evaluate our products. Our design cycle from initial engagement to volume shipment is typically two to three years.

The delays inherent in these lengthy sales cycles increase the risk that a customer will decide to cancel, curtail, reduce or delay its product plans or adopt a competing design from one of our competitors, causing us to lose anticipated revenue. In addition, any delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we may have incurred significant expense without generating any revenue. Finally, our customers' failure to successfully market and sell their products could reduce demand for our products and materially and adversely affect our business, financial condition and results of operations. If we were unable to generate revenue after incurring substantial expenses to develop any of our products, our business would suffer.

Our customers require our products and our third-party contractors to undergo a lengthy and expensive qualification process which does not assure product sales. If we are unsuccessful in or delayed in qualifying any of our products with a customer, our business and operating results would suffer.

Prior to purchasing our products, our customers require that both our products and our third-party contractors undergo extensive qualification processes, which involve testing of our products in the customers' systems, as well as testing for reliability. This

qualification process may continue for several months. However, qualification of a product by a customer does not assure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our third party contractors' manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and in our holding excess or obsolete inventory. After our products are qualified, it can take several months or more before the customer commences volume production of components or systems that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing and management efforts, to qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of those products to the customer may be precluded or delayed, which may impede our growth and cause our business to suffer.

The complexity of our products could result in undetected defects and we may be subject to warranty claims and product liability, which could result in a decrease in customers and revenue, unexpected expenses and loss of market share. In addition, our product liability insurance may not adequately cover our costs arising from products defects or otherwise.

Our products are sold as components or as modules for use in larger electronic equipment sold by our customers. A product usually goes through an intense qualification and testing period performed by our customers before being used in production. We primarily outsource our product testing to third parties and also perform some testing in our Westlake Village, California, facility. We inspect and test parts, or have them inspected and tested in order to screen out parts that may be weak or potentially suffer a defect incurred through the manufacturing process. From time to time, we are subject to warranty or product liability claims that may require us to make significant expenditures to defend these claims or pay damage awards. For example, in September 2010, we were informed of a claim related to repair and replacement costs in connection with shipments of over 4,000 integrated circuits made by us during the summer and fall of 2009. Of these shipments, approximately 4% were later confirmed or suspected to have random manufacturing process anomalies in the wafer die in the product. Based on our standard warranty provisions, we provided replacement parts to the customer for the known and suspected failures that had occurred. In addition, and without informing us, in the fall of 2009, the customer instituted its own larger scale replacement program that covered the replacement of entire subassemblies in which our product was only one component. In September 2010, the customer made an initial claim for approximately $18 million against us for the costs incurred relative to that program. We believe the amount of the claim is without merit as our warranty liability is contractually limited to the repair or replacement of the affected Inphi products, which, to the extent the customer has requested replacement, has already been completed. A formal claim has yet to be made and discussions with the customer are ongoing. However, claims of this nature are subject to various risks and uncertainties and there can be no assurance that this matter will be resolved without further significant costs to us, including the potential for arbitration or litigation.

Generally, our agreements seek to limit our liability to the replacement of the part or to the revenue received for the product, but these limitations on liability may not be effective or sufficient in scope in all cases. If a customer's equipment fails in use, the customer may incur significant monetary damages including an equipment recall or associated replacement expenses, as well as lost revenue. The customer may claim that a defect in our product caused the equipment failure and assert a claim against us to recover monetary damages. The process of identifying a defective or potentially defective product in systems that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs and contract damage claims from our customers as well as harm to our reputation. In certain situations, circumstances might warrant that we consider incurring the costs or expense related to a recall of one of our products in order to avoid the potential claims that may be raised should the customer reasonably rely upon our product only to suffer a failure due to a design or manufacturing process defect. Defects in our products could harm our relationships with our customers and damage our reputation. Customers may be reluctant to buy our products, which could harm our ability to retain existing customers and attract new customers and our financial results. In addition, the cost of defending these claims and satisfying any arbitration award or judicial judgment with respect to these claims could harm our business prospects and financial condition. Although we carry product liability insurance, this insurance may not adequately cover our costs arising from defects in our products or otherwise.

We rely on our relationships with industry and technology leaders to enhance our product offerings and our inability to continue to develop or maintain such relationships in the future would harm our ability to remain competitive.

We develop many of our semiconductor products for applications in systems that are driven by industry and technology leaders in the communications and computing markets. We also work with OEMs, system manufacturers and standards bodies to define industry conventions and standards within our target markets. We believe these relationships enhance our ability to achieve market acceptance and widespread adoption of our products. If we are unable to continue to develop or maintain these relationships, our semiconductor solutions would become less desirable to our customers, our sales would suffer and our competitive position could be harmed.

If we fail to accurately anticipate and respond to market trends or fail to develop and introduce new or enhanced products to address these trends on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.

We operate in industries characterized by rapidly changing technologies and industry standards as well as technological obsolescence. We have developed products that may have long product life cycles of 10 years or more, as well as other products in more volatile high growth or rapidly changing areas, which may have shorter life cycles of only two to three years. We believe that our future success depends on our ability to develop and introduce new technologies and products that generate new sources of revenue to replace, or build upon, existing product revenue streams that may be dependent upon limited product life cycles. If we are not able to repeatedly introduce, in successive years, new products that ship in volume, our revenue will likely not grow and may decline significantly and rapidly. In 2009, we successfully introduced and began to ship a new product in production which we identify as product number INSSTE32882-GS04, or the GS04 product, and which consists of an integrated phase lock loop, or PLL, and register buffer. Sales of the GS04 product comprised 18% and 43% of our total revenue in 2010 and 2009, respectively. In 2010, we also began to ship in production volume a new "low voltage" version of our integrated PLL and register buffer, which is shipping in the form of product number INSSTE32882LV-GS02, or the GS02 product. Sales of the GS02 product comprised 32% of our total revenue in 2010. There were no other products that generated more than 10% of our total revenue in 2010, 2009 or 2008. As we continued to grow our business in 2010, the GS04 product matured. As a result, sales of the GS04 product are now declining in volume. We currently expect that by 2011 the GS04 product will no longer be material to our total revenue. This underscores the importance of the need for us to continually develop and introduce new products to diversify our revenue base as well as generate new revenue to replace and build upon the success of previously introduced products which may be rapidly maturing.

To compete successfully, we must design, develop, market and sell new or enhanced products that provide increasingly higher levels of performance and reliability while meeting the cost expectations of our customers. The introduction of new products by our competitors, the delay or cancellation of a platform for which any of our semiconductor solutions are designed, the market acceptance of products based on new or alternative technologies or the emergence of new industry standards could render our existing or future products uncompetitive from a pricing standpoint, obsolete and otherwise unmarketable. Our failure to anticipate or timely develop new or enhanced products or technologies in response to technological shifts could result in decreased revenue and our competitors winning design wins. In particular, we may experience difficulties with product design, manufacturing, marketing or certification that could delay or prevent our development, introduction or marketing of new or enhanced products. Although we believe our products are fully compliant with applicable industry standards, proprietary enhancements may not in the future result in full conformance with existing industry standards under all circumstances. Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design, once adopted, until the next generation of a technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely fashion, and our designs do not gain acceptance, we will lose market share and our competitive position, very likely on an extended basis, and operating results will be adversely affected.

If sufficient market demand for 100G solutions does not develop or develops more slowly than expected, or if we fail to accurately predict market requirements or market demand for 100G solutions, our business, competitive position and operating results would suffer.

We are currently investing significant resources to develop semiconductor solutions supporting 100G data transmission rates in order to increase the number of such solutions in our product line. If we fail to accurately predict market requirements or market demand for 100G semiconductor solutions, or if our 100G semiconductor solutions are not successfully developed or competitive in the industry, our business will suffer. If 100G networks are deployed to a lesser extent or more slowly than we currently anticipate, we may not realize any benefits from our investment. As a result, our business, competitive position, market share and operating results would suffer.

Our target markets may not grow or develop as we currently expect and are subject to market risks, any of which could materially harm our business, revenue and operating results.

To date, a substantial portion of our revenue has been attributable to demand for our products in the communications and computing markets and the growth of these overall markets. These markets have fluctuated in size and growth in recent times. Our operating results are impacted by various trends in these markets. These trends include the deployment and broader market adoption of next generation technologies, such as 40 gigabits per second, or Gbps or G, and 100G, in communications and enterprise networks, timing of next generation network upgrades, the introduction and broader market adoption of next generation server platforms, timing of enterprise upgrades and the introduction and deployment of high-speed memory interfaces in computing platforms. We are unable to predict the timing or direction of the development of these markets with any accuracy. For example, we expect that the deployment of different types of memory devices for which our iMB™ product is designed will be substantially dependent on the development of next generation server platforms. We have not generated any significant revenue from our iMB™ product to date, and if the development or adoption of next generation server platforms is delayed, or if these server platforms do not interoperate with memory devices for which our iMB ™ product is designed, we may not realize revenue from our iMB ™ product. In addition, because some of our products are not limited in the systems or geographic areas in which they may be deployed, we cannot always determine with accuracy how, where or into which applications our products are being deployed. If our target markets do not grow or develop in ways that we currently expect, demand for our semiconductor products may decrease and our business and operating results could suffer.

We rely on a limited number of third parties to manufacture, assemble and test our products, and the failure to manage our relationships with our third-party contractors successfully could adversely affect our ability to market and sell our products and our reputation. Our revenue and operating results would suffer if these third parties fail to deliver products or components in a timely manner and at reasonable cost or if manufacturing capacity is reduced or eliminated as we may be unable to obtain alternative manufacturing capacity.

We operate an outsourced manufacturing business model. As a result, we rely on third-party foundry wafer fabrication and assembly and test capacity. We also perform testing in our Westlake Village, California, facility. We generally use a single foundry for the production of each of our various semiconductors. Currently, our principal foundries are GCS, SEDI, TSMC, TowerJazz Semiconductor Ltd., UMS and WIN Semiconductors. We also use third-party contract manufacturers for a significant majority of our assembly and test operations, including Kyocera, Natel, OSE, Presto, Signetics and STATS ChipPAC.

Relying on third-party manufacturing, assembly and testing presents significant risks to us, including the following:

- failure by us, our customers or their end customers to qualify a selected supplier;
- capacity shortages during periods of high demand;
- reduced control over delivery schedules and quality;
- shortages of materials;
- misappropriation of our intellectual property;
- limited warranties on wafers or products supplied to us; and
- potential increases in prices.

The ability and willingness of our third-party contractors to perform is largely outside our control. If one or more of our contract manufacturers or other outsourcers fails to perform its obligations in a timely manner or at satisfactory quality levels, our ability to bring products to market and our reputation could suffer. For example, if that manufacturing capacity is reduced or eliminated at one or more facilities, including as a response to the recent worldwide decline in the semiconductor industry, or any of those facilities are unable to keep pace with the growth of our business, we could have difficulties fulfilling our customer orders and our revenue could decline. In addition, if these third parties fail to deliver quality products and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders, our revenue could decline and our business, financial condition and results of operations would be adversely affected.

Additionally, as many of our fabrication and assembly and test contractors are located in the Pacific Rim region, principally in Taiwan, our manufacturing capacity may be similarly reduced or eliminated due to natural disasters, political unrest, war, labor strikes, work stoppages or public health crises, such as outbreaks of H1N1 flu. This could cause significant delays in shipments of our products until we are able to shift our manufacturing, assembly or test from the affected contractor to another third-party vendor. There can be no assurance that alternative capacity could be obtained on favorable terms, if at all.

Our costs may increase substantially if the wafer foundries that supply our products do not achieve satisfactory product yields or quality.

The wafer fabrication process is an extremely complicated process where the slightest changes in the design, specifications or materials can result in material decreases in manufacturing yields or even the suspension of production. From time to time, our third-party wafer foundries have experienced, and are likely to experience manufacturing defects and reduced manufacturing yields related to errors or problems in their manufacturing processes or the interrelationship of their processes with our designs. In some cases, our third-party wafer foundries may not be able to detect these defects early in the fabrication process or determine the cause of such defects in a timely manner. We may incur substantial research and development expense for prototype or development stage products as we qualify the products for production.

Generally, in pricing our semiconductors, we assume that manufacturing yields will continue to increase, even as the complexity of our semiconductors increases. Once our semiconductors are initially qualified with our third-party wafer foundries, minimum acceptable yields are established. We are responsible for the costs of the wafers if the actual yield is above the minimum. If actual yields are below the minimum we are not required to purchase the wafers. The minimum acceptable yields for our new products are generally lower at first and increase as we achieve full production. Unacceptably low product yields or other product manufacturing problems could substantially increase the overall production time and costs and adversely impact our operating results on sales of our products. Product yield losses will increase our costs and reduce our gross margin. In addition to significantly harming our operating

results and cash flow, poor yields may delay shipment of our products and harm our relationships with existing and potential customers.

We do not have any long-term supply contracts with our contract manufacturers or suppliers, and any disruption in our supply of products or materials could have a material adverse affect on our business, revenue and operating results.

We currently do not have long-term supply contracts with any of our third-party contract manufacturers. We make substantially all of our purchases on a purchase order basis, and our contract manufacturers are not required to supply us products for any specific period or in any specific quantity. We expect that it would take approximately nine to 12 months to transition from our current foundry or assembly services to new providers. Such a transition would likely require a qualification process by our customers or their end customers. We generally place orders for products with some of our suppliers several months prior to the anticipated delivery date, with order volumes based on our forecasts of demand from our customers. Accordingly, if we inaccurately forecast demand for our products, we may be unable to obtain adequate and cost-effective foundry or assembly capacity from our third-party contractors to meet our customers' delivery requirements, or we may accumulate excess inventories. On occasion, we have been unable to adequately respond to unexpected increases in customer purchase orders and therefore, were unable to benefit from this incremental demand. None of our third-party contract manufacturers have provided any assurance to us that adequate capacity will be available to us within the time required to meet additional demand for our products.

Our foundry vendors and assembly and test vendors may allocate capacity to the production of other companies' products while reducing deliveries to us on short notice. In particular, other customers that are larger and better financed than us or that have long-term agreements with our foundry vendor or assembly and test vendors may cause our foundry vendor or assembly and test vendors to reallocate capacity to those customers, decreasing the capacity available to us. We do not have long-term supply contracts with our third-party contract manufacturers and if we enter into costly arrangements with suppliers that include nonrefundable deposits or loans in exchange for capacity commitments, commitments to purchase specified quantities over extended periods or investment in a foundry, our operating results could be harmed. We may not be able to make any such arrangement in a timely fashion or at all, and any arrangements may be costly, reduce our financial flexibility, and not be on terms favorable to us. Moreover, if we are able to secure foundry capacity, we may be obligated to use all of that capacity or incur penalties. These penalties may be expensive and could harm our financial results. To date, we have not entered into such arrangements with our suppliers. If we need another foundry or assembly and test subcontractor because of increased demand, or if we are unable to obtain timely and adequate deliveries from our providers, we might not be able to cost effectively and quickly retain other vendors to satisfy our requirements.

Many of our customers depend on us as the sole source for a number of our products. If we are unable to deliver these products as the sole supplier or as one of a limited number of suppliers, our relationships with these customers and our business would suffer.

A number of our customers do not have alternative sources for our semiconductor solutions and depend on us as the sole supplier or as one of a limited number of suppliers for these products. Since we outsource our manufacturing to third-party contractors, our ability to deliver our products is substantially dependent on the ability and willingness of our third-party contractors to perform, which is largely outside our control. A failure to deliver our products in sufficient quantities or at all to our customers that depend on us as a sole supplier or as one of a limited number of suppliers may be detrimental to their business and, as a result, our relationship with the customer would be negatively impacted. If we are unable to maintain our relationships with these customers after such failure, our business and financial results may be harmed.

If we are unable to attract, train and retain qualified personnel, particularly our design and technical personnel, we may not be able to execute our business strategy effectively.

Our future success depends on our ability to attract and retain qualified personnel, including our management, sales and marketing, and finance, and particularly our design and technical personnel. We do not know whether we will be able to retain all of these personnel as we continue to pursue our business strategy. Historically, we have encountered difficulties in hiring qualified engineers because there is a limited pool of engineers with the expertise required in our field. Competition for these personnel is intense in the semiconductor industry. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. The loss of the services of one or more of our key employees, especially our key design and technical personnel, or our inability to attract and retain qualified design and technical personnel, could harm our business, financial condition and results of operations.

We may not be able to effectively manage our growth, and we may need to incur significant expenditures to address the additional operational and control requirements of our growth, either of which could harm our business and operating results.

To effectively manage our growth, we must continue to expand our operational, engineering and financial systems, procedures and controls and to improve our accounting and other internal management systems. This may require substantial managerial and financial resources, and our efforts in this regard may not be successful. Our current systems, procedures and controls may not be adequate to support our future operations. If we fail to adequately manage our growth, or to improve our operational, financial and

management information systems, or fail to effectively motivate or manage our new and future employees, the quality of our products and the management of our operations could suffer, which could adversely affect our operating results.

We face intense competition and expect competition to increase in the future. If we fail to compete effectively, it could have an adverse effect on our revenue, revenue growth rate, if any, and market share.

The global semiconductor market in general, and the communications and computing markets in particular, are highly competitive. We compete or plan to compete in different target markets to various degrees on the basis of a number of principal competitive factors, including product performance, power budget, features and functionality, customer relationships, size, ease of system design, product roadmap, reputation and reliability, customer support and price. We expect competition to increase and intensify as more and larger semiconductor companies enter our markets. Increased competition could result in price pressure, reduced profitability and loss of market share, any of which could materially and adversely affect our business, revenue and operating results.

Currently, our competitors range from large, international companies offering a wide range of semiconductor products to smaller companies specializing in narrow markets. Our primary competitors include Broadcom Corporation, Hittite Microwave Corporation, Integrated Device Technology, Inc. and Texas Instruments Incorporated, as well as other analog signal processing companies. We expect competition in the markets in which we participate to increase in the future as existing competitors improve or expand their product offerings. In addition, as we develop our 100G semiconductor solution, we may face competition from companies such as Broadcom and NetLogic Microsystems, Inc.

Our ability to compete successfully depends on elements both within and outside of our control, including industry and general economic trends. During past periods of downturns in our industry, competition in the markets in which we operate intensified as our customers reduced their purchase orders. Many of our competitors have substantially greater financial and other resources with which to withstand similar adverse economic or market conditions in the future. These developments may materially and adversely affect our current and future target markets and our ability to compete successfully in those markets.

We use a significant amount of intellectual property in our business. Monitoring unauthorized use of our intellectual property can be difficult and costly and if we are unable to protect our intellectual property, our business could be adversely affected.

Our success depends in part upon our ability to protect our intellectual property. To accomplish this, we rely on a combination of intellectual property rights, including patents, copyrights, trademarks and trade secrets in the United States and in selected foreign countries where we believe filing for such protection is appropriate. Effective protection of our intellectual property rights may be unavailable, limited or not applied for in some countries. Some of our products and technologies are not covered by any patent or patent application, as we do not believe patent protection of these products and technologies is critical to our business strategy at this time. A failure to timely seek patent protection on products or technologies generally precludes us from seeking future patent protection on these products or technologies. We cannot guarantee that:

- any of our present or future patents or patent claims will not lapse or be invalidated, circumvented, challenged or abandoned;
- our intellectual property rights will provide competitive advantages to us;
- our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties;
- any of our pending or future patent applications will be issued or have the coverage originally sought;
- our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak;
- any of the trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged or abandoned; or
- we will not lose the ability to assert our intellectual property rights against or to license our technology to others and collect royalties or other payments.

For example, we filed a complaint against Netlist in Federal District Court in November 2009 alleging that Netlist infringes two of our patents. Netlist asserts in its amended answer to the complaint that it does not infringe the patents, that the patents are invalid and that one of the patents is unenforceable due to inequitable conduct before the United States Patent and Trademark Office, or the USPTO. For more details, see Item 3., “Legal Proceedings.”

In addition, our competitors or others may design around our protected patents or technologies. Effective intellectual property protection may be unavailable or more limited in one or more relevant jurisdictions relative to those protections available in the United

States, or may not be applied for in one or more relevant jurisdictions. If we pursue litigation to assert our intellectual property rights, an adverse decision in any of these legal actions could limit our ability to assert our intellectual property rights, limit the value of our technology or otherwise negatively impact our business, financial condition and results of operations.

Monitoring unauthorized use of our intellectual property is difficult and costly. Unauthorized use of our intellectual property may have occurred or may occur in the future. Although we have taken steps to minimize the risk of this occurring, any such failure to identify unauthorized use and otherwise adequately protect our intellectual property would adversely affect our business. Moreover, if we are required to commence litigation, whether as a plaintiff or defendant, not only would this be time-consuming, but we would also be forced to incur significant costs and divert our attention and efforts of our employees, which could, in turn, result in lower revenue and higher expenses.

We also rely on contractual protections with our customers, suppliers, distributors, employees and consultants, and we implement security measures designed to protect our trade secrets. We cannot assure you that these contractual protections and security measures will not be breached, that we will have adequate remedies for any such breach or that our suppliers, employees or consultants will not assert rights to intellectual property arising out of such contracts.

In addition, we have a number of third-party patent and intellectual property license agreements. Some of these license agreements require us to make one-time payments or ongoing royalty payments. We cannot guarantee that the third-party patents and technology we license will not be licensed to our competitors or others in the semiconductor industry. In the future, we may need to obtain additional licenses, renew existing license agreements or otherwise replace existing technology. We are unable to predict whether these license agreements can be obtained or renewed or the technology can be replaced on acceptable terms, or at all.

Average selling prices of our products often decrease over time, which could negatively impact our revenue and gross margins.

Our operating results may be impacted by a decline in the average selling prices of our semiconductors. If competition increases in our target markets, we may need to reduce the average unit price of our products in anticipation of competitive pricing pressures, new product introductions by us or our competitors and for other reasons. If we are unable to offset any reductions in our average selling prices by increasing our sales volumes or introducing new products with higher margins, our revenue and gross margins will suffer. To maintain our revenue and gross margins, we must develop and introduce new products and product enhancements on a timely basis and continually reduce our costs as well as our customers' costs. Failure to do so would cause our revenue and gross margins to decline.

We are subject to order and shipment uncertainties, and differences between our estimates of customer demand and product mix and our actual results could negatively affect our inventory levels, sales and operating results.

Our revenue is generated on the basis of purchase orders with our customers rather than long-term purchase commitments. In addition, our customers can cancel purchase orders or defer the shipments of our products under certain circumstances. Our products are manufactured using semiconductor foundries according to our estimates of customer demand, which requires us to make separate demand forecast assumptions for every customer, each of which may introduce significant variability into our aggregate estimates. It is difficult for us to forecast the demand for our products, in part because of the complex supply chain between us and the end-user markets that incorporate our products. Due to our lengthy product development cycle, it is critical for us to anticipate changes in demand for our various product features and the applications they serve to allow sufficient time for product development and design. We have limited visibility into future customer demand and the product mix that our customers will require, which could adversely affect our revenue forecasts and operating margins. Moreover, because some of our target markets are relatively new, many of our customers have difficulty accurately forecasting their product requirements and estimating the timing of their new product introductions, which ultimately affects their demand for our products. Our failure to accurately forecast demand can lead to product shortages that can impede production by our customers and harm our customer relationships. Conversely, our failure to forecast declining demand or shifts in product mix can result in excess or obsolete inventory. The rapid pace of innovation in our industry could also render significant portions of our inventory obsolete. Excess or obsolete inventory levels could result in unexpected expenses or increases in our reserves that could adversely affect our business, operating results and financial condition. In contrast, if we were to underestimate customer demand or if sufficient manufacturing capacity were unavailable, we could forego revenue opportunities, potentially lose market share and damage our customer relationships. In addition, any significant future cancellations or deferrals of product orders or the return of previously sold products due to manufacturing defects could materially and adversely impact our profit margins, increase our write-offs due to product obsolescence and restrict our ability to fund our operations.

We rely on third-party sales representatives and distributors to assist in selling our products. If we fail to retain or find additional sales representatives and distributors, or if any of these parties fail to perform as expected, it could reduce our future sales.

In 2010, we derived 79% of our total revenue from sales by our direct sales team and third-party sales representatives. In addition, in 2010 and 2009, approximately 21% and 22% of our sales were made through third-party distributors, respectively. Two of

our distributors, which sell solely to Micron, accounted for 11% and 17% of our total revenue in 2010 and 2009, respectively. We are unable to predict the extent to which these third-party sales representatives and distributors will be successful in marketing and selling our products. Moreover, many of these third-party sales representatives and distributors also market and sell competing products, which may affect the extent to which they promote our products. Even where our relationships are formalized in contracts, our third-party sales representatives and distributors often have the right to terminate their relationships with us at any time. Our future performance will also depend, in part, on our ability to attract additional third-party sales representatives and distributors who will be able to market and support our products effectively, especially in markets in which we have not previously sold our products. If we cannot retain our current distributors or find additional or replacement third-party sales representatives and distributors, our business, financial condition and results of operations could be harmed. Additionally, if we terminate our relationship with a distributor, we may be obligated to repurchase unsold products. We record a reserve for estimated returns and price credits. If actual returns and credits exceed our estimates, our operating results could be harmed.

The facilities of our third-party contractors and distributors are located in regions that are subject to earthquakes and other natural disasters.

The facilities of our third-party contractors and distributors are subject to risk of catastrophic loss due to fire, flood or other natural or man-made disasters. A number of our facilities and those of our contract manufacturers are located in areas with above average seismic activity and also subject to typhoons and other Pacific storms. Several foundries that manufacture our wafers are located in Taiwan, Japan and California, and a majority of our third-party contractors who assemble and test our products are located in Asia. In addition, our headquarters are located in California. The risk of an earthquake in the Pacific Rim region or California is significant due to the proximity of major earthquake fault lines. For example, in 2002 and 2003, major earthquakes occurred in Taiwan. Any catastrophic loss to any of these facilities would likely disrupt our operations, delay production, shipments and revenue and result in significant expenses to repair or replace the facility. In particular, any catastrophic loss at our California locations would materially and adversely affect our business.

We rely on third-party technologies for the development of our products and our inability to use such technologies in the future would harm our ability to remain competitive.

We rely on third parties for technologies that are integrated into our products, such as wafer fabrication and assembly and test technologies used by our contract manufacturers, as well as licensed architecture technologies. If we are unable to continue to use or license these technologies on reasonable terms, or if these technologies fail to operate properly, we may not be able to secure alternatives in a timely manner or at all, and our ability to remain competitive would be harmed. In addition, if we are unable to successfully license technology from third parties to develop future products, we may not be able to develop such products in a timely manner or at all.

Our business would be adversely affected by the departure of existing members of our senior management team and other key personnel.

Our success depends, in large part, on the continued contributions of our senior management team, in particular, the services of Young K. Sohn, our President and Chief Executive Officer, as well as other key personnel, including Dr. Loi Nguyen, one of our founders and our Vice President of Networking, Communications and Multi-Market Products. In February 2011, our Chief Technology Officer resigned and we promoted our Vice President of Engineering for New Business Initiatives to serve as our new Chief Technology Officer. This change could negatively affect our operations and our relationships with our customers, employees and market leaders. In addition, we have not entered into non-compete agreements with members of our senior management team. The loss of any member of our senior management team or key personnel could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

Potential future acquisitions could be difficult to integrate, divert attention of key personnel, disrupt our business, dilute stockholder value and impair our operating results.

As part of our business strategy, we have pursued and may continue to pursue acquisitions in the future that we believe will complement our business, semiconductor solutions or technologies. For example, we recently acquired all of the outstanding shares of Winyatek Technology Inc., a Taiwanese company. Any acquisition involves a number of risks, many of which could harm our business, including:

- difficulties in integrating the operations, technologies, products, existing contracts, accounting and personnel of the target company;
- realizing the anticipated benefits of any acquisition;
- difficulties in transitioning and supporting customers, if any, of the target company;
- diversion of financial and management resources from existing operations;

- the price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the purchase price or other resources to another opportunity;
- potential loss of key employees, customers and strategic alliances from either our current business or the target company's business;
- assumption of unanticipated problems or latent liabilities, such as problems with the quality of the target company's products;
- inability to generate sufficient revenue to offset acquisition costs;
- dilutive effect on our stock as a result of any equity-based acquisitions;
- inability to successfully complete transactions with a suitable acquisition candidate; and
- in the event of international acquisitions, risks associated with accounting and business practices that are different from applicable U.S. practices and requirements.

Acquisitions also frequently result in the recording of goodwill and other intangible assets that are subject to potential impairments, which could harm our financial results. As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of what we anticipate. The failure to successfully evaluate and execute acquisitions or investments or otherwise adequately address these risks could materially harm our business and financial results.

Tax benefits that we receive may be terminated or reduced in the future, which would increase our costs.

In 2010, we began to expand our international presence to take advantage of the opportunity to recruit additional engineering design talent, as well as to more closely align our operations geographically with our customers and suppliers in Asia. In certain international jurisdictions, we have also entered into agreements with local governments to provide us with, among other things, favorable local tax rates if certain minimum criteria are met. These agreements may require us to meet several requirements as to investment, headcount and activities to retain this status. We currently believe that we will be able to meet all the terms and conditions specified in these agreements. However, if adverse changes in the economy or changes in technology affect international demand for our products in an unforeseen manner or if we fail to otherwise meet the conditions of the local agreements, we may be subject to additional taxes, which in turn would increase our costs.

Changes in our effective tax rate may harm our results of operations. A number of factors may increase our future effective tax rates, including:

- the jurisdictions in which profits are determined to be earned and taxed;
- the resolution of issues arising from tax audits with various tax authorities;
- changes in the valuation of our deferred tax assets and liabilities and in deferred tax valuation allowances;
- changes in the value of assets or services transferred or provided from one jurisdiction to another;
- adjustments to income taxes upon finalization of various tax returns;
- increases in expenses not deductible for tax purposes, including write-offs of acquired in-process research and development and impairments of goodwill in connection with acquisitions;
- changes in available tax credits;
- changes in tax laws or the interpretation of such tax laws, and changes in U.S. generally accepted accounting principles; and
- a decision to repatriate non-U.S. earnings for which we have not previously provided for U.S. taxes.

We are subject to additional regulatory compliance requirements, including Section 404 of the Sarbanes-Oxley Act of 2002, as a result of becoming a public company and our management has limited experience managing 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. The individuals who constitute our management team have limited experience managing a publicly traded company, and limited experience complying with the increasingly complex and changing laws pertaining to public companies. Our management team and

other personnel will need to devote a substantial amount of time to new compliance initiatives and we may not successfully or efficiently manage our transition into a public company. We expect rules and regulations such as the Sarbanes-Oxley Act of 2002 to increase our legal and finance compliance costs and to make some activities more time-consuming and costly. We will need to hire a number of additional employees with public accounting and disclosure experience in order to meet our ongoing obligations as a public company. For example, Section 404 of the Sarbanes-Oxley Act of 2002 requires that our management report on, and our independent registered public accounting firm attest to, the effectiveness of our internal control over financial reporting in our annual report on Form 10-K for the fiscal year ending December 31, 2011. Section 404 compliance may divert internal resources and will take a significant amount of time and effort to complete. We may not be able to successfully complete the procedures and certification and attestation requirements of Section 404 by the time we will be required to do so. If we fail to do so, or if in the future our Chief Executive Officer, Chief Financial Officer or independent registered public accounting firm determines that our internal controls over financial reporting are not effective as defined under Section 404, we could be subject to sanctions or investigations by The New York Stock Exchange, or NYSE, the Securities and Exchange Commission, or the SEC, or other regulatory authorities. Furthermore, investor perceptions of our company may suffer, and this could cause a decline in the market price of our stock. Irrespective of compliance with Section 404, any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. If we are unable to implement these changes effectively or efficiently, it could harm our operations, financial reporting or financial results and could result in an adverse opinion on internal controls from our independent auditors.

Our insiders who are significant stockholders may control the election of our board and may have interests that conflict with those of other stockholders.

Our directors and executive officers, together with members of their immediate families and affiliated funds, beneficially owned, in the aggregate, more than 35.5% of our outstanding capital stock as of December 31, 2010. In addition, entities affiliated with Walden International and Tallwood I, L.P. beneficially owned 14.0% and 13.8%, respectively, of our outstanding capital stock as of December 31, 2010. Lip-Bu Tan and Diosdado Banatao, who are affiliated with Walden International and Tallwood I, L.P., respectively, are currently two of the eight members of our board of directors. As a result, acting together, this group has the ability to exercise significant control over most matters requiring our stockholders' approval, including the election and removal of directors and significant corporate transactions.

Risks Related to Our Industry

We may be unable to make the substantial and productive research and development investments which are required to remain competitive in our business.

The semiconductor industry requires substantial investment in research and development in order to develop and bring to market new and enhanced technologies and products. Many of our products originated with our research and development efforts and have provided us with a significant competitive advantage. Our research and development expense was $23.8 million in 2010, $17.8 million in 2009 and $17.5 million in 2008. We are committed to investing in new product development in order to remain competitive in our target markets. We do not know whether we will have sufficient resources to maintain the level of investment in research and development required to remain competitive. In addition, we cannot assure you that the technologies which are the focus of our research and development expenditures will become commercially successful.

Our business, financial condition and results of operations could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which we conduct business.

Our business and operating results are impacted by worldwide economic conditions, including the current European debt crisis. Uncertainty about current global economic conditions may cause businesses to continue to postpone spending in response to tighter credit, unemployment or negative financial news. This in turn could have a material negative effect on the demand for our semiconductor products or the products into which our semiconductors are incorporated. Although the United States economy has recently shown signs of recovery, the strength and duration of any economic recovery will be impacted by the European debt crisis and the reaction to any efforts to address the crisis. Multiple factors relating to our international operations and to particular countries in which we operate could negatively impact our business, financial condition and results of operations. These factors include:

- changes in political, regulatory, legal or economic conditions;
- restrictive governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments and trade protection measures, including export duties and quotas and customs duties and tariffs;
- disruptions of capital and trading markets;
- changes in import or export requirements;
- transportation delays;

- civil disturbances or political instability;
- geopolitical turmoil, including terrorism, war or political or military coups;
- public health emergencies;
- differing employment practices and labor standards;
- limitations on our ability under local laws to protect our intellectual property;
- local business and cultural factors that differ from our customary standards and practices;
- nationalization and expropriation;
- changes in tax laws;
- currency fluctuations relating to our international operating activities; and
- difficulty in obtaining distribution and support.

A significant portion of our products are manufactured, assembled and tested outside the United States. Any conflict or uncertainty in these countries, including due to natural disasters, public health concerns, political unrest or safety concerns, could harm our business, financial condition and results of operations. In addition, if the government of any country in which our products are manufactured or sold sets technical standards for products manufactured in or imported into their country that are not widely shared, it may lead some of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships which, in each case, could harm our business.

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

Changes in current laws or regulations applicable to us or the imposition of new laws and regulations in the United States or other jurisdictions in which we do business, such as China, Japan, Korea, Singapore and Taiwan, could materially and adversely affect our business, financial condition and results of operations. For example, we have entered into agreements with local governments to provide us with, among other things, favorable local tax rates if certain minimum criteria are met, as discussed in our risk factor entitled “Tax benefits that we received may be terminated or reduced in the future, which would increase our costs.” These agreements may require us to meet several requirements as to investment, headcount and activities to retain this status. If we fail to otherwise meet the conditions of the local agreements, we may be subject to additional taxes, which in turn would increase our costs. In addition, potential future U.S. tax legislation could impact the tax benefits we effectively realize under these agreements.

Due to environmental concerns, the use of lead and other hazardous substances in electronic components and systems is receiving increased attention. In response, the European Union passed the Restriction on Hazardous Substances, or RoHS, Directive, legislation that limits the use of lead and other hazardous substances in electrical equipment. The RoHS Directive became effective July 1, 2006. We believe that our current product designs and material supply chains are in compliance with the RoHS Directive. If our product designs or material supply chains are deemed not to be in compliance with the RoHS Directive, we and our third party manufacturers may need to redesign products with components meeting the requirements of the RoHS Directive and we may incur additional expense as well as loss of market share and damage to our reputation.

In addition, we are subject to export control laws, regulations and requirements that limit which products we sell and where and to whom we sell our products. In some cases, it is possible that export licenses would be required from U.S. government agencies for some of our products in accordance with the Export Administration Regulations and the International Traffic in Arms Regulations. We may not be successful in obtaining the necessary export licenses in all instances. Any limitation on our ability to export or sell our products imposed by these laws would adversely affect our business, financial condition and results of operations. In addition, changes in our products or changes in export and import laws and implementing regulations may create delays in the introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to certain countries altogether. While we are not aware of any other current or proposed export or import regulations which would materially restrict our ability to sell our products in countries such as China, Japan, Korea, Singapore or Taiwan, any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by these regulations, could result in decreased use of our products by, or in our decreased ability to export or sell our products to, existing or potential customers with international operations. In such event, our business and results of operations could be adversely affected.

We are subject to the cyclical nature of the semiconductor industry, which has suffered and may suffer from future recessionary downturns.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards and wide fluctuations in product supply and demand. The industry experienced a significant downturn during the current global recession. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. The most recent downturn and any future downturns could negatively impact our business and operating results. Furthermore, any upturn in the semiconductor industry could result in increased competition for access to third-party foundry and assembly capacity. We are dependent on the availability of this capacity to manufacture and assemble our integrated circuits. None of our third-party foundry or assembly contractors has provided assurances that adequate capacity will be available to us in the future.

Our products must conform to industry standards in order to be accepted by end users in our markets.

Our products comprise only a part of larger electronic systems. All components of these systems must uniformly comply with industry standards in order to operate efficiently together. These industry standards are often developed and promoted by larger companies who are industry leaders and provide other components of the systems in which our products are incorporated. In driving industry standards, these larger companies are able to develop and foster product ecosystems within which our products can be used. We work with a number of these larger companies in helping develop industry standards with which our products are compatible. If larger companies do not support the same industry standards that we do, or if competing standards emerge, market acceptance of our products could be adversely affected, which would harm our business.

Some industry standards may not be widely adopted or implemented uniformly, and competing standards may still emerge that may be preferred by our customers. Products for communications and computing applications are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products incompatible with products developed by other suppliers or make it difficult for our products to meet the requirements of certain OEMs. As a result, we could be required to invest significant time and effort and to incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards for a significant period of time, we could miss opportunities to achieve crucial design wins. We may not be successful in developing or using new technologies or in developing new products or product enhancements that achieve market acceptance. Our pursuit of necessary technological advances may require substantial time and expense.

Risks Related to our Common Stock

The trading price and volume of our common stock is subject to price volatility.

The trading price of our common stock has experienced wide fluctuations. For example, since our initial public offering the closing price of our common stock ranged from $15.12 on November 23, 2010 to $26.63 on February 17, 2011. Volatility in the market price of our common stock may occur in the future. The market price of shares of our common stock could be subject to wide fluctuations in response to many risk factors listed in this report and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in the economic performance or market valuations of other companies that provide high-speed analog semiconductor solutions;
- loss of a significant amount of existing business;
- actual or anticipated changes in our growth rate relative to our competitors;
- actual or anticipated fluctuations in our competitors' operating results or changes in their growth rates;
- issuance of new or updated research or reports by securities analysts;
- our announcement of actual results for a fiscal period that are higher or lower than projected results or our announcement of revenue or earnings guidance that is higher or lower than expected;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;

- sales or expected sales of additional common stock;
- terrorist attacks or natural disasters or other such events impacting countries where we or our customers have operations; 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 market conditions such as recessions, interest rate changes or international currency fluctuations, may cause the market price of shares of our common stock to decline. 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.

If securities or industry analysts do not publish research or reports about our business, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of the analysts who cover us downgrade our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Substantial future sales of our common stock in the public market could cause our stock price to fall.

Sales of our common stock in the public market or the perception that sales could occur, could cause the market price of our common stock to decline significantly. As of December 31, 2010, we had 25,088,122 shares of common stock outstanding, of which 17,233,838 shares are eligible for sale at various times upon the expiration of lock-up agreements in May 2011 and subject to vesting requirements and the requirements of Rule 144.

Our directors, executive officers and substantially all of our stockholders have agreed with limited exceptions that they will not sell any shares of common stock owned by them without the prior written consent of Morgan Stanley & Co. Incorporated and Deutsche Bank Securities Inc., on behalf of the underwriters, until May 9, 2011. At any time and without public notice, Morgan Stanley and Deutsche Bank may in their sole discretion release some or all of the securities from these lock-up agreements prior to the expiration of the lock-up period. As resale restrictions end, the market price of our common stock could decline if the holders of those shares sell them or are perceived by the market as intending to sell them.

We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders and our failure to raise capital when needed could prevent us from executing our growth strategy.

We believe that our existing cash and cash equivalents, and cash flows from our operating activities, will be sufficient to meet our anticipated cash needs for at least the next 12 months. We operate in an industry, however, that makes our prospects difficult to evaluate. It is possible that we may not generate sufficient cash flow from operations or otherwise have the capital resources to meet our future capital needs. If this occurs, we may need additional financing to execute on our current or future business strategies, including to:

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

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility, and would also require us to incur interest expense. We have not made arrangements to obtain additional financing and there is no assurance that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on

acceptable terms, if and when needed, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our products, or otherwise respond to competitive pressures could be significantly limited.

Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Provisions in our certificate of incorporation and bylaws, may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors;
- the classification of our board of directors so that only a portion of our directors are elected each year, with each director serving a three-year term;
- the requirement for advance notice for nominations for election to our board of directors or for proposing matters that can be acted upon at a stockholders' meeting;
- the ability of our board of directors to alter our bylaws without obtaining stockholder approval;
- the ability of our board of directors to issue, without stockholder approval, up to 10,000,000 shares of preferred stock with rights set by our board of directors, which rights could be senior to those of common stock;
- the required approval of holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend or repeal our bylaws or amend or repeal the provisions of our certificate of incorporation regarding the election and removal of directors and the ability of stockholders to take action by written consent; and
- the elimination of the right of stockholders to call a special meeting of stockholders and to take action by written consent.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit or restrict large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions in our certificate of incorporation and bylaws and under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock in the future and result in our market price being lower than it would without these provisions.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our stockholders have purchased their shares.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

We currently lease our principal executive office in Santa Clara, California, under a lease for 14,578 square feet of office space that expires in July 31, 2015. The total minimum lease payments under this lease are $2.1 million. We also lease 29,090 square feet of office space in Westlake Village, California under a lease that expires on December 31, 2016. The total minimum lease payments under this lease are $3.6 million. Our Singapore subsidiary currently leases 2,368 square feet of office space in Singapore under a lease that expires on March 14, 2012. Our United Kingdom subsidiary currently leases office space in Northamptonshire, England under a lease that expires on September 24, 2011. We also lease 8,640 square feet of office space in Hsinchu, Taiwan under a lease that expires on March 31, 2013. We believe that current facilities are sufficient to meet our needs for the foreseeable future. For additional information regarding our obligations under property leases, see Note 15 of Notes to Consolidated Financial Statements, included in Part II, Item 8 of this report.

ITEM 3. *LEGAL PROCEEDINGS*

We are currently a party to the following legal proceedings:

Netlist, Inc. v. Inphi Corporation, Case No. 09-cv-6900 (C.D. Cal.)

On September 22, 2009, Netlist filed suit in the United States District Court, Central District of California, or the Court, asserting that we infringe U.S. Patent No. 7,532,537. Netlist filed an amended complaint on December 22, 2009, further asserting that we infringe U.S. Patent Nos. 7,619,912 and 7,636,274, collectively with U.S. Patent No. 7,532,537, the patents-in-suit, and seeking both unspecified monetary damages to be determined and an injunction to prevent further infringement. These infringement claims allege that our iMB™ and certain other memory module components infringe the patents-in-suit. We answered the amended complaint on February 11, 2010 and asserted that we do not infringe the patents-in-suit and that the patents-in-suit are invalid. We have since filed *inter partes* requests for reexamination with the USPTO asserting that the patents-in-suit are invalid.

On August 27, 2010, the USPTO granted the Request for Inter Partes Reexamination for U.S. Patent No. 7,636,274 and found a substantial new question of patentability based upon each of the different issues that we raised as the reexamination requestor. The USPTO has not, however, accompanied its Reexamination Order of U.S. Patent No. 7,636,274 with its own evaluation of the validity of this patent, indicating that such evaluation will be forthcoming at a later time. With respect to the granted reexamination request for U.S. Patent No. 7,636,274, the USPTO will evaluate the validity of this patent in reexamination proceedings.

On September 8, 2010, the USPTO ordered the Inter Partes Request for Reexamination for U.S. Patent No. 7,532,537 and found a substantial new question of patentability based upon different issues that we raised as the reexamination requestor. The USPTO accompanied this Reexamination Order of U.S. Patent No. 7,532,537 with its own evaluation of the validity of this patent, and rejected some but not all of claims. In a response dated October 8, 2010, Netlist responded to the USPTO determination by amending some but not all of the claims, adding new claims and making arguments why the claims were not invalid in view of the cited references. We provided rebuttal comments to the USPTO on January 27, 2011, which the USPTO will consider, and the proceeding will continue in accordance with established inter partes reexamination procedures.

On September 8, 2010, the USPTO ordered the Inter Partes Request for Reexamination for U.S. Patent No. 7,619,912 and found a substantial new question of patentability based upon different issues that we raised as the reexamination requestor. The USPTO accompanied this Reexamination Order of U.S. Patent No. 7,619,912 with its own evaluation of the validity of this patent, and determined that all of the claims were patentable based upon our reexamination. Netlist has not commented upon this Reexamination Order. The USPTO on February 28, 2011 also merged the Proceedings of our Reexamination of U.S. Patent No. 7,619,912, bearing Control No. 90/001,339 with Inter Partes Reexamination Proceeding 95/000,578 filed October 20, 2010 on behalf of SMART Modular Technologies, Inc. and Inter Partes Reexamination Proceeding 95/000,579 filed October 21, 2010 on behalf of Google, Inc. In each of these other Reexamination Proceedings, the USPTO had indicated that there existed a substantial new question of patentability with respect to certain claims of U.S. Patent No. 7,619,912, but had not accompanied the Reexamination Orders related thereto with its own evaluation of the validity of this patent, indicating that such evaluation would be forthcoming at a later time. The merged Reexamination Proceeding will be conducted in accordance with established procedures for merged Reexamination Proceedings. As part of the merged Reexamination Proceeding, once the USPTO issues a Right of Notice of Appeal, we will have the opportunity to appeal the USPTO determination of our Reexamination Request in accordance with these established procedures for merged Reexamination Proceedings.

The reexamination proceedings could result in a determination that the patents-in-suit, in whole or in part, are valid or invalid, as well as modifications of the scope of the patents-in-suit.

A third party, Sanmina-SCI Corporation, or SSC, has also requested interference proceedings with the USPTO with respect to each of the patents-in-suit. In its April 21, 2010 Request for Continued Examination of U.S. Application No. 11/142,989, or SSC ’989 patent application, SSC asserted that it has priority to the inventions claimed by the patents-in-suit and should be granted rights to those inventions. We have entered into an agreement with SSC for a non-exclusive license to those rights, if any, that SSC may obtain to the inventions claimed by the patents-in-suit if the USPTO agrees to commence interference proceedings and if SSC prevails in those proceedings.

The USPTO, in a communication dated July 7, 2010, acknowledged that claims were submitted in a filing made in the SSC ‘989 patent application to invoke an Interference with each of the patents-in-suit, but has declined to declare an Interference at this time. The July 7, 2010 USPTO communication rejected the claims submitted to invoke the Interference based upon 35 USC 112, with the rejection asserting that these claims contain “subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the

claimed invention." SSC responded to this USPTO communication on December 24, 2010, and a further communication from the USPTO is anticipated.

In connection with the reexamination requests and the interference proceedings, we also filed a motion to stay proceedings with the Court, which was granted on May 18, 2010, whereby the Court stayed the proceedings until at least February 14, 2011, requested that Netlist notify the Court within one week of any action taken by the USPTO in connection with the reexamination or interference proceedings, and requested that the parties file papers by January 31, 2011 stating their position on whether the stay should be extended. We filed our paper on January 31, 2011 stating the reasons we believe the stay should be maintained and Netlist, having been given leave to file its paper later, filed its paper on February 21, 2011. Based on these papers the Court ordered a continued stay of the proceedings until February 24, 2012, that the parties file papers by January 30, 2012 stating their position on whether the stay should be extended, and that Netlist notify the Court within one week of any action taken by the USPTO in the reexamination or interference proceedings. While the Court granted the stay until February 24, 2012, the Court could lift the stay before then. For example, if the USPTO confirms that all claims of the patents-in-suit are patentable, the Court may decide to lift the stay.

If this litigation results in an adverse outcome, we may be required to cease the manufacture, use or sale of any product held to infringe Netlist's patents, including our iMB product, unless and until we or our customers obtain a license from Netlist. A license from Netlist may or may not be available on commercially reasonable terms. An adverse outcome could also result in our having to pay damages for infringement and the expenditure of significant resources to redesign any infringing product, including our iMB product, in a non-infringing manner, which may or may not be successful. To date, we have only sampled our iMB product and, as a result, we have generated very little revenue. Our ability to generate future revenue from our iMB product, could be adversely affected, though it is currently difficult to estimate the level at which this may affect our revenue.

Inphi Corporation v. Netlist, Inc, Case No. 09-cv-8749 (C.D. Cal.).

On November 30, 2009, we filed suit in the United States District Court, Central District of California asserting that Netlist infringes U.S. Patent Nos. 7,307,863 and 7,479,799, collectively the patents-in-suit, and are seeking both unspecified monetary damages and an injunction to prevent further infringement. Netlist answered the complaint on January 15, 2010 and filed an amended answer on April 22, 2010, asserting that it does not infringe the patents-in-suit, that the patents-in-suit are invalid and that U.S. Patent No. 7,479,799 is unenforceable due to inequitable conduct before the USPTO. Discovery is currently proceeding, and the Court has set a trial date of October 11, 2011.

While we intend to defend and prosecute these lawsuits vigorously, litigation, whether or not determined in our favor or settled, could be costly and time-consuming and could divert our attention and resources, which could adversely affect our business. We are unable to assess the possible outcome of these matters. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, our business, financial condition, results of operations or cash flows could be materially and adversely affected.

We are not currently a party to any other material litigation. The semiconductor industry is characterized by frequent claims and litigation, including claims regarding patent and other intellectual property rights as well as improper hiring practices. We may from time to time become involved in litigation relating to claims arising from our ordinary course of business. These claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

ITEM 4. *(REMOVED AND RESERVED)*

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

Market for Registrant's Common Equity

Our common stock is traded on the New York Stock Exchange under the symbol "IPHI" and has been since our initial public offering on November 11, 2010. Prior to that date, our common stock was not traded on any public exchange. The following table sets forth the range of high and low sales prices for our common stock in each quarter since our stock began trading:

2010	Low	High
Fourth Quarter (from November 11, 2010)	$14.73	$20.94

As of March 3, 2011, we had approximately 189 holders of record of our common stock. This number does not include the number of persons whose shares are in nominee or in "street name" accounts through brokers.

We have never declared or paid any cash dividends on shares of our capital stock. We expect to retain all of our earnings to finance the expansion and development of our business and we do not currently intend to pay any cash dividends on our capital stock in the foreseeable future. Our board of directors will determine future dividends, if any.

Recent Sales of Unregistered Securities

The following sets forth information regarding all unregistered securities sold during the year ended December 31, 2010 and give effect to reflect the 3-for-7 reverse stock split of our outstanding shares of capital stock on November 3, 2010 and the conversion of all preferred stock into common stock effected immediately prior to the completion of our initial public offering:

- On various dates between January 1, 2010 and November 16, 2010, the closing of our initial public offering, we issued and sold an aggregate of 395,253 shares of our common stock to employees, directors and consultants pursuant to options granted under 2000 Stock Option/Stock Issuance Plan, or 2000 Stock Plan. The exercise prices ranged from $0.70 to $3.74 per share, for aggregate consideration of $483,837. *
- In April 2010, we granted a restricted stock award for 17,142 shares of our common stock, with a fair value of $9.29 per share to a member of our Board of Directors.*
- In August 2010, we granted a restricted stock award for 17,142 shares of our common stock, with a fair value of $12.02 per share, to a member of our Board of Directors.*
- On June 30, 2010, we issued an aggregate of 313,713 shares of our former Series E preferred stock as part of the consideration to acquire all outstanding shares of Winyatek Technology Inc.**

None of the foregoing transactions involved any underwriters, underwriting discounts or commission, or any public offering, and the registrant believes that each transaction was exempt from the registration requirements of the Securities Act in reliance on the following exemptions:

* with respect to these transactions, Rule 701, Rule 506 of Regulation D or Regulation S promulgated under the Securities Act as transactions pursuant to a compensatory benefit plan approved by the registrant's board of directors; and

** with respect to this transaction, Rule 506 of Regulation D promulgated under the Securities Act as a transactions by an issuer not involving a public offering. Each recipient of the securities in these transactions represented his or her intention to acquire the securities for investment only and not with a view to, or for resale in connection with, any distribution thereof.

Use of Proceeds from Registered Securities

Our initial public offering of 7,820,000 shares of common stock was effected through a Registration Statement on Form S-1 (File No. 333-167564) that was declared effective by the Securities and Exchange Commission on November 10, 2010. We issued all 7,820,000 shares on November 16, 2010 for gross proceeds of $93,840,000. The underwriters of the offering were Morgan Stanley & Co. Incorporated, Deutsche Bank Securities Inc., Jefferies & Company, Inc., Stifel Nicolaus & Company, Incorporated and Needham & Company, LLC. We paid the underwriters a commission of $6,568,800 and incurred additional offering expenses of approximately $2,573,169. After deducting the underwriters' commission and the offering expenses, we received net proceeds of approximately $84,698,031. No payments for such expenses were made directly or indirectly to (i) any of our directors, officers or their associates, (ii) any person(s) owning 10% or more of any class of our equity securities or (iii) any of our affiliates. All of the net proceeds from the initial public offering remain invested in short-term, interest-bearing, investment-grade securities, as described in our prospectus dated November 10, 2010.

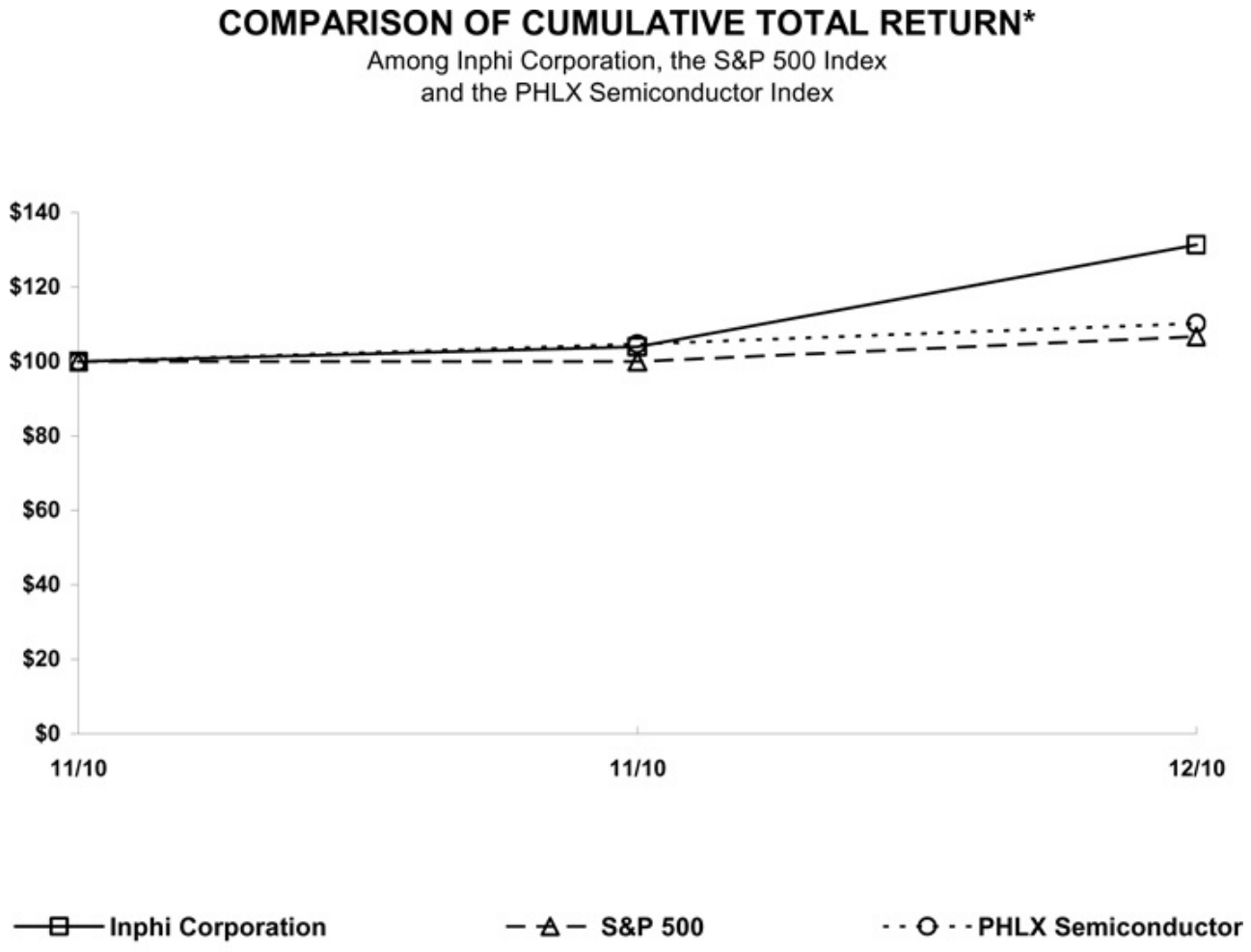
Securities Authorized for Issuance under Equity Compensation Plans

Information regarding the securities authorized for issuance under our equity compensation plans can be found under Item 12 of this Annual Report on Form 10-K.

Share Performance Graph

The following information is not deemed to be "soliciting material" or to be "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C under the Securities Exchange Act of 1934 or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent we specifically incorporate it by reference into such a filing.

Set forth below is a line graph showing the cumulative total stockholder return (change in stock price plus reinvested dividends) assuming the investment of $100 on November 11, 2010 (the day of our initial public offering) in each of our common stock, the S&P 500 Index and PHLX Semiconductor Index for the period commencing on November 11, 2010 and ending on December 31, 2010. The comparisons in the table are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of future performance of our common stock



*$100 invested on 11/11/10 in stock and 11/30/10 in index, including reinvestment of dividends.
Fiscal year ending December 31.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read together with Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this report. The selected balance sheet data as of December 31, 2010 and 2009, and the selected statements of operations data for each of the years ended December 31, 2010, 2009 and 2008, have been derived from our audited financial statements included elsewhere in this report. The selected balance sheet data as of December 31, 2008, 2007 and 2006 and the selected statements of operations data for the years ended December 31, 2007 and 2006 have been derived from our audited financial statements not included in this report. Historical results are not necessarily indicative of the results to be expected in the future.

	Year Ended December 31,				
	2010	2009	2008	2007	2006
	(in thousands, except share and per share data)				
Statement of Operations Data:					
Revenue	$ 55,253	$ 37,617	$ 32,727	$ 31,681	$ 19,741
Revenue from related party[1]	27,940	21,235	10,227	4,556	1,557
Total revenue	83,193	58,852	42,954	36,237	21,298
Cost of revenue[2]	29,438	21,269	19,249	16,028	11,244
Gross profit	53,755	37,583	23,705	20,209	10,054
Operating expense:					
Research and development[2]	23,781	17,847	17,501	17,332	11,645
Sales and marketing[2]	8,823	7,704	6,339	5,157	3,190
General and administrative[2]	9,212	3,947	3,169	2,966	2,446
Total operating expense	41,816	29,498	27,009	25,455	17,281
Income (loss) from operations	11,939	8,085	(3,304)	(5,246)	(7,227)
Other income (expense)	(50)	73	(124)	(95)	405
Income (loss) before income taxes	11,889	8,158	(3,428)	(5,341)	(6,822)
Provision (benefit) for income taxes[3]	(14,242)	829	—	—	—
Net income (loss)	$ 26,131	$ 7,329	$ (3,428)	$ (5,341)	$ (6,822)
Net income (loss) allocable to common stockholders	$ 5,240	$ 130	$ (3,428)	$ (5,341)	$ (6,822)
Earnings per share:					
Basic	$ 1.03	$ 0.08	$ (2.66)	$ (6.57)	$ (16.35)
Diluted	$ 0.61	$ 0.05	$ (2.66)	$ (6.57)	$ (16.35)
Weighted-average shares used in computing earnings per share:					
Basic	5,086,169	1,668,876	1,289,431	813,290	417,232
Diluted	8,546,537	2,785,277	1,289,431	813,290	417,232

(1) Revenue from related party consists of revenue from Samsung, which together with associated entities, held over 13% of our outstanding shares of common stock before our initial public offering. After our initial public offering in November 2010, Samsung, together with associated entities, holds less than 10% of our outstanding shares of common stock. Revenue from Samsung for the entire year of 2010 was presented as revenue from related party.

Footnotes continued on the following page.

	As of December 31,				
	2010	2009	2008	2007	2006
			(in thousands)		
Balance Sheet Data:					
Cash and cash equivalents	$ 110,172	$ 19,061	$ 9,052	$ 3,268	$ 5,587
Working capital	116,887	20,055	10,721	3,010	7,504
Total assets	158,957	34,472	20,373	16,190	15,785
Total liabilities	16,271	11,588	6,558	10,522	6,180
Convertible preferred stock	—	77,616	77,616	67,680	67,680
Total stockholders' equity (deficit)	$ 142,686	$(54,732)	$(63,801)	$(62,012)	$(58,076)

Footnotes continued from the prior page.

(2) Stock-based compensation expense is included in our results of operations as follows:

	As of December 31,				
	2010	2009	2008	2007	2006
		(in thousands)			
Operating expenses:					
Cost of revenue	$ 107	$ 31	$119	$ 19	$ 9
Research and development	1,381	475	358	168	76
Sales and marketing	526	238	101	66	133
General and administrative	691	421	417	574	280

(3) The provision (benefit) for income taxes for the years ended December 31, 2010 and 2009 included the releases and reversals of valuation allowances against deferred tax assets provided in prior periods. Please see note 7 to the notes to our consolidated financial statements.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this report, the terms "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "expect," "believe," "estimate," "predict," "potential," "plan," or the negative of these terms, and similar expressions intended to identify forward-looking statements. These statements are statements that relate to future periods and include statements regarding our anticipated trends and challenges in our business and the markets in which we operate, including the market for 40G and 100G high-speed analog semiconductor solutions, our plans for future products, such as our isolation memory buffer or iMB™, clock and data recovery, or CDR, and serializer/deserializer, or SERDES, products, and enhancements of existing products, our expectations regarding our expenses and revenue, including our expectations that our research and development, sales and marketing and general and administrative expenses may increase in absolute dollars, our anticipated cash needs and our estimates regarding our capital requirements and our needs for additional financing, our anticipated growth strategies, our ability to retain and attract customers, particularly in light of our dependence on a limited number of customers for a substantial portion of our revenue, the anticipated costs and benefits of our recent acquisition of Winyatek Technology Inc., and our expectations regarding competition as more and larger semiconductor companies enter our markets and as existing competitors improve or expand their product offerings. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those risks discussed below, as well as factors affecting our quarterly results, our ability to manage our growth, our ability to sustain or increase profitability, demand for our solutions, the effect of declines in average selling prices for our products, our ability to compete, our ability to rapidly develop new technology and introduce new products, our ability to safeguard our intellectual property, trends in the semiconductor industry and fluctuations in general economic conditions, and the risks set forth throughout this Report, including the risks set forth under Item 1A., "Risk Factors." These forward-looking statements speak only as of the date of this report. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

We are a fabless provider of high-speed analog semiconductor solutions for the communications and computing markets. Our analog semiconductor solutions provide high signal integrity at leading-edge data speeds while reducing system power consumption. Our semiconductor solutions are designed to address bandwidth bottlenecks in networks, maximize throughput and minimize latency in computing environments and enable the rollout of next generation communications and computing infrastructures. Our solutions provide a vital high-speed interface between analog signals and digital information in high-performance systems such as telecommunications transport systems, enterprise networking equipment, datacenter and enterprise servers, storage platforms, test and measurement equipment and military systems. We provide 40G and 100G high-speed analog semiconductor solutions for the communications market and high-speed memory interface solutions for the computing market. We have a broad product portfolio with 17 product lines and over 170 products as of December 31, 2010. We have ongoing, informal collaborative discussions with industry and technology leaders such as AMD, Alcatel-Lucent, Huawei and Intel to design architectures and products that solve bandwidth bottlenecks in existing and next generation communications and computing systems. Although we do not have any formal agreements with these entities, we engage in informal discussions with these entities with respect to anticipated technological challenges, next generation customer requirements and industry conventions and standards. We help define industry conventions and standards within the markets we target by collaborating with technology leaders, OEMs, systems manufacturers and standards bodies.

The history of our product development and sales and marketing efforts is as follows:

- From 2000 to 2002, we were primarily engaged in the development of our core high-speed analog products and proprietary system architecture models to address bottlenecks in emerging network architectures. Specifically, during this period, we developed and shipped our 50 GHz MUX and DEMUX products. During this period, we also began development work on our initial 40G products.
- In 2003, we introduced and shipped 13G, 25G and 50G logic products, 20G MUX and 40G transimpedance amplifiers and modulator drivers for the communications, test and measurement and military markets. During this period, we also began the development of our first generation high-speed PLLs and register solution used primarily in conjunction with double data rate 2, or DDR2, modules for the computing market.
- In 2005, we introduced and shipped our high-speed PLLs and register solution used primarily in conjunction with DDR2 modules for the computing market.
- In 2006, we began development of our second generation single chip high-speed PLLs and register solution to be used primarily in conjunction with double data rate 3, or DDR3, modules for the computing market and were the first to introduce this product to the market. In addition, we introduced and shipped track-and-hold amplifiers for the communications market.

- In 2007, we began volume shipments of our high-speed PLLs and register solution used primarily in conjunction with DDR2 modules, and continued development of our single chip high-speed PLLs and register solution, used primarily in conjunction with DDR3 modules.
- In 2008, we began volume shipments of our 40G drivers for the communications market and commenced shipments of our high-speed PLLs and register solution used primarily in conjunction with DDR3 modules for the computing market.
- In 2009, due to the launch of Intel's Nehalem-based platform servers, we began volume shipments of our single chip high-speed PLLs and register solution to be used primarily in conjunction with DDR3 modules. We also shipped engineering samples of the first generation of our isolation memory buffer, or iMB™, for the computing market. We also began development of our second generation iMB ™ product, the architecture for which has been adopted by the Joint Electronic Device Engineering Council, or JEDEC, and development of our low power CMOS SERDES product for next generation 100G Ethernet in enterprise networks.
- In 2010, we began to ship in production volume a new "low voltage" version of our integrated PLL and register buffer. We also shipped engineering samples of the second generation iMB™ product.

Our products are designed into systems sold by OEMs, including Agilent, Alcatel-Lucent, Cisco, Danaher, Dell, EMC, HP, Huawei, IBM and Oracle. We believe we are one of a limited number of suppliers to these OEMs, and in some cases we may be the sole supplier for certain applications. We sell both directly to these OEMs and to module manufacturers, original design manufacturers, or ODMs, and subsystems providers that, in turn, sell to these OEMs. During the year ended December 31, 2010, we sold our products to more than 160 customers. A significant portion of our revenue has been generated by a limited number of customers. Sales directly to Samsung accounted for 34% and 36% of our total revenue and sales directly and through distributors to Micron accounted for 11% and 17% of our total revenue for the years ended December 31, 2010 and 2009, respectively. Substantially all of our sales to date, including our sales to Samsung and Micron, are made on a purchase order basis. Since the beginning of 2006, we have shipped more than 100 million high-speed analog semiconductors. Our total revenue increased to $83.2 million for the year ended December 31, 2010 from $58.9 million for the year ended December 31, 2009. As of December 31, 2010, our accumulated deficit was $34.6 million.

Sales to customers in Asia accounted for 80%, 77% and 64% of our total revenue in 2010, 2009 and 2008, respectively. Because many of our customers or their OEM manufacturers are located in Asia, we anticipate that a majority of our future revenue will continue to come from sales to that region. Although a large percentage of our sales are made to customers in Asia, we believe that a significant number of the systems designed by these customers are then sold to end users outside Asia.

In April 2010, we received approval from the government of Singapore to set up an international headquarters from which to conduct our international operations. Because of its geographic alignment with suppliers and customers, we established our operations in Singapore to become a new international headquarters office for receiving and fulfilling orders for product shipped to locations outside the United States. Singapore has a strong university system and an established group of technology-based companies from which to recruit new engineers. We intend to build a team of engineering capability in Singapore both for development as well as testing associated with manufacturing. International operations in Singapore commenced on May 1, 2010 and during 2010, we transitioned our international operations from the United States to our Singapore subsidiary.

Demand for new features changes rapidly. It is difficult for us to forecast the demand for our products, in part because of the complex supply chain between us and the end-user markets that incorporate our products. Due to our lengthy product development cycle, it is critical for us to anticipate changes in demand for our various product features and the applications they serve to allow sufficient time for product development and design. Our failure to accurately forecast demand can lead to product shortages that can impede production by our customers and harm our customer relationships. Conversely, our failure to forecast declining demand or shifts in product mix can result in excess or obsolete inventory.

Although revenue generated by each design win and the timing of the recognition of that revenue can vary significantly, we consider ongoing design wins to be a key factor in our future success. We consider a design win to occur when an OEM or contract manufacturer notifies us that it has selected our products to be incorporated into a product or system under development. The design win process is typically lengthy, and as a result, our sales cycles will vary based on the market served, whether the design win is with an existing or new customer and whether our product is under consideration for inclusion in a first or subsequent generation product. In addition, our customers' products that incorporate our semiconductors can be complex and can require a substantial amount of time to define, design and produce in volume. As a result, we can incur significant design and development expenditures in circumstances where we do not ultimately recognize, or experience delays in recognizing revenue. Our customers generally order our products on a purchase order basis. We do not have any long-term purchase commitments (in excess of one year) from any of our customers. Once our product is incorporated into a customer's design, however, we believe that our product is likely to continue to be purchased for that design throughout that product's life cycle because of the time and expense associated with redesigning the product or substituting

an alternative semiconductor. Our design cycle from initial engagement to volume shipment is typically two to three years. Product life cycles in the markets we serve typically range from two to 10 years or more and vary by application.

On June 30, 2010, we acquired all of the outstanding shares of Winyatek Technology Inc., in exchange for $3.3 million in cash, 313,713 shares of our Series E preferred stock and earn-out consideration up to $2,000,000 to be determined based on certain operating metrics.

Critical Accounting Policies and Significant Management Estimates

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

Our significant accounting policies are discussed in note 1 of the notes to our consolidated financial statements. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. We have reviewed these critical accounting estimates and related disclosures with our audit committee.

Revenue Recognition

Our products are fully functional at the time of shipment and do not require production, modification or customization. We recognize revenue from product sales when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collection is reasonably assured. Our fee is considered fixed or determinable at the execution of an agreement, based on specific products and quantities to be delivered at specified prices, which is evidenced by a customer purchase order or other persuasive evidence of an arrangement. Our agreements with non-distributor customers do not include rights of return or acceptance provisions. Product revenue is recognized upon shipment of product to end customers.

Approximately 21% of our sales were made through distributors in 2010. Sales to distributors are included in deferred revenue and we include the related costs in inventory until sales and delivery to the end customers occurs. Two distributor arrangements, which together accounted for 11% of our total revenue in 2010, allow for limited price protection and rights of stock rotation on product unsold by the distributors. The price protection rights allow distributors the right to a credit in the event of declines in the price of our product that they hold prior to the sale to a specific end customer. In the event that we reduce the selling price of products held by distributors, deferred revenue related to distributors with price protection rights is reduced upon notification to the customer of the price change. Stock rotation in the two distributor arrangements is limited to returns for exchange only for a small percentage of product (5%-10%) purchased over a limited period of time (during the immediately prior three to nine months). Other than these two arrangements, no other customer arrangements include any rights of return or acceptance provisions. There were no material product returns or price protection credits in 2010, 2009 and 2008. Revenue recognition on product sales through distributors is highly dependent on receiving pertinent and accurate data from our distributors in a timely fashion. Distributors provide us periodic data prior to the release of our consolidated financial statements regarding the product, price, quantity and end customer when products are resold, as well as the quantities of our products they still have in stock.

We have not experienced any significant sales returns from end customers due to our stringent quality control standards. We monitor collectability of accounts receivable primarily through review of the accounts receivable aging. Our policy is to record an allowance for doubtful accounts based on specific collection issues we have identified, aging of underlying receivables and historical experience of uncollectible balances. As of December 31, 2010 and 2009, our allowance for doubtful accounts was $68,000.

We have not made any material changes in the accounting methodology we use to record the allowance for doubtful accounts during the past three years. If actual results are not consistent with the assumptions and estimates used, for example, if the financial condition of the customer deteriorated, we may be required to record additional expense that could materially negatively impact our operating results. To date, however, substantially all of our receivables have been collected within the credit term of 30 to 45 days.

Inventory Valuation

We value our inventory, which includes materials, labor and overhead, at the lower of cost or market. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. We periodically write-down our inventory to the lower of cost or market based on our estimates that consider historical usage and future demand. These factors are impacted by market and economic conditions, technology changes, new product introductions and changes in strategic direction. The calculation of our inventory valuation requires management to make assumptions and to apply judgment regarding forecasted customer demand and

technological obsolescence that may turn out to be inaccurate. Inventory valuation reserves were $1,372,000, $916,000 and $938,000, as of December 31, 2010, 2009 and 2008, respectively. Inventory valuation reserves, once established, are not reversed until the related inventory has been sold or scrapped.

We have not made any material changes in the accounting methodology we use to record inventory reserves during the past three years. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions that we use to calculate our inventory reserve. However, if estimates regarding customer demand are inaccurate or changes in technology affect demand for certain products in an unforeseen manner, we may be exposed to losses or gains that could be material.

Product Warranty

Our products are under warranty against defects in material and workmanship generally for a period of one or two years. We accrue for estimated warranty cost at the time of sale based on anticipated warranty claims and actual historical warranty claims experience including knowledge of specific product failures that are outside of our typical experience. The warranty obligation is determined based on product failure rates, cost of replacement and failure analysis cost. We monitor product returns for warranty-related matters and monitor an accrual for the related warranty expense based on historical experience. Our warranty obligation requires management to make assumptions regarding failure rates and failure analysis costs. If actual warranty costs differ significantly from these estimates, adjustments may be required in the future, which would adversely affect our gross margins and operating results. The warranty liability as of December 31, 2010 and 2009, were $602,000 and $450,000, respectively, and was immaterial in 2008.

In September 2010, we were informed of a claim related to repair and replacement costs in connection with shipments of over 4,000 integrated circuits made by us during the summer and fall of 2009. Of these shipments, approximately 4% were later confirmed or suspected to have random manufacturing process anomalies in the wafer die in the product. These anomalies made the circuitry of a small number of random die per foundry wafer susceptible to failure under certain customer specific system operating conditions. At the time of shipment in 2009 and early 2010, we established an initial warranty reserve and added to that accrual as the problem was identified and reliable information became available. The foundry who produced the wafers has informed us that the random anomalies are normal in a Gallium Arsenide, or GaAs, manufacturing process.

In March 2010, we developed additional tests to screen out the wafer die that might be susceptible to this type of failure and resumed shipments to the customer with no subsequent additional reported incidents. Based on our standard warranty provisions, we have provided replacement parts to the customer for the known and suspected failures that had occurred.

In addition and without informing us, in the fall of 2009 the customer instituted its own larger scale replacement program that covered the replacement of entire subassemblies in which our product was only one component. In September 2010, the customer made an initial claim for approximately $18 million against us for the costs incurred relative to that program. We believe the amount of the claim is without merit as our warranty liability is contractually limited to the repair or replacement of our affected products, which to the extent the customer has requested replacement, has already been completed. A formal claim has yet to be made and discussions with the customer are ongoing. At this time, we believe our current warranty reserves are adequate to address the matter and that our obligations under our standard warranty provisions have been fulfilled. However, claims of this nature are subject to various risks and uncertainties and there can be no assurance that this matter will be resolved without further significant costs to us, including the potential for arbitration or litigation. If and when the amount of any additional loss, if any, becomes both probable and determinable, we may be required to record an incremental reserve. We currently expect to continue to do business with this customer for both current and future products.

Goodwill and Purchased Intangible Assets.

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the acquired net tangible and intangible assets. The amounts and useful lives assigned to intangible assets acquired, other than goodwill, impact the amount and timing of future amortization. The value of our intangible assets, including goodwill, could be impacted by future adverse changes such as: (a) any future declines in our operating results, (b) a decline in the valuation of technology company stocks, including the valuation of our common stock, (c) a further significant slowdown in the worldwide economy or the semiconductor industry, (d) any failure to meet the performance projections included in our forecasts of future operating results or (e) the abandonment of any of our acquired in-process research and development projects. We evaluate goodwill and purchased intangible assets deemed to have indefinite lives, on an annual basis in the fourth quarter or more frequently if we believe indicators of impairment exist. Significant management judgment is required in performing periodic impairment tests. The testing for a potential impairment of goodwill involves a two-step process. The first step involves comparing the estimated fair values of our reporting units with their respective book values, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then the carrying amount of the goodwill is compared with its implied fair value. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets such as our technology, customer

relationships, patents and trademarks. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. If our actual results, or the plans and estimates used in future impairment analyses, are lower than the original estimates used to assess the recoverability of these assets, we could incur additional impairment charges. On June 30, 2010, we acquired all of the outstanding shares of Winyatek Technology Inc. for which we recorded goodwill and identifiable intangible assets of $5,281,000 and $1,640,000, respectively. See note 2 to the notes to our consolidated financial statements.

Stock-Based Compensation

Effective January 1, 2006, we adopted authoritative guidance for stock-based compensation which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors based on the grant date fair values of the awards. The fair value is estimated using the Black-Scholes option pricing model. The value of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statements of operations. We elected to treat share-based payment awards with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period. Stock-based compensation expenses are classified in the statement of operations based on the department to which the related employee reports.

We account for stock options issued to non-employees in accordance with the guidance for equity-based payments to non-employees. Stock option awards to non-employees are accounted for at fair value using the Black-Scholes option pricing model. Our management believes that the fair value of stock options is more reliably measured than the fair value of the services received. The fair value of the unvested portion of the options granted to non-employees is re-measured each period. The resulting increase in value, if any, is recognized as expense during the period the related services are rendered.

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

We estimated the expected volatility from the historical volatilities of several unrelated public companies within the semiconductor industry because our common stock has no trading history. When selecting the public companies used in the volatility calculation, we selected companies in the semiconductor industry with comparable characteristics to us, including stage of development, lines of business, market capitalization, revenue and financial leverage. The weighted average expected life of options was calculated using the simplified method of prescribed guidance provided by the SEC. This decision was based on the lack of relevant historical data due to our limited experience and the lack of active market for our common stock. The risk-free interest rate is based on the U.S. Treasury yields in effect at the time of grant for periods corresponding to the expected term of the options. The expected dividend rate is zero based on the fact that we have not historically paid dividends and have no intention to pay cash dividends in the foreseeable future. The forfeiture rate is established based on the historical average period of time that options were outstanding and adjusted for expected changes in future exercise patterns.

We do not believe there is a reasonable likelihood that there will be material changes in the estimates and assumptions we use to determine stock-based compensation expense. In the future, if we determine that other option valuation models are more reasonable, the stock-based compensation expense that we record in the future may differ significantly from what we have recorded using the Black-Scholes option pricing model.

Income Taxes

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when and where the differences are expected to reverse. We record a valuation allowance to reduce deferred tax assets to the amount that we believe is more likely than not to be realized. In assessing the need for a valuation allowance, we considered historical levels of income, projections of future income, expectations and risk associated with estimates of future taxable income and ongoing prudent and practical tax planning strategies. To the extent that we believe it is more likely than not that some portion of our deferred tax assets will not be realized, we would increase the valuation allowance against deferred tax assets. Although, we believe that the judgment we used is reasonable, actual results can differ due to a change in market conditions, changes in tax laws and other factors.

From inception through 2008, we incurred annual losses, and accordingly, we determined that a valuation allowance should be recorded against all of our deferred tax assets. We considered future taxable income and prudent and feasible tax planning strategies in determining the need for a valuation allowance and evaluated the need for a valuation allowance on a regular basis. The determination of recording or releasing a tax valuation allowance is made, in part, pursuant to an assessment performed by management regarding the likelihood that we will generate sufficient future taxable income against which the benefits of our deferred tax assets may or may not be realized. This assessment requires management to exercise significant judgment and make estimates with respect to our ability

to generate revenue, gross profits, operating income and taxable income in future periods. Among other factors, management must make assumptions regarding current and projected overall business and semiconductor industry conditions, operating efficiencies, our ability to timely develop, introduce and consistently manufacture new products to meet our customers' needs and specifications, our ability to adapt to technological changes and the competitive environment, which may impact our ability to generate taxable income and, in turn, realize the value of our deferred tax assets. Significant cumulative operating losses in 2008 and prior years, uncertainty with respect to the acceptance of our products by end customers and significant economic uncertainties in the market made our ability to project future taxable income highly uncertain and volatile at December 31, 2009. Although 2009 was our first profitable year, only the last three quarters of the year were profitable and the vast majority of our pre-tax income was generated in the last two quarters of the year. Based upon management's assessment of all available evidence, including a relatively short period of recent profitability coupled with significant uncertainties associated with our 2010 business outlook, we concluded, as of December 31, 2009, that it was not more likely than not that our net deferred tax assets would be realized. See note 7 of the notes to our consolidated financial statements.

In March 2010, we received our first substantial quantity of production orders for a new low voltage product, product number INSSTE32882LV-GS02, or the GS02 product, which was a new low voltage version of our integrated PLL and register buffer. This new low voltage product was widely expected in the market to be significant and is expected to begin shipping in high volumes for both us and our competitors with a new Intel platform in the second half of 2010. This GS02 product has been launched and is currently in full commercial production and is shipping in commercial volume. The arrival of these production orders from one of our largest customers reduced concerns and increased our confidence in the strength of our business outlook for the balance of 2010. In addition, certain other new product introductions began to gain traction with customers, providing additional confidence in our longer term outlook. We also achieved further clarity around certain contingencies related to ongoing litigation and certain other product acceptance concerns that existed at December 31, 2009. Furthermore, during the first quarter of 2010, we unexpectedly received additional orders for an older product that allowed us to exceed the overall plan for the quarter and continue our recent trend of profitability into the first quarter of 2010. At its April 30, 2010 meeting, based on a review of the positive developments that materialized in the first quarter of 2010, our board of directors decided to authorize management to retain investment bankers and proceed with plans to pursue a potential initial public offering. Based on these positive developments and an additional quarter of profitable operation, we reassessed the need for a valuation allowance at March 31, 2010 and concluded that a change in circumstances had occurred. Management determined that, based on our prospects and business outlook, it was then reasonable to conclude that it is more likely than not that our deferred tax assets will be realized. Accordingly, we released the full valuation allowance recorded against our deferred tax assets based on the weight of positive evidence that existed at March 31, 2010. Significant judgment is required to determine the timing and extent of a valuation allowance release and our ability to utilize deferred tax assets will continue to be dependent on our ability to generate sufficient taxable income in future periods.

In accordance with FASBs guidance on A*ccounting for Uncertainty in Income Taxes*, we perform a comprehensive review of uncertain tax positions regularly. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. We determine the tax liability for uncertain tax positions based on a two-step process. The first step is to determine whether it is more likely than not based on technical merits that each income tax position would be sustained upon examination. The second step is to measure the tax benefit as the largest amount that has a greater than 50% likelihood of being realized upon ultimate settlement with a tax authority that has full knowledge of all relevant information. The assessment of each tax position requires significant judgment and estimates. We believe our tax return positions are fully supported, but tax authorities could challenge certain positions, which may not be fully sustained. All tax positions are periodically analyzed and adjusted as a result of events, such as the resolution of tax audits, issuance of new regulations or new case law, negotiations with tax authorities, and expiration of statutes of limitations.

Results of Operations and Key Operating Metrics

The following describes the line items in the statements of operations, which we consider to be our key operating metrics.

Revenue. We generate revenue from sales of our semiconductor products to end customers. A portion of our products is sold indirectly to customers through distributors.

We design and develop high-speed analog semiconductor solutions for the communications and computing markets. Our revenue is driven by various trends in these markets. These trends include the deployment and broader market adoption of next generation 40G and 100G technologies in communications and enterprise networks, the timing of next generation network and enterprise server upgrades in different geographic locations worldwide, the introduction and broader market adoption of next generation server platforms such as Intel's Nehalem-based platform, and the deployment of high-speed memory interfaces in server and computing platforms.

Our revenue is also impacted by changes in the number and average selling prices of our semiconductor products. Our products are typically characterized by a life cycle that begins with higher average selling prices and lower volumes, followed by broader market adoption, higher volumes, and average selling prices that are lower than initial levels.

We operate in industries characterized by rapidly changing technologies and industry standards as well as technological obsolescence. Our revenue growth is dependent on our ability to continually develop and introduce new products to meet the changing technology and performance requirements of our customers, diversify our revenue base and generate new revenue to replace, or build upon, the success of previously introduced products which may be rapidly maturing. As a result, our revenue is impacted to a more significant extent by product life cycles for a variety of products and to a much lesser extent, if any, by any single product. In 2008, there were no products that represented more than 10% of our total revenue. In 2009, we successfully introduced and began to ship a new product in production which integrated a new PLL, along with a new register buffer. Sales of this newly introduced part comprised 18% and 43% of our total revenue in 2010 and 2009, respectively. In 2010, this product has matured. As a result, sales of this product in 2010 declined in volume. We currently expect that by 2011 the new product introduced in 2009 will no longer be material to our total revenue. In 2010, we also began to ship in production volume a new "low voltage" version of our integrated PLL and register buffer, which is shipping in the form of product number INSSTE32882LV-GS02, or the GS02 product. Sales of the GS02 product comprised 32% of our total revenue in 2010. In 2011, we expect that revenue from sales of GS02 will continue to be significant.

The following table is based on the geographic location to which our product is initially shipped. In most cases this will differ from the ultimate location of the end user of a product containing our technology. For sales to our distributors, their geographic location may be different from the geographic locations of the ultimate end customer. Sales by geography for the periods indicated were:

	Year Ended December 31,		
	2010	2009	2008
		(in thousands)	
Korea	$ 14,319	$ 18,307	$ 15,147
United States	13,528	10,727	12,265
China	29,238	9,924	2,258
Japan	6,557	5,688	5,903
Taiwan	6,838	5,687	1,544
Other	12,713	8,519	5,837
	$ 83,193	$58,852	$ 42,954

In 2009, we were shipping products to a customer in Korea. However, in 2010, this customer requested to ship majority of the products to their facility in China, which resulted in a significant shift in revenue between China and Korea.

Cost of revenue. Cost of revenue includes cost of materials such as wafers processed by third-party foundries, costs associated with packaging and assembly, test and shipping, cost of personnel, including stock-based compensation, as well as equipment associated with manufacturing support, logistics and quality assurance, warranty costs, write down of inventories, amortization of production mask costs, overhead and other indirect costs, such as allocated occupancy and information technology, or IT, costs.

As some semiconductor products mature and unit volumes increase, their average selling prices may decline. These declines are often paired with improvements in manufacturing yields and lower wafer, assembly and test costs, which offset some of the margin reduction that results from lower prices. However, our gross profit, period over period, may fluctuate as a result of changes in average selling prices due to new product introductions or existing product transitions into larger scale commercial volumes, manufacturing costs as well as our product mix.

Research and development. Research and development expense includes personnel-related expenses, including salaries, stock-based compensation and employee benefits. It also includes pre-production engineering mask costs, software license expenses, prototype wafer, packaging and test costs, design and development costs, testing and evaluation costs, depreciation expense and other indirect costs. All research and development costs are expensed as incurred. We expect research and development expense to increase as a result of the establishment of a design center in the United Kingdom and our acquisition of Winyatek Technology Inc. In addition, we expect research and development expense to increase in absolute dollars as we continue to invest resources to develop more products and enhance our existing product portfolio.

Sales and marketing. Sales and marketing expense consists primarily of salaries, stock-based compensation, employee benefits, travel, promotions, trade shows, marketing and customer support, commission payments to employees, depreciation expense and other indirect costs. We expect sales and marketing expense to increase in absolute dollars to support the growth of our business and promote our products to current and potential customers.

General and administrative. General and administrative expense consists primarily of salaries, stock-based compensation, employee benefits and expenses for executive management, legal, finance and human resources. In addition, general and administrative expenses include fees for professional services and other indirect costs. We expect general and administrative expense

to increase in absolute dollars due to the general growth of our business and the costs associated with becoming a public company for, among other things, SEC reporting and compliance, including compliance with the Sarbanes-Oxley Act of 2002, director fees, insurance, transfer agent fees and similar expenses.

Provision (benefit) for income taxes. In each period since our inception to December 31, 2009, we have recorded a valuation allowance for the full amount of our deferred tax asset, as the realization of the full amount of our deferred tax asset was uncertain. Therefore, no deferred tax expense or benefit was recognized in the consolidated financial statements. In 2009, a provision for current income tax was recorded primarily due to our inability to use net operating loss carryforwards for state tax purposes in California and alternative minimum tax for federal tax purposes. For the year ended December 31, 2010, we recorded a net tax benefit of $14.2 million, which reflects an effective tax rate benefit of 120%. The effective tax rate benefit of 120% differs from the statutory rate of 35% primarily due to a release of our deferred tax valuation allowance and, to a lesser extent, foreign income taxes provided at lower rates, geographic mix in profitability and recognition of federal research and development credits. In 2011, we expect the effective tax rate to be lower than 35% due to foreign operations subject to lower tax rates.

The following table sets forth a summary of our statement of operations for the periods indicated:

	Year Ended December 31,		
	2010	2009	2008
		(in thousands)	
Total revenue	$ 83,193	$58,852	$ 42,954
Cost of revenue	29,438	21,269	19,249
Gross profit	53,755	37,583	23,705
Operating expense:			
Research and development	23,781	17,847	17,501
Sales and marketing	8,823	7,704	6,339
General and administrative	9,212	3,947	3,169
Total operating expenses	41,816	29,498	27,009
Income (loss) from operations	11,939	8,085	(3,304)
Other income (expense)	(50)	73	(124)
Income (loss) before income taxes	11,889	8,158	(3,428)
Provision (benefit) for income taxes	(14,242)	829	—
Net income (loss)	$ 26,131	$ 7,329	$ (3,428)

The following table sets forth a summary of our statement of operations as a percentage of each line item to the revenue:

	Year Ended December 31,		
	2010	2009	2008
Total revenue	100%	100%	100%
Cost of revenue	35	36	45
Gross profit	65	64	55
Operating expense:			
Research and development	29	30	41
Sales and marketing	11	13	15
General and administrative	11	7	7
Total operating expenses	51	50	63
Income (loss) from operations	14	14	(8)
Other income (expense)	—	—	—
Income (loss) before income taxes	14	14	(8)
Provision (benefit) for income taxes	(17)	2	—
Net income (loss)	31%	12%	(8)%

Comparison of the Years Ended December 31, 2010, 2009 and 2008

Revenue

	Year Ended December 31,			Change 2010		Change 2009	
	2010	2009	2008	Amount	%	Amount	%
	(dollars in thousands)						
Total revenue	$83,193	$58,852	$42,954	$24,341	41%	$15,898	37%

Total revenue for the year ended December 31, 2010 increased by $24.3 million due to a 66% increase in the number of units sold, partially offset by a decrease in average selling price of 15%. The increase in unit volumes was a result of a wider acceptance of our products and technology in new server platforms, such as Intel's Nehalem-based platform servers. This increase was partially offset by a year-over-year decrease in average selling price of certain products of approximately 15%. Our average selling price decreased primarily as a result change in product mix.

Total revenue for the year ended December 31, 2009 increased by $15.9 million due to a combination of a 7% increase in the number of units sold and an increase in average selling price of 29%, primarily due to changes in product mix. The increase in revenue was primarily driven by the increased adoption of high-speed memory interfaces by our end customers.

Cost of Revenue and Gross Profit

	Year Ended December 31,			Change 2010		Change 2009	
	2010	2009	2008	Amount	%	Amount	%
	(dollars in thousands)						
Cost of revenue	$ 29,438	$21,269	$19,249	$ 8,169	38%	$ 2,020	10%
Gross profit	53,755	37,583	23,705	16,172	43%	13,878	59%
Gross profit as a percentage of revenue	65%	64%	55%	—	1%	—	9%

Cost of revenue and gross profit for the year ended December 31, 2010 increased by $8.2 million and $16.2 million, respectively, compared to the prior year primarily due to an increase in the number of units purchased by customers consistent with the overall increase in revenue. Product costs as a percentage of revenue were relatively unchanged compared to the prior year.

Cost of revenue in 2009 increased by $2.0 million as a result of an increase in the number of units sold in 2009, compared to 2008 specifically for our high-speed memory interface products. Gross profit and gross profit as a percentage of revenue increased in 2009 relative to 2008 primarily because of a shift in product mix to newer higher margin products shipping in volume.

Research and Development

	Year Ended December 31,			Change 2010		Change 2009	
	2010	2009	2008	Amount	%	Amount	%
	(dollars in thousands)						
Research and development	$23,781	$17,847	$17,501	$5,934	33%	$ 346	2%

Research and development expense for the year ended December 31, 2010 increased by $5.9 million due to the increase in research and development headcount, establishment of a design center in United Kingdom and the acquisition of Winyatek Technology Inc., which together resulted in a $3.7 million increase in personnel costs and stock-based compensation expense, a $0.7 million increase in pre-production engineering mask costs and packaging development expense and engineering software expense of $0.2 million. The increase in personnel and development expense was primarily driven by our strategy to expand our product offerings and enhance our existing products. Specifically, we accelerated the development of our products for next generation communications networks and high-speed memory interfaces. In addition, rent expense increased by $0.2 million due to new building leases for two offices in California.

Research and development expense for the year ended December 31, 2009 increased by $0.3 million primarily due to continued product enhancements initiatives. Specifically, the increase is related to pre-production engineering mask costs of $0.3 million and additional personnel costs, including stock-based compensation of $0.2 million. These increases were partially offset by a reduction in recruiting expenses by $0.2 million due to payment of fees to an outside recruitment company for new employees hired in 2008.

Sales and Marketing

	Year Ended December 31,			Change 2010		Change 2009	
	2010	2009	2008	Amount	%	Amount	%
	(dollars in thousands)						
Sales and marketing	$8,823	$7,704	$6,339	$1,119	15%	$1,365	22%

Sales and marketing expense for the year ended December 31, 2010 increased by $1.1 million primarily due to an increase in personnel costs, including stock-based compensation expense, to support the increased sales activities.

Sales and marketing expense for the year ended December 31, 2009 increased by $1.4 million from 2008 primarily due to an increase in sales activities. Personnel costs, including stock-based compensation expense increased by $0.2 million and commission expense increased by $0.5 million. In addition, marketing expenses increased by $0.3 million.

General and Administrative

	Year Ended December 31,			Change 2010		Change 2009	
	2010	2009	2008	Amount	%	Amount	%
	(dollars in thousands)						
General and administrative	$9,212	$3,947	$3,169	$5,265	133%	$ 778	25%

General and administrative expenses for the year ended December 31, 2010 increased by $5.3 million primarily due to third-party professional fees and personnel costs. Outside legal fees increased by $1.8 million related primarily to litigation matters described in note 15 of the notes to our consolidated financial statements. Accounting and consulting fees increased by $0.8 million due to expenses incurred for our 2009 audit and quarterly reviews and the establishment of our subsidiary in Singapore. Other professional fees increased by $0.4 million for consulting services in information technology and human resource functions. General and administrative headcount increased, resulting in a $1.4 million increase in personnel costs and stock-based compensation expense.

General and administrative expense for the year ended December 31, 2009 increased compared to 2008 due to additional personnel costs of $0.6 million which consist of salaries of new employees, stock-based compensation and incentive pay.

Provision (benefit) for Income Taxes

	Year Ended December 31,			Change 2008		Change 2009	
	2010	2009	2008	Amount	%	Amount	%
	(dollars in thousands)						
Provision (benefit) for income taxes	$(14,242)	$829	$—	$(15,071)	N/M	$ 829	N/M

The income tax benefit of $14.2 million for the year ended December 31, 2010 reflects an effective tax rate benefit of 120%. The effective tax rate benefit of 120% for the year ended December 31, 2010 differs from the statutory rate of 35% primarily due to a release of our deferred tax valuation allowance $24 million and, to a lesser extent, foreign income taxes provided at lower rates, geographic mix in profitability and recognition of federal research and development credits.

The provision for income taxes in 2009 consisted of state income taxes recorded due to our inability to use net operating loss carryforwards for state tax purposes in California and federal income taxes related to alternative minimum tax.

During 2008, we did not record a provision for income tax primarily due to net losses realized and a full valuation allowance on our deferred tax assets.

Liquidity and Capital Resources

We have historically financed our operating activities and capital expenditures primarily through proceeds from the issuances of capital stock. We achieved profitability on an annual basis beginning in 2009 and on a quarterly basis in the second quarter of 2009. We have funded our operating activities and capital expenditures primarily through cash generated from operations since 2009. As of December 31, 2010, we had cash and cash equivalents of $110.2 million.

Our primary uses of cash are to fund operating expenses, purchase inventory and acquire property and equipment. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the changes in our outstanding accounts payable and accrued expenses. Our primary sources of cash are cash receipts on accounts receivable from our revenue. Aside

from the growth in amounts billed to our customers, net cash collections of accounts receivable are impacted by the efficiency of our cash collections process, which can vary from period to period, depending on the payment cycles of our major customers.

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

	Years Ended December 31,		
	2010	2009	2008
		(in thousands)	
Net cash provided by operating activities	$ 12,361	$ 9,849	$ 1,377
Net cash used in investing activities	(7,664)	(556)	(2,478)
Net cash provided by financing activities	86,365	716	6,885
Effect of currency exchange rate on cash	49	—	—
Net increase in cash and cash equivalents	$ 91,111	$ 10,009	$ 5,784

Net Cash Provided by Operating Activities

Net cash provided by operating activities in 2010 primarily reflected net income of $26.1 million, increases to accounts payable and accrued expenses of $1.3 million, depreciation and amortization of $1.8 million and stock-based compensation of $2.7 million offset by increases in inventory of $0.6 million, accounts receivable of $1.9 million, deferred income taxes and deferred charge of $16.1 million and decrease in income tax payable of $1.4 million. Our accounts payable and accrued expenses increased as a result of increased production volumes. Our inventories increased as a result of growing production for immediate delivery to customers in the first quarter of 2011, and accounts receivable increased as a result of increased shipments.

Net cash provided by operating activities in 2009 primarily reflected net income of $7.3 million, increases to accounts payable of $1.4 million, accrued expense of $1.1 million and deferred revenue of $1.6 million, depreciation of $1.3 million and stock-based compensation of $1.2 million. These were offset by an increase in receivables of $4.6 million. Our accounts payable and accrued expenses increased in 2009 to support our increased production volumes and overall operational growth. Our deferred revenue increased due to payments received from customers for future shipments. Our accounts receivable increased as a result of significantly higher product shipments in the fourth quarter of 2009 to meet customer demand.

Net cash provided by operating activities in 2008 primarily reflected the decline in receivables and inventory of $1.8 million and $0.6 million, respectively, increases to accrued expenses by $0.5 million and deferred revenue by $0.4 million, depreciation of $1.4 million and stock-based compensation of $1 million. These were partially offset by a net loss of $3.4 million and a decrease in accounts payable of $1.2 million. Receivables decreased due to improved collection efforts. Inventory decreased due to increased shipment of products to customers. The decrease in accounts payable was due to the timing of payments of vendors as a result of purchasing activities.

Net Cash Used in Investing Activities

In 2010, net cash used in investing activities consisted of net cash used to acquire all of the outstanding shares of Winyatek Technology Inc. of $2.5 million and purchases of property, equipment of $5.2 million, of which $1.9 million was invested in leasehold improvements, including new laboratories, in connection with our move to our new facilities.

Net cash used in investing activities during the years ended December 31, 2009 and 2008 consisted of purchases of property and equipment of $0.6 million and $2.5 million, respectively.

Net Cash Provided by Financing Activities

Net cash provided by financing activities in 2010 consisted primarily of $85.7 million net proceeds from the sale of common stock in our initial public offering, the proceeds from the exercise of stock options of $0.5 million and the excess tax benefit related to stock-based payment of $0.2 million.

Net cash provided by financing activities in 2009 consisted primarily of $0.7 million in proceeds from the exercise of stock options.

Net cash provided by financing activities in 2008 consisted of net proceeds of $9.9 million from our sale of Series E preferred stock and $0.6 million of net proceeds from the exercise of stock options, offset by the repayment on our line of credit of $3.7 million.

Operating and Capital Expenditure Requirements

Our principal source of liquidity as of December 31, 2010 consisted of $110.2 million of cash and cash equivalents. Based on our current operating plan, we believe that our existing cash and cash equivalents from operations will be sufficient to finance our operational cash needs through at least the next 12 to 18 months. In the future, we expect our operating and capital expenditures to increase as we increase headcount, expand our business activities and grow our end customer base which will result in higher needs for working capital. Our ability to generate cash from operations is also subject to substantial risks described in "Item 1A. Risk Factors." If any of these risks occur, we may be unable to generate or sustain positive cash flow from operating activities. We would then be required to use existing cash and cash equivalents to support our working capital and other cash requirements. If additional funds are required to support our working capital requirements, acquisitions or other purposes, we may seek to raise funds through debt financing or from other sources. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operating flexibility, and would also require us to incur interest expense. We can provide no assurance that additional financing will be available at all or, if available, that we would be able to obtain additional financing on terms favorable to us.

Contractual Obligations, Commitments and Contingencies

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

	Payments due by period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
			(in thousands)		
Operating lease obligations	$10,801	$3,726	$4,145	$2,194	$736

As of December 31, 2010, we had noncancelable purchase obligations consisting primarily of research and development contracts and commitments to purchase services of $0.9 million, which are payable in 2011 for $0.7 million and in 2012 for $0.2 million.

As of December 31, 2010, we recorded a liability for our uncertain tax position of $1.0 million. We are unable to reasonably estimate the timing of payments in individual years due to uncertainties in the timing of the effective settlement of tax positions.

Off-Balance Sheet Arrangements

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

Recent Authoritative Accounting Guidance

See note 1 of the notes to our consolidated financial statements for information regarding recently issued accounting pronouncements.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

Interest Rate Sensitivity

We had cash and cash equivalents of $110.2 million and $19.1 million at December 31, 2010 and 2009, respectively, which was held for working capital purposes. We do not enter into investments for trading or speculative purposes. We do not believe that we have any material exposure to changes in the fair value of these investments as a result of changes in interest rates due to their short-term nature. Declines in interest rates, however, will reduce future investment income.

Foreign Currency Risk

To date, our international customer and vendor agreements have been denominated almost exclusively in United States dollars. Accordingly, we have limited exposure to foreign currency exchange rates and do not currently enter into foreign currency hedging transactions.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the board of directors and stockholders of Inphi Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of convertible preferred stock and stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Inphi Corporation and its subsidiaries (the "Company") at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
March 4, 2011

Inphi Corporation
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 110,172	$ 19,061
Accounts receivable, net	6,666	4,570
Accounts receivable from related party	3,386	3,411
Inventories	5,095	3,942
Deferred tax assets	1,665	—
Income tax receivable	2,214	—
Prepaid expenses and other current assets	1,366	374
Total current assets	130,564	31,358
Property and equipment, net	7,206	3,114
Goodwill	5,847	—
Identifiable intangible assets	1,624	—
Deferred tax assets	6,182	—
Deferred tax charge	7,293	—
Other assets, net	241	—
Total assets	$158,957	$ 34,472
Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	$ 6,692	$ 4,438
Income tax payable	—	444
Deferred revenue	2,647	3,383
Accrued employee expenses	1,749	1,274
Other accrued expenses	1,843	1,248
Other current liabilities	746	516
Total current liabilities	13,677	11,303
Other liabilities	2,594	285
Total liabilities	16,271	11,588
Commitments and contingencies (Note 15)		
Convertible Preferred Stock:		
Series A Convertible Preferred Stock, $0.001 par value; 528,858 shares authorized; 518,555 shares issued and outstanding at December 31, 2009	—	12,016
Series B Redeemable Convertible Preferred Stock, $0.001 par value; 2,926,670 shares authorized; 2,905,783 shares issued and outstanding at December 31, 2009	—	24,985
Series C Redeemable Convertible Preferred Stock, $0.001 par value; 6,503,902 shares authorized; 6,503,882 shares issued and outstanding at December 31, 2009	—	18,690
Series D Redeemable Convertible Preferred Stock, $0.001 par value; 3,512,880 shares authorized; 3,509,749 shares issued and outstanding at December 31, 2009	—	11,989
Series E Redeemable Convertible Preferred Stock, $0.001 par value; 1,045,714 shares authorized; 1,043,731 shares issued and outstanding at December 31, 2009	—	9,936
Total convertible preferred stock	—	77,616
Stockholders' equity (deficit):		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued	—	—
Common stock, $0.001 par value; 500,000,000 shares authorized; 25,088,122 and, 2,033,542 issued and outstanding at December 31, 2010 and 2009, respectively	25	2
Additional paid-in capital	176,505	6,041
Accumulated deficit	(34,644)	(60,775)
Accumulated other comprehensive income	800	—
Total stockholders' equity (deficit)	142,686	(54,732)
Total liabilities, convertible preferred stock and stockholders' equity (deficit)	$158,957	$ 34,472

The accompanying notes are an integral part of these consolidated financial statements.

Inphi Corporation
Consolidated Statements of Operations
(in thousands, except share and per share amounts)

	Year Ended December 31,		
	2010	2009	2008
Revenue	$ 55,253	$ 37,617	$ 32,727
Revenue from related party	27,940	21,235	10,227
Total revenue	83,193	58,852	42,954
Cost of revenue	29,438	21,269	19,249
Gross profit	53,755	37,583	23,705
Operating expense:			
Research and development	23,781	17,847	17,501
Sales and marketing	8,823	7,704	6,339
General and administrative	9,212	3,947	3,169
Total operating expense	41,816	29,498	27,009
Income (loss) from operations	11,939	8,085	(3,304)
Other income (expense)	(50)	73	(124)
Income (loss) before income taxes	11,889	8,158	(3,428)
Provision (benefit) for income taxes	(14,242)	829	—
Net income (loss)	$ 26,131	$ 7,329	$ (3,428)
Net income (loss) allocable to common stockholders	$ 5,240	$ 130	$ (3,428)
Net income (loss) per share:			
Basic	$ 1.03	$ 0.08	$ (2.66)
Diluted	$ 0.61	$ 0.05	$ (2.66)
Weighted-average shares used in computing net income (loss) per share:			
Basic	5,086,169	1,668,876	1,289,431
Diluted	8,546,537	2,785,277	1,289,431

The accompanying notes are an integral part of these consolidated financial statements.

Inphi Corporation
Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(in thousands, except share amounts)

	Series A Convertible Preferred Stock		Series B Redeemable Convertible Preferred Stock		Series C Redeemable Convertible Preferred Stock		Series D Redeemable Convertible Preferred Stock		Series E Redeemable Convertible Preferred Stock		Total Preferred Stock
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Balance at December 31, 2007	518,555	$ 12,016	2,905,783	$ 24,985	6,503,882	$ 18,690	3,509,749	$ 11,989	—	$ —	$ 67,680
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—
Issuance of preferred stock, net	—	—	—	—	—	—	—	—	1,043,731	9,936	9,936
Net loss	—	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2008	518,555	12,016	2,905,783	24,985	6,503,882	18,690	3,509,749	11,989	1,043,731	9,936	77,616
Exercise of stock options	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2009	518,555	12,016	2,905,783	24,985	6,503,882	18,690	3,509,749	11,989	1,043,731	9,936	77,616
Exercise of stock options, warrant and restricted stock award grant	—	—	—	—	—	—	—	—	—	—	—
Income tax benefit from stock option exercises	—	—	—	—	—	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	—	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	—	313,713	4,538	4,538
Issuance of common stock in connection with initial public offering, net	—	—	—	—	—	—	—	—	—	—	—
Conversion of preferred stock to common stock	(518,555)	(12,016)	(2,905,783)	(24,985)	(6,503,882)	(18,690)	(3,509,749)	(11,989)	(1,357,444)	(14,474)	(82,154)
Conversion of preferred stock warrant to common stock warrant	—	—	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	—
Currency translation adjustment	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	—	—	—	—	—	—
Balance at December 31, 2010	—	$ —	—	$ —	—	$ —	—	$ —	—	$ —	$ —

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity (Deficit)
	Shares	Amount				
Balance at December 31, 2007	986,056	$ 1	$ 2,663	$ (64,676)	—	$ (62,012)
Exercise of stock options	591,919	1	643	—	—	644
Stock-based compensation expense	—	—	995	—	—	995
Issuance of preferred stock, net	—	—	—	—	—	—
Net loss	—	—	—	(3,428)		(3,428)
Balance at December 31, 2008	1,577,975	2	4,301	(68,104)	—	(63,801)
Exercise of stock options	455,567	—	575	—	—	575
Stock-based compensation expense	—	—	1,165	—	—	1,165
Net income	—	—	—	7,329	—	7,329
Balance at December 31, 2009	2,033,542	2	6,041	(60,775)	—	(54,732)
Exercise of stock options, warrant and restricted stock award grant	439,167	—	584	—	—	584
Income tax benefit from stock option exercises	—	—	216	—	—	216
Stock-based compensation expense	—	—	2,705	—	—	2,705
Issuance of preferred stock	—	—	—	—	—	—
Issuance of common stock in connection with initial public offering, net	7,820,000	8	84,690	—	—	84,698
Conversion of preferred stock to common stock	14,795,413	15	82,139	—	—	82,154
Conversion of preferred stock warrant to common stock warrant	—	—	130	—	—	130
Net income	—	—	—	26,131	—	26,131
Currency translation adjustment	—	—	—	—	800	800
Total comprehensive income	—	—	—	—	—	26,931
Balance at December 31, 2010	25,088,122	$ 25	$ 176,505	$ (34,644)	$ 800	$ 142,686

The accompanying notes are an integral part of these consolidated financial statements.

Inphi Corporation
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2010	2009	2008
Cash flows from operating activities			
Net income (loss)	$ 26,131	$ 7,329	$ (3,428)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,820	1,291	1,430
Stock-based compensation	2,705	1,165	995
Deferred income taxes and deferred tax charge	(16,054)	—	—
Amortization of deferred tax charge	746	—	—
Excess tax benefit related to stock-based compensation	(216)	—	—
Other noncash items	89	27	51
Changes in assets and liabilities (net of effect of acquisition):			
Accounts receivable	(1,890)	(4,588)	1,766
Inventories	(627)	143	635
Prepaid expenses and other assets	(1,083)	(88)	245
Income tax payable/receivable	(1,442)	444	—
Accounts payable	344	1,413	(1,185)
Accrued expenses	965	1,062	492
Deferred revenue	(736)	1,605	373
Other liabilities	1,609	46	3
Net cash provided by operating activities	12,361	9,849	1,377
Cash flows from investing activities			
Purchases of property and equipment	(5,165)	(560)	(2,550)
Proceeds from sale of property and equipment	—	4	72
Acquisition, net of cash acquired	(2,499)	—	—
Net cash used in investing activities	(7,664)	(556)	(2,478)
Cash flows from financing activities			
Repayment of capital lease obligations	—	(17)	(45)
Repayment of line of credit	—	—	(3,650)
Proceeds from exercise of stock options	485	733	644
Excess tax benefit related to stock-based compensation	216	—	—
Net proceeds from issuance of preferred stock issuance	—	—	9,936
Proceeds from initial public offering, net of costs paid	85,664	—	—
Net cash provided by financing activities	86,365	716	6,885
Effect of currency exchange rates on cash and cash equivalents	49	—	—
Net increase in cash and cash equivalents	91,111	10,009	5,784
Cash and cash equivalents at beginning of year	19,061	9,052	3,268
Cash and cash equivalents at end of year	$110,172	$19,061	$ 9,052
Supplemental Cash Flow Information			
Interest paid	$ —	$ —	$ 63
Income taxes paid	2,502	381	—
Noncash investing and financing activities			
Acquisition of Winyatek Technology Inc. in exchange for Series E preferred shares	$ 4,538	—	—
Conversion of preferred stock to common stock	82,154	—	—
Conversion of preferred stock warrant to common stock warrant	130	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Inphi Corporation
Notes to Consolidated Financial Statements—(Continued)
(Dollars in thousands except share and per share amounts)

1. Organization and Summary of Significant Accounting Policies

Inphi Corporation (the "Company"), a Delaware corporation, was incorporated in November 2000. The Company is a fabless provider of high-speed analog semiconductor solutions for the communications and computing markets. The Company's semiconductor solutions are designed to address bandwidth bottlenecks in networks, maximize throughput and minimize latency in computing environments and enable the rollout of next generation communications and computing infrastructures. In addition, the semiconductor solutions provide a vital high-speed interface between analog signals and digital information in high-performance systems such as telecommunications transport systems, enterprise networking equipment, datacenter and enterprise servers, storage platforms, test and measurement equipment and military systems.

The Company is subject to certain risks and uncertainties and believes changes in any of the following areas could have a material adverse effect on the Company's future financial position or results of operations or cash flows: ability to sustain profitable operations due to history of losses and accumulated deficit, dependence on limited number of customers for a substantial portion of revenue, product defects, risks related to intellectual property matters, lengthy sales cycle and competitive selection process, lengthy and expensive qualification process, ability to develop new or enhance products in a timely manner, market development of and demand for the Company's products, reliance on third parties to manufacture, assemble and test products and ability to compete.

Basis of Presentation

The accompanying financial statements through December 31, 2009 reflect the stand-alone operations of the Company. During the year ended December 31, 2010, the Company established subsidiaries in the United Kingdom and Singapore. In addition, on June 30, 2010, the Company completed the acquisition of all of the outstanding shares of Winyatek Technology Inc. ("WTI"). Accordingly, for the year ended December 31, 2010, the financial statements reflect the consolidated financial position, results of operations and cash flows of the Company. All significant intercompany balances and transactions have been eliminated in consolidation.

Reverse Stock Split

In October 2010, the Company's Board of Directors approved a 3-for-7 reverse stock split of the Company's issued and outstanding shares of common stock and preferred stock, which was effected on November 3, 2010. All common stock and preferred stock data and stock option plan information have been adjusted to reflect the split.

Initial Public Offering

In November 2010, the Company completed the initial public offering, or IPO, of its common stock in which it sold and issued 7,820,000 shares of common stock, including 1,020,000 shares related to the exercise of the underwriters' over-allotment, at an issue price of $12.00 per share. The Company raised a total of $93.8 million in gross proceeds in the IPO, or approximately $84.7 million in net proceeds after deducting underwriting discounts and commissions of $6.5 million and other offering costs of $2.6 million. Immediately prior to the closing of the IPO, all shares of the Company's then-outstanding convertible preferred stock outstanding automatically converted into 14,795,413 shares of common stock and the warrants to purchase preferred stock converted into warrants to purchase common stock.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

On an ongoing basis, management evaluates its estimates, including those related to (i) the collectibility of accounts receivable; (ii) write down for excess and obsolete inventories; (iii) warranty obligations; (iv) the value assigned to and estimated useful lives of long-lived assets; (v) the realization of tax assets and estimates of tax liabilities and tax reserves; (vi) the valuation of equity securities; (vii) amounts recorded in connection with acquisitions; (viii) recoverability of intangible assets and goodwill and (ix) the recognition and disclosure of contingent liabilities. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. The Company engages third party valuation specialists to assist with estimates related to the valuation of financial instruments and assets associated with various contractual arrangements, the underlying value of preferred and common equity prior to the Company's IPO and valuation of assets acquired in connection with acquisitions. Such estimates often require the selection of appropriate valuation methodologies and models, and

Inphi Corporation
Notes to Consolidated Financial Statements—(Continued)
(Dollars in thousands except share and per share amounts)

significant judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ from those estimates under different assumptions or circumstances.

Foreign Currency Translation

The Company and its subsidiaries except WTI use the U.S. dollar as its functional currency. Foreign currency assets and liabilities are remeasured into U.S. dollars at the end-of-period exchange rates except for non-monetary assets and liabilities, which are remeasured at historical exchange rates. Revenue and expenses are remeasured at the exchange rate in effect during the period the transaction occurred, except for those expenses related to balance sheet amounts, which are remeasured at historical exchange rates. Gains or losses from foreign currency transactions are included in the Consolidated Statements of Operations as part of "Other income (expense)". Foreign currency gain or loss in 2010, 2009 and 2008 were not material.

The functional currency of WTI is the New Taiwan Dollar. Assets and liabilities of WTI are translated into US dollars at period-end exchange rates. Income, expense, and cash flow items are translated at average exchange rates prevailing during the period. The resulting currency translation adjustment is recorded as a component of accumulated other comprehensive income within stockholders' equity.

Business Combinations

The Company accounts for acquisitions of businesses using the purchase method of accounting where the cost is allocated to the underlying net tangible and intangible assets acquired, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of certain acquired assets and liabilities is subjective in nature and often involves the use of significant estimates and assumptions, including, but not limited to, the selection of appropriate valuation methodology, projected revenues, expenses and cash flows, weighted average cost of capital, discount rates, evaluation of in-process research and development ("IPR&D"), estimates of customer turnover rates and estimates of terminal values. Acquisitions are included in the Company's consolidated financial statements as of the date of acquisition.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash and cash equivalents with major financial institutions and, at times, such balances with any one financial institution may exceed Federal Deposit Insurance Corporation insurance limits. Cash equivalents primarily consist of money market funds.

Fair Market Value of Financial Instruments

The carrying amount reflected in the balance sheet for cash and cash equivalents, accounts receivable, prepaid and other current assets, accounts payable, accrued expenses and other current liabilities, approximate fair value due to the short-term nature of these financial instruments.

Inventories

Inventories include materials, labor and overhead and are stated at the lower of cost or market. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. Inventories are reduced for write downs based on periodic reviews for evidence of slow-moving or obsolete parts. The write-down is based on comparison between inventory on hand and estimated future sales for each specific product. Once written down, inventory write downs are not reversed until the inventory is sold or scrapped. Inventory write downs are also established when conditions indicate that the net realizable value is less than cost due to physical deterioration, obsolescence, changes in price level or other causes. Inventory valuation reserves were $1,372 and $916, as of December 31, 2010 and 2009, respectively.

Inphi Corporation
Notes to Consolidated Financial Statements—(Continued)
(Dollars in thousands except share and per share amounts)

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is provided on property and equipment over the estimated useful lives on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms. Repairs and maintenance are charged to expense as incurred. Useful lives by asset category are as follows:

Asset Category	Years
Office equipment	3 years
Software	3 years
Leasehold improvements	Shorter of lease term or estimated useful life
Production equipment	2 years
Computer equipment	5 years
Lab equipment	5 years
Furniture and fixtures	7 years

Equipment Under Capital Leases

The Company leases certain of its equipment under capital lease agreements. The assets and liabilities under capital leases are initially recorded at the fair value of the assets under lease. There were no material capital lease obligations outstanding at December 31, 2010 or 2009.

Intangible Assets

Intangible assets represent rights acquired for developed technology, customer relationships and IPR&D in connection with the acquisition of WTI. Intangible assets with finite useful lives are amortized over periods ranging from four to five years using a method that reflects the pattern in which the economic benefits of the intangible asset are consumed, or if that pattern cannot be reliably determined, using a straight-line amortization method. Acquired IPR&D is capitalized and amortization commences upon completion of the underlying projects. If any of the projects are abandoned, the Company would be required to impair the related IPR&D asset.

Impairment of Long-lived Assets and Goodwill

Long-lived Assets

The Company assesses the impairment of long-lived assets, which consist primarily of property and equipment and intangible assets, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. Events or changes in circumstances that may indicate that an asset is impaired include significant decreases in the market value of an asset, significant underperformance relative to expected historical or projected future results of operations, a change in the extent or manner in which an asset is utilized, significant declines in the estimated fair value of the overall Company for a sustained period, shifts in technology, loss of key management or personnel, changes in the Company's operating model or strategy and competitive forces.

If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the expected undiscounted future cash flows attributable to the asset are less than the carrying amount of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risk involved, quoted market prices or appraised values, depending on the nature of the assets.

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the fair value of the acquired net assets. The Company tests goodwill for impairment annually during the fourth quarter of its fiscal year or when events or circumstances change that would

Inphi Corporation
Notes to Consolidated Financial Statements—(Continued)
(Dollars in thousands except share and per share amounts)

indicate that goodwill might be permanently impaired. Events or circumstances which could trigger an impairment review include, but are not limited to a significant adverse change in legal factors or in the business climate, an adverse action or assessment by a regulator, unanticipated competition, a loss of key personnel, significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business, significant negative industry or economic trends or significant underperformance relative to expected historical or projected future results of operations.

The testing for a potential impairment of goodwill involves a two-step process. The first step involves comparing the estimated fair values of the Company's reporting units with their respective book values, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then the carrying amount of the goodwill is compared with its implied fair value. The estimate of implied fair value of goodwill may require valuations of certain internally generated and unrecognized intangible assets such as the Company's technology, customer relationships, patents and trademarks. If the carrying amount of goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess.

Internal Use Software Costs

Certain external and internal computer software costs acquired for internal use are capitalized. Training costs and maintenance are expensed as incurred, while upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Capitalized costs are included within property and equipment.

Revenue Recognition

The Company's products are fully functional at the time of shipment and do not require additional production, modification, or customization. The Company recognizes revenue when there is persuasive evidence of an arrangement, delivery has occurred, the fee is fixed or determinable, and collection is reasonably assured. The Company's sales arrangements do not include multiple elements.

Product revenue is recognized upon shipment of product to customers, net of accruals for estimated sales returns and allowances, which to date, have not been significant. However, some of the Company's sales are made through distributors under arrangements that allow for price protection or rights of return on product unsold by the distributors. Product revenue on sales made through distributors with rights of return or price protection is deferred until the distributors sell the product to end customers. Sales to distributors are included in deferred revenue and the Company includes the related costs in inventory until sale to the end customers occurs. Price protection rights allow distributors the right to a credit in the event of declines in the price of the Company's product that they hold prior to the sale to an end customer. In the event that the Company reduces the selling price of products held by distributors, deferred revenue related to distributors with price protection rights is reduced upon notification to the customer of the price change. There were no material product returns or price declines in 2010, 2009 and 2008. The Company's sales to direct customers are made primarily pursuant to standard purchase orders for delivery of products. The Company generally allows customers to cancel or change purchase orders within limited notice periods prior to the scheduled shipment.

Cost of Revenue

Cost of revenue includes cost of materials, such as wafers processed by third-party foundries, cost associated with packaging and assembly, test and shipping, cost of personnel, including stock-based compensation, and equipment associated with manufacturing support, logistics and quality assurance, warranty cost, write down of inventories, amortization of production mask costs, overhead and an allocated portion of occupancy costs.

Warranty

The Company's products are under warranty against defects in material and workmanship generally for a period of one or two years. The Company accrues for estimated warranty cost at the time of sale based on anticipated warranty claims and actual historical warranty claims experience including knowledge of specific product failures that are outside of the Company's typical experience. The warranty obligation is determined based on product failure rates, cost of replacement and failure analysis cost. If actual warranty costs differ significantly from these estimates, adjustments may be required in the future. As of December 31, 2010 and 2009, the warranty liability was $602 and $450, respectively.

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The following table sets forth changes in warranty accrual included in other accrued expenses in the Company's consolidated balance sheets:

	Year Ended December 31, 2010	Year Ended December 31, 2009
Beginning balance	$ 450	$ —
Accruals for warranties	165	450
Settlements	(13)	—
Ending balance	$ 602	$ 450

In September 2010, the Company was informed of a claim related to repair and replacement costs in connection with shipments of over 4,000 integrated circuits made by the Company during the summer and fall of 2009. Of these shipments, approximately 4% were later confirmed or suspected to have random manufacturing process anomalies in the wafer die in the product. These anomalies made the circuitry of a small number of random die per foundry wafer susceptible to failure under certain customer specific system operating conditions. At the time of shipment in 2009 and early 2010, the Company established an initial warranty reserve and added to that accrual as the problem was identified and reliable information became available. The foundry who produced the wafers has informed the Company that the random anomalies are normal in a Gallium Arsenide ("GaAs") manufacturing process.

In March 2010, the Company developed additional tests to screen out the wafer die that might be susceptible to this type of failure and resumed shipments to the customer with no subsequent additional reported incidents. Based on its standard warranty provisions, the Company has provided replacement parts to the customer for the known and suspected failures that had occurred.

In addition and without informing the Company, in the fall of 2009 the customer instituted its own larger scale replacement program that covered the replacement of entire subassemblies in which the Company's product was only one component. In September 2010, the customer made an initial claim for approximately $18 million against the Company for the costs incurred relative to that program. Management believes the amount of the claim is without merit as its warranty liability is contractually limited to the repair or replacement of the Company's affected products, which to the extent the customer has requested replacement, has already been completed. A formal claim has yet to be made and discussions with the customer are ongoing. At this time, the Company believes its current warranty reserves are adequate to address the matter and that the Company's obligations under its standard warranty provisions have been fulfilled. However, claims of this nature are subject to various risks and uncertainties and there can be no assurance that this matter will be resolved without further significant costs to the Company, including the potential for arbitration or litigation. If and when the amount of any additional loss, if any, becomes both probable and determinable, the Company may be required to record an incremental reserve. The Company currently expects to continue to do business with this customer for both current and future products.

Research and Development Expense

Research and development expense consists of costs incurred in performing research and development activities including salaries, stock-based compensation, employee benefits, occupancy costs, overhead costs and prototype wafer, packaging and test costs. Research and development costs are expensed as incurred.

Sales and Marketing Expense

Sales and marketing expense consists of salaries, stock-based compensation, employee benefits, travel and trade show costs. The Company expenses sales and marketing costs as incurred. Advertising expenses for the years ended December 31, 2010, 2009 and 2008 were not material.

General and Administrative Expense

General and administrative expense consists of salaries, stock-based compensation, employee benefits and expenses for executive management, legal, finance and human resources personnel. In addition, general and administrative expense includes fees for professional services and occupancy costs. These costs are expensed as incurred.

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Income Taxes

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company must also make judgments in evaluating whether deferred tax assets will be recovered from future taxable income. To the extent that it believes that recovery is not likely, the Company must establish a valuation allowance. The carrying value of the Company's net deferred tax asset is based on whether it is more likely than not that the Company will generate sufficient future taxable income to realize these deferred tax assets. A valuation allowance is established for deferred tax assets which the Company does not believe meet the "more likely than not" criteria. The Company's judgments regarding future taxable income may change over time due to changes in market conditions, changes in tax laws, tax planning strategies or other factors. If the Company's assumptions and consequently its estimates change in the future, the valuation allowance the Company has established may be increased or decreased, resulting in a material respective increase or decrease in income tax expense (benefit) and related impact on the Company's reported net income (loss).

In accordance with FASBs guidance on A*ccounting for Uncertainty in Income Taxes*, the Company performs a comprehensive review of uncertain tax positions regularly. In this regard, an uncertain tax position represents an expected treatment of a tax position taken in a filed tax return, or planned to be taken in a future tax return or claim, which has not been reflected in measuring income tax expense for financial reporting purposes. Until these positions are sustained by the taxing authorities, the Company does not recognize the tax benefits resulting from such positions and reports the tax effects as a liability for uncertain tax positions in our consolidated financial statements. The Company recognizes potential interest and penalties on uncertain tax positions in income taxes on the consolidated statement of operations.

Stock-Based Compensation

Stock-based compensation for stock option and restricted stock awards issued to the Company's employees is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period, which is the vesting period, on a straight-line basis. The Company uses the Black-Scholes option-pricing model for valuing stock option awards granted to employees and directors at the grant date. Determining the fair value of stock option awards at the grant date requires the input of various assumptions, including fair value of the underlying common stock, expected future share price volatility, expected term, risk-free interest rate and dividend rate. Changes in these assumptions can materially affect the fair value of the options. The Company based its estimate of expected volatility on the estimated volatility of similar entities whose share prices are publicly available. The risk-free interest rate is based on the U.S. Treasury yields in effect at the time of grant for periods corresponding to the expected life of the options. The weighted average expected life of options was calculated using the simplified method as prescribed by guidance provided by the Securities and Exchange Commission. This decision was based on the lack of relevant historical data due to the Company's limited experience and the lack of an active market for the Company's common stock. The expected dividend yield is zero because the Company has not historically paid dividends and has no present intention to pay dividends. The Company establishes the estimated forfeiture rates based on historical experience. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service period which is equal to vesting period.

The Company has elected to treat share-based payment awards with graded vesting schedules and time-based service conditions as single awards and recognizes stock-based compensation expense on a straight-line basis (net of estimated forfeitures) over the requisite service period.

The Company recognizes non-employee stock-based compensation expenses based on the estimated fair value of the equity instrument determined using the Black-Scholes option-pricing model. Management believes that the fair value of the stock options is more reliably measured than the fair value of the services received. The fair value of each non-employee variable stock award is re-measured each period until a commitment date is reached, which is generally the vesting date.

Earnings per Share

The Company applies the two-class method for calculating earnings per share. Under the two–class method, net income (loss) is allocated between common stock and other participating securities based on their participation rights. Basic earnings per share is calculated by dividing income (loss) allocable to common stockholders (after the reduction for any preferred stock dividends assuming current income for the period had been distributed) by the weighted average number of shares of common stock outstanding, net of shares subject to repurchase by the Company, during the period. Diluted earnings per share is calculated by dividing the net income (loss) allocable to common stockholders by the weighted average number of common shares outstanding, adjusted for the

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effects of potentially dilutive common stock, which are comprised of stock options, warrants to purchase common stock and convertible preferred stock.

Segment Information

The Company's operations are located primarily in the United States, and materially all tangible assets are located in Westlake Village, California. The Company operates in one segment related to the design, development and sale of high speed analog connectivity components that operate to maintain, amplify and improve signal integrity at high speeds in a wide variety of applications. The Company's chief operating decision-maker is its Chief Executive Officer, who reviews operating results on an aggregate basis and manages the Company's operations as a single operating segment.

Recent Accounting Pronouncements

In October 2009, the FASB reached final consensus on a new revenue recognition guidance regarding revenue arrangements with multiple deliverables. The new accounting guidance addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how the arrangement consideration should be allocated among the separate units of accounting. The new accounting guidance is effective for fiscal years beginning after June 15, 2010 and may be applied retrospectively or prospectively for new or materially modified arrangements. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on its financial position, results of operations or disclosures.

In January 2010, FASB issued an amendment regarding improving disclosures about fair value measurements. This new guidance requires additional new disclosures and clarifies some existing disclosure requirements about fair value measurement. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. The adoption of this guidance did not have an impact on the Company's disclosures for the year ended December 31, 2010. The Company does not expect that the adoption of the guidance relating to Level 3 fair value measurements will have a material impact on its financial position, results of operations or disclosures.

In April 2010, FASB issued an accounting guidance concerning application of milestone method of recognizing revenue for research and development which include payment provisions under which all or a portion of the considerations to be received is contingent upon the achievement of certain events. A milestone event must carry a substantive uncertainty when the arrangement is entered as to whether the event will be achieved. A milestone is deemed substantive when the milestone consideration is: a) proportionate with the vendor's performance to achieve the milestone or the delivered items enhanced value resulting for the specific outcome of the vendor's performance to achieve the milestone; b) related solely to the vendor's past performance; and c) reasonable relative to all deliverables and payment terms in the arrangement. This guidance requires disclosures of accounting policy for the recognition of milestone consideration and description of the arrangement. This guidance is effective for fiscal years and interim periods beginning on or after June 15, 2010. Early adoption is allowed. The Company adopted this guidance in the year ended December 31, 2010. Revenue recognized under the milestone method was not material in 2010. There was no effect on prior years' financial statements since there were no arrangements in prior periods.

In December 2010, FASB issued an amendment to the goodwill impairment test. The amendment modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that impairment may exist. The qualitative factors are consistent with the existing guidance and examples, which require that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. The Company does not expect that the adoption of this guidance will have a material impact on its financial position, results of operations or disclosures since the Company does not have any reporting units with zero or negative carrying amounts.

In December 2010, FASB issued an amendment to the disclosure of supplementary pro forma information for business combinations. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments also expand the supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to

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the business combination included in the reported pro forma revenue and earnings. The amendments are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The Company does not expect that the adoption of this guidance will have a material impact on its financial position, results of operations or disclosures.

2. Acquisition

On June 30, 2010, the Company acquired all of the outstanding shares of WTI in exchange for $3.3 million in cash and 313,713 shares of Series E preferred stock. WTI is primarily engaged in the research, design, development, manufacture and sale of Nand Flash Controller System-On-Chip, secure digital/multi-media card controller, and card reader products. As a result of the acquisition, the Company is expected to expand its technology and engineering resources.

The fair value of consideration transferred is shown in the table below:

Cash	$ 3,344
Series E preferred stock	4,538
	$7,882

The Company issued 313,713 shares of Series E preferred stock that has a total fair value of $4.5 million based on the valuation performed as of June 30, 2010, the acquisition date. The acquisition of WTI includes a contingent consideration arrangement that requires additional consideration to be paid by the Company based on achievement of certain revenue and gross margin targets of WTI over the three fiscal quarters starting July 1, 2010. The amount of contingent consideration, if any, is payable on or before May 15, 2011. The amount of consideration the Company could pay under the agreement ranges from $0 to $2 million. The fair value of the contingent consideration on the acquisition date and at December 31, 2010 was determined to be insignificant as the probability of WTI achieving the revenue and gross margin requirement is deemed to be remote.

The acquisition has been accounted for using the acquisition method of accounting which requires, among other things, that assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date.

The following table summarizes the purchase price allocation as of the acquisition date:

Cash	$ 808
Receivables	174
Inventories	493
Other current assets	100
Property and equipment	68
Identifiable intangible assets	1,530
In-process research and development	110
Other noncurrent assets	34
Accounts payable and accrued expenses	(539)
Deferred tax liabilities, net	(177)
Total identifiable net assets	2,601
Goodwill	5,281
Net assets acquired	$ 7,882

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As of the acquisition date, the fair value of receivables, inventories, property and equipment, accounts payable and accrued expenses approximated the book value acquired.

Identifiable intangible assets consist of developed technology of $800 and customer relationships of $730. The Company used a relief-from-royalty method to value developed technology. The relief-from-royalty method estimates the cost savings that accrue to the owner of an intangible asset that would otherwise be payable as royalties or license fees on revenue earned through the use of the asset. The royalty rate used is based on an analysis of licensing agreements related to similar technologies. Revenue is projected over the expected remaining useful life of the developed technology. The market-derived royalty rate is then applied to estimate the royalty savings. Customer relationships represent future projected revenue that will be derived from sales of products to existing customers. Developed technology and customer relationships will be amortized on a straight-line method, which approximates the pattern of economic consumption over their estimated useful lives as follows:

Developed technology	4 years
Customer relationships	5 years

The Company capitalized $110 of IPR&D costs related to the WTI acquisition. Upon completion of the projects, the related IPR&D assets will be amortized over their estimated useful lives. If any of the projects are abandoned, the Company will be required to impair the related IPR&D asset. The fair value of the IPR&D was determined using the relief-from-royalty method similar to the process as discussed above. The significant assumptions underlying the valuation of IPR&D are:

Estimated percent complete	7%
Estimated time to complete	6 months
Estimated cost to complete	$ 92
Discount rate	32.5%

As of December 31, 2010, the projects are expected to be completed in February 2011 and will commence commercial production in the second quarter of 2011.

The accumulated amortization of developed technology and customer relationships as of December 31, 2010 was $111 and $81, respectively. Estimated amortization expense of identifiable intangible assets for the next five years is as follows: $401 in 2011, $408 in 2012, $408 in 2013, $297 in 2014 and $110 in 2015.

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and is attributable to the workforce of the acquired business and the synergies expected to arise after the Company's acquisition of WTI. Goodwill is not amortized and is not deductible for tax purposes. The change in goodwill from acquisition date to December 31, 2010 was due to foreign currency translation.

The Company incurred acquisition costs of $0.3 million which are included in general and administrative expense in the consolidated statement of income for the year ended December 31, 2010.

WTI contributed revenue of $1,359 and pre-tax loss of $869 to the Company for the period from June 30 to December 31, 2010.

Pro Forma Information

The following unaudited pro forma financial information presents a summary of the Company's consolidated results of operations for the year ended December 31, 2010 and the year ended December 31, 2009, assuming the WTI acquisition had been completed as of January 1, 2010 and January 1, 2009, respectively:

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	Pro Forma Year Ended December 31, 2010 (unaudited)	Pro Forma Year Ended December 31, 2009 (unaudited)
Revenue	$ 84,316	$ 60,427
Net income	$ 25,738	$ 5,838
Net income allocable to common stockholders	$ 5,186	$ —
Net income per share – basic	$ 1.02	$ —
Net income per share – diluted	$ 0.61	$ —

The unaudited pro forma consolidated results were prepared using the acquisition method of accounting and are based on the historical financial information of the Company and WTI, reflecting the results of operations for the year ended December 31, 2010 and 2009. The unaudited pro forma consolidated results are not necessarily indicative of what our consolidated results of operations actually would have been had we completed the acquisition as of the beginning of each period presented. In addition, the unaudited pro forma consolidated results do not purport to project the future results of operations of the combined company nor do they reflect the expected realization of any cost savings associated with the acquisition.

3. Concentrations

Financial instruments that subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents and trade accounts receivable. The Company extends differing levels of credit to customers and does not require collateral deposits. As of December 31, 2010 and 2009, the Company maintained an allowance for doubtful accounts of $68.

The following table summarizes the significant customers' and distributors' revenue and accounts receivable as a percentage of total revenue and total accounts receivable, respectively:

	Year Ended December 31,		
	2010	2009	2008
Revenue			
Customer A	34%	36%	24%
Customer B	*	*	12
Customer C	*	*	11
Customer D	*	*	*
Customer E	*	*	*

	December 31,	
	2010	2009
Accounts Receivable		
Customer A	33%	42%
Customer B	*	*
Customer C	11	*
Customer D	*	11
Customer E	*	12

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* Less than 10% of total revenue and accounts receivable

Customers D and E are distributors that sell the Company's products exclusively to an end customer. In the aggregate, revenue to such end customer, including revenue made through distributors as a percentage of total revenue was 11%, 17% and 11% for the years ended December 31, 2010, 2009 and 2008.

4. Inventories

Inventories consist of the following:

	December 31,	
	2010	2009
Raw materials	$ 1,028	$ 1,002
Work in process	2,033	1,375
Finished goods	2,034	1,565
	$5,095	$ 3,942

Finished goods held by distributors were $482 and $442 as of December 31, 2010 and 2009, respectively.

5. Property and Equipment, net

Property and equipment consist of the following:

	December 31,	
	2010	2009
Laboratory and production equipment	$ 11,882	$10,556
Office, software and computer equipment	3,655	2,575
Furniture and fixtures	729	166
Leasehold improvements	2,652	48
	18,918	13,345
Less accumulated depreciation	(11,712)	(10,231)
	$ 7,206	$ 3,114

Depreciation and amortization expense for the years ended December 31, 2010, 2009 and 2008 was $1,640, $1,291 and $1,430 respectively.

As of December 31, 2010 and 2009, laboratory and production equipment includes $397 in assets that have been capitalized under capital leases. Accumulated amortization of equipment under capital leases was $388 and $342 as of December 31, 2010 and 2009, respectively. Amortization expense in connection with equipment purchased under capital leases was $45, $70 and $73 for the years ended December 31, 2010, 2009 and 2008, respectively.

As of December 31, 2010 and 2009, computer software costs included in property and equipment were $1,471 and $1,251, respectively. Amortization expense of capitalized computer software costs was $184, $134 and $125 for the years ended December 31, 2010, 2009 and 2008, respectively.

6. Lines of Credit

In June 2007, the Company entered into a Loan and Security Agreement with an unrelated financial institution, which provided for borrowing up to an aggregate of $10 million. Amounts borrowed under the Loan and Security Agreement were collateralized by

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substantially all of the assets of the Company and carried an interest rate of prime per annum. The average effective interest rate during 2008 was 6.25%. The Company repaid the entire outstanding balance of $3,650 in February 2008, and the $10 million facility was terminated on June 8, 2009.

In connection with the Loan and Security Agreement, the Company issued a warrant to purchase 12,857 shares of common stock (see Note 10).

7. Income Taxes

Income (loss) before income taxes consists of the following:

	Year Ended December 31,		
	2010	2009	2008
United States	$ 12,765	$ 8,158	$(3,428)
Foreign	(876)	—	—
Total	$ 11,889	$ 8,158	$(3,428)

Income tax expense (benefit) consisted of the following:

	Year Ended December 31,		
	2010	2009	2008
Current:			
U.S. Federal	$ (6,158)	$ 253	$ —
U.S. State	(1,015)	576	—
Foreign	29	—	—
	(7,144)	829	—
Deferred:			
U.S. Federal	(4,523)	—	—
U.S. State	(2,427)	—	—
Foreign	(148)	—	—
	(7,098)	—	—
Total	$(14,242)	$ 829	$ —

Income tax expense (benefit) differed from the amounts computed by applying the U.S. federal income tax rate of 35% to pretax income (loss) as a result of the following:

	Year Ended December 31,		
	2010	2009	2008
Provision (benefit) at statutory rate	$ 4,161	$ 2,855	$(1,200)
State income taxes	1,653	375	16
Research and development credits	(2,063)	(713)	(528)
Change in valuation allowance	(24,022)	(1,964)	1,544
Foreign earnings, taxed at different rates	4,912	—	—
Unrecognized tax benefits	791	—	—
Stock-based compensation	391	—	—
Other	(65)	276	168
	$(14,242)	$ 829	$ —

Significant components of the Company's net deferred taxes consist of the following:

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	December 31, 2010	December 31, 2009
Deferred tax assets		
Net operating loss carry forwards	$ 8,051	$ 15,424
Research and development credits	3,788	4,602
Stock-based compensation	1,150	721
Other temporary differences	1,666	3,731
Total deferred tax assets	14,655	24,478
Deferred tax liabilities		
Subpart F income on foreign subsidiaries earnings	(5,635)	—
Amortization and depreciation	(953)	(425)
Other	(249)	(31)
Total deferred tax liabilities	(6,837)	(456)
Less: valuation allowance	—	(24,022)
Deferred tax assets, net	$ 7,818	$ —

At December 31, 2010, the Company has recorded a deferred tax charge of $7.3 million, which represents the tax on the intercompany transfer of intangible assets in connection with the Company's international reorganization during 2010 in accordance with ASC 740-10-25-3. The deferred tax charge is being amortized over the estimated useful life of 8 years to income tax expense.

Valuation Allowance

The Company recorded a full valuation allowance against its net deferred tax assets at December 31, 2008 and 2009. In determining the need for a valuation allowance, management reviewed all available evidence pursuant to the requirements of ASC 740. The determination of recording or releasing tax valuation allowances is made, in part, pursuant to an assessment performed by management regarding the likelihood that the Company will generate sufficient future taxable income against which benefits of the deferred tax assets may or may not be realized. This assessment requires management to exercise significant judgment and make estimates with respect to the Company's ability to generate revenue, gross profits, operating income and taxable income in future periods. Amongst other factors, management must make assumptions regarding overall current and projected business and semiconductor industry conditions, operating efficiencies, the Company's ability to timely develop, introduce and consistently manufacture new products to customers' specifications, acceptance of new products, customer concentrations, technological change and the competitive environment which may impact the Company's ability to generate taxable income and, in turn, realize the value of the deferred tax assets. Significant cumulative operating losses in 2008 and prior years, uncertainty with respect to the acceptance of the Company's products by end customers and significant economic uncertainties in the market made the Company's ability to project future taxable income highly uncertain and volatile at December 31, 2009. Although 2009 was the Company's first profitable year, only the last three quarters of the year were profitable and the vast majority of the Company's pre-tax income was generated in the last two quarters of the year. Based upon management's assessment of all available evidence, including a relatively short period of recent profitability, coupled with significant uncertainties associated with the Company's 2010 business outlook, the Company concluded as of December 31, 2009, that it was not more likely than not that its net deferred tax assets would be realized.

In March 2010, the Company received its first substantial quantity of production orders for a new low voltage product, which was a new low voltage version of the Company's integrated PLL and register buffer. This new low voltage product was widely expected in the market to be significant and is expected to begin shipping in high volumes for both the Company and its competitors with a new Intel platform in the second half of 2010. This new low voltage product is currently in commercial production and is shipping in volume. The arrival of these production orders from one of the Company's largest customers reduced concerns and increased confidence in the strength of the Company's business outlook for the balance of 2010. In addition, certain other new product introductions began to gain traction with customers, providing additional confidence in the Company's longer term outlook. The Company also achieved further clarity around certain contingencies related to ongoing litigation and certain other product acceptance concerns that existed at December 31, 2009. Furthermore, during the first quarter of 2010 the Company unexpectedly received additional orders for an older product that allowed the Company to exceed its overall plan for the quarter and continue the recent trend of profitability into the first quarter of 2010. At its April 30, 2010 meeting, based on a review of the positive developments that materialized in the first quarter of 2010, the Company's Board of Directors decided to authorize management to retain investment bankers and proceed with plans to pursue a potential initial public offering. Based on these positive developments and an additional quarter of profitable operation, management reassessed the need for a valuation allowance at March 31, 2010 and concluded that a

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change in circumstances had occurred. Management determined that, based on the Company's prospects and business outlook, it was reasonable to conclude that it is more likely than not that the Company's deferred tax assets will be realized. Accordingly, the Company released the full valuation allowance recorded against its deferred tax assets based on the weight of positive evidence that existed at March 31, 2010. Significant judgment is required to determine the timing and extent of a valuation allowance release and the Company's ability to utilize deferred tax assets will continue to be dependent on the ability to generate sufficient taxable income in future periods.

In the year ended December 31, 2010, the Company was profitable and utilized a substantial amount of its federal net operating loss carryforward. Based on the current trend of operating results and Company forecasts, the Company believes that it is more likely than not that it will recognize the full benefit of the deferred tax assets and no valuation allowance is required as of December 31, 2010.

The decrease in the valuation allowance for the years ended December 31, 2010, 2009 and 2008 was $24,022, $2,280 and $3,950, respectively.

General Income Tax Disclosures

The Company has net operating loss ("NOL") carryforwards for federal and state income tax purposes of approximately $12.9 million and $41.5 million, respectively at December 31, 2010 that will begin to expire in 2022 and 2016 for federal income tax purposes and state income tax purposes, respectively. In addition, the Company has NOL carryforwards for foreign income tax purposes of $18.3 million at December 31, 2010, which do not expire.

At December 31, 2010, the Company also has federal and state research and development ("R&D") tax credit carryforwards of $3.6 million and $2.3 million, respectively. The federal tax credits will begin to expire in 2024, unless previously utilized. The state tax credits do not expire.

Pursuant to Internal Revenue Code sections 382 and 383, use of the Company's NOL and R&D credits generated prior to June 2004 are subject to an annual limitation due to a cumulative ownership percentage change that occurred in that period. The Company has had two changes in ownership, one in December 2000 and the second in June 2004, resulting in an annual limitation on NOL and R&D credit utilization.

As of December 31, 2010, the Company had approximately $3.0 million of unrecognized tax benefits, $2.4 million of which, if recognized, would affect the effective income tax rate. The Company does not expect any significant increases or decreases to its unrecognized tax benefits within the next 12 months.

The following table summarizes the changes in unrecognized tax benefits:

	Year Ended December 31,		
	2010	2009	2008
Balance as of January 1	$ 1,283	$1,057	$ 891
Additions based on tax positions related to the current year	1,438	226	166
Additions based on tax positions of prior year	264	—	—
Balance as of December 31	$2,985	$1,283	$1,057

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. The Company recognized no interest or penalties during the years ended December 31, 2010, 2009 and 2008 as the prior year's unrecognized tax benefits reduce tax attributes that have not yet been utilized on the Company's tax return.

The Company files income tax returns in the U.S. federal jurisdiction, state of California and certain foreign jurisdictions. The Company is no longer subject to U.S. federal income tax examinations for tax years ended on or before December 31, 2006 or to California state income tax examinations for tax years ended on or before December 31, 2005. However, to the extent allowed by law, the tax authorities may have the right to examine prior periods where net operating losses or tax credits were generated and carried forward, and make adjustments up to the amount of the net operating loss or credit carryforward.

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On December 31, 2009, the federal R&D credit statute expired and was retroactively reinstated into law on December 17, 2010. Accordingly, the Company recorded a tax benefit for federal research credits for the year ended December 31, 2010.

The Company does not provide for U.S. income taxes on undistributed earnings of its controlled foreign corporations that are intended to be invested indefinitely outside the United States. At December 31, 2010, the Company had $0.1 million of undistributed earnings.

8. Earnings Per Share

The following shows the computation of basic and diluted earnings per share:

	Year Ended December 31,		
	2010	2009	2008
Numerator			
Net income (loss)	$ 26,131	$ 7,329	$ (3,428)
Less amount allocable to preferred stockholders	(20,805)	(7,193)	—
Less amount allocable to unvested early exercised options and unvested restricted stock award	(86)	(6)	—
Net income (loss) allocable to common stockholders—basic and diluted	$ 5,240	$ 130	$ (3,428)
Denominator			
Weighted average common stock	5,137,029	1,671,565	1,289,431
Less weighted average unvested common stock subject to repurchase and unvested restricted stock award	(50,860)	(2,689)	—
Weighted average common stock—basic	5,086,169	1,668,876	1,289,431
Effect of potentially dilutive securities:			
Add options to purchase common stock	3,425,528	1,103,828	—
Add warrants to purchase common stock	34,840	12,573	—
Weighted-average common stock—diluted	8,546,537	2,785,277	1,289,431
Earnings per share			
Basic	$ 1.03	$ 0.08	$ (2.66)
Diluted	$ 0.61	$ 0.05	$ (2.66)

Net income has been allocated to the common stock, convertible participating preferred stock before conversion to common stock, unvested early exercised options and unvested restricted stock award based on their respective rights to share in dividends.

The following securities were not included in the computation of diluted earnings per share as inclusion would have been anti-dilutive:

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	Year Ended December 31,		
	2010	2009	2008
Convertible preferred stock	12,776,077	14,481,699	14,367,283
Common stock options	938,691	2,145,688	5,639,483
Warrant to purchase common stock	—	—	38,571
Warrant to purchase redeemable convertible preferred stock	—	17,187	17,187
Unvested early exercised options	32,872	2,689	—
Unvested restricted stock award	17,987	—	—
	13,765,627	16,647,263	20,062,524

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9. Convertible Preferred Stock

Convertible preferred stock as of December 31, 2009 consists of the following:

	Par Value Per Share	Shares		Liquidation Value
		Authorized	Outstanding	
Series A	$ 0.001	528,858	518,555	$ 12,100
Series B	$ 0.001	2,926,670	2,905,783	24,985
Series C	$ 0.001	6,503,902	6,503,882	18,690
Series D	$ 0.001	3,512,880	3,509,749	11,989
Series E	$ 0.001	1,045,714	1,043,731	10,000
		14,518,024	14,481,700	$ 77,764

The Company's Board of Directors is authorized to determine the rights of each offering of convertible preferred stock including, among other terms, dividend rights, voting rights, conversion rights, redemption prices and liquidation preferences, if any, subject to the limitations of applicable laws, regulations and its charter. In October 2010, the majority of preferred stockholders consented to the automatic conversion of preferred stock to common stock on a one-for-one basis immediately prior to the completion of the initial public offering. In November 2010, the Company completed its IPO and all shares of the Company's then outstanding convertible preferred stock automatically converted into 14,795,413 shares of common stock. Accordingly, no convertible preferred stock was outstanding at December 31, 2010.

The following summarizes the terms of each series of the Company's previously convertible preferred stock:

Conversion Rights

Each share of Series E and Series D was convertible, at the holder's option, into such number of fully paid and nonassessable shares of common stock as determined by dividing $9.5809 and $3.4160 by the applicable conversion price, respectively. At December 31, 2009, the conversion price of the Series E and Series D was $9.5809 and $3.4160, respectively, such that each share of Series E and Series D was convertible into one share of common stock.

Each share of Series C, Series B and Series A was convertible, at the holder's option, into such number of fully paid and nonassessable shares of common stock as determined by dividing $2.8738 by the applicable conversion price, as defined. At December 31, 2009 the conversion price of the Series C, Series B and Series A was $2.8738 such that each share of Series C, Series B or Series A was convertible into one share of common stock.

In the event of the issuance of additional shares of common stock, subject to certain exclusions, at a price per share less than the conversion price for any series of convertible preferred stock in effect on the date of such issuance, the conversion price for that series will be adjusted based on a weighted average anti-dilution formula. The conversion price was also subject to adjustment based on certain other anti-dilution provisions. Each share of convertible preferred stock automatically converted into shares of common stock at its then effective conversion rate either immediately upon the closing of a qualified initial public offering a defined, or upon the consent of a majority of the preferred stockholders.

Redemption Provisions

The holders of Series E, Series D, Series C and Series B were entitled to redeem their shares in three equal installments at any time between July 30, 2012 and July 30, 2013, upon the written election of the holders of then outstanding shares. The redemption provisions required at least 50% of Series E and Series D and 66 2/3% of the Series C and Series B, voting on an as converted to common stock basis. The redemption price for each share of preferred stock was the sum equal to the Original Issue Price for each share of preferred stock, plus all declared but unpaid dividends on such shares at the time of payment. The Series A was not redeemable.

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Liquidation Preference

In the event of any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the holders of Series E were entitled to receive, prior and in preference to any distribution of any assets or surplus funds to the holders of the Series D, Series C, Series B, Series A or common stock, $9.5809 per share for Series E plus any dividends declared but unpaid on such shares. If the funds to be distributed were insufficient to permit full payment of the preferential amounts, then the assets will be distributed to the Series E holders ratably in proportion to the full amount due to the Series E holders. After the payment of the Series E liquidation preference, any excess assets and funds of the Company will be distributed to the holders of the Series D, prior and in preference to any distribution of any assets or surplus funds to the holders of the Series C, Series B, Series A or common stock, at $3.4160 per share for Series D plus any dividends declared but unpaid on such shares. If the funds to be distributed were insufficient to permit full payment of the preferential amounts, then the assets will be distributed to the Series D holders ratably in proportion to the full amount due to the Series D holders. After the payment of the Series D liquidation preference, any excess assets and funds of the Company will be distributed to the holders of the Series C and Series B, prior and in preference to any distribution of any assets or surplus funds to the holders of the Series A or common stock, at $2.8738 per share for Series C and $8.5984 per share of Series B, plus any dividends declared but unpaid on such shares. If the funds to be distributed were insufficient to permit full payment of the preferential amounts, then the assets will be distributed to the Series C and Series B holders on a pari passu basis ratably in proportion to the full amount due to the Series C and Series B holders. After the payment of the Series C and Series B liquidation preference, any excess assets and funds of the Company will be distributed to the holders of the Series A, prior and in preference to any distribution of any assets or surplus funds to the holders of the common stock, at $23.34 per share for Series A plus any dividends declared but unpaid on such shares. If the funds to be distributed were insufficient to permit full payment of the preferential amounts, then the assets will be distributed to the Series A holders ratably in proportion to the full amount due to the Series A holders.

After the payment of the convertible preferred stock liquidation preferences, any excess assets and funds of the Company will be distributed ratably among the holders of the common stock and convertible preferred stockholders in proportion to the number of common shares held by them or issuable upon the conversion of the convertible preferred stock.

Liquidation was deemed to include the Company's sale of all or substantially all of its assets or the acquisition of the Company by another person or entity by means of merger or consolidation resulting from the transfer of 50% or more of the Company's voting power. Convertible preferred stockholders can waive this "deemed" liquidation preference by a vote of at least 67% of the convertible preferred stock, voting as a single class on an as-converted to common stock basis.

Voting Rights

The convertible preferred stockholders were entitled to one vote for each share of common stock into which such convertible preferred stock can be converted.

Dividends

The holders of each series of convertible preferred stock were entitled to receive noncumulative dividends per annum when and if declared by the Board of Directors. The Series E, Series D, Series C, Series B and Series A were entitled to dividends of $0.7665, $0.2733, $0.2299, $0.6879, and $1.8667, per share, respectively. After the foregoing dividend payments, if any have been made in full for in a given calendar year, the holders of the preferred stock were entitled to receive dividends with the holders of common stock on an as-converted common stock basis if declared by the Board of Directors. No dividends have been declared or paid to date.

10. Warrants

In connection with various financing agreements, the Company issued warrants to purchase common stock and preferred stock. At December 31, 2009, the following warrants were outstanding:

	Number of Shares	Exercise Price per Share
Series B Preferred Stock Warrants	15,045	$ 8.60
Series D Preferred Stock Warrants	2,142	3.42
Common Stock Warrants	38,571	1.54

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The warrants to purchase Series B expire upon the earlier to occur of 1) a Qualifying Acquisition as defined or 2) December 31, 2010. The warrant to purchase Series D expires on the longer to occur of 1) the seventh anniversary after the issuance date or 2) 3 years after the Company's initial public offering. The warrant to purchase 12,857 shares of common stock expires on June 8, 2014. The warrant to purchase 25,714 of common stock expires on the earliest to occur of 1) June 22, 2012, 2) a Qualified Initial Public Offering, or 3) a Qualifying Acquisition as defined.

In June 2005, the FASB issued authoritative guidance on the classification of freestanding warrants and other similar instruments on shares that are redeemable (either puttable or mandatorily redeemable). The guidance requires liability classification for warrants issued that are exercisable into convertible preferred stock. Liability classification requires the warrants to be remeasured to their fair value each reporting period. At December 31, 2009, the fair value of the warrants of $55, was included in accrued liabilities and the changes in fair value has been recorded in other income (expense).

In November 2010, upon completion of the initial public offering, all preferred stock warrants were converted to common stock warrants. In addition, 15,045 warrants were exercised. As of December 31, 2010, there were 2,142 and 38,571 outstanding common stock warrants with exercise price of $3.42 and $1.54 per share, respectively.

11. Stock Option Plan

In 2000, the Company adopted the 2000 Stock Option/Stock Issuance Plan (the Plan). Under provisions of the Plan, employees, outside directors, consultants and other independent advisors who provide services to the Company may be issued incentive and non-qualified stock options to purchase common stock or may be issued shares of common stock directly. The Board of Directors is authorized to administer the Plan and establish the stock option terms, including the exercise price and vesting period. Options granted under the plan may have varying vesting schedules; however, options generally vest 25% upon completion of one year of service and thereafter in 36 equal monthly installments. Options granted are immediately exercisable and the shares issued upon exercise of the option are subject to a repurchase right held by the Company. The repurchase price under the repurchase right is the original exercise price and the right lapses in accordance with the option-vesting schedule. There were 32,875 and 89,232 unvested shares subject to the Company's repurchase right as of December 31, 2010 and 2009, respectively. The proceeds received from the unvested early exercise of options are presented in the balance sheet as liabilities and subsequently classified to equity based on the vesting schedule. The vesting of certain options granted or shares issued under the Plan is subject to acceleration of vesting upon the occurrence of certain events as defined in the Plan.

Under the Plan, the exercise price, in the case of an incentive stock option, can not be less than 100%, and in the case of a nonqualified stock option, not less than 85%, of the fair market value of such shares on the date of grant. The term of the option is determined by the Board but in no case can exceed 10 years. At December 31, 2009, 7,901,158 shares of common stock have been reserved for issuance under the Plan.

In June 2010, the Board of Directors approved the Company's 2010 Stock Incentive Plan, which became effective in November 2010. Upon completion of the Company's initial public offering, shares originally reserved for issuance under the 2000 Plan but which were not issued or subject to outstanding grants on the effective date of the 2010 Stock Incentive Plan, and share subject to outstanding options or forfeiture restriction under the 2000 Plan on the effective date of the 2010 Stock Incentive Plan that are subsequently forfeited or terminated before being exercised, become available for awards under the 2010 Stock Incentive plan, up to 428,571 shares. At December 31, 2010, 2,032,192 shares of common stock have been reserved for issuance under the 2010 Stock Incentive Plan. There were no equity awards granted under this plan in 2010.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2010	2009	2008
Risk-free interest rate	2.99%	2.67%	4.13%
Expected life (in years)	6.42	6.25	6.25
Dividend yield	—	—	—
Expected volatility	60.00%	68.00%	55.00%

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The following table summarizes information regarding options outstanding:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2009	5,362,506	1.61	6.84	$ 15,175
Granted	1,839,738	9.75		
Exercised	(396,753)	1.22		
Canceled	(133,242)	2.88		
Outstanding at December 31, 2010	6,672,249	$ 3.85	6.88	$108,369
Exercisable at December 31, 2010	6,672,249	$ 3.85	6.88	$108,369
Vested at December 31, 2010	3,874,307	$ 1.61	5.48	$ 71,608
Vested and expected to vest at December 31, 2010	6,658,466	$ 3.84	6.87	$108,205

The intrinsic value of options outstanding, exercisable and vested and expected to vest is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the respective balance sheet date.

Stock-based compensation expense is included in the Company's results of operations as follows:

	Year Ended December 31,		
	2010	2009	2008
Operating expenses			
Cost of goods sold	$ 107	$ 31	$ 119
Research and development	1,381	475	358
Sales and marketing	526	238	101
General and administrative	691	421	417
	$2,705	$1,165	$995

Total unrecognized compensation cost related to unvested stock options at December 31, 2010, prior to the consideration of expected forfeitures, is approximately $10,219 and is expected to be recognized over a weighted-average period of 3.52 years.

The total fair value of employee options vested during the years ended December 31, 2010, 2009 and 2008 was $887, $963 and $1,007, respectively.

The weighted average grant date fair value per share of stock options granted to employees during the years ended December 31, 2010, 2009 and 2008 was $5.79, $1.34 and $1.10, respectively.

The total intrinsic value of options exercised during the years ended December 31, 2010, 2009 and 2008 was $3,247, $890 and $294, respectively. The intrinsic value of exercised options is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the exercise date. Cash received from the exercise of stock options was $485, $733 and $644, respectively, for the years ended December 31, 2010, 2009 and 2008.

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On April 30, 2010, the Board of Directors granted 17,142 restricted stock awards to a Board member with a fair value of $9.29. The award vests 25% after one year of service and thereafter in 36 equal monthly installments.

On August 17, 2010, the Board of Directors granted 17,142 restricted stock awards to a Board member with a fair value of $12.02. The award vests 25% after one year of service and thereafter in 36 equal monthly installments.

12. Employee Benefit Plan

The Company has established a 401(k) tax-deferred savings plan (the "Plan") which permits participants to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended. The Company may, at its discretion, make matching contributions to the Plan. Furthermore, the Company is responsible for administrative costs of the Plan. The Company has not made contributions to the Plan since its inception.

13. Fair Value Measurements

The guidance on fair value measurements requires fair value measurements to be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability, or

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table presents information about assets and liabilities required to be carried at fair value on a recurring basis:

December 31, 2010	Level 2	Level 3	Total
Cash equivalents	$ 80,017	$—	$ 80,017

December 31, 2009	Level 1	Level 3	Total
Cash equivalents	$15,212	$—	$15,212
Warrants	—	(55)	(55)
	$15,212	$(55)	$15,157

As of December 31, 2010, cash equivalents consist mainly of money market funds which are valued using the amortized cost method, in accordance with Rule 2a-7 under the 1940 Act which approximates fair value. Cash equivalents as of December 31, 2010 are categorized as Level 2.

As of December 31, 2009, cash equivalents consist mainly of money market funds which are traded in active exchange markets. The cash equivalents are categorized as Level 1.

The Company utilized a Black-Scholes option pricing model in order to determine the fair value of the preferred stock warrants, including the consideration of a risk-free interest rate, expected term and expected volatility. Certain inputs used in the model are unobservable. The fair values of preferred stock warrants can change significantly based on market conditions and changes in the underlying value of the convertible preferred stock. Preferred stock warrants were categorized as Level 3. As of December 31, 2010, the preferred stock warrants were converted to common stock warrant as a result of the IPO.

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The following table summarizes the change in value of the preferred stock warrants for the years ended December 31, 2010 and 2009:

	2010	2009
Balance at beginning of year	$ 55	$ 72
Change in fair value included in other (income) expense	75	(17)
Transfer to additional paid-in capital	(130)	—
Balance at end of year	$—	$ 55

14. Segment Information

The Company operates in one reportable segment. The Company's Chief Executive Officer, who is considered to be the chief operating decision maker, manages the Company's operations as a whole and reviews consolidated financial information for purposes of evaluating financial performance and allocating resources. Revenue by region is classified based on the locations to which the product is transported, which may differ from the customer's principal offices.

The following table sets forth the Company's revenue by geographic region:

	Year Ended December 31,		
	2010	2009	2008
United States	$13,528	$ 10,727	$12,265
Korea	14,319	18,307	15,147
Japan	6,557	5,688	5,903
China	29,238	9,924	2,258
Taiwan	6,838	5,687	1,544
Other	12,713	8,519	5,837
	$83,193	$58,852	$42,954

As of December 31, 2009, substantially all of the Company's long-lived tangible assets were located in the United States. As of December 31, 2010, $1,280 of long-lived tangible assets are located outside the United States of which $864 are located in Taiwan.

15. Commitments and Contingencies

Leases

The Company leases its facility and certain equipment under noncancelable lease agreements expiring in various years through 2016. The Company also licenses certain software used in its research and development activities under a term license subscription and maintenance arrangement.

Future minimum lease payments under noncancelable operating leases having initial terms in excess of one year are as follows:

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	December 31, 2010
2011	$ 3,726
2012	2,965
2013	1,180
2014	1,188
2015	1,006
2016	736
	$ 10,801

For the years ended December 31, 2010, 2009 and 2008, lease operating expense was $3,272, $2,811 and $2,649, respectively.

Noncancelable Purchase Obligations

The Company's noncancelable purchase obligations consisted primarily of license and consulting fees the Company committed to pay under several agreements. As of December 31, 2010, the Company's future noncancelable purchase obligations are as follows:

	December 31, 2010
2011	$ 745
2012	175
	$ 920

Legal Proceedings

Netlist, Inc. v. Inphi Corporation, Case No. 09-cv-6900 (C.D. Cal.)

On September 22, 2009, Netlist filed suit in the United States District Court, Central District of California, or the Court, asserting that the Company infringes U.S. Patent No. 7,532,537. Netlist filed an amended complaint on December 22, 2009, further asserting that the Company infringes U.S. Patent Nos. 7,619,912 and 7,636,274, collectively with U.S. Patent No. 7,532,537, the patents-in-suit, and seeking both unspecified monetary damages to be determined and an injunction to prevent further infringement. These infringement claims allege that the Company's iMB™ and certain other memory module components infringe the patents-in-suit. The Company answered the amended complaint on February 11, 2010 and asserted that the Company does not infringe the patents-in-suit and that the patents-in-suit are invalid. The Company has since filed *inter partes* requests for reexamination with the United States Patent and Trademark Office (the "USPTO"), asserting that the patents-in-suit are invalid.

On August 27, 2010, the USPTO granted the Request for Inter Partes Reexamination for U.S. Patent No. 7,636,274 and found a substantial new question of patentability based upon each of the different issues that the Company raised as the reexamination requestor. The USPTO has not, however, accompanied its Reexamination Order of U.S. Patent No. 7,636,274 with its own evaluation of the validity of this patent, indicating that such evaluation will be forthcoming at a later time. With respect to the granted reexamination request for U.S. Patent No. 7,636,274, the USPTO will evaluate the validity of this patent in reexamination proceedings.

On September 8, 2010, the USPTO ordered the Inter Partes Request for Reexamination for U.S. Patent No. 7,532,537 and found a substantial new question of patentability based upon different issues that the Company raised as the reexamination requestor. The USPTO accompanied this Reexamination Order of U.S. Patent No. 7,532,537 with its own evaluation of the validity of this patent, and rejected some but not all of claims. In a response dated October 8, 2010, Netlist responded to the USPTO determination by amending

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some but not all of the claims, adding new claims and making arguments why the claims were not invalid in view of the cited references. The Company provided rebuttal comments to the USPTO on January 27, 2011, which the USPTO will consider, and the proceeding will continue in accordance with established inter partes reexamination procedures.

On September 8, 2010, the USPTO ordered the Inter Partes Request for Reexamination for U.S. Patent No. 7,619,912 and found a substantial new question of patentability based upon different issues that we raised as the reexamination requestor. The USPTO accompanied this Reexamination Order of U.S. Patent No. 7,619,912 with its own evaluation of the validity of this patent, and determined that all of the claims were patentable based upon the Company's reexamination. Netlist has not commented upon this Reexamination Order. The USPTO on February 28, 2011 also merged the Proceedings of our Reexamination of U.S. Patent No. 7,619,912, bearing Control No. 90/001,339 with Inter Partes Reexamination Proceeding 95/000,578 filed October 20, 2010 on behalf of SMART Modular Technologies, Inc. and Inter Partes Reexamination Proceeding 95/000,579 filed October 21, 2010 on behalf of Google, Inc. In each of these other Reexamination Proceedings, the USPTO had indicated that there existed a substantial new question of patentability with respect to certain claims of U.S. Patent No. 7,619,912, but had not accompanied the Reexamination Orders related thereto with its own evaluation of the validity of this patent, indicating that such evaluation would be forthcoming at a later time. The merged Reexamination Proceeding will be conducted in accordance with established procedures for merged Reexamination Proceedings. As part of the merged Reexamination Proceeding, once the USPTO issues a Right of Notice of Appeal, the Company will have the opportunity to appeal the USPTO determination of its Reexamination Request in accordance with these established procedures for merged Reexamination Proceedings.

The reexamination proceedings could result in a determination that the patents-in-suit, in whole or in part, are valid or invalid, as well as modifications of the scope of the patents-in-suit.

A third party, Sanmina-SCI Corporation, or SSC, has also requested interference proceedings with the USPTO with respect to each of the patents-in-suit. In its April 21, 2010 Request for Continued Examination of U.S. Application No. 11/142,989 ("SSC '989 patent application"), SSC asserted that it has priority to the inventions claimed by the patents-in-suit and should be granted rights to those inventions. The Company has entered into an agreement with SSC for a non-exclusive license to those rights, if any, that SSC may obtain to the inventions claimed by the patents-in-suit if the USPTO agrees to commence interference proceedings and if SSC prevails in those proceedings.

The USPTO, in a communication dated July 7, 2010, acknowledged that claims were submitted in a filing made in the SSC '989 patent application to invoke an Interference with each of the patents-in-suit, but has declined to declare an Interference at this time. The July 7, 2010 USPTO communication rejected the claims submitted to invoke the Interference based upon 35 USC 112, with the rejection asserting that these claims contain "subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention." SSC responded to this USPTO communication on December 24, 2010, and a further communication from the USPTO is anticipated.

In connection with the reexamination requests and the interference proceedings, the Company also filed a motion to stay proceedings with the Court, which was granted on May 18, 2010, whereby the Court stayed the proceedings until at least February 14, 2011, requested that Netlist notify the Court within one week of any action taken by the USPTO in connection with the reexamination or interference proceedings, and requested that the parties file papers by January 31, 2011 stating their position on whether the stay should be extended. The Company filed its paper on January 31, 2011 stating the reasons it believed the stay should be maintained and Netlist, having been given leave to file its paper later, filed its paper on February 21, 2011. the Court ordered a continued stay of the proceedings until February 24, 2012, that the parties file papers by January 30, 2012 stating their position on whether the stay should be extended, and that Netlist notify the Court within one week of any action taken by the USPTO in the reexamination or interference proceedings. While the Court granted the stay until February 24, 2012, the Court could lift the stay before then. For example, if the USPTO confirms that all claims of the patents-in-suit are patentable, the Court may decide to lift the stay. While the Company intends to defend the lawsuit vigorously, litigation, whether or not determined in the Company's favor or settled, could be costly and time-consuming and could divert management's attention and resources, which could adversely affect the Company's business.

If this litigation results in an adverse outcome, we may be required to cease the manufacture, use or sale of any product held to infringe Netlist's patents, including our iMB product, unless and until we or our customers obtain a license from Netlist. A license from Netlist may or may not be available on commercially reasonable terms. An adverse outcome could also result in our having to pay damages for infringement and the expenditure of significant resources to redesign any infringing product, including our iMB product, in a non-infringing manner, which may or may not be successful. To date, we have only sampled our iMB product and, as a result, we have generated very little revenue. Our ability to generate future revenue from our iMB product, could be adversely affected, though it is currently difficult to estimate the level at which this may affect our revenue.

Inphi Corporation
Notes to Consolidated Financial Statements—(Continued)
(Dollars in thousands except share and per share amounts)

Inphi Corporation v. Netlist, Inc, Case No. 09-cv-8749 (C.D. Cal.).

On November, 30, 2009, the Company filed suit in the United States District Court, Central District of California asserting that Netlist infringes U.S. Patent Nos. 7,307,863 and 7,479,799, collectively the patents-in-suit, and are seeking both unspecified monetary damages and an injunction to prevent further infringement. Netlist answered the complaint on January 15, 2010 and filed an amended answer on April 22, 2010, asserting that it does not infringe the patents-in-suit, that the patents-in-suit are invalid and that U.S. Patent No. 7,479,799 is unenforceable due to inequitable conduct before the USPTO. Discovery is currently proceeding, and the Court has set a trial date of October 11, 2011.

The Company is unable to assess the possible outcome of these matters. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, the Company's business, financial condition, results of operations or cash flows could be materially and adversely affected.

Indemnifications

In the ordinary course of business, the Company may provide indemnifications of varying scope and terms to customers, vendors, lessors, investors, directors, officers, employees and other parties with respect to certain matters, including, but not limited to, losses arising out of the Company's breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third-parties. These indemnifications may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The Company has not incurred material costs to defend lawsuits or settle claims related to these indemnifications. As a result, the Company believes the estimated fair value of these agreements is immaterial. Accordingly, the Company has no liabilities recorded for these agreements as of December 31, 2010 and 2009.

16. Related Party Transactions

The Company recognized $27,940, $21,235 and $10,227 in revenue during the December 31, 2010, 2009 and 2008, respectively, from an investor. The receivable balance from the investor as of December 31, 2010 and 2009 was $3,386, and $3,411, respectively.

In 2007, the Company entered into software subscription and maintenance agreement with Cadence Design Systems, Inc. ("Cadence"), a related party company. A member of the Company's Board of Directors is also the Chief Executive Officer, President and a director of Cadence. The Company committed to pay $7 million payable in 16 quarterly payments through May 2011. The Company paid $2.1 million, $1.8 million and $1.4 million in the years ended December 31, 2010, 2009 and 2008, respectively. Operating lease expense related to this agreement included in research and development expense was $1.8 million for the years ended December 31, 2010, 2009 and 2008. In December 2010, the software subscription and maintenance agreement was renewed effective June 30, 2011. Under the new agreement, the Company committed to pay $5.25 million payable in 10 quarterly payments through November 2013.

17. Subsequent Events

On January 20, 2011, the Board of Directors granted a 8,879 restricted stock unit award to a Board member and options to purchase an aggregate of 26,450 shares to new employees and a consultant.

Supplementary Financial Information (Unaudited)

Quarterly Results of Operations

	Year Ended December 31, 2010			
	Mar. 31, 2010	Jun. 30, 2010	Sept. 30, 2010	Dec. 31, 2010
	(in thousands, except per share amounts)			
Total revenue	$ 19,086	$ 21,099	$ 21,862	$ 21,146
Gross profit	11,899	13,755	14,307	13,794
Net income [1]	11,999	7,578	3,579	2,975
Basic earnings per share	0.65	0.37	0.11	0.20
Diluted earnings per share	0.26	0.14	0.05	0.11

	Year Ended December 31, 2009			
	Mar. 31, 2009	Jun. 30, 2009	Sept. 30, 2009	Dec. 31, 2009
	(in thousands, except per share amounts)			
Total revenue	$ 10,336	$ 12,986	$ 18,370	$ 17,160
Gross profit	6,633	8,334	11,997	10,619
Net income (loss)	(461)	1,223	3,846	2,721
Basic earnings per share	(0.29)	—	0.15	0.08
Diluted earnings per share	(0.29)	—	0.08	0.03

(1) Net income for the quarters ended March 31, 2010, June 30, 2010, September 30, 2010 and December 31, 2010, included the releases and reversals of valuation allowance of $10.1 million, $6.9 million, $4.4 million and $2.6 million, respectively.

ITEM 9 — *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

None.

ITEM 9A — *CONTROLS AND PROCEDURES*

(a) *Evaluation of disclosure controls and procedures*. We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15 (e) under the Securities Exchange Act 1934, or the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) *Management's Annual Report on Internal Control over Financial Reporting.* This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by rules of the SEC for newly public companies.

(c) *Changes in Internal Control over Financial Reporting*. There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B — *OTHER INFORMATION*

None.

PART III

ITEM 10 —*DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Executive Officers and Directors

The following table shows information about our executive officers and directors as of February 28, 2011:

Name	Age	Position
Young K. Sohn	54	President, Chief Executive Officer and Director
John Edmunds	53	Chief Financial Officer and Chief Accounting Officer
Ron Torten	43	Vice President of Worldwide Sales
Diosdado P. Banatao	64	Chairman of the Board
Chenming C. Hu(2)	63	Director
David J. Ladd(1)(2)(3)	64	Director
Timothy D. Semones	51	Director
Peter J. Simone(1)(2)(3)	63	Director
Sam S. Srinivasan(1)(2)(3)	66	Lead Director
Lip-Bu Tan	51	Director

(1) Member of our audit committee

(2) Member of our compensation committee
(3) Member of our nominating and corporate governance committee

Young K. Sohn has served as our President and Chief Executive Officer since August 2007 and as a director since July 2007. Prior to joining us, Mr. Sohn served as an Advisor at Panorama Capital, a venture capital firm, from June 2006 to June 2007. From August 2003 until his retirement in March 2005, Mr. Sohn served as President of Agilent Technologies, Inc.'s Semiconductor Group, now known as Avago Technologies, and as Chairman and Chief Executive Officer of Oak Technology, Inc., a semiconductor company, from 1999 until it was acquired by Zoran Corporation in August 2003. In addition, Mr. Sohn was an advisor to the Massachusetts Institute of Technology Media Lab's OLPC (One Laptop Per Child) program from 2005 to 2007 and was the past President and Chairman of the Asia America MultiTechnology Association (AAMA) from 2001 to 2003. He currently serves on the board of directors for ARM Holdings PLC and Cymer, Inc. Mr. Sohn holds a B.S. degree in electrical engineering from the University of Pennsylvania and an M.S. degree from the MIT Sloan School of Management.

John Edmunds has served as our Chief Financial Officer and Chief Accounting Officer since January 2008. He previously served as Chief Financial Officer of Trident Microsystems, a semiconductor company, from June 2004 to January 2008. Mr. Edmunds also served as Senior Vice President and Chief Financial Officer for Oak Technology, Inc. from January 2000 until it was acquired by Zoran Corporation in August 2003. He continued to serve as Vice President of Finance for Zoran until June 2004. Mr. Edmunds started his career as a C.P.A. with Coopers & Lybrand in San Francisco and San Jose. He holds a B.S. degree in finance and accounting from the University of California, Berkeley.

Ron Torten has served as our Vice President of Worldwide Sales since December 2007. Mr. Torten previously served as Chief Executive Officer of NemeriX, a semiconductor company, from January 2006 to December 2007. From January 2004 to December 2005, he served as Vice President, Worldwide Materials, at Agilent Technologies, Inc., a semiconductor company. Mr. Torten served as Vice President and General Manager for the Networking Entertainment Division at Agere Systems, Inc., a semiconductor company, from April 2000 to January 2004. He holds a B.S. degree in chemical engineering from the Technion—Israel Institute of Technology and an M.B.A. from the University of California, Davis.

Diosdado P. Banatao has served on our board of directors and as chairman of our board of directors since December 2000 and served as our Interim President and Chief Executive Officer from October 2006 to August 2007. Mr. Banatao has been a Managing Partner of Tallwood Venture Capital, a venture capital firm, since July 2000 and served as Interim President and Chief Executive Officer at Ikanos Communications, Inc. from April 2010 to August 2010. From April 2008 to June 2009, he also served as Interim Chief Executive Officer of SiRF Technology Holdings, Inc., which was acquired by CSR plc in June 2009. Prior to forming Tallwood, Mr. Banatao was a venture partner at Mayfield Fund from January 1998 to May 2000. Mr. Banatao co-founded three technology startups: S3 Incorporated, Chips & Technologies and Mostron. He also held positions in engineering and general management at National Semiconductor Corporation, Seeq Technologies and Intersil Corporation. Mr. Banatao currently serves on the board of directors of Ikanos Communications, Inc. He previously served as Chairman and led investments in SiRF Technology, acquired by CSR plc (CSR); CSR plc (CSR); Marvell Technology Group (MRVL); Acclaim Communications, acquired by Level One (INTC); Newport Communications, acquired by Broadcom (BRCM); Cyras Systems, acquired by Ciena (CIEN); and Stream Machine, acquired by Cirrus Logic (CRUS). He has also served on the board of directors of various privately held companies in the semiconductor industry. Mr. Banatao holds a B.S. degree in electrical engineering, cum laude, from the Mapua Institute of Technology in the Philippines and an M.S. degree in electrical engineering from Stanford University.

Mr. Banatao's background as a technologist, as well as a senior manager of, board member of, and investor in numerous semiconductor companies provides a diversity of experience for his service on our board of directors. The companies with which he has been involved range from start-up companies to very large public corporations.

Dr. Chenming C. Hu has served on our board of directors since August 2010. Since 2004, Dr. Hu has served as the TSMC Distinguished Chair Professor of Microelectronics in Electrical Engineering and Computer Sciences at University of California, Berkeley, where he has been a professor since 1976. From 2001 until 2004, Dr. Hu was the Chief Technology Officer at Taiwan Semiconductor Manufacturing Company. Dr. Hu also serves on the boards of SanDisk Corp. and Formfactor, Inc. and was the founding board chairman of Celestry Design Solutions. Dr. Hu is a member of the U.S. National Academy of Engineering, the Chinese Academy of Sciences and Academia Sinica. Dr. Hu received his B.S. degree from National Taiwan University and M.S. and Ph.D. degrees from University of California, Berkeley, all in electrical engineering.

Dr. Hu's background as an academic in electrical engineering and computer science provides a diversity of experience for his service on our board of directors and valuable insight into our industry. Dr. Hu has also served on the board of directors of several other technology companies.

David J. Ladd has served on our board of directors since June 2007. In 1997, Mr. Ladd joined Mayfield Fund, a forty-one year old venture capital firm, where he has served in various capacities as a member of Mayfield Fund's investment team until his retirement in December 2010. Prior to joining Mayfield Fund, he served as Chief Technology Officer of Octel Communications Corporation from 1994 until it was acquired by Lucent Technologies in 1997. In 1981 he co-founded Opcom/VMX, a voice messaging company, which was acquired by Octel in 1994. Mr. Ladd holds a

B.S. degree in electrical engineering from the University of California, Berkeley and an M.S. degree in Computer Science from Stevens Institute of Technology.

Mr. Ladd's experience as a technologist and as a technology-focused investor, which gives him in-depth knowledge of, and exposure to, current technology and industry trends and developments, provides us with valuable insight into our industry and target markets.

Timothy D. Semones is one of our founders and has served as a director since 2001. Mr. Semones also served as our Chief Financial Officer from November 2000 to January 2008 and as our Chief Operating Officer from October 2006 to June 2007. Mr. Semones previously served as the Director of Marketing at MindSpring Enterprises, an Internet service provider, and the Director of Broadband Technology at Earthlink Network, an Internet service provider. He has also held general management and engineering positions with Measurement Systems, Inc. and Hewlett-Packard Company. Mr. Semones also sits on the board of directors of Semi Dice, Inc. He holds a B.S. degree in electrical engineering from Georgia Institute of Technology and an M.B.A. from the Anderson School of Management at the University of California, Los Angeles.

As one of our founders and a technologist, Mr. Semones has comprehensive expertise and knowledge regarding our semiconductor solutions and technology, as well as insight into our anticipated future technological needs and industry needs.

Peter J. Simone has served on our board of directors since April 2010. Mr. Simone has served as an investment consultant and as a consultant to numerous private companies since February 2001. He also served as Executive Chairman of SpeedFam-IPEC, Inc., a semiconductor equipment manufacturing company, which was acquired by Novellus Systems, Inc., from June 2001 to December 2002. From February 2000 to February 2001, Mr. Simone served as a director and President of Active Controls Experts, Inc., a manufacturer and distributor of solid-state actuators, and served as President, Chief Executive Officer and director of Xionics Document Technologies, Inc., a software company, from April 1997 until Xionics' acquisition by Oak Technology, Inc. in January 2000. Mr. Simone currently serves on the board of directors of Monotype Imaging Holdings Inc., Newport Corporation, Veeco Instruments, Inc. and Cymer, Inc. He previously served on the board of directors of Sanmina-SCI Corporation from 2003 to 2008. Mr. Simone is also a member of the board of directors of the Massachusetts High Technology Council and is vice president of the board of Walker Home and School for Children. Mr. Simone holds a B.S. degree in accounting from Bentley University and an M.B.A. from Babson College.

Mr. Simone possesses particular knowledge and operational experience across several industries as well as broad experience in financial markets, which provides a diversity of experience.

Sam S. Srinivasan has served on our board of directors since June 2007 and as lead director since February 2011. Mr. Srinivasan served as Chief Executive Officer and Chairman of Health Language, Inc., a software company, from May 2000 to March 2002 and currently serves as Chairman Emeritus. He also served as Senior Vice President, Finance, Chief Financial Officer of Cirrus Logic, Inc., a semiconductor company, from November 1988 to March 1996, and as Director, Internal Audits and subsequently as Corporate Controller of Intel Corporation, a semiconductor company, from May 1984 to November 1988. Currently, Mr. Srinivasan serves on the board of directors of TranSwitch Corporation, as well as its nominating and corporate governance committee and is the chairman of its audit committee. Mr. Srinivasan previously served on the board of directors of SiRF Technology Holdings, Inc. from 2004 to 2009, Centillium Communications, Inc. from 2006 to 2008, and Leadis Technology, Inc. from 2008 to 2009. He holds a B.A. in commerce from Madras University, India and an M.B.A. from Case Western Reserve University. Mr. Srinivasan is a member of the American Institute of Certified Public Accountants.

Mr. Srinivasan has considerable financial experience with publicly-traded companies and is a certified public accountant. He has also served as a director for a number of technology companies and as member of various board of director committees.

Lip-Bu Tan has served on our board of directors since May 2002. Mr. Tan has served as Chairman of Walden International, an international venture capital firm, since he founded the firm in 1987. He has also served as President and Chief Executive Officer of Cadence Design Systems, Inc., an electronic design automation software and engineering services company, since January 2009 and as a director since 2004. Mr. Tan currently serves on the board of directors of Flextronics International Ltd., Semiconductor

Manufacturing International Corporation and SINA Corporation. He previously served on the board of directors of Centillium Communications, Inc. from 1997 to 2007, Creative Technology, Ltd. from 1990 to 2009, Integrated Silicon Solution, Inc. from 1990 to 2007, Leadis Technology, Inc. from 2002 to 2006 and MindTree Ltd. from 2006 to 2009. He holds a B.S. degree in physics from Nanyang University in Singapore, an M.S. degree in nuclear engineering from Massachusetts Institute of Technology and an M.B.A. from the University of San Francisco.

As Chief Executive Officer of Cadence and a Chairman of an international venture capital firm, as well as a director of a number of technology companies, Mr. Tan has extensive experience in the electronic design and semiconductor industries, as well as international operations and corporate governance expertise.

Board Committees

We have established an audit committee, a compensation committee and a nominating and corporate governance committee. We believe that the composition of these committees meet the criteria for independence under, and the functioning of these committees complies with the applicable requirements of, the Sarbanes-Oxley Act of 2002, the current rules of the NYSE and SEC rules and regulations. We intend to comply with future requirements as they become applicable to us. Our board of directors has determined that Messrs. Simone and Srinivasan are each an audit committee financial expert, as defined by the rules promulgated by the SEC. Each committee has the composition and responsibilities described below:

Audit Committee. Messrs. Ladd, Simone and Srinivasan serve on our audit committee. Mr. Srinivasan is chairperson of this committee. Our audit committee assists our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions, and is directly responsible for the approval of the services performed by our independent accountants and reviewing of their reports regarding our accounting practices and systems of internal accounting controls. Our audit committee also oversees the audit efforts of our independent accountants and takes actions as it deems necessary to satisfy itself that the accountants are independent of management. Our audit committee is also responsible for monitoring the integrity of our financial statements and our compliance with legal and regulatory requirements as they relate to financial statements or accounting matters.

In addition, our board of directors considered Mr. Simone's services on the audit committee of four other corporate boards of directors. Mr. Simone serves as a member of our audit committee. He also serves as the chairman of the audit committee of Monotype, Newport, Veeco and Cymer, all publicly-traded companies. Pursuant to the terms of the audit committee charter and the regulations of the NYSE, our board of directors has determined that Mr. Simone's simultaneous service on multiple audit committees would not impair his ability to effectively serve on our audit committee.

Compensation Committee. Dr. Hu and Messrs. Ladd, Simone and Srinivasan serve on our compensation committee. Mr. Simone is chairperson of this committee. Our compensation committee assists our board of directors in meeting its responsibilities with regard to oversight and determination of executive compensation and assesses whether our compensation structure establishes appropriate incentives for officers and employees. Our compensation committee reviews and makes recommendations to our board of directors with respect to our major compensation plans, policies and programs. In addition, our compensation committee reviews and makes recommendations for approval by the independent members of our board of directors regarding the compensation for our executive officers, establishes, modifies the terms and conditions of employment of our executive officers and administers our stock option plans.

Nominating and Corporate Governance Committee. Messrs. Ladd, Simone and Srinivasan serve on our nominating and corporate governance committee. Mr. Ladd is chairperson of this committee. Our nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the size and composition of the board. In addition, our nominating and corporate governance committee is responsible for overseeing our corporate governance guidelines, and reporting and making recommendations to the board concerning corporate governance matters.

Compensation Committee Interlocks and Insider Participation

Dr. Hu and Messrs. Ladd, Simone and Srinivasan served as members of our compensation committee during 2010. None of the members of our compensation committee is or has in the past served as an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, requires our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and greater than 10% stockholders are required to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely on our review of the copies of such forms we have received and written representations from certain reporting persons that they filed all required reports, we believe that all of our officers, directors and greater than 10% stockholders complied with all Section 16(a) filing requirements applicable to them with respect to transactions during fiscal year ended December 31, 2010.

Code of Ethics

Our written Code of Business Conduct and Ethics applies to all of its directors and employees, including its executive officers. The Code of Business Conduct and Ethics is available on our website at http://www.inphi.com. Changes to or waivers of the Code of Business Conduct and Ethics will be disclosed on the same website.

ITEM 11 — *EXECUTIVE COMPENSATION*

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

This Compensation Discussion and Analysis discusses the compensation programs and policies for our principal executive officer, principal financial officer and our two other mostly highly compensated executive officers as determined by the rules of the SEC. In February 2011, Dr. Raghavan resigned from his position as Chief Technology Officer. Our named executive officers and their positions in 2010 were:

Young K. Sohn	President and Chief Executive Officer
John Edmunds	Chief Financial Officer and Chief Accounting Officer
Gopal Raghavan	Former Chief Technology Officer
Ron Torten	Vice President of Worldwide Sales

Recommendations for executive compensation are made by our Compensation Committee and approved our board of directors, except that compensation recommendations for our Chief Executive Officer are approved by the non-employee members of our board of directors. The primary components of compensation for our named executive officers were base salary, cash incentive compensation and equity-based compensation. The following information should be read together with the compensation tables and related disclosures set forth below.

Objectives of the Executive Compensation Program

Our executive compensation program is shaped by the competitive market for executives in the semiconductor industry. We have designed an executive compensation program with the following primary objectives:

- to attract, retain and motivate talented and experienced executives;
- to provide fair, equitable and reasonable compensation to each executive officer;
- to reward job performance, and
- to further align the interest of our executive officers with that of our stockholders.

Since we were founded in 2000, our executive compensation program has focused primarily on attracting executive talent to manage and operate our business, retaining individuals whose employment is key to our success and growth, and rewarding individuals who help us achieve our business objectives. We aim to achieve these objectives while preserving our cash resources, largely through equity-based compensation. By focusing our executive compensation program primarily on equity-based compensation, we have sought to align the interest of our executive officers and stockholders by motivating executive officers to increase the value of our stock over time.

Our Compensation Committee expects to:

- refine and modify our compensation programs to further reflect the competitive market for executive talent and our changing business needs as a public company;
- use individual and corporate performance goals to tie the compensation of our executive officers to our financial performance and creation of stockholder value;
- use equity-based award programs to continue the long-term connection with stockholder value and executive compensation; and

- structure our executive compensation program as to not incentivize unnecessary risk-taking.

Role of Compensation Committee

Our compensation committee is currently comprised of four independent, non-employee directors, Mr. Simone (Chairman), Dr. Hu, Mr. Ladd and Mr. Srinivasan. Our compensation committee determines and recommends to our board of directors the compensation for our executive officers. With respect to our named executive officers, other than our Chief Executive Officer, our compensation committee meets with our Chief Executive Officer as needed to provide evaluations of our executive officers and other relevant information to our compensation committee and makes recommendations regarding appropriate compensation for each executive, including merit increases, changes to incentive compensation and grant of equity awards. Historically, our compensation committee has established the executive compensation by considering the competitive market for corresponding positions at companies of similar size and stage of development operating in the semiconductor industry. Specifically, our compensation committee used research and industry standards based on their personal knowledge of the competitive market. In 2010, to complement its review of executive compensation for our named executive officers, our compensation committee consulted the 2009 High Technology Executive Compensation Survey, a publicly available compensation survey prepared by Radford, a compensation consulting firm, to benchmark our executive compensation against companies with similar revenues, market capitalization and other financial measures within our industry. We expect that our compensation committee will continue to engage an independent consultant in setting our executive compensation program.

2010 Competitive Market Review

Our compensation committee has the sole authority to retain compensation consultants to assist in its evaluation of our executive compensation program, including authority to approve the consultant's fees and other terms of its engagement. Our compensation committee engaged Radford in January 2010 to perform the following services:

- assess and provide recommendations with respect to updating the list of peer companies against which we benchmark our executive compensation;
- brief our compensation committee on current compensation market trends;
- assess our performance against our peer groups and evaluate our current executive compensation program with a view to supporting and reinforcing our long-term strategic goals; and
- assist our compensation committee in developing a competitive executive compensation program to reinforce our long-term strategic goals.

To understand our position relative to market, it has been our historical practice to consider the market for comparable positions on an annual basis to ensure executive compensation remains competitive. Going forward, our compensation committee intends to evaluate the practice of setting our executive compensation program at the median of our peer group as established by our compensation committee. In 2010, Radford selected the following 16 companies to create a benchmark for assistance in determining competitive compensation packages.

Advanced Analogic Technologies	Hittite Microwave	Microsemi	Semtech
Applied Micro Circuits	Integrated Device Technology	Monolithic Power Systems	Silicon Labs
Cavium Networks	Lattice Semiconductor	Netlogic Microsystems	Standard Microsystems
Cirrus Logic	Micrel	Power Integrations	Volterra Semiconductor

Elements of Executive Compensation

Overview

Our executive compensation program consists of three principal components:

- base salary;
- cash incentive compensation; and
- equity-based compensation.

We also provide our executive officers with other benefits, including commuting allowance, severance, change-of-control benefits and the ability to participate in employee benefit plans on the same terms as all other eligible employees. While we do not have an exact formula for allocating between cash and non-cash compensation, we try to balance long-term equity versus short-term cash compensation and variable compensation versus fixed compensation.

Base Salary

Our base salaries are intended to provide financial stability, predictability and security of compensation for our executive officers for fulfilling their core job responsibilities. Our compensation committee considered several factors in determining base salaries,

including each executive officer's position, functional role, scope of responsibilities and seniority, individual performance, our financial performance and the relative ease or difficulty of replacing such executive officer with a person with comparable experience.

The effective base salary for each of our named executive officers for 2009 and 2010 was as follows:

Named Executive Officer	Annual Base Salary[1] 2009	2010
Young K. Sohn	$250,000	$ 300,000
John Edmunds	$250,000	$ 260,000
Gopal Raghavan	$ 200,000	$225,000
Ron Torten	$ 200,000	$225,000

(1) Reflects the highest annualized base salary established for the named executive officer during each year.

From our time of incorporation until 2009, we did not make substantial increases in our base salary structure for our executive officers. As we did not realize net profits and positive cash flows from operations until second quarter of 2009, our base salaries reflected our status as a start-up company focused principally on technology and product development and efficient use of limited cash resources. However, in 2009, our revenue began to increase and we generated positive cash flows. Accordingly, our compensation committee approved the increase in base salaries of our executive officers in light of their additional responsibilities as we focused on increased customer and revenue growth. The increase was consistent with the Radford survey of base salaries from our peer group and brought our executive officers' base salaries to approximately the 25th percentile of base salaries of our peer group.

Cash Incentive Compensation

Our cash incentive compensation is intended to incentivize our executive officers in the achievement of our pre-determined financial objectives and individual performance objectives. We believe it is important to provide our executive officers with the opportunity to earn annual cash incentive payments to reward performance and the achievement of various pre-determined objectives. In 2010, we established an annual cash incentive plan for our executive officers in 2010 and we anticipate that we will establish similar cash incentive plans in the future. Under the annual cash compensation plan, an executive officer's annual cash incentive award will generally depend on two performance factors, one related to our financial performance and one related to the executive officer's individual performance as measured against specific management-by-objective goals, or MBO.

Year 2010

In 2010, our compensation committee approved a financial performance-based cash incentive plan for our executive officers. The performance target is based on our revenue growth, and the MBO goals for each of our named executive officers, which include, but are not limited to, achieving our financial performance goals, maintaining leadership in the market, building strong engagements with customers, introducing new products and preparing for our initial public offering. Under this cash incentive plan, if our revenue for the year ended December 31, 2010 equaled or exceeded $72 million, then our bonus pool would be equal to 6% of our targeted earnings before income tax, stock-based compensation expense, and depreciation and amortization. Our bonus pool could increase up to a maximum of 12% of our targeted earnings before income tax, stock-based compensation expense, and depreciation and amortization if we exceed our revenue target by 15% or more. The target amounts that could be paid out of the available bonus pool to our named executive officers are as follows:

Named Executive Officer	Target Cash Incentive ($)	Percentage of Base Salary (%)	Maximum Cash Incentive ($)	Percentage of Base Salary(%)
Young K. Sohn	150,000	50	300,000	100
John Edmunds	78,000	30	156,000	60
Gopal Raghavan	67,500	30	135,000	60
Ron Torten	67,500	30	135,000	60

Mr. Sohn's MBO goals in 2010 were centered around us achieving a corporate revenue goal of $72 million, as well as achieving product development and market penetration goals, exploring potential growth through establishing relationships with third parties and preparing for a possible initial public offering. Mr. Edmunds's MBO goals in 2010 were centered around us achieving a corporate revenue goal of $72 million, completing our initial public offering and leading certain functional areas within the company. Mr. Raghavan's MBO goals in 2010 were aligned with developing and maintaining technology leadership and exploring the technology aspects of certain potential strategic relationship opportunities. Mr. Torten's MBO goals for 2010 were based upon us achieving our corporate revenue objective of $72 million and upon achieving his individual MBO goals to increase sales in order for us to achieve our corporate revenue target of $72 million, to increase design wins and to maintain our leadership position in the markets in which we compete. For 2010, our revenue was $83.2 million, exceeding our corporate revenue goal of $72 million. As a result, our named executive officers were eligible to receive a cash incentive payment from the bonus pool. As discussed above, bonuses for each of our named executive officers were determined based on their overall performance and contribution to our

company, taking into account their MBO goals. In assessing each individual's performance, our compensation committee did not apply a quantitative analysis but instead made a qualitative assessment of the relative importance of the overall objectives achieved by each of our named executive officers. The bonus paid to each of our named executive officers is set forth in the 2010 Summary Compensation Table under Non-Equity Incentive Plan Compensation.

Year 2011

In 2011, our compensation committee approved a financial performance-based cash incentive plan for our named executive officers similar to what was in place for 2010. For 2011, the performance target is based on our operating income growth and the MBO goals for each of our named executive officers, which include, but are not limited, achieving our financial performance goals, maintaining leadership in the market, building strong engagements with customers, introducing new products and operating in good form as a public company. In 2011, if we exceed our operating income targets, 33% of such excess will fund the bonus pool for all employees up to a total of $2 million. We believe that the 2011 goals are reasonably challenging to incentivize our named executive officers to achieve returns for our stockholders, considered in light of general economic conditions, our company and industry, and competitive conditions. In our judgment, the threshold targets are set at levels exceeding the prior year and are intended to incentivize our executive officers to increase stockholder return.

Equity-Based Compensation

Our equity-based compensation is intended to incentivize and retain executive officers through the use of time-based vesting while tying our long-term financial performance and stockholder value creation to the executive officer's financial gain. Historically, equity-based compensation has been our primary long-term incentive compensation component. We believe that equity-based compensation has been and will continue to be a significant part of our executive officers' total compensation packages. We believe both time-based vesting and shares financial success are long-term incentives that motivate executive officers to grow revenue and earnings, enhance stockholder value and align the interests of our stockholders and executives over the long-term. We believe that long-term performance is achieved through an ownership culture that encourages a high level of continuously improving performance by our executive officers through grants of equity awards. The vesting feature of our equity grants contributes to executive officer retention as this feature provides an incentive to our executive officers to remain in our employ during the vesting period. To date, stock options have been the only type of equity award granted to our executive officers.

The equity-based awards granted to our executive officers have been in the form of stock options granted at fair market value with time-based vesting under our 2000 Stock Plan. All of our executive officers receive equity-based awards when they are hired and these awards typically vest over a four-year period, with 1/4th of the shares vesting one year from the vesting commencement date and the remaining shares vesting in equal monthly installments over the following 36 months. The level of equity-based compensation is reviewed periodically and additional option grants are made from time to time. In the future, we expect our compensation committee to review equity-based compensation levels, along with our base salary and annual cash incentives, on an annual basis.

In 2010, our named executive officers were awarded the following stock options under our 2000 Stock Plan:

Named Executive Officer	Date of Award	Number of Shares
Young K. Sohn	4/30/2010	128,571(1)
John Edmunds	4/30/2010	42,856(1)
Gopal Raghavan	4/30/2010	107,142(1)
Ron Torten	4/30/2010	21,428(1)
	7/14/2010	428(2)

(1) The awards will begin vesting on April 30, 2011 and will vest as to 1/48th of the shares monthly thereafter over the 48 succeeding months.
(2) This award vested immediately in full.

Our compensation committee granted the above awards in recognition of our named executive officers' efforts during the previous year after considering the extraordinary growth and development of our business. In determining the amount of the awards above, our compensation committee considered the executive officer's position, the existing equity awards held by the executive officer and the total number of equity awards outstanding. The equity-based awards are meant to provide long-term incentives to motivate the executive officers to stay and contribute to our continuous growth.

Other Compensatory Benefits

We believe it is appropriate and necessary for recruitment and retention to provide our executive officers with other forms of compensatory benefits, including the following:

Severance and Change of Control Benefits. Certain of our named executive officers are entitled to severance and change of control benefits pursuant to their offer letters. We believe these severance and change of control benefits are an essential element of our executive compensation package that enables us to recruit and retain talented executives, the terms of which are described below under "—Employment, Severance and Change in Control Arrangements."

Benefits. We maintain broad-based benefits that are provided to all eligible employees, including our 401(k), flexible spending accounts, medical, dental and vision care plans, our life and accidental death and dismemberment insurance policies and long-term and short-term disability plans. Executive officers are eligible to participate in each of these programs on the same terms as non-executive employees. We do not provide any retirement benefits separate from the 401(k).

Other Compensation. We pay Mr. Sohn a commuting allowance to reimburse him for expenses incurred traveling between our Westlake Village office and his place of residence. Under his offer letter, Mr. Sohn is entitled to a commuting allowance of $50,000 per year. The value of this benefit is included in the "2010 Summary Compensation Table" under "All Other Compensation."

Accounting and Tax Considerations

Section 162(m). Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, or the Code, which will become applicable to us upon the closing of this offering, generally disallows a tax deduction for compensation in excess of $1.0 million paid to any and each of our Chief Executive Officer and other highest paid officers in office at year end. Qualifying performance-based compensation is not subject to the deduction limitation if specified requirements are met. We periodically review the potential consequences of Section 162(m) and we generally intend to structure the performance-based portion of our executive compensation, where feasible, to comply with exemptions in Section 162(m) so that the compensation remains tax deductible to us. However, our compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Share-based compensation cost is measured at grant date, based on the fair value of the awards, and is recognized as an expense over the requisite employee service period. Our compensation committee has determined to retain for the foreseeable future our stock option program as the sole component of its long-term compensation program and to record this expense on an ongoing basis.

Compensation Policies and Practices as They Relate to Risk Management

We believe that our compensation policies and practices for all employees, including our executive officers, do not create risks that are reasonably likely to have a material adverse effect on our company. In making this determination, we assessed our executive and broad-based compensation and benefits programs to determine if the programs' provisions and operations create undesired or unintentional risk of a material nature. This risk assessment process included a review of our compensation policies and practices and an analysis of our executive compensation program. Although we reviewed all compensation programs, we focused on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout. Based on the foregoing, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to us as a whole. We also believe that our incentive compensation arrangements provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage significant risks, are compatible with effective internal controls and our risk management practices, and are supported by the oversight and administration of our compensation committee with regard to our executive compensation program.

Several features in our compensation programs and policies mitigate or reduce the likelihood of excessive risk-taking by employees, including the following:

- The core principles outlined above and compensation program elements discussed below are designed to align goals with stockholder interests.
- Pay typically consists of a mix of fixed and variable compensation, with the variable compensation designed to reward both short-and long-term corporate performance.
- A significant portion of our executive officers' total direct compensation is in the form of equity awards that usually vest over multiple years. Internal controls, the number of people involved and discipline over financial records, financial reporting, disclosure and external communications tend to dilute the ability of any one individual to single handedly have a material influence on our financial reporting in a way that would materially increase the potential value of an individual's equity award.
- The funded pool of our annual bonus program is dependent upon company revenue performance relative to the annual plan and capped in total by our board of directors when the annual business plan is approved in the beginning of the year. All individual awards for executives from the pool are reviewed by our compensation committee in relation to the individual performance against specific preset objectives. All other awards to individual contributors are also reviewed by the committee for reasonableness and equity among the employees.
- Our compensation committee has the ability to use, and has used, negative discretion to reduce payouts under the annual bonuses as appropriate to the circumstances.
- Our determination that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on our company was based upon the considerations identified above.

2010 Summary Compensation Table

The following table sets forth compensation for services rendered in all capacities to us for the years ended December 31, 2010 and 2009 for our President and Chief Executive Officer, our Chief Financial Officer and our two other most highly compensated executive officers as of December 31, 2010, whom we refer to as the named executive officers.

Name & Principal Position	Year	Salary ($)	Option Awards[1] ($)	Non-Equity Incentive Plan Compensation[2] ($)	All Other Compensation ($)[3]	Total ($)
Young K. Sohn	2010	289,583	730,290	175,000	50,000	1,244,873
President and Chief Executive Officer	2009	250,000	—	100,000	50,000	400,000
John Edmunds	2010	260,000	243,430	63,000	—	566,430
Chief Financial Officer and Chief Accounting Officer	2009	250,000	12,195	40,000	—	302,195
Gopal Raghavan[4]	2010	220,833	608,575	65,000	—	894,408
Chief Technology Officer	2009	200,000	41,349	53,200	—	294,549
Ron Torten	2010	212,500	124,433	75,757	—	412,690
Vice President of Worldwide Sales	2009	200,000	15,118	109,161	—	324,279

(1) The amount reflects the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all stock option awards made to executive officers in note 11 to the notes to our consolidated financial statements. There can be no assurance that awards will vest or will be exercised (in which case no value will be realized by the individual), or that the value upon exercise will approximate the aggregate grant date fair value. None of our executive officers forfeited any option awards in 2010.

(2) Reflects the amount approved by our compensation committee as cash incentive to executive officers for 2010 based upon satisfaction of the criteria under our 2010 bonus program. See “Compensation Discussion and Analysis—Cash Incentive Compensation” for a discussion on our bonus plan in 2010.

(3) Represents commuting allowance.

(4) Dr. Raghavan resigned as our Chief Technology Officer effective February 18, 2011.

Grants of Plan-Based Awards in 2010

The following table sets forth information on grants of plan-based awards in 2010 to our named executive

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] [2] Threshold ($)	Target ($)	Maximum ($)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards($)[3]
Young K. Sohn	4/30/10				128,571	9.29	730,290
		—	150,000	300,000	—	—	—
John Edmunds	4/30/10				42,856	9.29	243,430
		—	78,000	156,000	—	—	—
Gopal Raghavan	4/30/10				707,142	9.29	608,575
		—	67,500	135,000	—	—	—
Ron Torten	4/30/10				21,428	9.29	121,715
	7/14/10				428	12.02	2,718
		—	67,000	135,000	—	—	—

(1) The target incentive amounts shown in this column reflect our annual bonus awards originally provided under our cash incentive plan and represents pre-established target awards as a percentage of base salary for fiscal year ended December 31, 2010, with the potential for actual awards under the plan to either exceed or be less than such funding target depending upon corporate performance. Actual award amounts are not guaranteed and are determined at the discretion of the Compensation Committee, which may consider an individual’s performance during the period. For additional information, please refer to the Compensation Discussion and Analysis section. Actual cash incentive plan payouts are reflected in the Non-Equity Incentive Plan Compensation column of the 2010 Summary Compensation Table.

(2) The threshold illustrates the smallest payout that can be made if all of the pre-established performance objectives are achieved at the minimum achievement level. Actual awards may be more or less than these amounts and are at the discretion of the Compensation Committee. The target is the payout that can be made if the pre-established performance objectives have been achieved at the target achievement level. The maximum is the greatest payout that can be made if the pre-established maximum performance objectives are achieved or exceeded at the outperform achievement levels.

(3) The amount reflects the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718, rather than the amounts paid to or realized by the named individual. We provide information regarding the assumptions used to calculate the value of all awards of stock options made to executive officers in note 11 to the notes to our consolidated financial statements. There can be no assurance

that awards will vest or will be exercised (in which case no value will be realized by the individual), or that the value upon exercise will approximate the aggregate grant date fair value. None of our executive officers forfeited any option awards in 2010.

Narrative to 2010 Summary Compensation Table and Grants Plan-Based Awards in 2010 Table

Please see "—Compensation Discussion and Analysis" above for a complete description of compensation plans pursuant to which the amounts listed under the 2010 Summary Compensation Table and Grants of Plan-Based Awards in 2010 Table were paid or awarded and the criteria for such payment, including targets for payment of annual incentives, as well as performance criteria on which such payments were based. The Compensation Discussion and Analysis also describes the options grants.

Outstanding Equity Awards at December 31, 2010

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

	Option Awards[1]			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Young K. Sohn	866,704	—	1.78	8/15/2017
	128,571[4]	—	9.29	4/30/2020
John Edmunds	183,221	—	1.96	3/12/2018
	12,857[2]	—	1.47	2/25/2019
	42,856[4]	—	9.29	4/30/2020
Gopal Raghavan	143,666[3]	—	2.34	6/7/2012
	268,761[3]	—	0.70	5/19/2014
	200,571	—	1.05	5/5/2016
	42,857[2]	—	1.47	2/25/2019
	428[3]	—	2.62	8/27/2019
	107,142[4]	—	9.29	4/30/2020
Ron Torten	193,165	—	1.96	3/12/2018
	8,571[2]	—	1.47	2/25/2019
	4,285[3]	—	2.62	8/27/2019
	21,428[4]	—	9.29	4/30/2020
	428[3]	—	12.02	7/14/2020

(1) Except as otherwise noted, all option awards listed in the table vest as to 1/4th of the total number of shares subject to the option 12 months after the vesting commencement date, and the remaining shares vest at a rate of 1/48th of the total number of shares subject to the option each month thereafter. Unless otherwise noted, all option awards are subject to early exercise, subject to our right of repurchase during the vesting period.

(2) This stock option vests in full after three years of service from the grant date.

(3) This stock option is fully vested.

(4) This stock option vests in a series of 48 successive equal monthly installments upon completion of each additional month of service over the 48-month period measured from the first anniversary of such optionee's vesting commencement date.

Option Exercises and Stock Vested in 2010

The following table sets forth the number of shares acquired upon exercise of options by each named executive officer during 2010.

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized On Exercise ($)(1)
Young K. Sohn	—	—
John Edmunds	—	—
Gopal Raghavan	67,285	755,521
Ron Torten	10,285	103,261

(1) Value realized is based on the fair market value of our common stock on the date of exercise minus the exercise price. As there was no public market for our common stock on the dates the options were exercised, we have assumed the fair market value on the date of exercise was $12.00, the initial public offering price per share.

Employment, Severance and Change in Control Arrangements

In July 2007, we entered into an offer letter agreement with Young K. Sohn, our Chief Executive Officer. This offer letter agreement set Mr. Sohn's base salary at an annual rate of $250,000. Pursuant to the offer letter agreement, Mr. Sohn is entitled to a commuting allowance of $50,000 annually, or $4,167 per month. In addition, Mr. Sohn was granted options to purchase 1,220,703 shares of our common stock under the 2000 Stock Plan. Mr. Sohn is also entitled to participate in all employee benefit plans, including group health care plans and all fringe benefit plans. Mr. Sohn's offer letter agreement provides that he is an at-will employee and his employment may be terminated at any time by us. On June 8, 2010, we entered into an amendment to Mr. Sohn's offer letter to conform his offer letter to the requirements of Section 409A of the Code.

Pursuant to Mr. Sohn's offer letter agreement, if Mr. Sohn's employment terminates after a "corporate transaction" as defined below, he will receive one year of benefits and salary. If he is involuntarily terminated within 18 months of a "corporate transaction," then his options granted under the offer letter agreement will become fully vested. If Mr. Sohn's employment is involuntarily terminated and his termination is not subsequent to a "corporate transaction", as defined below, Mr. Sohn will receive one year of benefits. However, these provisions were superseded pursuant to a change of control severance agreement we entered into with Mr. Sohn on June 8, 2010. Under this change of control severance agreement, if Mr. Sohn is terminated by us without "cause," as defined below, or if he resigns for "good reason," as defined below, within 12 months of an Inphi "change of control," as defined below, Mr. Sohn will be entitled to receive a lump sum equal to 200% of the sum of his annual base salary, plus his annual target bonus as in effect on his termination date. In addition, if Mr. Sohn elects and pays to continue health insurance under the Consolidated Omnibus Budget Reconciliation Act of 1985, or COBRA, we will reimburse Mr. Sohn on a monthly basis an amount equal to the monthly amount we were paying as the employer-portion of premium contributions for health coverage for Mr. Sohn and his eligible dependents, until the earlier of (a) the end of the 24–month period following his termination date or (b) the date Mr. Sohn or his eligible dependents lose eligibility for COBRA continued coverage. We also agreed to accelerate the vesting of 100% of his unvested outstanding equity awards.

In December 2007, we entered into an offer letter agreement with John Edmunds, our Chief Financial Officer. This offer letter agreement set Mr. Edmunds' base salary at an annual rate of $250,000. Pursuant to the offer letter agreement, Mr. Edmunds was entitled to a commuting allowance of $2,000 per month and a relocation allowance of up to $25,000 in the event he relocates to Westlake Village. However, it was agreed that instead of receiving this commuting allowance, we would reimburse Mr. Edmunds for travel expenses incurred for traveling between our headquarters in Sunnyvale, California and Westlake Village, California. In addition, Mr. Edmunds was granted options to purchase 183,221 shares of common stock, determined by our board of directors under the 2000 Stock Plan. Mr. Edmunds is also entitled to participate in all employee benefit plans, including group health care plans and all fringe benefit plans. Mr. Edmunds' offer letter agreement provides that he is an at-will employee and his employment may be terminated at any time by us.

The offer letter agreement further provided that if Mr. Edmunds' employment terminates within 18 months after a "corporate transaction", as defined below, his option granted under his offer letter agreement will accelerate as to 50% of the unvested shares. However, pursuant to his stock option agreement, the vesting of the option will accelerate and the option will become fully vested. These provisions were superseded pursuant to a change of control severance agreement we entered into with Mr. Edmunds on June 8, 2010. Under this change of control severance agreement, if Mr. Edmunds is terminated by us without "cause," as defined below, or if he resigns for "good reason," as defined below, within 12 months of an Inphi "change of control," as defined below, Mr. Edmunds will be entitled to receive a lump sum equal to 150% of the sum of his annual base salary, plus his annual target bonus as in effect on his termination date. In addition, if Mr. Edmunds elects and pays to continue health insurance under COBRA, we will reimburse Mr. Edmunds on a monthly basis an amount equal to the monthly amount we were paying as the employer-portion of premium contributions for health coverage for Mr. Edmunds and his eligible dependents, until the earlier of (a) the end of the 18-month period following his termination date or (b) the date Mr. Edmunds or his eligible dependents lose eligibility for COBRA continued coverage. We also agreed to accelerate the vesting of 100% of his unvested outstanding equity awards.

For purposes of the offer letter agreements above, "corporate transaction" is defined as: (a) a merger or consolidation in which securities possessing more than 50% of the total combined voting power of our outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction or (b) the sale, transfer or other disposition of all or substantially all of our assets in complete liquidation or dissolution of our company.

For purposes of the change of control agreements above, "good reason" is defined as (a) a reduction in compensation by greater than 10%, unless part of a general reduction in compensation applicable to our senior executives, (b) relocation of job site by more than 50 miles, or (c) a material reduction in job responsibilities, change in title or change in reporting structure.

The term "cause" is defined as (a) commission of a felony, an act involving moral turpitude, or an act constituting common law fraud, and which has a material adverse effect on our the business or affairs or that of our affiliates or stockholders, (b) intentional or willful misconduct or refusal to follow the lawful instructions of our board of directors, or (c) intentional breach of our confidential information obligations which has an adverse effect on us or our affiliates or stockholders.

The term "change of control" is defined as the occurrence of any one of the following events:

- the approval by our stockholders of our liquidation or dissolution or the sale or disposition of all or substantially all of our assets;
- a merger or consolidation where we are not the surviving entity;
- any person or persons becoming the beneficial owner, directly or indirectly, of 50% or more of the total voting power of our then outstanding voting securities; or
- a change in the composition of our board of directors, as a result of which fewer than a majority of the directors who are currently on our board of directors or who are elected, or nominated for election, to our board of directors with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transactions described in subsections (a), (b) or (c), or in connection with an actual or threatened proxy contest relating to our election of directors.

Potential Payments Upon Termination and Change of Control

The following table shows the potential payments that would have been paid to our named executive officers if they had been involuntarily terminated on December 31, 2010.

	Involuntary Termination without a Change of Control	Involuntary Termination Following a Change of Control		
Name	Health Care Benefits ($)	Severance Payments Attributable to Salary ($)	Value of Accelerated Equity Awards ($)	Health Care Benefits ($)
Young K. Sohn	21,760	750,000	4,648,113(1)	36,298
John Edmunds	—	468,000	1,601,907(2)	17,837
Gopal Raghavan	—	—	—	—
Ron Torten	—	—	—	—

(1) The amount represents the fair market value per share of our common stock as of December 31, 2010, less the option exercise price ($1.78 and $9.29) multiplied by the unvested options as of December 31, 2010 (306,591 options). The closing price of our common stock on December 31, 2010 was $20.09.

(2) The amount represents the fair market value per share of our common stock as of December 31, 2010, less the option exercise price ($1.47, $1.96 and $9.29) multiplied by unvested options as of December 31, 2010 (105,336 options). The closing price of our common stock on December 31, 2010 was $20.09.

Each executive will not receive a gross-up payment if the executive officer is required to pay excise tax under Section 4999 of the Code.

In addition to the benefits described above, our 2000 Stock Plan provides for the acceleration of vesting of awards in certain circumstances in connection with a change of control of our company. See “Employee Benefit Plans” below.

COMPENSATION OF DIRECTORS

Prior to our initial public offering, our independent directors received an annual retainer of $32,000 and the chairman of our audit committee received an additional annual retainer of $10,000. In addition, for a description of our compensation arrangements with Young K. Sohn, see “Executive Compensation.”

Following completion of our initial public offering in November 2010, our non-employee directors, other than our Chairman of the Board and the lead director, receive an annual retainer of $32,000, prorated for partial service in any year. Our Chairman of the Board and lead director receive an annual retainer of $50,000 and $40,000, respectively, so long as such director is not an employee of Inphi. Members of our audit committee, compensation committee and nominating and corporate governance committee, other than the chairpersons of those committees, receive an additional annual retainer of $7,500, $5,000 and $4,000, respectively. The chairpersons of our audit committee, compensation committee and nominating and corporate governance committee each receive an additional annual retainer of $15,000, $10,000 and $7,500, respectively.

In addition, non-employee directors receive nondiscretionary, automatic grants of restricted stock units our 2010 Stock Incentive Plan. A non-employee director, other than those currently serving on our board of directors, will be automatically granted an initial restricted stock unit for shares of our common stock that have a value of $160,000, calculated using the fair market value of our common stock on the date of grant, upon becoming a member of our board of directors. The initial option will vest over four years in equal annual installments. On the first business day following each of our regularly scheduled annual meetings of stockholders, each

non-employee director will be automatically granted a restricted stock unit for shares of our common stock that have a value of $80,000, calculated using the fair market value of our common stock on the date of grant, provided the director has served on our board of directors for at least six months. These restricted stock units will vest on the first anniversary of the date of grant or immediately prior to our next annual meeting of stockholders, if earlier. The restricted stock units granted to non-employee directors will have a per share fair value equal to the closing price of the underlying shares on the date of grant as reported on the New York Stock Exchange and will become fully vested if a change in control occurs.

We also reimbursed our non-employee directors for their reasonable out-of-pocket costs and travel expenses in connection with their attendance at board and committee meetings.

2010 Director Compensation

The following table sets forth the compensation paid or accrued by us to our non-employee directors in 2010. The table excludes Young K. Sohn, who did not receive any additional compensation from us for his role as a director because he is our Chief Executive Officer.

Name	Fees Earned or Paid in Cash ($)	Stock Awards($)(1)(2)	All Other Compensation(3)	Total($)
Diosdado Banatao	6,250	—	—	6,250
Chenming C. Hu	12,625	206,047	—	218,672
Timothy D. Semones	4,000	—	86,4000	90,400
Peter J. Simone	29,188	159,249	—	188,437
Sam S. Srinivasan	43,750	—	—	43,750

(1) Amounts listed in this column represent the fair value of the awards computed in accordance with FASB ASC Topic 718 as of the grant date multiplied by the number of shares. See note 11 of the notes to our consolidated financial statements for a discussion of assumptions made in determining the grant date fair value.
(2) Please see the outstanding equity awards table below for the details of the stock awards granted.
(3) Represents fees earned for consulting services.

The following table lists all outstanding equity awards held by non-employee directors as of the end of December 31, 2010:

	Option Awards					Stock Awards		
Name	Option Grant Date(1)	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested ($)(2)
Sam S. Srinivasan	8/15/07	25,714	—	$ 1.78	8/15/2017			
	8/27/09	19,285	—	$2.62	8/27/2019			
Timothy D. Semones	6/7/02	6,866	—	$ 2.34	6/7/2012			
	5/5/06	4,285	—	$ 1.05	5/5/2016			
	2/16/07	56,888	—	$ 1.22	2/16/2017			
	8/15/07	28,444	—	$ 1.78	8/15/2017			
	10/17/07	51,428	—	$ 1.94	10/17/2017			
Chenming C. Hu						8/17/10	17,142	344,383
Peter J. Simone						4/30/10	17,142	344,383

(1) The grant date fair value of the common stock underlying these option awards was equal to the option exercise price on the date the stock options were granted.
(2) The amount represents the fair market value of our common stock as of December 31, 2010 multiplied by unvested shares as of December 31, 2010. The closing price of our common stock on December 31, 2010 was $20.09.

COMPENSATION COMMITTEE REPORT

The following report of the compensation committee does not constitute soliciting material and shall not be deemed filed or incorporated by reference into any other filing by Inphi Corporation under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with Inphi Corporation's management. Based on this review and these discussions, the compensation committee recommended to the Board of Directors of

Inphi Corporation that the Compensation Discussion and Analysis be included in Inphi Corporation's annual report on Form 10-K for the fiscal year ended December 31, 2010.

Respectfully submitted on March , 2011, by the members of the compensation committee of the Board of Directors:

Mr. Peter J. Simone, Chairman
Dr. Chenming C. Hu
Mr. David J. Ladd
Mr. Sam S. Srinivasan

Information regarding compensation committee interlocks can be found under Item 10 of this Annual Report on Form 10-K.

ITEM 12 — *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS*

Principal Stockholders

The following table sets forth information as of February 23, 2011 regarding the number of shares of common stock beneficially owned and the percentage of common stock beneficially owned by:

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

Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o Inphi Corporation, 3945 Freedom Circle, Suite 1100, Santa Clara, California 95054. We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 25,388,810 shares of common stock outstanding on February 23, 2011. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options and warrants held by that person that are currently exercisable or exercisable within 60 days of February 23, 2011. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

	Beneficial Ownership of Shares Before Offering	
Name and Address of Beneficial Owner	Number	Percent
5% Stockholders:		
Entities affiliated with Walden International[1]	3,507,458	13.8%
Tallwood I, L.P.[2]	3,458,091	13.6
Entities affiliated with Mayfield Fund[3]	3,134,420	12.3
Named Executive Officers and Directors:		
Young K. Sohn[4]	1,349,274	5.1
John Edmunds[5]	238,934	*
Gopal Raghavan[6]	756,901	2.9
Ron Torten[7]	238,162	*
Diosdado P. Banatao[2]	3,458,091	13.6
Chenming Hu[8]	17,142	*
David J. Ladd[9]	8,879	*
Timothy D. Semones[10]	229,101	*
Sam S. Srinivasan[11]	102,025	*
Peter J. Simone[12]	17,142	*

Name and Address of Beneficial Owner	Beneficial Ownership of Shares Before Offering	
	Number	Percent
Lip-Bu Tan(1)	3,507,458	13.8
All executive officers and directors as a group (11 persons)(13)	9,923,109	39.1

* Represents beneficial ownership of less than 1%.

(1) Based on the Forms 4 filed on November 16, 2010, represents 59,210 shares held by Asian Venture Capital Investment Corporation, or AVCIC, 59,210 shares held by International Venture Capital Investment Corporation, or IVCIC, 59,210 shares held by International Venture Capital Investment III Corp., or IVCIC III, 52,423 shares held by Pacven Walden Ventures Parallel V-A C.V., 52,423 shares held by Pacven Walden Ventures Parallel V-B. C.V., 62,642 shares held by Pacven Walden Ventures Parallel VI, L.P., 5,576 shares held by Pacven Walden Ventures V Associates Fund, L.P., 2,274,888 shares held by Pacven Walden Ventures V, L.P., 804,499 shares held by Pacven Walden Ventures VI, L.P., 36,672 shares held by Pacven Walden Ventures V-QP Associates Fund, L.P. and 40,705 shares held by Seed Ventures III Ptd Ltd. Lip-Bu Tan, one of our directors, is the sole director of Pacven Walden Management V Co. Ltd,. which is the general partner of Pacven Walden Ventures V, L.P., Pacven Walden Ventures Parallel V-A C.V., Pacven Walden Ventures Parallel V-B C.V., Pacven Walden Ventures V Associates Fund, L.P. and Pacven Walden Ventures V-QP Associates Fund, L.P., or Pacven V and affiliated funds. He is also the sole director of Pacven Walden management VI Co. Ltd., which is the general partners of Pacven Walden Ventures VI, L.P. and Pacven Walden Ventures Parallel VI, L.P., or Pacven VI and Parallel Funds. Mr. Tan is also the President of each of AVCIC, IVCIC and IVCIC III. The voting and investment power over the shares held by AVCIC is determined by a majority of its six directors, You-Lin Lu, Allen Kao, Allen Hsu, Wee Ee Cheong, George Lee and Mr. Tan, all of whom disclaim beneficial ownership of shares held by AVCIC except to the extent of any pecuniary interest therein. The voting and investment power over the shares held by IVCIC is determined by a majority of its 13 directors, You-Lin Lu, Allen Hsu, C. C. Kuo, Allen Kao, Yaw Nan Lu, James Tseng, Wen-Ching Tseng, Yu-Hwei Huang, F. C. Sun, Hock Voon Loo, Wee Ee Cheong, Lorin Young and Mr. Tan, all of whom disclaim beneficial ownership of shares held by IVCIC except to the extent of any pecuniary interest therein. The voting and investment power over the shares held by IVCIC III is determined by a majority of its four directors, James Tseng, Yaw Nan Lu, Julian Yu and Mr. Tan, all of whom disclaim beneficial ownership of shares held by IVCIC III except to the extent of any pecuniary interest therein. Mr. Tan, Mary Coleman, Brian Chiang, Hock Voon Loo and Andrew Kau hold shared voting and investment power with respect to the shares held by Pacven V and affiliated funds and Pacven VI and Parallel Funds, all of whom disclaim beneficial ownership of these shares except to the extent of any pecuniary interest therein. The address for Walden International is One California Street, Suite 2800, San Francisco, CA 94111.

(2) Based on the Form 4 filed by Tallwood I, L.P. on November 16, 2010, consists of 3,458,090 shares held by Tallwood I, L.P. Diosdado Banatao, one of our directors, is the managing member of Tallwood Management Co. LLC, which is the general partner of Tallwood I, L.P. The Banatao Living Trust directly or indirectly holds 100% of the membership interests in Tallwood Management Co. LLC. Mr. and Mrs. Banatao, as trustees of the Banatao Living Trust, hold shared voting and dispositive power over the securities held by this fund. Mr. and Mrs. Banatao disclaim beneficial ownership of the reported securities except to the extent of any pecuniary interest therein. The principal business address of Tallwood I, L.P. and Tallwood Management Co. LLC is 400 Hamilton Avenue, Suite 230, Palo Alto, CA 94301.

(3) Based on the Schedule 13G filed Mayfield XI Management, LLC on February 9, 2011, represents 56,418 shares held by Mayfield Associates Fund VI, a Delaware limited partnership, or MF AF VI, 194,333 shares held by Mayfield Principals Fund II, a Delaware limited liability company, or MF PF II, 169,257 shares held by Mayfield XI, a Delaware limited partnership, or MF XI, and 2,714,412 shares held by Mayfield XI Qualified, a Delaware limited partnership, or MF XI Q. Yogen K. Dalal, Janice M. Roberts and Robert T. Vasan are managing directors of Mayfield XI Management, L.L.C., which is the general partner of MF XI Q, MF XI and MF AF VI and the sole Managing Director of MF PF II. The individuals listed herein may be deemed to have voting and dispositive power over the shares which are, or may be, deemed to be beneficially owned by MF XI Q, MF PF II, MF XI and MF AF VI, but disclaim such beneficial ownership except to the extent of his or her pecuniary interest therein. The address of the entities affiliated with Mayfield Fund is 2800 Sand Hill Road, Suite 250, Menlo Park, CA 94025.

(4) Includes 995,275 shares subject to options that are immediately exercisable, of which 190,776 shares are subject to our right of repurchase as of April 24, 2011, and 14,090 restricted shares are subject to our right of repurchase as of April 24, 2011. Also includes 42,857 shares held by each of Mr. Sohn's three children.

(5) Includes 238,934 shares subject to options that are immediately exercisable, of which 90,068 shares are subject to our right of repurchase as of April 24, 2011.

(6) Includes 412,855 shares subject to options that are immediately exercisable, none of which are subject to our right of repurchase as of April 24, 2011.

(7) Includes 196,592 shares subject to options that are immediately exercisable, of which 63,908 shares are subject to our right of repurchase as of April 24, 2011.

(8) Consists of 17,142 restricted shares that are subject to forfeiture as of April 24, 2011.

(9) Consists of 8,879 shares subject to restricted stock units, all of which are unvested as of April 24, 2011.

(10) Includes 152,911 shares subject to options that are immediately exercisable, of which 5,000 shares are subject to our right of repurchase as of April 24, 2011.

(11) Includes 44,999 shares subject to options that are immediately exercisable, of which 7,501 shares are subject to our right of repurchase as of April 24, 2011.
(12) Consists of 17,142 restricted shares that are subject to forfeiture as of April 24, 2011.
(13) Includes 2,041,566 shares subject to options that are immediately exercisable, of which 357,253 shares are subject to our right of repurchase as of April 24, 2011, and 43,163 outstanding restricted shares and units that are subject to our right of repurchase as of April 24, 2011 and 34,284 outstanding restricted shares that are subject to forfeiture as of April 24, 2011.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)	
Equity compensation plans approved by security holders	6,672,249	$ 3.85	2,428,572	(1)
Equity compensation plans not approved by security holders	None	None	None	
Total	6,672,249	3.85	2,428,572	(1)

(1) Includes 2,032,192 shares reserved for issuance under the 2010 Stock Incentive Plan. The 2010 Stock Incentive Plan provides for the grant of options to purchase shares of common stock, restricted stock, stock appreciation rights and stock units. The number of shares reserved for issuance under the 2010 Stock Incentive Plan is automatically increased on January 1st of each year by the lesser of (i) 3,000,000 shares, (ii) five percent (5%) of the number of shares of our common stock outstanding on the last day of the immediately preceding fiscal year or (iii) the number of shares determined by the board of directors. In addition, the number of shares reserved for issuance under the 2010 Stock Incentive Plan is increased from time to time in an amount equal to the number of shares subject to outstanding options under the 2000 Stock Plan that are subsequently forfeited or terminate for any other reason before being exercised and unvested shares that are forfeited pursuant to the 2000 Stock Plan.

ITEM 13 — *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Related Party Transactions

In addition to the compensation arrangements with directors and executive officers described elsewhere in this prospectus, the following is a description of each transaction since January 1, 2008 and each currently proposed transaction in which:

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

Registration Rights

The holders of 14,851,170 shares of common stock, including shares to be issued upon the exercise of warrants to purchase shares of our capital stock, are entitled to contractual rights by which they may require us to register those shares under the Securities Act. All of these shares are subject to a 180-day lock-up period, which expires on May 9, 2011. If we propose to register any of our securities under the Securities Act for our own account, holders of those shares are entitled to include their shares in our registration, provided they accept the terms of the underwriting as agreed upon between us and the underwriters selected by us, and among other conditions, that the underwriters of any such offering have the right to limit the number of shares included in the registration. Subject

to limitations and conditions specified in the amended and restated investor rights agreement with the holders, six months after our initial public offering, holders of at least 30% of the shares of common stock that were issued upon conversion of our former preferred stock upon completion of our initial public offering and shares of common stock issued as a result of the exercise of certain warrants may require us to prepare and file a registration statement under the Securities Act at our expense covering those shares, provided that the shares to be included in the registration shall include at least 20% of such shares of common stock and shares issued as a result of the exercise of certain warrants, or a lesser percentage if the anticipated aggregate public offering price would exceed $10,000,000. We are not obligated to effect more than two of these demand registrations.

Sale of Preferred Stock

Messrs. Banatao and Tan, two of our directors, are affiliated with Tallwood I, L.P. and entities affiliated with Walden International, respectively. From January 30, 2008 through April 21, 2008, Tallwood I, L.P., entities affiliated with Walden International, an entity associated with Samsung, and Mr. Srinivasan, one of our directors, purchased 178,729, 267,056, 160,595 and 31,312 shares of our Series E preferred stock, respectively, for an aggregate purchase price of approximately $1,712,387, $2,558,651, $1,538,646 and $300,000, respectively, or $9.5809 per share. In connection with these purchases of our Series E preferred stock, Tallwood I, L.P., entities affiliated with Walden International, an entity associated with Samsung and Mr. Srinivasan entered into the same agreements as the other investors, and we believe that the significant terms of these purchases of preferred stock would not differ in any material way from the terms we could have negotiated with unaffiliated third parties.

As Messrs. Banatao and Tan are affiliated with Tallwood I, L.P. and Walden International, respectively, beneficial ownership of the shares purchased by Tallwood I, L.P. and by entities affiliated with Walden International are attributable to Messrs. Banatao and Tan, respectively.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our current directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and executive officers.

Other Transactions

We have a business relationship with Samsung, which holds approximately 4.6%, directly, and an additional 4.1%, indirectly, of our outstanding shares of common stock. For the years ended December 31, 2010 and 2009, Samsung purchased high-speed PLLs and register solution for approximately $27.9 million and $21.2 million, respectively, constituting 34% and 36% of our total revenue, respectively. While Samsung is a significant stockholder, we believe that the terms of our purchase orders, including pricing, would not differ in any material way from the terms we could have negotiated with unaffiliated third parties.

As of December 31, 2010, we have a software subscription and maintenance agreement with Cadence Design Systems, Inc., which agreement was entered into in the ordinary course of business. In connection with this agreement, we committed to pay approximately $7.0 million, payable in 16 quarterly payments through May 2011. We paid $1.4 million, $1.8 million and $2.1 million in the years ended December 31, 2008, 2009 and 2010, respectively. In December 2010, we committed to pay an additional $250,000, payable in four quarterly payments through November 2011. Mr. Tan, one of our directors, is currently the Chief Executive Officer of Cadence. Mr. Tan does not have a direct or indirect material interest in the transaction. The agreement with Cadence was entered into in June 2007, prior to Mr. Tan's employment with Cadence. Mr. Tan was appointed the President and Chief Executive Officer of Cadence in January 2009, although he has served as a member of the Cadence board of directors since 2004. Mr. Tan did not participate in the negotiation of, and did not derive any direct or indirect compensation or other benefit, monetary or otherwise, as a result of this agreement. In addition, Mr. Tan is not a party to the agreement. Further, the amounts paid and to be paid to Cadence under this agreement do not, and are not expected to, constitute a material percentage of the revenue of Cadence. Specifically, the amounts paid to Cadence in the years ended December 31, 2008, 2009 and 2010 accounted for 0.13%, 0.21% and 0.22% of Cadence's revenue for the years ended January 3, 2009, January 2, 2010 and January 1, 2011, respectively. We believe that the significant terms of these purchases, including pricing, would not differ in any material way from the terms we could have negotiated with unaffiliated third parties.

Procedures for Approval of Related Party Transactions

Pursuant to our Related Person Transactions Policy, the audit committee of our board of directors must approve transactions with our company valued at or above $120,000 in which any director, officer, 5% or greater stockholder or certain related persons or entities has a direct or indirect material interest.

Director Independence

In June 2010, our board of directors undertook a review of the independence of our directors and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his

responsibilities. As a result of this review, our board of directors determined that Messrs. Banatao, Ladd, Simone and Srinivasan and Dr. Hu, representing a majority of our directors, are "independent directors" as defined under the rules of the NYSE. Mr. Banatao served as our Interim Chief Executive Officer and beneficially owns approximately 13.8% of our common stock, which represents shares held by Tallwood I, L.P., a venture fund affiliated with Tallwood Venture Capital, of which Mr. Banatao is a Managing Partner. Our board of directors considered Mr. Banatao's prior role with us and his beneficial stock ownership in its determination that Mr. Banatao qualifies as an independent director as defined under the rules of the NYSE.

In determining that Messrs. Banatao, Ladd, Simone and Srinivasan and Dr. Hu qualify as "independent directors," our board of directors determined that none of these individuals had any of the relationships enumerated in Rule 303A.02(b) of the New York Stock Exchange Manual, or Rule 303A.02(b), that would preclude them from serving as independent directors. Our board of directors also made an affirmative determination that none of these directors, including Mr. Banatao and Mr. Ladd, had any other material relationship with us, other than in his capacity as a director and stockholder. Our board of directors specifically considered the beneficial ownership of common stock deemed held by Messrs. Banatao and Ladd and determined that such ownership would not impact their ability to exercise independent judgment as a director, notwithstanding such beneficial ownership. Upon concluding that neither Mr. Banatao nor Mr. Ladd had any of the relationships specifically enumerated in Rule 303A.02(b) or any other material relationship with us, and that their respective beneficial ownership of our common stock would not impact their ability to exercise independent judgment as a director or their overall independence from management, our board of directors determined that both Messrs. Banatao and Ladd qualify as independent directors.

ITEM 14 — *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

Principal Accountant Fees and Services

Aggregate fees for professional services rendered for us by PricewaterhouseCoopers LLP for the years ended December 31, 2010 and 2009, were as follows:

Services Provided	2010	2009
Audit Fees	$1,257,189	$250,859
Audit-Related Fees	45,184	—
Tax Fees	433,666	77,621
All Other Fees	1,500	—
Total Fees	$ 1,737,539	$ 328,480

Audit Fees. The aggregate fees billed for the years ended December 31, 2010 and 2009 were for professional services rendered for the audits of our consolidated financial statements, statutory audits of our subsidiaries, reviews of our interim consolidated financial statements, services rendered in connection with our Form S-1 and Form S-8 related to our initial public offering, comfort letter consents and other matters related to the SEC.

Audit-Related Fees. The aggregate fees billed for the year ended December 31, 2010 were for professional services related to the 2009 audit of Winyatek Technology Inc. acquired in June 2010. For the year ended December 31, 2009, there were no fees billed by PricewaterhouseCoopers LLP for professional services rendered under "Audit-Related Fees" above.

Tax Fees. The aggregate fees billed for the years ended December 31, 2010 and 2009 were for tax advisory and tax compliance services related to tax research and tax planning services in foreign countries in which we do business, the review of research and development credits and net operating loss carryover, and services related to our federal and state tax returns.

All Other Fees. For the year ended December 31, 2010, the aggregate fees billed were for professional services related to our Sarbanes-Oxley preparation. For the year ended December 31, 2009, there were no fees billed by PricewaterhouseCoopers LLP for professional services rendered under "All Other Fees" above.

Audit Committee Pre-Approval Policies and Procedures

The audit committee has implemented pre-approval policies and procedures related to the provision of audit and non-audit services. Under these procedures, the audit committee pre-approves both the type of services to be provided by PricewaterhouseCoopers LLP and the estimated fees related to these services.

During the approval process, the audit committee considers the impact of the types of services and the related fees on the independence of the registered public accountant. The services and fees must be deemed compatible with the maintenance of such accountants' independence, including compliance with SEC rules and regulations.

Throughout the year, the audit committee will review any revisions to the estimates of audit and non-audit fees initially approved.

PART IV

ITEM 15 — *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES*

1. Financial Statements. See "Index to Consolidated Financial Statements" under Item 8 of report.

(a) *Documents filed as part of this report:*

(1) Financial Statements

Reference is made to the Index to Consolidated Financial Statements of Inphi Corporation under Item 8 of Part II hereof.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable or not required or because the information is included elsewhere in the Consolidated Financial Statements or the Notes thereto.

(3) Exhibits

See Item 15(b) below. Each management contract or compensatory plan or arrangement required to be filed has been identified.

(b) *Exhibits*

The exhibits listed in the Exhibit Index below are filed or incorporated by reference as part of this report.

(c) *Financial Statements and Schedules*

Reference is made to Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INPHI CORPORATION

By: /s/ Young K. Sohn
Young K. Sohn
Chief Executive Officer
(Principal Executive Officer)

Date: March 4, 2011

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Young K. Sohn and John Edmunds, and each of them, his true and lawful attorneys-in-fact, each with full power of substitution, for him or her in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Young K. Sohn Young K. Sohn	Chief Executive Officer (Principal Executive Officer), President and Director	March 4, 2011
/s/ John Edmunds John Edmunds	Chief Financial Officer and Chief Accounting Officer (Principal Financial and Accounting Officer)	March 4, 2011
/s/ Diosdado P. Banatao Diosdado P. Banatao	Chairman of the Board	March 4, 2011
/s/ Chenming C. Hu Chenming C. Hu	Director	March 4, 2011
/s/ David J. Ladd David J. Ladd	Director	March 4, 2011
/s/ Timothy D. Semones Timothy D. Semones	Director	March 4, 2011
/s/ Peter J. Simone Peter J. Simone	Director	March 4, 2011
/s/ Sam S. Srinivasan Sam S. Srinivasan	Lead Director	March 4, 2011
/s/ Lip-Bu Tan Lip-Bu Tan	Director	March 4, 2011

EXHIBIT INDEX

Exhibit Number	Description
2.1	Share Purchase Agreement dated as of May 25, 2010, by and among the Registrant, Winyatek Technology Inc. and the shareholder signatories thereto, as amended (excluding certain schedules and exhibits referred to in the agreement, which the Registrant agrees to furnish to the Securities and Exchange Commission upon request) (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
3(i)	Restated Certificate of Incorporation of the Registrant.
3(ii)	Amended and Restated Bylaws of the Registrant (incorporated by reference to the exhibit 3(ii).2 filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
4.1	Specimen Common Stock Certificate (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
4.2	Amended and Restated Investors' Rights Agreement dated as of January 30, 2008.
10.1+	Inphi Corporation 2000 Stock Option/Stock Issuance Plan (as amended on June 2, 2010) and related form stock option plan agreements (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.2+	Inphi Corporation 2010 Stock Incentive Plan and related form agreements.
10.3+	Form of Indemnification Agreement between the Registrant and its officers and directors (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.4+	Offer letter dated July 14, 2007 between Young K. Sohn and the Registrant, as amended (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.5+	Change of Control and Severance Agreement dated June 8, 2010, by and between Young K. Sohn and the Registrant (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.6	Offer letter dated December 10, 2007 between John Edmunds and the Registrant, as amended (incorporated by reference to Exhibit 10.6 to filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.7+	Change of Control and Severance Agreement dated June 8, 2010, by and between John Edmunds and the Registrant (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.8+	Offer letter dated October 3, 2007 between Ron Torten and the Registrant, as amended (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.9	Lease Agreement between the Registrant and H&G Selvin Properties dated as of June 30, 2006, including amendments thereto (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.10	Sublease Agreement between the Registrant and Scintera Networks, Inc. dated as of December 1, 2009, including amendments thereto (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.11	Lease Agreement between the Registrant and Santa Clara Towers, L.P. dated as of April 27, 2010 (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.12	Lease Agreement between the Registrant and LBA Realty Fund III—Company VII, LLC dated as of June 4, 2010 (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
10.13	Workshop Lease Contract between Winyatek Technology Inc. and Integrated Circuit Solutions Inc. dated as of March 29, 2010 (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).

10.14**	Software License and Maintenance Agreement dated as of June 29, 2007, by and between the Registrant and Cadence Design Systems, Inc.
21.1	List of Subsidiaries (incorporated by reference to the exhibit of the same number filed with Registration Statement on Form S-1 (File No. 333-167564), as amended).
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
24.1	Power of Attorney (see page 97 of this report).
31.1	Certificate of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
31.2	Certificate of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.1(1)	Certificate of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).
32.2(1)	Certificate of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

** Confidential treatment requested.

+ Indicates management contract or compensatory plan.

(1) The material contained in Exhibit 32.1 and Exhibit 32.2 is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

Exhibit 3(i)

RESTATED CERTIFICATE OF INCORPORATION OF

INPHI CORPORATION

Inphi Corporation, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

FIRST: The name of the corporation is Inphi Corporation.

SECOND: The original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on November 13, 2000 and the original name of the corporation was TCom Communications, Inc., and a Restated Certificate of Incorporation was filed on December 4, 2000. A Certificate of Amendment of the Restated Certificate of Incorporation, whereby the corporation changed its name, was filed with the Secretary of State on February 27, 2001.

THIRD: Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, this Restated Certificate of Incorporation restates, integrates and further amends the provisions of the Certificate of Incorporation of the corporation.

FOURTH: The Certificate of Incorporation of the corporation shall be amended and restated to read in full as follows:

ARTICLE I

The name of the Corporation is Inphi Corporation (the "***Corporation***").

ARTICLE II

The address of the registered office of the corporation in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law (the "***DGCL***").

ARTICLE IV

A. Classes of Stock. The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is 510,000,000, of which 500,000,000 shares shall be Common Stock, $0.001 par value per share (the " ***Common Stock***"), and of which 10,000,000 shares shall be Preferred Stock, $0.001 par value per share (the "***Preferred Stock***"). The number of authorized shares of Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the then outstanding shares of Common Stock, without a vote of

the holders of the Preferred Stock, or of any series thereof, unless a vote of any such Preferred Stock holders is required pursuant to the provisions established by the Board of Directors of the Corporation (the "***Board of Directors***") in the resolution or resolutions providing for the issue of such Preferred Stock, and if such holders of such Preferred Stock are so entitled to vote thereon, then, except as may otherwise be set forth in the certificate of incorporation of the corporation, the only stockholder approval required shall be the affirmative vote of a majority of the voting power of the Common Stock and the Preferred Stock so entitled to vote, voting together as a single class.

B. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series, as determined by the Board of Directors. The Board of Directors is expressly authorized to provide for the issue, in one or more series, of all or any of the remaining shares of Preferred Stock and, in the resolution or resolutions providing for such issue, to establish for each such series the number of its shares, the voting powers, full or limited, of the shares of such series, or that such shares shall have no voting powers, and the designations, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof. The Board of Directors is also expressly authorized (unless forbidden in the resolution or resolutions providing for such issue) to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issuance of shares of that series. In case the number of shares of any such series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

C. Common Stock.

1. Relative Rights of Preferred Stock and Common Stock . All preferences, voting powers, relative, participating, optional or other special rights and privileges, and qualifications, limitations, or restrictions of the Common Stock are expressly made subject and subordinate to those that may be fixed with respect to any shares of the Preferred Stock.

2. Voting Rights. Except as otherwise required by law or the certificate of incorporation of the Corporation, each holder of Common Stock shall have one vote in respect of each share of stock held by such holder of record on the books of the Corporation for the election of directors and on all matters submitted to a vote of stockholders of the Corporation.

3. Dividends. Subject to the preferential rights of the Preferred Stock, the holders of shares of Common Stock shall be entitled to receive, when and if declared by the Board of Directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in property or in shares of capital stock.

4. Dissolution, Liquidation or Winding Up. In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, after distribution in full of the preferential amounts, if any, to be distributed to the holders of shares of the Preferred Stock, holders of Common Stock shall be entitled, unless otherwise provided by law or the certificate of incorporation of the Corporation, to receive all of the remaining assets of the Corporation of

whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

ARTICLE V

In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware:

A. The Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the Corporation, without any action on the part of the stockholders, by the vote of at least a majority of the directors of the Corporation then in office. In addition to any vote of the holders of any class or series of stock of the Corporation required by law or the certificate of incorporation of the Corporation, the bylaws may also be adopted, amended or repealed by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the shares of the capital stock of the Corporation entitled to vote in the election of directors, voting as one class; provided, however, that the affirmative vote of the holders representing only a majority of the voting power of the shares of the capital stock of the Corporation entitled to vote in the election of directors, voting as one class, shall be required if such adoption, amendment or repeal of the bylaws has been previously approved by the affirmative vote of at least two-thirds (2/3) of the directors of the Corporation then in office.

B. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

C. The books of the Corporation may be kept at such place within or without the State of Delaware as the bylaws of the Corporation may provide or as may be designated from time to time by the Board of Directors.

ARTICLE VI

A. The business and affairs of the Corporation shall be managed by a Board of Directors. Other than those directors elected by the holders of any series of Preferred Stock as provided for or fixed pursuant to the provisions of Article IV hereof, each director shall serve until his successor shall be duly elected and qualified or until his earlier resignation, removal from office, death or incapacity.

B. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by a majority vote of the directors then in office, although less than a quorum, or by a sole remaining director. If there are no directors in office, then an election of directors may be held in the manner provided by statute. Directors chosen pursuant to any of the foregoing provisions shall hold office until their successors are duly elected and have qualified or until their earlier resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. In the event of a vacancy in the Board of Directors, the remaining directors, except as otherwise provided by law, or by the certificate of incorporation or the bylaws of the corporation, may exercise the powers of the full board until the vacancy is filled.

ARTICLE VII

A. No action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

B. Special meetings of the stockholders of the Corporation may be called only by the Chairman of the Board or the Chief Executive Officer of the Corporation or by a resolution adopted by the affirmative vote of a majority of the Board of Directors, and any power of stockholders to call a special meeting of stockholders is specifically denied.

C. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner and to the extent provided in the bylaws of the Corporation.

D. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article VII, Paragraph D.

ARTICLE VIII

A. Limitation on Liability. To the fullest extent permitted by the DGCL, as the same exists or as may hereafter be amended (including, but not limited to Section 102(b)(7) of the DGCL), a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the DGCL hereafter is amended to further eliminate or limit the liability of directors, then the liability of a director of the Corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by the amended DGCL. Any repeal or modification of this paragraph by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such repeal or modification.

B. Indemnification. Each person who is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, employee benefit plan or other enterprise (including the heirs, executors, administrators or estate of such person), shall be indemnified and advanced expenses by the Corporation, in accordance with the bylaws of the Corporation, to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the

Corporation to provide prior to such amendment) or any other applicable laws as presently or hereinafter in effect. The right to indemnification and advancement of expenses hereunder shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the certificate of incorporation or bylaws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

C. Insurance. The Corporation may, to the fullest extent permitted by law, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

D. Repeal and Modification. Any repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection existing hereunder immediately prior to such repeal or modification.

ARTICLE IX

The affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to amend in any respect or repeal this Article IX, Paragraph A of Article V, Articles VI, VII and VIII.

* * *

FIFTH: This Restated Certificate of Incorporation was duly adopted by the Board of Directors of the corporation.

SIXTH: This Restated Certificate of Incorporation was duly adopted by the stockholders in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware. Written consent of the stockholders has been given with respect to this Restated Certificate of Incorporation in accordance with Section 228 of the General Corporation Law of the State of Delaware, and written notice has been given as provided in Section 228.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the corporation has caused this certificate to be signed by its Chief Executive Officer and attested by its Secretary this 16th day of November, 2010.

INPHI CORPORATION

By /s/ Young K. Sohn
Young K. Sohn, Chief Executive Officer and President

Attest:

By /s/ John Edmunds
John Edmunds, Secretary

Exhibit 4.2

INPHI CORPORATION

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

August 12, 2010

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AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT ("***Agreement***") is made as of the 12th day of August, 2010, by and among Inphi Corporation, a Delaware corporation (the "***Company***"), the investors listed on Schedule A hereto, each of whom is herein referred to as an "***Investor***," and the founders listed on Schedule B hereto, each of which is herein referred to as a "***Founder***."

WHEREAS, the Company and certain of the Investors are parties to that certain Series E Preferred Stock Purchase Agreement dated as of January 30, 2008 and that Series E Preferred Stock Purchase Agreement dated as of June 30, 2010 (together, the "***Series E Agreement***");

WHEREAS, the Company previously entered into an Amended and Restated Investors Rights Agreement dated as of January 30, 2008, among the Company, certain of the Investors and the Founders (the "***Prior Agreement***"); and

WHEREAS, the Investors and the Company hereby agree that this Agreement shall govern the rights of the Investors to cause the Company to register shares of the Company's Common Stock (the "***Common Stock***") issuable to the Investors and certain other matters as set forth herein and, upon the effectiveness of this Agreement, the Prior Agreement shall be terminated and have no further force or effect.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Registration Rights. The Company covenants and agrees as follows:

1.1 Definitions. For purposes of this Section 1:

(a) The term "***Act***" means the Securities Act of 1933, as amended.

(b) The term "***Form S-3***" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(c) The term "***Holder***" means any person owning or having the right to acquire Registrable Securities (subject to the limitations set forth in the definition thereof) or any assignee thereof in accordance with Section 1.13 hereof.

(d) The term "***IPO***" shall mean the first sale of the Common Stock of the Company to the public pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (other than a registration statement relating either to the sale of Common Stock to employees of the Company pursuant to a stock option, stock purchase or similar plan or an SEC Rule 145 transaction).

(e) The term "***1934 Act***" shall mean the Securities Exchange Act of 1934, as amended.

(f) The term "***Preferred Stock***" shall mean the Company's Series A Preferred Stock (the "***Series A Preferred Stock***"), the Company's Series B Preferred Stock (the "***Series B Preferred Stock***"), the Company's Series C Preferred Stock (the "***Series C Preferred Stock***"), the Company's Series D Preferred Stock (the "***Series D Preferred Stock***") and the Company's Series E Preferred Stock (the "***Series E Preferred Stock***").

(g) The term "***register***," "***registered***" and "***registration***" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness by the SEC of such registration statement or document.

(h) The term "***Registrable Securities***" means (i) the Common Stock issuable or issued upon conversion of the Company's Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock; (ii) the Common Stock issuable or issued upon exercise of the warrants as listed on Schedule 1.1(h) hereto (the "***Warrants***") and (iii) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in (i) - (ii) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 1 are not assigned.

(i) The number of shares of "***Registrable Securities then outstanding***" shall be determined by the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or convertible securities which are, Registrable Securities.

(j) The term "***SEC***" shall mean the Securities and Exchange Commission.

1.2 Request for Registration.

(a) If the Company shall receive at any time after the earlier of (i) the Company's initial public offering, or (ii) January 30, 2011 (but not within 6 months of the effective date of a registration), a written request from the Holders of at least thirty percent (30%) of the Registrable Securities then outstanding that the Company file a registration statement under the Act covering the registration of at least twenty percent (20%) of the Registrable Securities then outstanding (or a lesser percentage if the anticipated aggregate offering price would exceed $10,000,000), then the Company shall:

(i) within ten (10) days of the receipt thereof, give written notice of such request to all Holders; and

(ii) use its best efforts to effect as soon as practicable, the registration under the Act of all Registrable Securities which the Holders request to be registered, subject to the limitations of subsection 1.2(b).

(b) If the Holders initiating the registration request hereunder (" ***Initiating Holders***") intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to

subsection 1.2(a) and the Company shall include such information in the written notice referred to in subsection 1.2(a). The underwriter will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include his Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 1.4(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders thereof, including the Initiating Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities of the Company owned by each Holder; provided, however, that the number of shares of Registrable Securities to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(c) Notwithstanding the foregoing, if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 1.2, a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer taking action with respect to such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve-month period.

(d) In addition, the Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2:

(i) After the Company has effected two registrations pursuant to this Section 1.2 and such registrations have been declared or ordered effective and the securities offered pursuant to such registration have been sold; or

(ii) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of, and ending on a date one hundred eighty (180) days after the effective date of, a registration subject to Section 1.3 hereof; provided that (A) the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become effective and (B) the Company provides prior written notice to the Initiating Holders of any registration request of its intent to file a registration statement.

1.3 Company Registration. If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Act in connection

with the public offering of such securities solely for cash (other than a registration relating solely to the sale of Common Stock to participants in a Company stock plan, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within ten (10) days after mailing of such notice by the Company in accordance with Section 3.5, the Company shall, subject to the provisions of Section 1.8, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

1.4 Obligations of the Company. Whenever required under this Section 1 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or until the distribution contemplated in the Registration Statement has been completed; provided, however, that in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, such 120-day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold, provided that Rule 415, or any successor rule under the Act, permits an offering on a continuous or delayed basis, and provided further that applicable rules under the Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment which (i) includes any prospectus required by Section 10(a)(3) of the Act or (ii) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (i) and (ii) above to be contained in periodic reports filed pursuant to Section 13 or 15(d) of the 1934 Act in the registration statement.

(b) Prepare and file with the SEC and furnish to the Holders such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including all amendments thereto, and including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or “Blue Sky” laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Promptly notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing or, if for any other reason it shall be necessary at such time to amend or supplement the registration statement or the prospectus in order to comply with the Act.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) Use its reasonable best efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 1, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Section 1, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (a) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (b) a letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities (to the extent the then applicable standards of professional conduct permit said letter to be addressed to the Holders).

1.5 Furnish Information.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

(b) The Company shall have no obligation with respect to any registration requested pursuant to Section 1.2 or Section 1.12 if, due to the operation of subsection 1.5(a), the

number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in subsection 1.2(a) or subsection 1.12(b)(2), whichever is applicable.

1.6 Expenses of Demand and S-3 Registration. All expenses (other than underwriting discounts and commissions applicable to the sale of Registrable Securities (the "***Selling Expenses***")) incurred in connection with registrations, filings or qualifications pursuant to Section 1.2 and 1.12, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, and the reasonable fees and disbursements of one counsel for the selling Holders selected by Holders selling a majority of the subject Registrable Securities and reasonably acceptable to the Company, shall be borne by the Company (the "***Registration Expenses***"); provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or 1.12 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating holders shall bear such expenses in proportion to the number of shares for which registration was requested), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to a demand registration pursuant to Section 1.2 in which event such right shall be forfeited by all Holders; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request and have withdrawn the request in good faith as a result of such change with reasonable promptness following disclosure of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 1.2. All Selling Expenses relating to the Registrable Securities so registered shall be borne by holders of such securities and, if it participates, the Company, pro rata on the basis of the number of shares of Registrable Securities so registered on their behalf.

1.7 Expenses of Company Registration. All expenses (other than Selling Expenses) incurred in connection with any registrations, filings or qualifications of Registrable Securities pursuant to this Agreement (other than those pursuant to Sections 1.2 or 1.12), including (without limitation) all registration, filing, and qualification fees, printers' and accounting fees relating or apportionable thereto and the fees and disbursements of counsel for the Company, and the reasonable fees and disbursements of one counsel for the selling Holders selected by Holders selling a majority of the subject Registrable Securities and reasonably acceptable to the Company, shall be borne by the Company. All Selling Expenses relating to the Registrable Securities so registered shall be borne by holders of such securities and, if it participates, the Company, pro rata on the basis of the number of shares of Registrable Securities so registered on their behalf.

1.8 Underwriting Requirements; Allocation of Registration Opportunity. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under Section 1.3 to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters) and then only in such quantity as the underwriters determine in their sole

discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling stockholders according to the total amount of securities entitled to be included therein owned by each selling Holder or in such other proportions as shall mutually be agreed to by such selling stockholders) but in no event shall (i) the amount of securities of the selling Holders included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, unless such offering is the initial public offering of the Company's securities, in which case the selling stockholders may be entirely excluded if the underwriters make the determination described above and no other stockholder's securities are included, (ii) the amount of securities of the selling Holders included in the offering be reduced unless all of the securities of the Founders and any other non-Holder stockholder of the Company are first excluded from the offering, or (iii) notwithstanding (i) and (ii) above, any shares being sold by a stockholder exercising a demand registration right similar to that granted in Section 1.2 are excluded from such offering. For purposes of the preceding parenthetical concerning apportionment, for any selling stockholder which is a holder of Registrable Securities and which is a partnership or corporation, the partners, retired partners and stockholders of such holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single selling stockholder, and any pro-rata reduction with respect to such selling stockholder shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such selling stockholder, as defined in this sentence.

1.9 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 1.

1.10 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, and such parties' counsel against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or other federal or state law insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations or alleged statements, omissions or violations (collectively a " ***Violation***"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act or other federal or state law, or any rule or

regulation promulgated under the Act, the 1934 Act or other federal or state law; and the Company will pay to each such Holder, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 1.10(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based solely upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, its counsel, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act or the 1934 Act insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.10(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.10(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, that, in no event shall any indemnity under this subsection 1.10(b) exceed the net proceeds from the offering received by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 1.10 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, shall not relieve such indemnifying party of any liability to the indemnified party under this Section 1.10 to the extent such failure is not prejudicial to its ability to defend such action, and the omission so to deliver

written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.10. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability with respect to such claim or litigation.

(d) If the indemnification provided for in this Section 1.10 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations; provided, that in no event shall any contribution by a Holder under this Section 1.10(d) exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 1.10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 1, and otherwise.

1.11 Reports Under Securities Exchange Act of 1934 . With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.12 Form S-3 Registration. After its IPO, the Company shall use its best efforts to qualify for registration on Form S-3 or any successor form. Thereafter, in case the Company shall receive from any Holder or Holders of Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will: promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this section 1.12: (1) if Form S-3 is not available for such offering by the Holders; (2) if the Holders, together with the holders off any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than $1,000,000; (3) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than 60 days after receipt of the request of the Holder or Holders under this Section 1.12; provided, however, that the Company shall not utilize this right more than once in any twelve month period; (4) if the Company has, within the six (6) month period preceding the date of such request, already effected on registration on Form S-3 for the Holders pursuant to this Section 1.12; or (5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as

practicable after receipt of the request or requests of the Holders. Registrations effected pursuant to this Section 1.12 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3, respectively.

1.13 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 1 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities who, after such assignment or transfer, holds at least one hundred thousand (100,000) shares of the Registrable Securities (as adjusted for stock splits, stock dividends, recapitalizations and the like) held by the transferor or assignor of such securities immediately prior to such transfer, provided: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 1.15 below; (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Act; and (d) such transfer or assignment shall not be effective if it is made to a competitor of the Company as determined by the Company in its sole discretion. Notwithstanding the foregoing, (i) transfers to transferees and assignees of a partnership or limited liability company who are partners or members or retired partners or members of such partnership or limited liability company (including spouses and ancestors, lineal descendants and siblings of such partners or members who acquire Registrable Securities by gift, will or intestate succession), (ii) transfers to an affiliated fund, partnership, entity or shareholder of any Investor shall not be subject to the minimum shareholding requirement set forth above, provided that all such assignees and transferees shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 1.

1.14 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of not less than sixty percent (60%) of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration filed under Section 1.2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of his securities will not reduce the amount of the Registrable Securities of the Holders which is included or (b) to make a demand registration which could result in such registration statement being declared effective prior to the earlier of either of the dates set forth in subsection 1.2(a) or within one hundred twenty (120) days of the effective date of any registration effected pursuant to Section 1.2.

1.15 Market Stand-Off Agreement.

(a) Each Investor and each Founder hereby agrees that, during the period of duration specified by the underwriter of Common Stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act in connection with the Company's IPO, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without

limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except Common Stock included in such registration, provided, however, that such market stand-off period shall not exceed 198 days.

(b) In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Investor and each Founder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

(c) The obligations described in Section 1.15(a) shall apply to the Investors only if all officers and directors of the Company, all one-percent (1%) securityholders, and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements. If the Company or the underwriter of any public offering of the Company's securities waive or terminate any standoff or lockup restrictions imposed on any holder of securities of the Company, then such waiver or termination shall be granted to all Holders subject to standoff or lockup restrictions pro rata based on the number of shares of Common Stock beneficially held by such holder and the Holders. From and after the date of this Agreement, the Company shall use its best efforts to ensure that all holders of capital stock of the Company agree to be bound by terms substantially similar to those set forth in this Section 1.15.

1.16 Termination of Registration Rights. The rights under this Section 1 shall terminate (i) as to each Holder who, immediately following the consummation of the IPO, holds, or is entitled to hold upon conversion, shares of Registrable Securities which may be immediately sold under Rule 144 during any 90-day period and (ii) as to all Holders upon the five-year anniversary of the consummation of the Company's IPO.

2. Covenants of the Company.

2.1 Delivery of Financial Statements.

(a) So long as any Investor holds at least one hundred thousand (100,000) Registrable Securities (as adjusted for stock splits, stock dividends, recapitalizations and the like), the Company shall deliver to each such Investor (a " ***Major Investor"):***

(i) as soon as practicable, but in any event within sixty (60) days after the end of each fiscal year of the Company, an income statement for such fiscal year, a balance sheet of the Company and statement of stockholder's equity as of the end of such year, and a statement of cash flows for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with generally accepted accounting principles, and audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(ii) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited profit or loss statement and a statement of cash flows for such fiscal quarter and an unaudited balance sheet as of the end of such fiscal quarter, in each case, certified by Company's Chief Financial Officer, with management's analysis of results and a statement of an executive officer comparing monthly and year-to-date information to the Company's budget for such fiscal quarter;

(iii) within thirty (30) days of the end of each month, an unaudited income statement and a statement of cash flows for such month and an unaudited balance sheet as of the end of such month, in reasonable detail; and

(iv) as soon as practicable, but in any event thirty (30) days prior to the end of each fiscal year, an annual budget for the next fiscal year, prepared on a monthly basis.

2.2 Inspection Covenants. The Company shall permit each Major Investor, at such Major Investor's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers (including the use of an auditor in such inspection and discussion), all at such reasonable times as may be requested by such Major Investor; provided, however, that the Company shall not be obligated pursuant to this Section 2.2 to provide access to any information which it reasonably considers, upon advice of legal counsel, to be trade secret or similar confidential information.

2.3 Termination of Information and Inspection Covenants. The covenants set forth in Section 2.1 and 2.2 shall terminate and be of no further force or effect when either (i) the Company consummates its IPO; (ii) when the Company first becomes subject to the periodic reporting requirements of Sections 12(g) or 15(d) of the 1934 Act; or (iii) the closing of any transaction or series of related transactions by the Company (including, without limitation, any reorganization, merger or consolidation) which will result in the Company's stockholders immediately prior to such transaction not holding (by virtue of such shares or securities issued solely with respect thereto) at least 50% of the voting power of the surviving or continuing entity.

2.4 Right of First Offer. Subject to the terms and conditions specified in this Section 2.4, for so long as any Major Investor owns any shares of outstanding Preferred Stock, the Company hereby grants to such Major Investor a right of first offer with respect to future sales by the Company of its Shares (as hereinafter defined). A Major Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners, members, directors, entities under common control and affiliates in such proportions as it deems appropriate.

Each time the Company proposes to offer any shares of, or securities convertible into or exercisable for any shares of, any class of its capital stock ("***Shares***"), the Company shall first make an offering of such Shares to each Major Investor in accordance with the following provisions:

(a) The Company shall deliver a notice by certified mail ("***Notice***") to the Major Investors stating (i) its bona fide intention to offer such Shares, (ii) the number of such Shares to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such Shares.

(b) By written notification received by the Company, within twenty (20) calendar days after receipt of the Notice, the Major Investor may elect to purchase or obtain, at the price and on the terms specified in the Notice, up to that portion of such Shares which equals

the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of the Preferred Stock then held, by such Major Investor bears to the total number of shares of Common Stock of the Company then outstanding (assuming full conversion and exercise of all outstanding options, warrants and other convertible or exercisable securities). The Company shall promptly, in writing, inform each Investor which purchases all the shares available to it ("***Fully-Exercising Investor")*** of any other Major Investor's failure to do likewise. During the ten (10) calendar day period commencing after receipt of such information, each Fully-Exercising Investor shall be entitled to obtain that portion of the Shares for which Major Investors were entitled to subscribe but which were not subscribed for by the Investors which is equal to the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of the Preferred Stock then held, by such Fully-Exercising Investor bears to the total number of shares of common stock issued and held, or issuable upon conversion of the Preferred Stock then held, by all Fully-Exercising Investors who wish to purchase some of the unsubscribed shares.

(c) If all Shares referred to in the Notice which Major Investors are entitled to obtain pursuant to subsection 2.4(b) are not elected to be obtained as provided in subsection 2.4(b) hereof, the Company may, during the sixty (60) day period following the expiration of the period provided in subsection 2.4(b) hereof, offer the remaining unsubscribed portion of such Shares to any person or persons at a price not less than, and upon terms no more favorable to the offeree than those specified in the Notice. If the Company does not enter into an agreement for the sale of the Shares within such period, or if such agreement is not consummated within 60 days of the execution thereof, the right provided hereunder shall be deemed to be revived and such Shares shall not be offered unless first reoffered to the Major Investors in accordance herewith.

(d) The right of first offer in this Section 2.4 shall not be applicable:

(i) to the issuance or sale of shares of Common Stock or other securities, or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as " ***Common Stock Equivalents"),*** to employees, consultants or directors of the Company or persons having a professional relationship with or providing services to the Company, directly or pursuant to a stock option plan or agreement or other stock option arrangements so long as such plan, agreements or arrangements have been approved by the Board of Directors of the Company (including a majority of the directors designated by the holders of the Preferred Stock);

(ii) to the issuance or sale of Common Stock or Common Stock Equivalents in connection with a bona fide acquisition of technology by the Company or a bona fide business acquisition of or by the Company, whether by merger, consolidation, sale of assets, sale or exchange of stock or otherwise, approved by the Board of Directors of the Company (including a majority of the directors designated by the holders of the Preferred Stock);

(iii) to the issuance or sale of Common Stock or Common Stock Equivalents, warrants or other securities or rights in connection with a bona fide loan transaction or bank financing or otherwise in connection with commercial credit and equipment financing arrangements or to a strategic partner of the Company, in each case as approved by the Board of

Directors of the Company (including a majority of the directors designated by the holders of the Preferred Stock);

(iv) to or after consummation of a bona fide, firmly underwritten public offering of shares of Common Stock, registered under the Act pursuant to a registration statement on Form S-1;

(v) to the issuance of Common Stock or Common Stock Equivalents issued or issuable pursuant to a resolution unanimously approved by approved by the Board of Directors of the Company (including a majority of the directors designated by the holders of the Preferred Stock);

(vi) to the issuance of securities pursuant to the conversion or exercise of convertible or exercisable securities that are, or have been, approved for issuance by a majority of the Company's Board of Directors (including a majority of the directors designated by the holders of the Preferred Stock);

(vii) to the issuance of securities in connection with a split or subdivision of the outstanding shares of Common Stock or a dividend or other distribution payable in additional shares of Common Stock or Common Stock Equivalents without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof); or

(viii) to the issuance of any shares of Series E Preferred Stock pursuant to the Series E Agreement or any subsequent closing thereof or the issuance of the any shares of Common Stock upon conversion of shares of Series A Preferred Stock, Series B Preferred Stock, Series C Preferred Stock, Series D Preferred Stock or Series E Preferred Stock.

(e) The right of first offer set forth in this Section 2.4 may not be assigned or transferred except to affiliates of a Major Investor.

2.5 Qualified Small Business. The Company shall not take, or not fail to take, any action that would reasonably be expected to cause the Stock to fail to qualify as "qualified small business stock" within the meaning of Sections 1045 and 1202 of the Internal Revenue Code of 1986, as amended, and Sections 18152.5 and 18038.5 of the California Revenue and Taxation Code; provided that, notwithstanding the foregoing, the Company shall not be obligated to take any action, or refrain from any action, which in its good faith business judgment is not in the best interests of the Company or its stockholders. In the event that the Company is or becomes aware that the Stock will or may fail to qualify as a "qualified small business stock" within the meaning of Sections 1045 and 1202 of the Internal Revenue Code of 1986, as amended, and Sections 18152.5 and 18038.5 of the California Revenue and Taxation Code, the Company will promptly notify the holders of the Stock, and will consult in good faith with Investors regarding a mutually agreeable and reasonable and alternative course of action that would preserve such status. Upon request by a holder of the Stock, the Company shall conduct a reasonable investigation to determine whether the Stock qualifies as "qualified small business stock" meaning of Sections 1045 and 1202 of the Internal Revenue Code of 1986, as amended,

and Sections 18152.5 and 18038.5 of the California Revenue and Taxation Code, and shall deliver to such holder a duly executed Certificate of Representation in substantially the form attached hereto as Exhibit A (the "***QSBS Certificate")*** as expeditiously as reasonably possible, but in no event later than 30 days following the Company's receipt of such request. If the Company is unable to deliver an executed QSBS Certificate because representation statement 2 in the QSBS Certificate is inaccurate, the Company covenants and agrees to deliver a statement explaining the reasons for such inaccuracy. The Company's obligation to furnish a written statement pursuant to this Section 2.5 shall continue notwithstanding the fact that a class of the Company's stock may be traded on an established securities market.

2.6 Employee and Other Stock Arrangements. The Company has issued or reserved for issuance an aggregate of 15,500,411 shares of Common Stock (or Common Stock Equivalents) for issuance to employees, consultants and directors of the Company and persons having a professional relationship with or providing services to the Company, pursuant to the Company's 2000 Stock Option/Stock Issuance Plan (the " ***Option Plan")***. The Company shall not increase the number of shares of Common Stock reserved under the Option Plan without the approval of a majority of the members of its Board of Directors. Unless otherwise approved by a majority of the members of its Board of Directors, all shares of Common Stock or Common Stock Equivalents issued under the Option Plan shall initially be unvested and shall vest twenty-five percent (25%) at the end of the first year of service, with the remaining seventy-five percent (75%) vesting in 36 equal monthly installments thereafter, subject to continued service to the Company. The Company shall have a right to repurchase any unvested shares issued to any person pursuant to the Option Plan upon the termination, with or without cause, of such person's employment and shall also have a right of first refusal with respect to any shares of vested stock proposed to be transferred by an employee (subject to the standard exceptions set forth in the Company's form documents under the Option Plan).

2.7 Proprietary Information Agreements. The Company will cause each person now or hereafter employed by it or any subsidiary to execute the Company's standard agreement regarding confidentiality, proprietary information and inventions.

2.8 Assignment of Right of First Refusal. The Company hereby covenants and agrees to assign to each Major Investor, on a pro-rata basis as set forth below, to the extent permitted under the Option Plan, the First Refusal Right granted to the Company under each Stock Purchase Agreement (a " ***Stock Purchase Agreement")*** and Stock Issuance Agreement (a "***Stock Issuance Agreement")*** entered into with each person to whom an option is granted or shares are issued under the Option Plan in the event the Company does not exercise such First Refusal Right, such that the Major Investors shall have identical rights and obligations (except as herein provided) to those of the Company with respect to the exercise of a First Refusal Right for such shares; provided, however, that each Major Investor may elect to purchase or obtain, at the price and on the terms specified in the Disposition Notice (as such term is defined in each Stock Purchase Agreement or Stock Issuance Agreement, as the case may be) that number of shares equal to the proportion that the number of shares of Registrable Securities then held by such stockholder bears to the total number of shares of Registrable Securities of the Company then held by all other Major Investors. The Company covenants agrees to take all such further actions as may be necessary in order to enforce the foregoing First Refusal Right, including the imposition of stop-transfer instructions with respect to such shares. The Company further

covenants and agrees that all issuances of Common Stock (or Common Stock Equivalents) to its employees, consultants and directors shall be made either under the Option Plan or pursuant to an agreement containing provisions substantially similar to those set forth Articles E and G(1) of the form of Stock Purchase Agreement concerning rights of first refusal.

3. Miscellaneous.

3.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including transferees of any shares of Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

3.2 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

3.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified or five (5) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days' advance written notice to the other parties.

3.6 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

3.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a majority of the Registrable Securities then outstanding; provided, however, no such waiver or amendment shall be effective as to a Holder if it adversely impacts such Holder in a manner different than the other Holders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder of any Registrable Securities then outstanding, each future Holder of all such Registrable Securities, and the Company. Each undersigned Major Investor having rights of first offer under Section 2.4 of the Prior Agreement,

hereby waives any rights to purchase additional shares of Series E Preferred Stock in excess of those shares of Series E Preferred Stock purchased by such Major Investor under the Series E Agreement.

3.8 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

3.9 Aggregation of Stock. All shares of Registrable Securities held or acquired by affiliated entities or persons (including former and current partners, former and current members and former and current stockholders, the estates and family members of any such partners, members, retired partners or retired members and any trusts for the benefit of any of the foregoing persons) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

3.10 Entire Agreement. This Agreement (including the Exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof and supersedes all prior written agreements and negotiations and oral understandings with respect thereto, including but not limited to the Prior Agreement and any similar provisions set forth in the Warrants.

3.11 Recapitalizations, Etc. Subject to Section 2.2 hereof, the provisions of this Agreement (including any calculation of share ownership) shall apply, to the full extent set forth herein with respect to the Registrable Securities and to the Common Stock, to any and all shares of capital stock of the Company or any capital stock, partnership or member units or any other security evidencing ownership interests in any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution of the Common Stock by reason of any stock dividend, split, combination, recapitalization, liquidation, reclassification, merger, consolidation or otherwise.

3.12 Additional Parties. In the event the Company issues additional shares of its Series E Preferred Stock pursuant to the Series E Agreement, any purchaser of such additional shares shall become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and such purchaser shall be deemed to be an "Investor" hereunder. Schedule A hereto may be updated from time to time after the date hereof to reflect any subsequent purchasers, successors and permitted assigns.

[*Remainder of this page intentionally left blank*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:

INPHI CORPORATION

By: /s/ John S. Edmunds
Name: John S. Edmunds
Title: Chief Financial Officer

Address: 3945 Freedom Circle, Suite 1100
Santa Clara, CA 95054

FOUNDERS:

LOI NGUYEN

Name: Loi Nguyen

Address: 2393 Townsgate Rd, Ste. 101
Westlake Village, CA 91361

GOPAL RAGHAVAN

Name: Gopal Raghavan

Address: 517 Oakbury Court
Thousand Oaks, CA 91360

TIMOTHY SEMONES

/s/ Timothy Semones

Name: Timothy Semones

Address: 105 Madison Avenue
P.O. Box 6496
Ketchum, ID 83340

ASHOK DHAWAN

Name: Ashok Dhawan

Address: 1909 Smokey Ridge Avenue
Thousand Oaks, CA 91362

FOUNDERS:

LOI NGUYEN

Name: Loi Nguyen

Address: 2393 Townsgate Rd, Ste. 101
Westlake Village, CA 91361

GOPAL RAGHAVAN

Name: Gopal Raghavan

Address: 517 Oakbury Court
Thousand Oaks, CA 91360

TIMOTHY SEMONES

Name: Timothy Semones

Address: 105 Madison Avenue
P.O. Box 6496
Ketchum, ID 83340

ASHOK DHAWAN

/s/ Ashok Dhawan

Name: Ashok Dhawan

Address: 1909 Smokey Ridge Avenue
Thousand Oaks, CA 91362

INVESTORS:

Authosis Capital Inc

Print Name of Investor

/s/ ILLEGIBLE

Signature of Investor

Tam Ping LUI Chairman & CEO

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

Room 2101-2 Westlands Centre

20 Westlands Road

Quarry Bay, Hong Kong

Tel: +852-2960-4611

Fax: +852-2960-0185

e-mail: dlui@startupcv.com

INVESTORS:

Michael Balog

Print Name of Investor

/s/ Michael Balog

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

128 Porchuck Rd.

Greenwich CT 06831

415 407 8002

MG BALOG@gmail.com

INVESTORS:

Andrew A. Bogan

Print Name of Investor

/s/ Andrew A. Bogan

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

435 Sheridan Ave 102

Palo Alto, CA 94306

aabogan@alumni.princeton.edu

INVESTORS:

Thomas R. Bogan 8/28/10

Print Name of Investor

/s/ Thomas R. Bogan

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

Thomas R Bogan
95 Chestnut Street
Boston, MA 02108

tom@boganassociates.com

INVESTORS:

Ronald F. Greenspan
Print Name of Investor

By: /s/ Ronald F. Greenspan
Signature of Investor

Trustee, Chapter 7 Estate
Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

FTI Consulting
633 West 5th Street 16th fl
Los Angeles, CA 90071
213.452.6006 213.452.6099
ron.greenspan@fticonsulting.com

MARILEE BROOKS, TTEE, MARILEE BROOKS TRUST, U/A DTD 1/16/08

By: /s/ Marilee Brooks

Name: Marilee Brooks

Title: Trustee

Address:

[Signature Page to Amended and Restated Investors' Rights Agreement]

INVESTORS:

Joseph Chi

Print Name of Investor

/s/ Joseph Chi

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

22 Falkner Drive

Ladera Ranch, CA 92694

INVESTORS:

Todd Cutler

Print Name of Investor

/s/ Todd Cutler

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

1020 Abingdon Ln

Johns Creek, GA 30022

tgcutler@gmail.com

DALI, HOOK PARTNERS, L.P.

By: /s/ Paul Dali
Name: Paul Dali
Title: General Partner

Address: 3000 Sand Hill Road, Building One
Suite 185
Menlo Park, CA 94025

DALI, HOOK ENTREPRENEURS FUND, L.P.

By: /s/ Paul Dali
Name: Paul Dali
Title: General Partner

Address: 3000 Sand Hill Road, Building One
Suite 185
Menlo Park, CA 94025

DALI, HOOK ANNEX FUND, L.P.

By: /s/ Paul Dali
Name: Paul Dali
Title: General Partner

Address: 3000 Sand Hill Road, Building One
Suite 185
Menlo Park, CA 94025

HOOK PARTNERS V, L.P.

By: /s/ David Hook
Name: David Hook
Title: General Partner

Address: Two Galleria Tower, Suite 1670
13455 Noel Road
Dallas, TX 75240

DHP B FUND, L.P.

By: /s/ David Hook
Name: David Hook
Title: General Partner

Address: Two Galleria Tower, Suite 1670
13455 Noel Road
Dallas, TX 75240

INVESTORS:

Fallen Oak Partners

Print Name of Investor

/s/ ILLEGIBLE

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

INVESTORS:

ILLEGIBLE Rev. Living Trust
ILLEGIBLE 7/9/2007
ILLEGIBLE

Print Name of Investor

/s/ ILLEGIBLE

Signature of Investor

Seth Gersch, Trustee

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail
200 Robin Rd

Hillsborough CA 94010

650-344-6300

sgersch@ILLEGIBLE

INVESTORS:

Jordan Gerson

Print Name of Investor

/s/ Jordan Gerson

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

INVESTORS:

Mark R Gordon

Print Name of Investor

/s/ Mark R Gordon 8/10/2010

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

565 Barbara Way

Hillsborough, CA 94010

markrgordon@gmail.com

INVESTORS:

Michael B. Gordon
Print Name of Investor

/s/ Michael B. Gordon
Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail
428 Maple St
Palo Alto CA
94301

INVESTORS:

Elizabeth T. Hall

Print Name of Investor

/s/ Elizabeth T. Hall

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

5 SMOKE TREE DR.

LADERA RANCH, CA 97694

ethallz@hotmail.com

INVESTORS:

Chelsea Hardesty

Print Name of Investor

/s/ Chelsea Hardesty

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

98 RYAN AVENUE
MILL VALLEY, CA 94941
PH: 415-300-6881
FAX: 415-366-1448
cehardesty@gmail.com

INTERNATIONAL VENTURE CAPITAL INVESTMENT CORPORATION

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

INTERNATIONAL VENTURE CAPITAL INVESTMENT III CORP.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

BI WALDEN VENTURES KETIGA SDN. BHD.

By:
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

SEED VENTURES III PTE LTD.

By:
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

INVESTORS:

FAMILY TRUST DTD JAN 29, 1998

/s/ Russell A & Colene R Johnson

Print Name of Investor

/s/ Russell Johnson

Signature of Investor

Trustee

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

KPLJ VENTURES
2777 YULUPA AVE No. 161
SANTA ROSA, CA 95405
707 569 1685
rjohnson@kpljventures.com

INVESTORS:

John Dirk Kinley

Print Name of Investor

/s/ John Dirk Kinley

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

John Dirk Kinley
1503 EATON AVE
SAN CARLOS, CA 94070
415.596.0010 (CELL)
dirk_kinley@yahoo.com
dkinley@gmail.com

INVESTORS:

/s/ Scott Kovalik

Print Name of Investor

/s/ Scott Kovalik

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

10 Lombardy Ln

Orinda CA 94563

work 415-248-2220

fax 415-398-7100

cell 925-285-9669

INVESTORS:

KTB network

Print Name of Investor

/s/ ILLEGIBLE

Signature of Investor

Partner of KTB Ventures

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail
203 Redwood Shores Parkway, Suite 610

Redwood City, CA 94065

Phone) 650-324-4681

Fax) 650-324-4682

email) ILLEGIBLE

INVESTORS:

Kathlene W. Lowe

Print Name of Investor

/s/ Kathlene W. Lowe

Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

59 CAMBRIA DRIVE
CORONA DEL MAR, CA 92625
TEL 949.640.7565
FAX 949.640.6477
email: Klowe@me.com

INVESTORS:

Paul S. Madera
Print Name of Investor

/s/ Paul S. Madera
Signature of Investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail
2 SUTHERLAND DR.
ATHERTON, CA 94027

pmadera@meritechcapital.com

MAYFIELD XI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: /s/ ILLEGIBLE
Its: Managing Director

Address: 2800 Sand Hill Road
Menlo Park, CA 94025

MAYFIELD XI QUALIFIED,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: /s/ ILLEGIBLE
Its: Managing Director

Address: 2800 Sand Hill Road
Menlo Park, CA 94025

MAYFIELD ASSOCIATES FUND VI,
a Delaware Limited Partnership

By: Mayfield XI Management, L.L.C.
Its: General Partner

By: /s/ ILLEGIBLE
Its: Managing Director

Address: 2800 Sand Hill Road
Menlo Park, CA 94025

MAYFIELD PRINCIPALS FUND II,
a Delaware Limited Liability Company

By: Mayfield XI Management, L.L.C.
Its: Managing Director

By: /s/ ILLEGIBLE
Its: Managing Director

Address: 2800 Sand Hill Road
Menlo Park, CA 94025

[Signature Page to Amended and Restated Investors' Rights Agreement]

NARRA VENTURE CAPITAL, L.P.

By: /s/ Francisco S.A. Sandejas
Name: Francisco S.A. Sandejas
Title: Authorized Signatory

Address: Unit 105, Plaza B
Northgate Cyberzone
Muntinlupa City, 1781
Philippines

[Signature Page to Amended and Restated Investors' Rights Agreement]

PACVEN WALDEN VENTURES V, L.P.

By: Pacven Walden Management V, Co., Ltd.
As General Partner of
Pacven Walden Ventures V, L.P.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

Address: One California Street, Suite 2800
San Francisco, CA 94111

PACVEN WALDEN VENTURES PARALLEL V-A C.V.

By: Pacven Walden Management V, Co., Ltd.
As General Partner of
Pacven Walden Ventures Parallel V-A C.V.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

Address: One California Street, Suite 2800
San Francisco, CA 94111

PACVEN WALDEN VENTURES PARALLEL V-B C.V.

By: Pacven Walden Management V, Co., Ltd.
As General Partner of
Pacven Walden Ventures Parallel V-B C.V.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

Address: One California Street, Suite 2800
San Francisco, CA 94111

PACVEN WALDEN VENTURES V ASSOCIATES FUND, L.P.

By: Pacven Walden Management V, Co., Ltd.
As General Partner of Pacven Walden Ventures V Associates Fund, L.P.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

Address: One California Street, Suite 2800
San Francisco, CA 94111

PACVEN WALDEN VENTURES V-QP ASSOCIATES FUND, L.P.

By: Pacven Walden Management V, Co., Ltd.
As General Partner of Pacven Walden Ventures V-QP Associates Fund, L.P.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

Address: One California Street, Suite 2800
San Francisco, CA 94111

ASIAN VENTURE CAPITAL INVESTMENT CORPORATION

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

PACVEN WALDEN VENTURES VI, L.P.

By: Pacven Walden Management VI, Co., Ltd.
As General Partner of Pacven Walden Ventures VI, L.P.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

PACVEN WALDEN VENTURES PARALLEL VI, L.P.

By: Pacven Walden Management VI, Co., Ltd.
As General Partner of Pacven Walden Ventures Parallel VI, L.P.

By: /s/ Lip-Bu Tan
Name: Lip-Bu Tan
Its: Director

INTERNATIONAL VENTURE CAPITAL INVESTMENT CORPORATION

By: _____
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

INTERNATIONAL VENTURE CAPITAL INVESTMENT III CORP.

By: _____
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

BI WALDEN VENTURES KETIGA SDN. BHD.

By: _____
Name: Lip-Bu Tan
Title: President

Address: One California Street, Suite 2800
San Francisco, CA 94111

SEED VENTURES III PTE LTD.

By: /s/ Hock Voon Loo
Name: Hock Voon Loo
Title: Director

Address: One California Street, Suite 2800
San Francisco, CA 94111

INVESTORS:

John Skeen

Print Name of Investor

/s/ John Skeen

Signature of investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

[Signature Page to Amended and Investors' Right Agreement]

INVESTORS:

ROBERT T. SLAYMAKER

Print Name of Investor

/s/ ROBERT T. SLAYMAKER

Signature of investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

1 BELVEDERE WAY

BELVEDERE, CA 94920

415-730-1979 (MOBILE)

415-435-0749 (FAX)

RT SLAY@COMCAST.NET

INVESTORS:

Illegible

Print Name of Investor

/s/ Illegible

Signature of investor

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

[Signature Page to Amended and Investors' Right Agreement]

SVB FINANCIAL GROUP

By: /s/ Michael kruse

Name: Michael kruse

Title: Treasurer

Address: 3003 Tasman Dr
Attn: Jen Chin
Santa Clara, CA 95054

INVESTORS:

SAMSUNG ELECTRONICS CO., LTD

By: _____

Name:

Address:

SVIC NO. 4 NEW TECHNOLOGY BUSINESS INVESTMENT, L.L.P.

By: _____

Name: Myung Ku Kang

Address: Samsung Ventures Investment Corp.
Samsung Electronics Bldg,.
1320-10, Seocho-2dong, Seocho-gu
Seoul 137-965, Korea

SVIC NO. 6 NEW TECHNOLOGY BUSINESS INVESTMENT, L.L.P.

By: /s/ MYUNGKU KANG

Name: MYUNGKU KANG
Vice President/CFO

Address: 29th Samsung Electronics Bldg,.
1320-10, Seocho-2dong, Seocho-gu,
Seoul, Korea

INVESTORS:

SAMSUNG ELECTRONICS CO., LTD.

By: _____

Name:

Address:

SVIC NO. 4 NEW TECHNOLOGY BUSINESS INVESTMENT, L.L.P.

By: /s/ Myung Ku Kang

Name: Myung Ku Kang

Address: Samsung Ventures Investment Corp.
Samsung Electronics Bldg,.
1320-10, Seocho-2dong, Seocho-gu
Seoul 137-965, Korea

SVIC NO. 6 NEW TECHNOLOGY BUSINESS INVESTMENT, L.L.P.

By: _____

Name:

Address:

TVP II LLC

By: _____
Name:
Title:

Address: _____
_____
_____

SAM SRINIVASAN

By: /s/ illegible

Address: 2854 Grapevine Terrace
Fremont, CA 94539

TALLWOOD I, L.P.

By: TALLWOOD MANAGEMENT CO. LLC,
General Partner

By: /s/ Illegible
Name:

Address: 400 Hamilton Avenue
Suite 230
Palo Alto, CA 94301

TEAK CAPITAL SDN BHD, A COMPANY INCORPORATED UNDER THE COMPANIES ACT, 1965 (MALAYSIA)

By: /s/ CHOK KWEE BEE

Name: CHOK KWEE BEE

Title: MANAGING DIRECTOR

Address: #22-01, MENARA DION
NO. 27 JALAN SULTAN ISMAIL
50250 KUALA LUMPUR
MALAYSIA
TEL: (603) 2031.2202
FAX: (603) 2031.2205

KTBNETWORK CO., LTD.

By: /s/ Bum-Soo Kim
Name: Bum-Soo Kim
Title:
Address: 720 University Ave, Suite 100
Palo Alto, CA 94301

TECH VENTURES II, L.P.

By: /s/ Illegible
Name:
Title:
Address: c/o 17/F ROBINSON SUMMIT CENTER
6783 AYALA AVENUE
MAKATI CITY 1226
PHILIPPINES

INVESTORS:

TW Partners
Illegible
Illegible

Print Name of Investor

/s/ Illegible

Signature of Investor

Illegible

Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail

650-740-8028

Illegible

Fax 650-529-9301

VENTURE LENDING & LEASING III, LLC

By: /s/ David Wanek
Name: David Wanek
Title: Vice President
Address: 2010 No. First Street
Suite 310
San Jose, CA 95131

INVESTORS:

Richard A. Young
Donna L. Young
Print Name of Investor

/s/ Richard A. Young
/s/ Donna L. Young
Signature of Investor

Trustees of the Young Trust
Print Title of Signatory (if applicable)

Address, Phone Number, Fax Number and e-mail
22588 Lazy Oak Ct.
Cupertino CA 95014
408-255-9437
donnayoung2@att.net
Richard.young@att.net

SCHEDULE A

SCHEDULE OF STOCKHOLDERS

Andrew A. Bogan
Asian Venture Capital Investment Corporation
Authosis Capital Inc.
Brobeck, Phleger & Harrison LLP
Bruce R. Hallett
BullsEye Ventures, LLC
Dali, Hook Annex Fund, L.P.
Dali, Hook Entrepreneur Fund, L.P.
Dali, Hook Partners, L.P.
David Hayes
David Piehler
DHP B Fund, L.P.
Elizabeth T. Hall
Ellen S. Bancroft
Fallen Oak Partners, L.P.
Gabrielle M. Wirth
Goyatek Technology Inc.
Grand Prestige Invest Limited
Hook Partners V, L.P.
International Venture Capital Investment Corporation
International Venture Capital Investment III Corp.
John S. Baker
Joseph H. Chi
Kathleen W. Lowe
KTBnetwork Co., Ltd.
Laura Brower Hunter
Mayfield Associates Fund VI
Mayfield Principals Fund II
Mayfield XI
Mayfield XI Qualified

Narra Venture Capital, L.P.

OptiGrab II LLC (shares transferred to Chelsea Hardesty, Christian S. Hall, Gersch Gean Rev Living Trust uad 07/09/07 Seth J. Gersch & Alisa D. Gean MD TTEES, Jim Jungjohann, John Dirk Kinley, John K. Skeen, Jordan Gersch, M. Hill Jeffries, Marie O'Brien, Mark R. Gordon, Matthew L. Clark, Michael B. Gordon, Michael G. Balog and Stacia L. Balog, Trustees, Balog Trust u/a/d 12/08/05, Nevin Tod Spieker, Paul S. Madera, Paul Washkewicz, Robert D. Ward, Robert T. Slaymaker, Russell A. Johnson & Colene Johnson Family Trust Date: January 29, 1998, Scott Kovalik, Tim McSweeney, Todd G. Cutler

Pacven Walden Ventures Parallel V-A C.V.

Pacven Walden Ventures Parallel V-B. C.V.

Pacven Walden Ventures Parallel VI, L.P.

Pacven Walden Ventures V Associates Fund, L.P.

Pacven Walden Ventures V, L.P.

Pacven Walden Ventures VI, L.P.

Pacven Walden Ventures V-QP Associates Fund, L.P.

Patrick Arrington

Power Quotient International Ltd.

Richard A. Fink

Sam Srinivasan

Samsung Electronics Co., Ltd.

Seed Ventures III Ptd Ltd.

Stephen R. Finn

SVIC No. 4 New Technology Business Investment L.L.P.

SVIC No. 6 New Technology Business Investment L.L.P.

Tallwood I, L.P

Teak Capital Sdn Bhd, a company incorporated under the Companies Act, 1965 (Malaysia)

Tech Ventures II L.P.

The Young Trust Dated July 27, 1993

Thomas R. Bogan

TVP II LLC

TW Partners

Venture Lending & Leasing III, LLC

Comerica Bank

Marilee Brooks, TTEE, Marilee Brooks Trust, U/A DTD 1/16/08

SVB Financial Group

SCHEDULE B

FOUNDERS

Name of Founder	No. of Shares of Common Stock Held
Loi Nguyen	167,777
Gopal Raghavan	334,777
Timothy Semones	177,777
Ashok Dhawan	467,782

SCHEDULE 1.1(h)

Warrants Issued

Warrant Holder	Number of Shares	Type of Shares
Venture Lending & Leasing III, LLC	19,504	Series B
Venture Lending & Leasing III, LLC	15,603	Series B
SVB Financial Group	5,000	Series D
Comerica Bank	30,000	Common
Marilee Brooks	60,000	Common

EXHIBIT A

INPHI Corporation,
a Delaware corporation

CERTIFICATE OF REPRESENTATIONS
REGARDING QUALIFIED SMALL BUSINESS STOCK

THIS CERTIFICATE OF REPRESENTATIONS REGARDING QUALIFIED SMALL BUSINESS STOCK (the "***Certificate***") is executed as of _____, _____ by INPHI Corporation, a Delaware corporation (the "***Company***"), for the benefit of _____ (the "***Purchaser***"). As used herein, the term "Stock" means those shares of Company stock issued by the Company to Purchaser and described more fully on Schedule A hereto.

Representations

Subject to the limitations and qualifications set forth below, the Company hereby represents as follows:

1. The Company has conducted a reasonable investigation into the question of whether the Stock is "qualified small business stock" ("***QSBS***") within the meaning of Section 1202(c) of the Internal Revenue Code of 1986, as amended (the "***Code***");

1. The Company has conducted a reasonable investigation into the question of whether the Stock is "qualified small business stock" ("***QSBS***") within the meaning of Section 1202(c) of the Internal Revenue Code of 1986, as amended (the "***Code***"); and

2. To the best of the Company's knowledge after reasonably diligent inquiry: (i) at all times prior to and immediately following the date hereof, the Company, together with any subsidiaries required to be aggregated with the Company (the "***Controlled Group***") pursuant to section 1202(d)(3) of the Code, has been and will be a United States domestic C corporation with aggregate gross assets of less than $50,000,000; (ii) the Stock will be originally issued to the Investor on the date hereof in exchange for money within the meaning of Code section 1202(c)(1); (iii) the Company is an "eligible corporation" within the meaning of Code section 1202(e)(4); (iv) at least 80 percent (by value) of the Company's assets are used in the active conduct of one or more qualified trades or businesses within the state of California within the meaning of Code section 1202(e) and California Revenue and Taxation Code section 18152.5; (v) as described in Code section 1202(c)(3), (a) during the one year period preceding the date hereof, the Company has not made one or more purchases of its stock with an aggregate value (as of the time of the respective purchases) exceeding five percent of the aggregate value of all of the Company's stock as of the beginning of such period, and (b) during the two year period preceding the date hereof, the Company has not directly or indirectly purchased any of its stock from the Investor; (vi) as of and immediately following the date hereof, at least 80 percent of the Controlled Group's payroll will be attributable to employment located within the state of

California within the meaning of California Revenue and Taxation Code section 18152.5; and (vii) the Company agrees to submit to the Internal Revenue Service, the California Franchise Tax Board, and the Investors such reports or other materials as such agencies may require;

3. The Company agrees use its reasonable business efforts to not take, or fail to take, any action which would cause the Stock to fail to qualify as "qualified small business stock" within the meaning of Sections 1045 and 1202 of the Code and Sections 18152.5 and 18038.5 of the California Revenue and Taxation Code. In the event that the Company is or becomes aware that the Stock will or may fail to qualify as "qualified small business stock" within the meaning of Sections 1045 and 1202 of the Code or Sections 18152.5 and 18038.5 of the California Revenue and Taxation Code, the Company will promptly notify Purchaser;

4. Upon request by Purchaser, the Company shall conduct a reasonable investigation to determine whether the Stock qualify as "qualified small business stock" within the meaning of Code Sections 1045 and 1202 and Sections 18152.5 and 18038.5 of the California Revenue and Taxation Code, and shall transmit, in writing, the results of such investigation to Purchaser as expeditiously as reasonably possible, but in no event later than 30 days following the Company's receipt of such request; and

5. As of the date first above written, and assuming that Purchaser has not sold the Stock, all of the Stock is QSBS.

Qualifications and Limitations

1. Qualification of the Stock as QSBS is based, in part, on the value of Company stock or other assets at certain relevant times. For purposes of the representations made in this Certificate, the Company has made a good faith determination of such values, taking into account all material facts and circumstances, but cannot guarantee that the Internal Revenue Service or California tax authorities will not successfully assert that such determination is incorrect.

2. Qualification of the Stock as QSBS is based, in part, on whether the Company has been engaged in the active conduct of one or more qualified trades or businesses. The term "qualified trade or business" set forth in Section 1202(e)(3) of the Code is not clearly defined in all respects. For purposes of the representations made in this Certificate, the Company has made a good faith effort to apply the definition of qualified trade or business set forth in Section 1202(e)(3) of the Code, but cannot guarantee that the Internal Revenue Service or California tax authorities will not successfully assert a contrary definition.

3. Qualification of the Stock as QSBS is based, in part, on whether at least eighty percent (by value) of the Company's assets have been used in the active conduct of one or more qualified trades or businesses. For this purpose, assets held as "working capital" of a qualified trade or business within the meaning of Section 1202(e)(6) of the Code are treated as used in the active conduct of such trade or business. The term "working capital" set forth in Section 1202(e)(6) of the Code is not clearly defined in all respects. For purposes of the representations made in this Certificate, the Company has made a good faith effort to apply the definition of

working capital set forth in Section 1202(e)(6) of the Code, but cannot guarantee that the Internal Revenue Service or California tax authorities will not successfully assert a contrary definition.

4. Qualification of the Stock as QSBS is based, in part, on whether the Company purchased any of its stock from a person related to Purchaser during a relevant testing period. For purposes of the representations made in this Certificate, the Company has made a good faith determination that such purchases did not occur, but cannot guarantee that the Internal Revenue Service or California tax authorities will not successfully assert that such determination is incorrect.

5. While the representations contained herein are made in good faith, the Company assumes no liability for the failure of the Stock to qualify as QSBS

IN WITNESS WHEREOF, the Company has executed this Certificate as of the date first above written.

INPHI CORPORATION

By:
Name: _____
Title: _____

SCHEDULE A

Class/Type of Stock	Certificate Number	Number of Shares	Issue Date
Series ___ Preferred			_____, 200__
Series ___ Preferred			_____, 200__
Series ___ Preferred			_____, 200__
Series ___ Preferred			_____, 200__

Exhibit 10.2

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

(Adopted by the Board of Directors on June 7, 2010
and amended and restated by the
Board on February 22, 2011)

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INPHI CORPORATION

2010 STOCK INCENTIVE PLAN
(as amended and restated on February 22, 2011)

SECTION 1. ESTABLISHMENT AND PURPOSE.

The Plan was adopted by the Board of Directors on June 7, 2010, and shall be effective immediately prior to the closing of the initial offering of Stock to the public pursuant to a registration statement filed by the Company with the Securities and Exchange Commission (the "Effective Date"). The Plan was amended and restated on February 22, 2011. The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by (a) encouraging Employees, Outside Directors and Consultants to focus on critical long-range objectives, (b) encouraging the attraction and retention of Employees, Outside Directors and Consultants with exceptional qualifications and (c) linking Employees, Outside Directors and Consultants directly to stockholder interests through increased stock ownership. The Plan seeks to achieve this purpose by providing for Awards in the form of restricted shares, stock units, options (which may constitute incentive stock options or nonstatutory stock options) or stock appreciation rights.

SECTION 2. DEFINITIONS.

(a) "Affiliate" shall mean any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity.

(b) "Award" shall mean any award of an Option, a SAR, a Restricted Share or a Stock Unit under the Plan.

(c) "Board of Directors" shall mean the Board of Directors of the Company, as constituted from time to time.

(d) "Change in Control" shall mean the occurrence of any of the following events:

(i) A change in the composition of the Board of Directors occurs, as a result of which fewer than one-half of the incumbent directors are directors who either:

(A) Had been directors of the Company on the "look-back date" (as defined below) (the "original directors"); or

(B) Were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the directors whose election or nomination was previously so approved (the "continuing directors"); or

(ii) Any "person" (as defined below) who by the acquisition or aggregation of securities, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the

Company representing 50% or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Base Capital Stock"); except that any change in the relative beneficial ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Base Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company; or

(iii) The consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if persons who were not stockholders of the Company immediately prior to such merger, consolidation or other reorganization own immediately after such merger, consolidation or other reorganization 50% or more of the voting power of the outstanding securities of each of (A) the continuing or surviving entity and (B) any direct or indirect parent corporation of such continuing or surviving entity; or

(iv) The sale, transfer or other disposition of all or substantially all of the Company's assets.

For purposes of subsection (d)(i) above, the term "look-back" date shall mean the later of (1) the Effective Date or (2) the date 24 months prior to the date of the event that may constitute a Change in Control.

For purposes of subsection (d)(ii)) above, the term "person" shall have the same meaning as when used in Sections 13(d) and 14(d) of the Exchange Act but shall exclude (1) a trustee or other fiduciary holding securities under an employee benefit plan maintained by the Company or a Parent or Subsidiary and (2) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the Stock.

Any other provision of this Section 2(d) notwithstanding, a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction, and a Change in Control shall not be deemed to occur if the Company files a registration statement with the United States Securities and Exchange Commission for the initial offering of Stock to the public.

(e) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(f) "Committee" shall mean the Compensation Committee as designated by the Board of Directors, which is authorized to administer the Plan, as described in Section 3 hereof.

(g) "Company" shall mean Inphi Corporation, a Delaware corporation.

(h) "Consultant" shall mean a consultant or advisor who provides bona fide services to the Company, a Parent, a Subsidiary or an Affiliate as an independent contractor (not including service as a member of the Board of Directors) or a member of the board of directors of a Parent or a Subsidiary, in each case who is not an Employee.

(i) "Employee" shall mean any individual who is a common-law employee of the Company, a Parent, a Subsidiary or an Affiliate.

(j) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(k) "Exercise Price" shall mean, in the case of an Option, the amount for which one Share may be purchased upon exercise of such Option, as specified in the applicable Stock Option Agreement. "Exercise Price," in the case of a SAR, shall mean an amount, as specified in the applicable SAR Agreement, which is subtracted from the Fair Market Value of one Share in determining the amount payable upon exercise of such SAR.

(l) "Fair Market Value" with respect to a Share, shall mean the market price of one Share, determined by the Committee as follows:

(i) If the Stock was traded over-the-counter on the date in question, then the Fair Market Value shall be equal to the last transaction price quoted for such date by the OTC Bulletin Board or, if not so quoted, shall be equal to the mean between the last reported representative bid and asked prices quoted for such date by the principal automated inter-dealer quotation system on which the Stock is quoted or, if the Stock is not quoted on any such system, by the Pink Quote system;

(ii) If the Stock was traded on any established stock exchange (such as the New York Stock Exchange, The Nasdaq Global Market or The Nasdaq Global Select Market) or national market system on the date in question, then the Fair Market Value shall be equal to the closing price reported for such date by the applicable exchange or system; and

(iii) If none of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

In all cases, the determination of Fair Market Value by the Committee shall be conclusive and binding on all persons.

(m) "ISO" shall mean an employee incentive stock option described in Section 422 of the Code.

(n) "Nonstatutory Option" or *"NSO"* shall mean an employee stock option that is not an ISO.

(o) "Offeree" shall mean an individual to whom the Committee has offered the right to acquire Shares under the Plan (other than upon exercise of an Option).

(p) "Option" shall mean an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(q) "Optionee" shall mean an individual or estate who holds an Option or SAR.

(r) "Outside Director" shall mean a member of the Board of Directors who is not a common-law employee of, or paid consultant to, the Company, a Parent or a Subsidiary.

(s) "Parent" shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be a Parent commencing as of such date.

(t) "Participant" shall mean an individual or estate who holds an Award.

(u) "Plan" shall mean this 2010 Stock Incentive Plan of Inphi Corporation, as amended from time to time.

(v) "Purchase Price" shall mean the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Committee.

(w) "Restricted Share" shall mean a Share awarded under the Plan.

(x) "Restricted Share Agreement" shall mean the agreement between the Company and the recipient of a Restricted Share which contains the terms, conditions and restrictions pertaining to such Restricted Shares.

(y) "SAR" shall mean a stock appreciation right granted under the Plan.

(z) "SAR Agreement" shall mean the agreement between the Company and an Optionee which contains the terms, conditions and restrictions pertaining to his or her SAR.

(aa) "Service" shall mean service as an Employee, Consultant or Outside Director, subject to such further limitations as may be set forth in the Plan or the applicable Stock Option Agreement, SAR Agreement, Restricted Share Agreement or Stock Unit Agreement. Service does not terminate when an Employee goes on a bona fide leave of absence, that was approved by the Company in writing, if the terms of the leave provide for continued Service crediting, or when continued Service crediting is required by applicable law. However, for purposes of determining whether an Option is entitled to ISO status, an Employee's employment will be treated as terminating three months after such Employee went on leave, unless such Employee's right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such Employee immediately returns to active work. The Company determines which leaves of absence count toward Service, and when Service terminates for all purposes under the Plan.

(bb) "Share" shall mean one share of Stock, as adjusted in accordance with Section 11 (if applicable).

(cc) "Stock" shall mean the Common Stock of the Company.

(dd) "Stock Option Agreement" shall mean the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to such Option.

(ee) "Stock Unit" shall mean a bookkeeping entry representing the Company's obligation to deliver one Share (or distribute cash) on a future date in accordance with the provisions of a Stock Unit Agreement.

(ff) "Stock Unit Agreement" shall mean the agreement between the Company and the recipient of a Stock Unit which contains the terms, conditions and restrictions pertaining to such Stock Unit.

(gg) "Subsidiary" shall mean any corporation, if the Company and/or one or more other Subsidiaries own not less than 50% of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

(hh) "Total and Permanent Disability" shall mean any permanent and total disability as defined by section 22(e)(3) of the Code.

SECTION 3. ADMINISTRATION.

(a) Committee Composition. The Plan shall be administered by the Board or a Committee appointed by the Board. The Committee shall consist of two or more directors of the Company. In addition, to the extent required by the Board, the composition of the Committee shall satisfy (i) such requirements as the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act; and (ii) such requirements as the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under Section 162(m)(4)(C) of the Code.

(b) Committee for Non-Officer Grants. The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not satisfy the requirements of Section 3(a), who may administer the Plan with respect to Employees who are not considered officers or directors of the Company under Section 16 of the Exchange Act, may grant Awards under the Plan to such Employees and may determine all terms of such grants. Within the limitations of the preceding sentence, any reference in the Plan to the Committee shall include such committee or committees appointed pursuant to the preceding sentence. To the extent permitted by applicable laws, the Board of Directors may also authorize one or more officers of the Company to designate Employees, other than officers under Section 16 of the Exchange Act, to receive Awards and/or to determine the number of such Awards to be received by such persons; provided, however, that the Board of Directors shall specify the total number of Awards that such officers may so award.

(c) Committee Procedures. The Board of Directors shall designate one of the members of the Committee as chairman. The Committee may hold meetings at such times and

places as it shall determine. The acts of a majority of the Committee members present at meetings at which a quorum exists, or acts reduced to or approved in writing (including via email) by all Committee members, shall be valid acts of the Committee.

(d) Committee Responsibilities. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take the following actions:

(i) To interpret the Plan and to apply its provisions;

(ii) To adopt, amend or rescind rules, procedures and forms relating to the Plan;

(iii) To adopt, amend or terminate sub-plans established for the purpose of satisfying applicable foreign laws including qualifying for preferred tax treatment under applicable foreign tax laws;

(iv) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;

(v) To determine when Awards are to be granted under the Plan;

(vi) To select the Offerees and Optionees;

(vii) To determine the number of Shares to be made subject to each Award;

(viii) To prescribe the terms and conditions of each Award, including (without limitation) the Exercise Price and Purchase Price, and the vesting or duration of the Award (including accelerating the vesting of Awards, either at the time of the Award or thereafter, without the consent of the Participant), to determine whether an Option is to be classified as an ISO or as a Nonstatutory Option, and to specify the provisions of the agreement relating to such Award;

(ix) To amend any outstanding Award agreement, subject to applicable legal restrictions and to the consent of the Participant if the Participant's rights or obligations would be materially impaired;

(x) To prescribe the consideration for the grant of each Award or other right under the Plan and to determine the sufficiency of such consideration;

(xi) To determine the disposition of each Award or other right under the Plan in the event of a Participant's divorce or dissolution of marriage;

(xii) To determine whether Awards under the Plan will be granted in replacement of other grants under an incentive or other compensation plan of an acquired business;

(xiii) To correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award agreement;

(xiv) To establish or verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award; and

(xv) To take any other actions deemed necessary or advisable for the administration of the Plan.

Subject to the requirements of applicable law, the Committee may designate persons other than members of the Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate, except that the Committee may not delegate its authority with regard to the selection for participation of or the granting of Options or other rights under the Plan to persons subject to Section 16 of the Exchange Act. All decisions, interpretations and other actions of the Committee shall be final and binding on all Offerees, all Optionees, and all persons deriving their rights from an Offeree or Optionee. No member of the Committee shall be liable for any action that he has taken or has failed to take in good faith with respect to the Plan, any Option, or any right to acquire Shares under the Plan.

SECTION 4. ELIGIBILITY.

(a) General Rule. Only common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. Only Employees, Consultants and Outside Directors shall be eligible for the grant of Restricted Shares, Stock Units, Nonstatutory Options or SARs.

(b) Automatic Grants to Outside Directors

(i) Each Outside Director who first joins the Board of Directors on or after the Effective Date, and who was not previously an Employee, shall receive a grant of Stock Units with respect to a number of Shares having an aggregate fair market value equal to $160,000 calculated on the date of grant, on the date of his or her election to the Board of Directors. The Stock Units granted under this Section 4(b)(i) shall vest annually over a 4-year period beginning on the day which is one year after the date of grant, at an annual rate of 25% of the total number of Stock Units subject to such Award. Notwithstanding the foregoing, each such Option shall become vested if a Change in Control occurs with respect to the Company during such Outside Director's Service.

(ii) On the first business day following the conclusion of each regular annual meeting of the Company's stockholders, commencing with the annual meeting occurring after the Effective Date, each Outside Director who was not elected to the Board for the first time at such meeting and who will

continue serving as a member of the Board of Directors thereafter shall receive a grant of Stock Units with respect to a number of Shares having an aggregate fair market value equal to $80,000 calculated on the date of grant, provided that such Outside Director has served on the Board of Directors for at least six months. Each Stock Unit granted under this Section 4(b)(ii) shall become fully vested on the first anniversary of the date of grant; provided, however, that each such Option shall become exercisable in full immediately prior to the next regular annual meeting of the Company's stockholders following such date of grant in the event such meeting occurs prior to such first anniversary date. Notwithstanding the foregoing, each Stock Unit granted under this Section 4(b)(ii) shall become vested if a Change in Control occurs with respect to the Company during such Outside Director's Service.

(c) Ten-Percent Stockholders. An Employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, a Parent or Subsidiary shall not be eligible for the grant of an ISO unless such grant satisfies the requirements of Section 422(c)(5) of the Code.

(d) Attribution Rules. For purposes of Section 4(c) above, in determining stock ownership, an Employee shall be deemed to own the stock owned, directly or indirectly, by or for such Employee's brothers, sisters, spouse, ancestors and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate or trust shall be deemed to be owned proportionately by or for its stockholders, partners or beneficiaries.

(e) Outstanding Stock. For purposes of Section 4(c) above, "outstanding stock" shall include all stock actually issued and outstanding immediately after the grant. "Outstanding stock" shall not include shares authorized for issuance under outstanding options held by the Employee or by any other person.

SECTION 5. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Shares offered under the Plan shall be authorized but unissued Shares or treasury Shares. The aggregate number of Shares authorized for issuance as Awards under the Plan shall not exceed 2,000,000 Shares, plus (x) any Shares subject to outstanding options or forfeiture restrictions under the Company's 2000 Stock Option/Stock Issuance Plan (the "Predecessor Plan") on the effective date of this Plan that are subsequently forfeited or terminated for any reason before being exercised and any reserved shares not issued or subject to outstanding grants under the Predecessor Plan on the effective date of this Plan, such number of additional Shares not to exceed an aggregate of 1,000,000 Shares, and (y) an annual increase on the first day of each fiscal year beginning in 2011 and ending in 2020, in an amount equal to the lesser of (i) 3,000,000 Shares, (ii) 5% of the outstanding Shares on the last day of the immediately preceding year or (iii) an amount determined by the Board. No more than 10,000,000 Shares may be delivered in the aggregate pursuant to the exercise of ISOs granted under the Plan plus, to the extent allowable under Section 422 of the Code and the Treasury Regulations promulgated thereunder, any Shares that become available for issuance under the Plan pursuant to Section 5(c). The limitations of this Section 5(a) shall be subject to adjustment pursuant to Section 11. The number of Shares that are subject to Options or other Awards outstanding at any time under the Plan shall not exceed the number of Shares which then remain available for issuance under the Plan. The Company shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan.

(b) Section 162(m) Award Limitation. Notwithstanding any contrary provisions of the Plan, and subject to the provisions of Section 11, no Participant may receive Options, SARs, Restricted Shares or Stock Units under the Plan in any calendar year that relate to an aggregate of more than 3,000,000 Shares, and no more than two times this amount in the first year of employment, and the maximum aggregate amount of cash that may be paid to any Participant during any calendar year with respect to Awards payable in cash shall be $2,000,000.

(c) Additional Shares. If Restricted Shares or Shares issued upon the exercise of Options are forfeited, then such Shares shall again become available for Awards under the Plan. If Stock Units, Options or SARs are forfeited or terminate for any reason before being exercised or settled, or an Award is settled in cash without the delivery of Shares to the holder, then any Shares subject to the Award shall again become available for Awards under the Plan. Only the number of Shares (if any) actually issued in settlement of Awards shall reduce the number available in Section 5(a) and the balance shall again become available for Awards under the Plan. Any Shares withheld to satisfy the grant or exercise price or tax withholding obligation pursuant to any Award shall again become available for Awards under the Plan. Notwithstanding the foregoing provisions of this Section 5(c), Shares that have actually been issued shall not again become available for Awards under the Plan, except for Shares that are forfeited and do not become vested.

SECTION 6. RESTRICTED SHARES.

(a) Restricted Stock Agreement. Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Stock Agreement between the recipient and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Agreements entered into under the Plan need not be identical.

(b) Payment for Awards. Restricted Shares may be sold or awarded under the Plan for such consideration as the Committee may determine, including (without limitation) cash, cash equivalents, full-recourse promissory notes, past services and future services.

(c) Vesting. Each Award of Restricted Shares may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Agreement. A Restricted Stock Agreement may provide for accelerated vesting in the event of the Participant's death, disability or retirement or other events. The Committee may determine, at the time of granting Restricted Shares of thereafter, that all or part of such Restricted Shares shall become vested in the event that a Change in Control occurs with respect to the Company.

(d) Voting and Dividend Rights. The holders of Restricted Shares awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders. A Restricted Stock Agreement, however, may require that the holders of Restricted Shares invest any cash dividends received in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions and restrictions as the Award with respect to which the dividends were paid.

(e) Restrictions on Transfer of Shares. Restricted Shares shall be subject to such rights of repurchase, rights of first refusal or other restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Restricted Stock Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 7. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Committee deems appropriate for inclusion in a Stock Option Agreement. The Stock Option Agreement shall specify whether the Option is an ISO or an NSO. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 11.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an ISO shall not be less than 100% of the Fair Market Value of a Share on the date of grant, except as otherwise provided in 4(c), and the Exercise Price of an NSO shall not be less 100% of the Fair Market Value of a Share on the date of grant. Notwithstanding the foregoing, Options may be granted with an Exercise Price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code. Subject to the foregoing in this Section 7(c), the Exercise Price under any Option shall be determined by the Committee in its sole discretion. The Exercise Price shall be payable in one of the forms described in Section 8.

(d) Withholding Taxes. As a condition to the exercise of an Option, the Optionee shall make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(e) Exercisability and Term. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The Stock Option Agreement shall also specify the term of the Option; provided that the term of an ISO shall in no event exceed 10 years from the date of grant (five years for ISOs granted to Employees described in Section 4(c)). A Stock Option Agreement may provide for accelerated exercisability in the event of the Optionee's death, disability, or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's Service. Options may be awarded in combination with SARs, and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited. Subject to the foregoing in this Section 7(e), the Committee at its sole discretion shall determine when all or any installment of an Option is to become exercisable and when an Option is to expire.

(f) Exercise of Options. Each Stock Option Agreement shall set forth the extent to which the Optionee shall have the right to exercise the Option following termination of the Optionee's Service with the Company and its Subsidiaries, and the right to exercise the Option of any executors or administrators of the Optionee's estate or any person who has acquired such Option(s) directly from the Optionee by bequest or inheritance. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

(g) Effect of Change in Control. The Committee may determine, at the time of granting an Option or thereafter, that such Option shall become exercisable as to all or part of the Shares subject to such Option in the event that a Change in Control occurs with respect to the Company.

(h) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by his Option until the date of the issuance of a stock certificate for such Shares. No adjustments shall be made, except as provided in Section 11.

(i) Modification, Extension and Renewal of Options . Within the limitations of the Plan, the Committee may modify, extend or renew outstanding options or may accept the cancellation of outstanding options (to the extent not previously exercised), whether or not granted hereunder, in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price, or in return for the grant of a different Award for the same or a different number of Shares. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, materially impair his or her rights or obligations under such Option.

(j) Restrictions on Transfer of Shares. Any Shares issued upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Stock Option Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

(k) Buyout Provisions. The Committee may at any time (a) offer to buy out for a payment in cash or cash equivalents an Option previously granted or (b) authorize an Optionee to elect to cash out an Option previously granted, in either case at such time and based upon such terms and conditions as the Committee shall establish.

SECTION 8. PAYMENT FOR SHARES.

(a) General Rule. The entire Exercise Price or Purchase Price of Shares issued under the Plan shall be payable in lawful money of the United States of America at the time when such Shares are purchased, except as provided in Section 8(b) through Section 8(g) below.

(b) Surrender of Stock. To the extent that a Stock Option Agreement so provides, payment may be made all or in part by surrendering, or attesting to the ownership of, Shares which have already been owned by the Optionee or his representative. Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan. The Optionee shall not surrender, or attest to the ownership of, Shares in payment of the Exercise Price if such action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to the Option for financial reporting purposes.

(c) Services Rendered. At the discretion of the Committee, Shares may be awarded under the Plan in consideration of services rendered to the Company or a Subsidiary. If Shares are awarded without the payment of a Purchase Price in cash, the Committee shall make a determination (at the time of the Award) of the value of the services rendered by the Offeree and the sufficiency of the consideration to meet the requirements of Section 6(b).

(d) Cashless Exercise. To the extent that a Stock Option Agreement so provides, payment may be made all or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company in payment of the aggregate Exercise Price.

(e) Exercise/Pledge. To the extent that a Stock Option Agreement so provides, payment may be made all or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker or lender to pledge Shares, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of the aggregate Exercise Price.

(f) Promissory Note. To the extent that a Stock Option Agreement or Restricted Stock Agreement so provides, payment may be made all or in part by delivering (on a form prescribed by the Company) a full-recourse promissory note.

(g) Other Forms of Payment. To the extent that a Stock Option Agreement or Restricted Stock Agreement so provides, payment may be made in any other form that is consistent with applicable laws, regulations and rules.

(h) Limitations under Applicable Law. Notwithstanding anything herein or in a Stock Option Agreement or Restricted Stock Agreement to the contrary, payment may not be made in any form that is unlawful, as determined by the Committee in its sole discretion.

SECTION 9. STOCK APPRECIATION RIGHTS.

(a) SAR Agreement. Each grant of a SAR under the Plan shall be evidenced by a SAR Agreement between the Optionee and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each SAR Agreement shall specify the number of Shares to which the SAR pertains and shall provide for the adjustment of such number in accordance with Section 11.

(c) Exercise Price. Each SAR Agreement shall specify the Exercise Price. The Exercise Price of a SAR shall not be less than 100% of the Fair Market Value of a Share on the date of grant. Notwithstanding the foregoing, SARs may be granted with an Exercise Price of less than 100% of the Fair Market Value per Share on the date of grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code. Subject to the foregoing in this Section 9(c), the Exercise Price under any SAR shall be determined by the Committee in its sole discretion.

(d) Exercisability and Term. Each SAR Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Agreement shall also specify the term of the SAR. A SAR Agreement may provide for accelerated exercisability in the event of the Optionee's death, disability or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Optionee's service. SARs may be awarded in combination with Options, and such an Award may provide that the SARs will not be exercisable unless the related Options are forfeited. A SAR may be included in an ISO only at the time of grant but may be included in an NSO at the time of grant or thereafter. A SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

(e) Effect of Change in Control. The Committee may determine, at the time of granting a SAR or thereafter, that such SAR shall become fully exercisable as to all Common Shares subject to such SAR in the event that a Change in Control occurs with respect to the Company.

(f) Exercise of SARs. Upon exercise of a SAR, the Optionee (or any person having the right to exercise the SAR after his or her death) shall receive from the Company (a) Shares, (b) cash or (c) a combination of Shares and cash, as the Committee shall determine. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the
aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the Exercise Price.

(g) Modification or Assumption of SARs. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding SARs or may accept the cancellation of outstanding SARs (whether granted by the Company or by another issuer) in return for the grant of new SARs for the same or a different number of shares and at the same or a different exercise price, or in return for the grant of a different Award for the same or a different number of Shares. The foregoing notwithstanding, no modification of a SAR shall, without the consent of the holder, materially impair his or her rights or obligations under such SAR.

(h) Buyout Provisions. The Committee may at any time (a) offer to buy out for a payment in cash or cash equivalents a SAR previously granted, or (b) authorize an Optionee to elect to cash out a SAR previously granted, in either case at such time and based upon such terms and conditions as the Committee shall establish.

SECTION 10. STOCK UNITS.

(a) Stock Unit Agreement. Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the recipient and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical.

(b) Payment for Awards. To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients.

(c) Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. A Stock Unit Agreement may provide for accelerated vesting in the event of the Participant's death, disability or retirement or other events. The Committee may determine, at the time of granting Stock Units or thereafter, that all or part of such Stock Units shall become vested in the event that a Change in Control occurs with respect to the Company.

(d) Voting and Dividend Rights. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Committee's discretion, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash dividends paid on one Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Prior to distribution, any dividend equivalents which are not paid shall be subject to the same conditions and restrictions (including without limitation, any forfeiture conditions) as the Stock Units to which they attach.

(e) Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of (a) cash, (b) Shares or (c) any combination of both, as determined by

the Committee. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. A Stock Unit Agreement may provide that vested Stock Units may be settled in a lump sum or in installments. A Stock Unit Agreement may provide that the distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred to any later date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 11.

(f) Death of Recipient. Any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's beneficiary or beneficiaries. Each recipient of a Stock Units Award under the Plan shall designate one or more beneficiaries for this purpose by filing the prescribed form with the Company. A beneficiary designation may be changed by filing the prescribed form with the Company at any time before the Award recipient's death. If no beneficiary was designated or if no designated beneficiary survives the Award recipient, then any Stock Units Award that becomes payable after the recipient's death shall be distributed to the recipient's estate.

(g) Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

SECTION 11. ADJUSTMENT OF SHARES.

(a) Adjustments. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Stock (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a spin-off or a similar occurrence, the Committee shall make appropriate and equitable adjustments in:

(i) The number of Options, SARs, Restricted Shares and Stock Units available for future Awards under Section 5;

(ii) The limitations set forth in Sections 5(a) and (b);

(iii) The number of Shares covered by each outstanding Option and SAR;

(iv) The Exercise Price under each outstanding Option and SAR; and

(v) The number of Stock Units included in any prior Award which has not yet been settled.

(b) Dissolution or Liquidation. To the extent not previously exercised or settled, Options, SARs and Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

(c) Reorganizations. In the event that the Company is a party to a merger or other reorganization, outstanding Awards shall be subject to the agreement of merger or reorganization. Subject to compliance with Section 409A of the Code, such agreement shall provide for:

(i) The continuation of the outstanding Awards by the Company, if the Company is a surviving corporation;

(ii) The assumption of the outstanding Awards by the surviving corporation or its parent or subsidiary;

(iii) The substitution by the surviving corporation or its parent or subsidiary of its own awards for the outstanding Awards;

(iv) Full exercisability or vesting and accelerated expiration of the outstanding Awards; or

(v) Settlement of the intrinsic value of the outstanding Awards in cash or cash equivalents followed by cancellation of such Awards.

(d) Reservation of Rights. Except as provided in this Section 11, a Participant shall have no rights by reason of any subdivision or consolidation of shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of shares of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Award. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets. In the event of any change affecting the Shares or the Exercise Price of Shares subject to an Award, including a merger or other reorganization, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the occurrence of such event.

SECTION 12. DEFERRAL OF AWARDS.

(a) Committee Powers. Subject to compliance with Section 409A of the Code, the Committee (in its sole discretion) may permit or require a Participant to:

(i) Have cash that otherwise would be paid to such Participant as a result of the exercise of a SAR or the settlement of Stock Units credited to a deferred compensation account established for such Participant by the Committee as an entry on the Company's books;

(ii) Have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Option or SAR converted into an equal number of Stock Units; or

(iii) Have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Option or SAR or the settlement of Stock Units converted into amounts credited to a deferred compensation account established for such Participant by the Committee as an entry on the Company's books. Such amounts shall be determined by reference to the Fair Market Value of such Shares as of the date when they otherwise would have been delivered to such Participant.

(b) General Rules. A deferred compensation account established under this Section 12 may be credited with interest or other forms of investment return, as determined by the Committee. A Participant for whom such an account is established shall have no rights other than those of a general creditor of the Company. Such an account shall represent an unfunded and unsecured obligation of the Company and shall be subject to the terms and conditions of the applicable agreement between such Participant and the Company. If the deferral or conversion of Awards is permitted or required, the Committee (in its sole discretion) may establish rules, procedures and forms pertaining to such Awards, including (without limitation) the settlement of deferred compensation accounts established under this Section 12.

SECTION 13. AWARDS UNDER OTHER PLANS.

The Company may grant awards under other plans or programs. Such awards may be settled in the form of Shares issued under this Plan. Such Shares shall be treated for all purposes under the Plan like Shares issued in settlement of Stock Units and shall, when issued, reduce the number of Shares available under Section 5.

SECTION 14. PAYMENT OF DIRECTOR'S FEES IN SECURITIES.

(a) Effective Date. No provision of this Section 14 shall be effective unless and until the Board has determined to implement such provision.

(b) Elections to Receive NSOs, Restricted Shares or Stock Units. An Outside Director may elect to receive his or her annual retainer payments and/or meeting fees from the Company in the form of cash, NSOs, Restricted Shares or Stock Units, or a combination thereof, as determined by the Board. Such NSOs, Restricted Shares and Stock Units shall be issued under the Plan. An election under this Section 14 shall be filed with the Company on the prescribed form.

(c) Number and Terms of NSOs, Restricted Shares or Stock Units. The number of NSOs, Restricted Shares or Stock Units to be granted to Outside Directors in lieu of annual retainers and meeting fees that would otherwise be paid in cash shall be calculated in a manner determined by the Board. The terms of such NSOs, Restricted Shares or Stock Units shall also be determined by the Board.

SECTION 15. LEGAL AND REGULATORY REQUIREMENTS.

Shares shall not be issued under the Plan unless the issuance and delivery of such Shares complies with (or is exempt from) all applicable requirements of law, including (without

limitation) the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, state securities laws and regulations and the regulations of any stock exchange on which the Company's securities may then be listed, and the Company has obtained the approval or favorable ruling from any governmental agency which the Company determines is necessary or advisable. The Company shall not be liable to a Participant or other persons as to: (a) the non-issuance or sale of Shares as to which the Company has not obtained from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares under the Plan; and (b) any tax consequences expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted under the Plan.

SECTION 16. WITHHOLDING TAXES.

(a) General. To the extent required by applicable federal, state, local or foreign law, a Participant or his or her successor shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise in connection with the Plan. The Company shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied.

(b) Share Withholding. The Committee may permit a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold all or a portion of any Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Shares that he or she previously acquired. Such Shares shall be valued at their Fair Market Value on the date when taxes otherwise would be withheld in cash. In no event may a Participant have Shares withheld that would otherwise be issued to him or her in excess of the number necessary to satisfy the minimum legally required tax withholding.

SECTION 17. OTHER PROVISIONS APPLICABLE TO AWARDS.

(a) Transferability. Unless the agreement evidencing an Award (or an amendment thereto authorized by the Committee) expressly provides otherwise, no Award granted under this Plan, nor any interest in such Award, may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner (prior to the vesting and lapse of any and all restrictions applicable to Shares issued under such Award), other than by will or the laws of descent and distribution; provided, however, that an ISO may be transferred or assigned only to the extent consistent with Section 422 of the Code. Any purported assignment, transfer or encumbrance in violation of this Section 17(a) shall be void and unenforceable against the Company.

(b) Substitution and Assumption of Awards. The Committee may make Awards under the Plan by assumption, substitution or replacement of stock options, stock appreciation rights, stock units or similar awards granted by another entity (including a Parent or Subsidiary), if such assumption, substitution or replacement is in connection with an asset acquisition, stock acquisition, merger, consolidation or similar transaction involving the Company (and/or its Parent or Subsidiary) and such other entity (and/or its affiliate). Notwithstanding any provision of the Plan (other than the maximum number of Shares that may be issued under the Plan), the terms of such assumed, substituted or replaced Awards shall be as the Committee, in its discretion, determines is appropriate.

(c) Qualifying Performance Criteria. The number of Shares or other benefits granted, issued, retainable and/or vested under an Award may be made subject to the attainment of performance goals. The Committee may utilize any performance criteria selected by it in its sole discretion to establish performance goals; provided, however, that where any Award is intended to qualify for exemption from the deduction limitation of Section 162(m) of the Code as "qualified performance-based compensation," the following conditions shall apply:

(i) The amount potentially available under an Award shall be subject to the attainment of pre-established, objective performance goals relating to a specified period of service based on one or more of the following performance criteria: (a) cash flow, (b) earnings per share, (c) earnings before interest, taxes and amortization, (d) return on equity, (e) total stockholder return, (f) share price performance, (g) return on capital, (h) return on assets or net assets, (i) revenue, (j) income or net income, (k) operating income or net operating income, (l) operating profit or net operating profit, (m) operating margin or profit margin, (n) return on operating revenue, (o) return on invested capital, (p) market segment shares, (q) costs, (r) expenses, (s) regulatory body approval for commercialization of a product, or (t) implementation or completion of critical projects ("Qualifying Performance Criteria"), any of which may be measured either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group or index, in each case as specified by the Committee in the Award;

(ii) The Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary nonrecurring items as described in Accounting Principles Board Opinion No. 30 and/or in managements' discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year, in each case within the time prescribed by, and otherwise in compliance with, Section 162(m) of the Code;

(iii) The Committee shall establish the applicable performance goals in writing and an objective method for determining the Award earned by a Participant if the goals are attained, while the outcome is substantially uncertain and not later than the 90 th day of the performance period (but in no event after 25% of the period of service with respect to which the performance goals relate has elapsed), and shall determine and certify in writing, for each Participant, the extent to which the performance goals have been met prior to payment or vesting of the Award; and

(iv) The Committee may not in any event increase the amount of compensation payable under the Plan upon the attainment of the pre-established performance goals to a Participant who is a "covered employee" within the meaning of Section 162(m) of the Code.

SECTION 18. NO EMPLOYMENT RIGHTS.

No provision of the Plan, nor any Award granted under the Plan, shall be construed to give any person any right to become, to be treated as, or to remain an Employee or Consultant. The Company and its Subsidiaries reserve the right to terminate any person's Service at any time and for any reason, with or without notice.

SECTION 19. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan, as set forth herein, shall terminate automatically on June 6, 2020 and may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. The Board of Directors may amend or terminate the Plan at any time and from time to time. Rights and obligations under any Award granted before amendment of the Plan shall not be materially impaired by such amendment, except with consent of the Participant. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules.

(c) Effect of Termination. No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan shall not affect Awards previously granted under the Plan.

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SECTION 20. EXECUTION.

To record the adoption of the Plan, as amended and restated, by the Board of Directors, the Company has caused its authorized officer to execute the same.

INPHI CORPORATION

By _____

Name _____

Title _____

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION GRANT

You have been granted the following Option to purchase Common Stock of INPHI CORPORATION (the "Company") under the Company's 2010 Stock Incentive Plan (the "Plan"):

Name of Optionee:	[Name of Optionee]
Total Number of Option Shares Granted:	[Total Number of Shares]
Type of Option:	☐ Incentive Stock Option ☐ Nonstatutory Stock Option
Exercise Price Per Share:	$ _____
Grant Date:	[Date of Grant]
Vesting Commencement Date:	[Vesting Commencement Date]
Vesting Schedule:	[This Option becomes exercisable with respect to the first 1/4th of the Shares subject to this Option when you complete 12 months of continuous Service as an Employee or a Consultant from the Vesting Commencement Date. Thereafter, this Option becomes exercisable with respect to an additional 1/48th of the Shares subject to this Option when you complete each additional month of such Service.] *[Vesting TBD by Bd or comm.]*
Expiration Date:	[Expiration Date] This Option expires earlier if your Service terminates earlier, as described in the Stock Option Agreement.

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the term and conditions of the Plan and the Stock Option Agreement (the "Agreement"), both of which are attached to and made a part of this document.

By signing this document you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail.

OPTIONEE:

_____

Optionee's Signature

_____

Optionee's Printed Name

INPHI CORPORATION

By: _____

Title: _____

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Tax Treatment	This Option is intended to be an incentive stock option under Section 422 of the Internal Revenue Code or a nonstatutory option, as provided in the Notice of Stock Option Grant. Even if this Option is designated as an incentive stock option, it shall be deemed to be a nonstatutory option to the extent required by the $100,000 annual limitation under Section 422(d) of the Internal Revenue Code.
Vesting	This Option becomes exercisable in installments, as shown in the Notice of Stock Option Grant. This Option will in no event become exercisable for additional Shares after your Service as an Employee or a Consultant has terminated for any reason.
Term	This Option expires in any event at the close of business at Company headquarters on the day before the 10th anniversary of the Grant Date, as shown on the Notice of Stock Option Grant (fifth anniversary for a more than 10% stockholder as provided under the Plan if this is an incentive stock option). This Option may expire earlier if your Service terminates, as described below.
Regular Termination	If your Service terminates for any reason except death or "Total and Permanent Disability" (as defined in the Plan), then this Option will expire at the close of business at Company headquarters on the date three (3) months after the date your Service terminates (or, if earlier, the Expiration Date). The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.
Death	If your Service terminates because of death, then this Option will expire at the close of business at Company headquarters on the date 12 months after the date your Service terminates (or, if earlier, the Expiration Date). During that period of up to 12 months, your estate or heirs may exercise the Option.
Disability	If your Service terminates because of your Total and Permanent Disability, then this Option will expire at the close of business at Company headquarters on the date 12 months after the date your Service terminates (or, if earlier, the Expiration Date).
Leaves of Absence	For purposes of this Option, your Service does not terminate when you go on a military leave, a sick leave or another bona fide leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Option Grant may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, then the vesting schedule specified in the Notice of Stock Option Grant may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.

Restrictions on Exercise

The Company will not permit you to exercise this Option if the issuance of Shares at that time would violate any law or regulation. The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of the Company stock pursuant to this Option shall relieve the Company of any liability with respect to the non-issuance or sale of the Company stock as to which such approval shall not have been obtained.

Notice of Exercise

When you wish to exercise this Option you must provide a notice of exercise form in accordance with such procedures as are established by the Company and communicated to you from time to time. Any notice of exercise must specify how many Shares you wish to purchase and how your Shares should be registered. The notice of exercise will be effective when it is received by the Company. If someone else wants to exercise this Option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.

Form of Payment

When you submit your notice of exercise, you must include payment of the Option exercise price for the Shares you are purchasing. Payment may be made in the following form(s):

- Your personal check, a cashier's check or a money order.
- Certificates for Shares that you own, along with any forms needed to effect a transfer of those Shares to the Company. The value of the Shares, determined as of the effective date of the Option exercise, will be applied to the Option exercise price. Instead of surrendering Shares, you may attest to the ownership of those Shares on a form provided by the Company and have the same number of Shares subtracted from the Shares issued to you upon exercise of the Option. However, you may not surrender or attest to the ownership of Shares in payment of the exercise price if your action would cause the Company to recognize a compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes.
- By delivery on a form approved by the Company of an irrevocable direction to a securities broker approved by the Company to sell all or part of the Shares that are issued to you when you exercise this Option and to deliver to the Company from the sale proceeds an amount

sufficient to pay the Option exercise price and any withholding taxes. The balance of the sale proceeds, if any, will be delivered to you. The directions must be given by providing a notice of exercise form approved by the Company.

- By delivery on a form approved by the Company of an irrevocable direction to a securities broker or lender approved by the Company to pledge Shares that are issued to you when you exercise this Option as security for a loan and to deliver to the Company from the loan proceeds an amount sufficient to pay the Option exercise price and any withholding taxes. The directions must be given by providing a notice of exercise form approved by the Company.
- Any other form permitted by the Committee in its sole discretion.

Notwithstanding the foregoing, payment may not be made in any form that is unlawful, as determined by the Committee in its sole discretion.

Withholding Taxes and Stock Withholding

You will not be allowed to exercise this Option unless you make arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of this Award or the Option exercise. These arrangements, at the sole discretion of the Company, may include (a) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), (b) having the Company withhold Shares that otherwise would be issued to you when you exercise this Option having a Fair Market Value equal to the amount necessary to satisfy the minimum statutory withholding amount, or (c) any other arrangement approved by the Company. The Fair Market Value of any Shares withheld, determined as of the effective date of the Option exercise, will be applied as a credit against the withholding taxes. You also authorize the Company, or your actual employer, to satisfy all withholding obligations of the Company or your actual employer with respect to this Award from your wages or other cash compensation payable to you by the Company or your actual employer.

Restrictions on Resale

You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

Transfer of Option

In general, only you can exercise this Option prior to your death. You may not sell, transfer, assign, pledge or otherwise dispose of this Option, other than as designated by you by will or by the laws of descent and distribution, except as provided below. For instance, you may not use this Option as security for a loan. If you attempt to do any of these things, this Option will immediately become invalid. You may in any event dispose of this Option in your will. Regardless of any marital property settlement

agreement, the Company is not obligated to honor a notice of exercise from your former spouse, nor is the Company obligated to recognize your former spouse's interest in your Option in any other way.

However, if this Option is designated as a nonstatutory stock option in the Notice of Stock Option Grant, then the Committee may, in its sole discretion, allow you to transfer this Option as a gift to one or more family members. For purposes of this Agreement, "family member" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), any individual sharing your household (other than a tenant or employee), a trust in which one or more of these individuals have more than 50% of the beneficial interest, a foundation in which you or one or more of these persons control the management of assets, and any entity in which you or one or more of these persons own more than 50% of the voting interest.

In addition, if this Option is designated as a nonstatutory stock option in the Notice of Stock Option Grant, then the Committee may, in its sole discretion, allow you to transfer this option to your spouse or former spouse pursuant to a domestic relations order in settlement of marital property rights.

The Committee will allow you to transfer this Option only if both you and the transferee(s) execute the forms prescribed by the Committee, which include the consent of the transferee(s) to be bound by this Agreement.

Retention Rights

Neither your Option nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.

Stockholder Rights

Your Options carry neither voting rights nor rights to dividends. You, or your estate or heirs, have no rights as a stockholder of the Company unless and until you have exercised this Option by giving the required notice to the Company and paying the exercise price. No adjustments will be made for dividends or other rights if the applicable record date occurs before you exercise this Option, except as described in the Plan.

Adjustments

In the event of a stock split, a stock dividend or a similar change in Company Shares, the number of Shares covered by this Option and the exercise price per Share shall be adjusted pursuant to the Plan.

Successors and Assigns

Except as otherwise provided in the Plan or this Agreement, every term of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.

Notice

Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon the earliest of personal

delivery, receipt or the third full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.

Applicable Law

This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions).

The Plan and Other Agreements

The text of the Plan is incorporated in this Agreement by reference. All capitalized terms in the Agreement shall have the meanings assigned to them in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Option. Any prior agreements, commitments or negotiations concerning this Option are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under the Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,

YOU AGREE TO ALL OF THE TERMS AND CONDITIONS

DESCRIBED ABOVE AND IN THE PLAN.

INPHI CORPORATION
2010 STOCK INCENTIVE PLAN
NOTICE OF CASH EXERCISE OF STOCK OPTION

OPTIONEE INFORMATION:

Name: _____ Social Security Number: _____

Address: _____ Employee Number: _____

OPTION INFORMATION:

Date of Grant: _____, 200__
Exercise Price per Share: $_____
Total number of Shares of INPHI CORPORATION (the "Company") covered by option: _____

Type of Stock Option:
☐ Nonstatutory (NSO)
☐ Incentive (ISO)

Number of Shares of the Company for which option is being exercised now: _____ ("Purchased Shares").
Total exercise price for the Purchased Shares: $_____
Form of payment enclosed:

☐ Check for $_____, payable to "Inphi Corporation"

Name(s) in which the Purchased Shares should be registered:

_____

The certificate for the Purchased Shares should be sent to the following address:

_____
_____
_____
_____

ACKNOWLEDGMENTS:

1. I understand that all sales of Purchased Shares are subject to compliance with the Company's policy on securities trades.
2. I hereby acknowledge that I received and read a copy of the prospectus describing the Company's 2010 Stock Incentive Plan and the tax consequences of an exercise.
3. In the case of a nonstatutory option, I understand that I must recognize ordinary income equal to the spread between the fair market value of the Purchased Shares on the date of exercise and the exercise price. I further understand that I am required to pay withholding taxes at the time of exercising a nonstatutory option.
4. In the case of an incentive stock option, I agree to notify the Company if I dispose of the Purchased Shares before I have met both of the tax holding periods applicable to incentive stock options (that is, if I make a disqualifying disposition).

SIGNATURE AND DATE:

_____ _____ __, 200_

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK AWARD

You have been granted the following Restricted Shares of Common Stock of INPHI CORPORATION (the "Company") under the Company's 2010 Stock Incentive Plan (the "Plan"):

Date of Grant:	[Date of Grant]
Name of Recipient:	[Name of Recipient]
Total Number of Shares Granted:	[Total Shares]
Fair Market Value per Share:	$[Value Per Share]
Total Fair Market Value Of Award:	$[Total Value]
Vesting Commencement Date:	[_____]
Vesting Schedule:	[The Shares subject to this Award vest when you complete twelve months of continuous Service as an Employee or a Consultant from the Vesting Commencement Date.] *[Sample language – actual vesting to be inserted.]*

By your signature and the signature of the Company's representative below, you and the Company agree that these Restricted Shares are granted under and governed by the term and conditions of the Plan and the Restricted Stock Agreement (the "Agreement"), both of which are attached to and made a part of this document.

By signing this document you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail.

[NAME OF RECIPIENT]

_____

INPHI CORPORATION

By: _____

Title: _____

INPHI CORPORATION
2010 STOCK INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

Payment For Shares

No cash payment is required for the Shares you receive. You are receiving the Shares in consideration for Services rendered by you.

Vesting

The Shares that you are receiving will vest in installments, as shown in the Notice of Restricted Stock Award.

No additional Shares vest after your Service as an Employee or a Consultant has terminated for any reason.

Shares Restricted

Unvested Shares will be considered "Restricted Shares." Except to the extent permitted by the Committee, you may not sell, transfer, assign, pledge or otherwise dispose of Restricted Shares.

Forfeiture

If your Service terminates for any reason, then your Shares will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of termination. This means that the Restricted Shares will immediately revert to the Company. You receive no payment for Restricted Shares that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.

Leaves Of Absence

For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work.

If you go on a leave of absence, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, then the vesting schedule specified in the Notice of Restricted Stock Award may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.

Stock Certificates

The certificates for the Restricted Shares have stamped on them a special legend referring to the forfeiture restrictions. In addition to or in lieu of imposing the legend, the Company may hold the certificates in escrow. As your vested percentage increases, you may request (at reasonable intervals) that the Company release to you a non-legended certificate for your vested Shares.

Stockholder Rights	During the period of time between the date of grant and the date the Restricted Shares become vested, you shall have all the rights of a stockholder with respect to the Restricted Shares except for the right to transfer the Restricted Shares, as set forth above. Accordingly, you shall have the right to vote the Restricted Shares and to receive any cash dividends paid with respect to the Restricted Shares.
Withholding Taxes	No Shares will be released to you unless you have made arrangements acceptable to the Company to pay withholding taxes that may be due as a result of this Award or the vesting of the Shares. These arrangements, at the sole discretion of the Company, may include (a) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), (b) having the Company withhold Shares that otherwise would be released to you when they vest having a Fair Market Value equal to the amount necessary to satisfy the minimum statutory withholding amount, or (c) any other arrangement approved by the Company. The Fair Market Value of any Shares withheld, determined as of the date when taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes. You also authorize the Company, or your actual employer, to satisfy all withholding obligations of the Company or your actual employer with respect to this Award from your wages or other cash compensation payable to you by the Company or your actual employer.
Restrictions On Resale	You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Neither your Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company Shares, or a merger or a reorganization of the Company, the forfeiture provisions described above will apply to all new, substitute or additional securities or other assets to which you are entitled by reason of your ownership of the Shares.

Successors and Assigns	Except as otherwise provided in the Plan or this Agreement, every term of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.
Notice	Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon the earliest of personal delivery, receipt or the third full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. All capitalized terms in this Agreement shall have the meanings assigned to them in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under the Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,

YOU AGREE TO ALL OF THE TERMS AND CONDITIONS

DESCRIBED ABOVE AND IN THE PLAN.

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

NOTICE OF STOCK UNIT AWARD

You have been granted the following Stock Units representing Common Stock of INPHI CORPORATION (the "Company") under the Company's 2010 Stock Incentive Plan (the "Plan").

Name of Participant:	_____
Total Number of Stock Units Granted:	_____
Date of Grant:	_____ __, ____
Vesting Commencement Date:	_____ __, ____
Vesting Schedule:	[The Stock Units subject to this Award vest when you complete each [12 months] of continuous Service as an Employee or a Consultant from the Vesting Commencement Date.] *[Sample language – actual vesting to be inserted.]*

By your signature and the signature of the Company's representative below, you and the Company agree that these Stock Units are granted under and governed by the term and conditions of the Plan and the Stock Unit Agreement (the "Agreement"), both of which are attached to and made a part of this document.

By signing this document you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail.

[NAME OF PARTICIPANT]

_____

_____

Print Name

INPHI CORPORATION

By: _____

Its: _____

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

Payment for Stock Units	No cash payment is required for the Stock Units you receive. You are receiving the Stock Units in consideration for Services rendered by you.
Vesting	The Stock Units that you are receiving will vest in installments, as shown in the Notice of Stock Unit Award. No additional Stock Units vest after your Service as an Employee or a Consultant has terminated for any reason.
Forfeiture	If your Service terminates for any reason, then your Award expires immediately as to the number of Stock Units that have not vested before the termination date and do not vest as a result of termination. This means that the unvested Stock Units will immediately be cancelled. You receive no payment for Stock Units that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.
Leaves of Absence	For purposes of this Award, your Service does not terminate when you go on a military leave, a sick leave or another *bona fide* leave of absence, if the leave of absence was approved by the Company in writing and if continued crediting of Service is required by the terms of the leave or by applicable law. But your Service terminates when the approved leave ends, unless you immediately return to active work. If you go on a leave of absence, then the vesting schedule specified in the Notice of Stock Unit Award may be adjusted in accordance with the Company's leave of absence policy or the terms of your leave. If you commence working on a part-time basis, then the vesting schedule specified in the Notice of Stock Unit Award may be adjusted in accordance with the Company's part-time work policy or the terms of an agreement between you and the Company pertaining to your part-time schedule.
Nature of Stock Units	Your Stock Units are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue Shares on a future date. As a holder of Stock Units, you have no rights other than the rights of a general creditor of the Company.

No Voting Rights or Dividends	Your Stock Units carry neither voting rights nor rights to dividends. You, or your estate or heirs, have no rights as a stockholder of the Company unless and until your Stock Units are settled by issuing Shares. No adjustments will be made for dividends or other rights if the applicable record date occurs before your Shares are issued, except as described in the Plan.
Stock Units Nontransferable	You may not sell, transfer, assign, pledge or otherwise dispose of any Stock Units. For instance, you may not use your Stock Units as security for a loan. If you attempt to do any of these things, your Stock Units will immediately become invalid.
Settlement of Stock Units	Each of your vested Stock Units will be settled when it vests. At the time of settlement, you will receive one Share for each vested Stock Unit; provided, however, that no fractional Shares will be issued or delivered pursuant to the Plan or this Agreement, and the Committee will determine whether cash will be paid in lieu of any fractional Share or whether such fractional Share and any rights thereto will be canceled, terminated or otherwise eliminated. In addition, the Shares are issued to you subject to the condition that the issuance of the Shares not violate any law or regulation.
Withholding Taxes and Stock Withholding	No Shares will be distributed to you unless you have made arrangements acceptable to the Company to pay withholding taxes that may be due as a result of this Award or the settlement of the Stock Units. These arrangements, at the sole discretion of the Company, may include (a) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), (b) having the Company withhold Shares that otherwise would be distributed to you when the Stock Units are settled having a Fair Market Value equal to the amount necessary to satisfy the minimum statutory withholding amount, or (c) any other arrangement approved by the Company. The Fair Market Value of any Shares withheld, determined as of the date when taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes. You also authorize the Company, or your actual employer, to satisfy all withholding obligations of the Company or your actual employer with respect to this Award from your wages or other cash compensation payable to you by the Company or your actual employer.

Restrictions on Resale	You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Neither your Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company Shares, the number of Stock Units covered by this Award shall be adjusted pursuant to the Plan.
Successors and Assigns	Except as otherwise provided in the Plan or this Agreement, every term of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.
Notice	Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon the earliest of personal delivery, receipt or the third full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. All capitalized terms in this Agreement shall have the meanings assigned to them in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under the Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,

YOU AGREE TO ALL OF THE TERMS AND CONDITIONS

DESCRIBED ABOVE AND IN THE PLAN.

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

NOTICE OF STOCK OPTION GRANT

You have been granted the following Option to purchase Common Stock of INPHI CORPORATION (the "Company") under the Company's 2010 Stock Incentive Plan (the "Plan"):

Name of Optionee:	[Name of Optionee]
Total Number of Option Shares Granted:	[Total Number of Shares]
Type of Option:	Nonstatutory Stock Option
Exercise Price Per Share:	$_____
Grant Date:	[Date of Grant]
Vesting Commencement Date:	[Vesting Commencement Date]
Vesting Schedule:	[INITIAL: This Option shall vest and become exercisable over a four-year period beginning on the day which is the one month anniversary of the Grant Date, at a monthly rate of 2.0833% of the total number of Shares subject to this Option. Notwithstanding the foregoing, this Option shall fully vest and become exercisable upon a Change in Control that occurs during your continued Service as an Outside Director.] [ANNUAL: This Option shall vest and become exercisable on the earliest of (i) the first anniversary of the Grant Date, (ii) immediately prior to the next regular annual meeting of the Company's stockholders following such Grant Date, or (iii) a Change in Control, subject to your continued Service as an Outside Director.]
Expiration Date:	This Option expires on the earlier of (i) the day before the tenth anniversary of the Grant Date of this Option or (ii) the date twelve months after the termination of your Service for any reason, provided, however, if this Option has not vested upon the termination of your Service as an Outside Director for any reason, it shall terminate immediately.

By your signature and the signature of the Company's representative below, you and the Company agree that this Option is granted under and governed by the term and conditions of the Plan and the Stock Option Agreement (the "Agreement"), both of which are attached to and made a part of this document.

By signing this document you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail.

OPTIONEE:

Optionee's Signature

Optionee's Printed Name

INPHI CORPORATION

By:

Title:

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Tax Treatment	This Option is not intended to be an incentive stock option under Section 422 of the Internal Revenue Code.
Vesting	This Option becomes exercisable in installments, as shown in the Notice of Stock Option Grant. This Option will in no event become exercisable for additional Shares after your Service as an Outside Director has terminated for any reason. Notwithstanding the foregoing, vesting of this Option is subject to acceleration as shown in the Notice of Stock Option Grant
Term	This Option expires as shown on the Notice of Stock Option Grant.
Restrictions on Exercise	The Company will not permit you to exercise this Option if the issuance of Shares at that time would violate any law or regulation. The inability of the Company to obtain approval from any regulatory body having authority deemed by the Company to be necessary to the lawful issuance and sale of the Company stock pursuant to this Option shall relieve the Company of any liability with respect to the non-issuance or sale of the Company stock as to which such approval shall not have been obtained.
Notice of Exercise	When you wish to exercise this Option you must provide a notice of exercise form in accordance with such procedures as are established by the Company and communicated to you from time to time. Any notice of exercise must specify how many Shares you wish to purchase and how your Shares should be registered. The notice of exercise will be effective when it is received by the Company. If someone else wants to exercise this Option after your death, that person must prove to the Company's satisfaction that he or she is entitled to do so.
Form of Payment	When you submit your notice of exercise, you must include payment of the Option exercise price for the Shares you are purchasing. Payment may be made in the following form(s): • Your personal check, a cashier's check or a money order. • Certificates for Shares that you own, along with any forms needed to effect a transfer of those Shares to the Company. The value of the Shares, determined as of the effective date of the Option exercise, will be applied to the Option exercise price. Instead of surrendering Shares, you may attest to the ownership of those Shares on a form provided by the Company and have the same number of Shares subtracted from the Shares issued to you upon exercise of the Option. However, you may not surrender or attest to the ownership of Shares in payment of the exercise price if your action would cause the Company to recognize a

compensation expense (or additional compensation expense) with respect to this Option for financial reporting purposes.

- By delivery on a form approved by the Company of an irrevocable direction to a securities broker approved by the Company to sell all or part of the Shares that are issued to you when you exercise this Option and to deliver to the Company from the sale proceeds an amount sufficient to pay the Option exercise price and any withholding taxes. The balance of the sale proceeds, if any, will be delivered to you. The directions must be given by providing a notice of exercise form approved by the Company.

Notwithstanding the foregoing, payment may not be made in any form that is unlawful, as determined by the Committee in its sole discretion.

Withholding Taxes and Stock Withholding

You will not be allowed to exercise this Option unless you make arrangements acceptable to the Company to pay any withholding taxes that may be due as a result of this Award or the Option exercise. These arrangements, at the sole discretion of the Company, may include (a) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), (b) having the Company withhold Shares that otherwise would be issued to you when you exercise this Option having a Fair Market Value equal to the amount necessary to satisfy the minimum statutory withholding amount, or (c) any other arrangement approved by the Company. The Fair Market Value of any Shares withheld, determined as of the effective date of the Option exercise, will be applied as a credit against the withholding taxes. You also authorize the Company, or your actual employer, to satisfy all withholding obligations of the Company or your actual employer with respect to this Award from your wages or other cash compensation payable to you by the Company or your actual employer.

Restrictions on Resale

You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.

Transfer of Option

In general, only you can exercise this Option prior to your death. You may not sell, transfer, assign, pledge or otherwise dispose of this Option, other than as designated by you by will or by the laws of descent and distribution, except as provided below. For instance, you may not use this Option as security for a loan. If you attempt to do any of these things, this Option will immediately become invalid. You may in any event dispose of this Option in your will. Regardless of any marital property settlement agreement, the Company is not obligated to honor a notice of exercise from your former spouse, nor is the Company obligated to recognize your

	former spouse's interest in your Option in any other way. However, the Committee may, in its sole discretion, allow you to transfer this Option as a gift to one or more family members. For purposes of this Agreement, "family member" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law (including adoptive relationships), any individual sharing your household (other than a tenant or employee), a trust in which one or more of these individuals have more than 50% of the beneficial interest, a foundation in which you or one or more of these persons control the management of assets, and any entity in which you or one or more of these persons own more than 50% of the voting interest. In addition, the Committee may, in its sole discretion, allow you to transfer this option to your spouse or former spouse pursuant to a domestic relations order in settlement of marital property rights. The Committee will allow you to transfer this Option only if both you and the transferee(s) execute the forms prescribed by the Committee, which include the consent of the transferee(s) to be bound by this Agreement.
Retention Rights	Neither your Option nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.
Stockholder Rights	Your Options carry neither voting rights nor rights to dividends. You, or your estate or heirs, have no rights as a stockholder of the Company unless and until you have exercised this Option by giving the required notice to the Company and paying the exercise price. No adjustments will be made for dividends or other rights if the applicable record date occurs before you exercise this Option, except as described in the Plan.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company Shares, the number of Shares covered by this Option and the exercise price per Share shall be adjusted pursuant to the Plan.
Successors and Assigns	Except as otherwise provided in the Plan or this Agreement, every term of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.
Notice	Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon the earliest of personal delivery, receipt or the third full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.

Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions).
The Plan and Other Agreements	The text of the Plan is incorporated in this Agreement by reference. All capitalized terms in the Agreement shall have the meanings assigned to them in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Option. Any prior agreements, commitments or negotiations concerning this Option are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under the Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLAN.

INPHI CORPORATION
2010 STOCK INCENTIVE PLAN
NOTICE OF CASH EXERCISE OF STOCK OPTION

OPTIONEE INFORMATION:

Name: _____ Social Security Number: _____

Address: _____ Employee Number: _____

OPTION INFORMATION:

Date of Grant: _____,200__ Type of Stock Option: Nonstatutory
Exercise Price per Share: $_____
Total number of Shares of INPHI CORPORATION (the "Company") covered by option: _____

Number of Shares of the Company for which option is being exercised now: _____("Purchased Shares"). Total exercise price for the Purchased Shares: $_____
Form of payment enclosed:

☐ Check for $_____ , payable to "Inphi Corporation"

Name(s) in which the Purchased Shares should be registered:

_____

The certificate for the Purchased Shares should be sent to the following address:

_____
_____
_____
_____

ACKNOWLEDGMENTS:

1. understand that all sales of Purchased Shares are subject to compliance with the Company's policy on securities trades.
2. I hereby acknowledge that I received and read a copy of the prospectus describing the Company's 2010 Stock Incentive Plan and the tax consequences of an exercise.
3. I understand that I must recognize ordinary income equal to the spread between the fair market value of the Purchased Shares on the date of exercise and the exercise price. I further understand that I am required to pay withholding taxes at the time of exercising the option.

SIGNATURE AND DATE:

_____ _____,200__

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

NOTICE OF STOCK UNIT AWARD

You have been granted the following Stock Units representing Common Stock of INPHI CORPORATION (the "Company") under the Company's 2010 Stock Incentive Plan (the "Plan").

Name of Participant: _____

Total Number of Stock Units Granted: _____

Date of Grant: _____ ____, _____

Vesting Commencement Date: _____ ____, _____

Vesting Schedule: [The Stock Units subject to this Award vest when you complete each [12 months] of continuous Service as an Outside Director from the Vesting Commencement Date.] *[Sample language – actual vesting to be inserted.]* Notwithstanding the foregoing, the Stock Units subject to this Award shall fully vest and become exercisable upon a Change in Control that occurs during your continued Service as an Outside Director.

By your signature and the signature of the Company's representative below, you and the Company agree that these Stock Units are granted under and governed by the term and conditions of the Plan and the Stock Unit Agreement (the "Agreement"), both of which are attached to and made a part of this document.

By signing this document you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail.

[Name of Participant]

_____

_____
Print Name

INPHI CORPORATION

By: _____

Its: _____

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

Payment for Stock Units	No cash payment is required for the Stock Units you receive. You are receiving the Stock Units in consideration for Services rendered by you.
Vesting	The Stock Units that you are receiving will vest in installments, as shown in the Notice of Stock Unit Award. No additional Stock Units vest after your Service as an Outside Director has terminated for any reason.
Forfeiture	If your Service terminates for any reason, then your Award expires immediately as to the number of Stock Units that have not vested before the termination date and do not vest as a result of termination. This means that the unvested Stock Units will immediately be cancelled. You receive no payment for Stock Units that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.
Nature of Stock Units	Your Stock Units are mere bookkeeping entries. They represent only the Company's unfunded and unsecured promise to issue Shares on a future date. As a holder of Stock Units, you have no rights other than the rights of a general creditor of the Company.
No Voting Rights or Dividends	Your Stock Units carry neither voting rights nor rights to dividends. You, or your estate or heirs, have no rights as a stockholder of the Company unless and until your Stock Units are settled by issuing Shares. No adjustments will be made for dividends or other rights if the applicable record date occurs before your Shares are issued, except as described in the Plan.
Stock Units Nontransferable	You may not sell, transfer, assign, pledge or otherwise dispose of any Stock Units. For instance, you may not use your Stock Units as security for a loan. If you attempt to do any of these things, your Stock Units will immediately become invalid.
Settlement of Stock Units	Each of your vested Stock Units will be settled when it vests.

	At the time of settlement, you will receive one Share for each vested Stock Unit; provided, however, that no fractional Shares will be issued or delivered pursuant to the Plan or this Agreement, and the Committee will determine whether cash will be paid in lieu of any fractional Share or whether such fractional Share and any rights thereto will be canceled, terminated or otherwise eliminated. In addition, the Shares are issued to you subject to the condition that the issuance of the Shares not violate any law or regulation.
Withholding Taxes and Stock Withholding	No Shares will be distributed to you unless you have made arrangements acceptable to the Company to pay withholding taxes that may be due as a result of this Award or the settlement of the Stock Units. These arrangements, at the sole discretion of the Company, may include (a) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization), (b) having the Company withhold Shares that otherwise would be distributed to you when the Stock Units are settled having a Fair Market Value equal to the amount necessary to satisfy the minimum statutory withholding amount, or (c) any other arrangement approved by the Company. The Fair Market Value of any Shares withheld, determined as of the date when taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes. You also authorize the Company, or your actual employer, to satisfy all withholding obligations of the Company or your actual employer with respect to this Award from your wages or other cash compensation payable to you by the Company or your actual employer.
Restrictions on Resale	You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Neither your Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company Shares, the number of Stock Units covered by this Award shall be adjusted pursuant to the Plan.
Successors and Assigns	Except as otherwise provided in the Plan or this Agreement, every term of this Agreement shall be binding upon and inure to the

benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.

Notice Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon the earliest of personal delivery, receipt or the third full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.

Applicable Law This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law provisions).

The Plan and Other Agreements The text of the Plan is incorporated in this Agreement by reference. All capitalized terms in this Agreement shall have the meanings assigned to them in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under the Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLAN.

INPHI CORPORATION

2010 STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK AWARD

You have been granted the following Restricted Shares of Common Stock of Inphi Corporation (the "Company") under the Company's 2010 Stock Incentive Plan (the "Plan"):

Date of Grant:	[Date of Grant]
Name of Recipient:	[Name of Recipient]
Total Number of Shares Granted:	[Total Shares]
Fair Market Value per Share:	$[Value Per Share]
Total Fair Market Value Of Award:	$[Total Value]
Vesting Commencement Date:	[_____]
Vesting Schedule:	[The Shares subject to this Award vest when you complete twelve months of continuous Service as an Outside Director from the Vesting Commencement Date.] *[Sample language – actual vesting to be inserted.]* Notwithstanding the foregoing, the Shares subject to this Award shall fully vest and become exercisable upon a Change in Control that occurs during your continued Service as an Outside Director.

By your signature and the signature of the Company's representative below, you and the Company agree that these Restricted Shares are granted under and governed by the term and conditions of the Plan and the Restricted Stock Agreement (the "Agreement"), both of which are attached to and made a part of this document.

By signing this document you further agree that the Company may deliver by e-mail all documents relating to the Plan or this Award (including without limitation, prospectuses required by the Securities and Exchange Commission) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). You also agree that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it will notify you by e-mail.

[NAME OF RECIPIENT]

INPHI CORPORATION

By: _____

Title: _____

INPHI CORPORATION
2010 STOCK INCENTIVE PLAN
RESTRICTED STOCK AGREEMENT

Payment For Shares	No cash payment is required for the Shares you receive. You are receiving the Shares in consideration for Services rendered by you.
Vesting	The Shares that you are receiving will vest in installments, as shown in the Notice of Restricted Stock Award. No additional Shares vest after your Service as an Outside Director has terminated for any reason.
Shares Restricted	Unvested Shares will be considered "Restricted Shares." Except to the extent permitted by the Committee, you may not sell, transfer, assign, pledge or otherwise dispose of Restricted Shares.
Forfeiture	If your Service terminates for any reason, then your Shares will be forfeited to the extent that they have not vested before the termination date and do not vest as a result of termination. This means that the Restricted Shares will immediately revert to the Company. You receive no payment for Restricted Shares that are forfeited. The Company determines when your Service terminates for this purpose and all purposes under the Plan and its determinations are conclusive and binding on all persons.
Stock Certificates	The certificates for the Restricted Shares have stamped on them a special legend referring to the forfeiture restrictions. In addition to or in lieu of imposing the legend, the Company may hold the certificates in escrow. As your vested percentage increases, you may request (at reasonable intervals) that the Company release to you a non-legended certificate for your vested Shares.
Stockholder Rights	During the period of time between the date of grant and the date the Restricted Shares become vested, you shall have all the rights of a stockholder with respect to the Restricted Shares except for the right to transfer the Restricted Shares, as set forth above. Accordingly, you shall have the right to vote the Restricted Shares and to receive any cash dividends paid with respect to the Restricted Shares.
Withholding Taxes	No Shares will be released to you unless you have made arrangements acceptable to the Company to pay withholding taxes that may be due as a result of this Award or the vesting of the Shares. These arrangements, at the sole discretion of the Company, may include (a) having the Company withhold taxes from the proceeds of the sale of the Shares, either through a voluntary sale or through a

	mandatory sale arranged by the Company (on your behalf pursuant to this authorization), (b) having the Company withhold Shares that otherwise would be released to you when they vest having a Fair Market Value equal to the amount necessary to satisfy the minimum statutory withholding amount, or (c) any other arrangement approved by the Company. The Fair Market Value of any Shares withheld, determined as of the date when taxes otherwise would have been withheld in cash, will be applied as a credit against the withholding taxes. You also authorize the Company, or your actual employer, to satisfy all withholding obligations of the Company or your actual employer with respect to this Award from your wages or other cash compensation payable to you by the Company or your actual employer.
Restrictions On Resale	You agree not to sell any Shares at a time when applicable laws, Company policies or an agreement between the Company and its underwriters prohibit a sale. This restriction will apply as long as your Service continues and for such period of time after the termination of your Service as the Company may specify.
No Retention Rights	Neither your Award nor this Agreement gives you the right to be employed or retained by the Company or a subsidiary of the Company in any capacity. The Company and its subsidiaries reserve the right to terminate your Service at any time, with or without cause.
Adjustments	In the event of a stock split, a stock dividend or a similar change in Company Shares, or a merger or a reorganization of the Company, the forfeiture provisions described above will apply to all new, substitute or additional securities or other assets to which you are entitled by reason of your ownership of the Shares.
Successors and Assigns	Except as otherwise provided in the Plan or this Agreement, every term of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees and assigns.
Notice	Any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon the earliest of personal delivery, receipt or the third full day following mailing with postage and fees prepaid, addressed to the other party hereto at the address last known in the Company's records or at such other address as such party may designate by ten (10) days' advance written notice to the other party hereto.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of Delaware (without regard to their choice-of-law

provisions).

The Plan and Other Agreements

The text of the Plan is incorporated in this Agreement by reference. All capitalized terms in this Agreement shall have the meanings assigned to them in the Plan. This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award. Any prior agreements, commitments or negotiations concerning this Award are superseded. This Agreement may be amended by the Committee without your consent; however, if any such amendment would materially impair your rights or obligations under the Agreement, this Agreement may be amended only by another written agreement, signed by you and the Company.

BY SIGNING THE COVER SHEET OF THIS AGREEMENT,
YOU AGREE TO ALL OF THE TERMS AND CONDITIONS
DESCRIBED ABOVE AND IN THE PLAN.

Exhibit 10.14

Confidential treatment requested.
Confidential portions of this document have been redacted and have been separately filed with the Commission.

[Cadence logo] **SOFTWARE LICENSE AND MAINTENANCE AGREEMENT**

Agreement No.: 07INPH0629
Date of Agreement:

This
Systems, Inc., a Delaware corporation having a principal place of business at 2655 Seely Avenue, San Jose, California 95134-1937, USA (" *Cadence*"), and **Inphi Corporation**, having a place of business at 2393 Townsgate Road #101, Westlake Village, CA 91361 ("*Customer*"). Customer desires to obtain from Cadence, either directly or through an authorized Cadence reseller, rights to Use certain Licensed Materials on either a Subscription or 99-year License basis, as defined below. License Keys to the Licensed Materials may be purchased either from Cadence or an authorized Cadence reseller. Therefore, Cadence and Customer agree as follows:

1. DEFINITIONS

The following definitions apply herein:

(a) "Acquired Cadence Software" means Software acquired by Cadence after the commencement of the Term of Use in a Product Quotation as the result of an acquisition by Cadence of either a third party, or the technology of a third party.

(b) "Design Elements" means library elements, libraries, symbols, simulation or behavioral models, circuit and logic elements and any Updates thereto included with, and used in conjunction with Software.

(c) "Designated Equipment" means either: (i) a server identified by serial number, or host I.D. on which the Licensed Materials are stored, or (ii) a computer or workstation, as identified by its serial number, host I.D. number or ethernet address, to which the Licensed Materials are downloaded and Used only upon the issuance of a License Key. The Designated Equipment shall be of a manufacture, make and model, and have the configuration, capacity, (i.e., memory/disk), operating software version level and pre-requisite and co-requisite applications, prescribed in the documentation as necessary or desirable for the operation of the Software.

(d) "Documentation" means the user manuals and other written materials that describe the Software, its operation and matters related to its Use, which Cadence generally makes available to its commercial licensees for use with the Software and any Updated, improved or modified version(s) of such materials, whether provided in published written material, on magnetic media or communicated by electronic means.

(e) "Effective Date" means the date specified in each Product Quotation representing the commencement of the Term of Use for the Licensed Materials.

(f) "Initial Configuration" means the specific group of Licensed Materials listed in each Product Quotation that represents the Licensed Materials available for Use by the Customer on the Effective Date.

(g) "License Key" means a physical or electronic activation key provided to a Customer that authorizes: (i) the Licensed Materials, including version number and quantity that is licensed to a Customer; (ii) the Designated Equipment; and (iii) the codes that Customer must input to access the Licensed Materials on the Designated Equipment.

(h) "Licensed Materials" means the specific group of Software, Design Elements and the associated Documentation licensed to Customer. Unless otherwise specified in the Product Quotation, Licensed Materials excludes New Technology, Upgrades and Acquired Cadence Software.

(i) "Maintenance Service(s)" shall mean the services which Cadence makes available to Customer related to the Licensed Materials as is more particularly described in Section 9 (Technical Support) herein.

(j) "New Technology or Upgrade" means any enhancement(s) or addition(s) to Software (other than an Update) which Cadence does not make available to its commercial customers as a part of the standard Maintenance Service offering, but rather is only provided subject to payment of a separate fee. Neither New Technology, Acquired Cadence Software nor Upgrades are covered by, and will not be provided in consideration of the Fees already paid by Customer unless otherwise specified in a Product Quotation.

(k) "Product Quotation" means a written quotation from Cadence (or one of its affiliates) to Customer identifying the Licensed Materials, Initial Configuration, quantity, charges, Term of Use and other information relevant to a specific transaction which Cadence is quoting to Customer. Each Product Quotation will be included as an attachment to this Agreement and incorporated herein by reference.

(l) "Remix" means the exchange of Licensed Materials for other or additional Licensed Materials subject to the limitations set forth in the applicable Product Quotation.

(m) "Software" means any applications programming code or executable computer program(s), and any Updates thereto.

(n) "Subscription" means the license of Software for a fixed period of time that is less than 99 years in which the Fee for Maintenance Services is included within the Fee quoted for the entire Term of Use.

(o) "Term of Use" means that period of time Customer has Use of the Licensed Materials as specified in each Product Quotation.

(p) "Then Current Configuration" means the specific group of Licensed Materials being Used by Customer after Remix.

(q) "Update" means a Software modification released by Cadence on a general, regularly scheduled basis as a standard Maintenance Service offering to its other commercial customers. Updated may include revisions to the Documentation. Updates do not include any Acquired Cadence Software, Upgrades or New Technology.

(r) "Use" means copying all or any portion of Software, Design Elements and/or License Key into the Designated Equipment or transmitting it to the Designated Equipment for; (i) executing or processing instructions contained in the Software, (ii) using, executing or modifying any of the Design Elements, or (iii) loading data into or displaying, viewing or extracting output results from or otherwise operating any portion of the Software or Design Elements, solely for the purpose of Customer's internal design and manufacture of electronic circuits and systems.

(s) "99-year License" means the license of Software for a period of 99 years in which the Licensee Fees are quoted separately from Maintenance Fees and in which Maintenance Services are not automatically included during the Term of Use, except for the first year.

2. SCOPE AND BACKGROUND

Under this Agreement Customer can: (i) acquire licenses for a specific number of Licensed Materials and related Documentation on either a Subscription or 99-year License basis, and (ii) obtain Maintenance Services for the Licensed Materials pursuant to the provisions of this Agreement. For Software licensed on a Subscription basis, Customer shall be permitted to Use the Software on a wide area network ("WAN") basis as described in the applicable Product Quotation. For any Software acquired by Customer through an authorized Cadence reseller the following provisions of this Agreement shall not apply: 4, 6, 13.3(b) and 13.3(c). While Cadence shall remain the "licensor" for purposes of the grant of the licenses and other rights hereunder, and Customer shall remain the "licensee" for purposes of the obligations contained herein, Customer shall contract directly with the reseller for the purchase of License Keys and any Maintenance Services on Software provided by such authorized Cadence reseller.

3. LICENSE GRANT

(a) Grant: Subject to Customer's timely payment of the Fees as set forth in Section 4 and subject to the limitations set forth in Sections 3(b) and 3(c), Cadence, either directly or by and through one of its affiliates, hereby grants Customer, for the Term of Use as specified in each Product Quotation, a non-transferable, non-exclusive, license to: (i) Use the quantity of Licensed Materials identified in the applicable Product Quotation on the Designated Equipment as established by the number of License Keys issued for the Licensed Materials; and (ii) Use the Documentation as is reasonably necessary for Customer's licensed Use of the Licensed Materials. All rights not expressly granted to Customer pursuant to this Agreement are reserved by Cadence.

(b) Limitations: All rights, title and interest in the Licensed Materials shall remain the exclusive property of Cadence and/or its licensors. The Licensed Materials are the confidential and proprietary property of Cadence or third parties from whom Cadence has obtained the appropriate rights. Customer shall not Use or copy the Licensed Materials except as expressly permitted herein. Customer may only Use those Licensed Materials specified in the applicable Product Quotation. Customer shall not modify, disassemble, decompile or reverse translate or create derivative works from the Licensed Materials or otherwise attempt to derive the source code, or let any third party do so. No right or license is granted or implied under any of Cadence, or its licensors', patents, copyrights, trademarks, trade names, service marks or other intellectual property rights to Use the Licensed Materials or to authorize others to Use the Licensed Materials beyond the rights and restrictions set forth in this Agreement. By the way of example and not limitation, Customer shall neither use the Software or Design Elements or output of any Software or Design Elements for benchmarking purposes (which means any form of competitive analysis of the Licensed Materials versus competitive tool products), nor permit any third party to do so. Customer shall not remove or alter any of Cadence's or its licensors' restrictive or ownership legends appearing on or in the Licensed Materials and shall reproduce such legends on all copies permitted to be made. Customer may periodically Remix the Initial Configuration or the Then Current Configuration only if specified in the Product Quotation and subject to the limitations set forth in the Product Quotation. Upon request by Cadence, Customer shall execute a Certificate of Discontinued Use upon the completion of each Remix for those Licensed Materials that are exchanged or terminated in the Remix.

(c) Restrictions: Customer shall not let the Licensed Materials be accessed or used by third parties or anyone other than Customer's employees whose duties require such access or use. Notwithstanding the foregoing, Customer's authorized consultants and subcontractors (excluding any direct competitors of Cadence) may Use the Licensed Materials on the Designated Equipment at a Customer facility only, where such Use is incidental to their performing services on Customer's behalf. Such Use by authorized consultants and subcontractors must be consistent with the license granted to Customer hereunder and Customer must first require such authorized consultants and subcontractors to sign written agreements obligating them to observe the same restrictions concerning the Licensed Materials as are contained in this Agreement. In connection with activities under this Agreement, Customer may provide to Cadence suggestions, descriptions, data feedback and other information, either orally or in writing (collectively, "Feedback") concerning the Licensed Materials. Customer hereby grants to Cadence and its affiliates, a non-exclusive, perpetual, irrevocable,

royalty-free, worldwide right and license to make, use, sell, reproduce, modify, sublicense, disclose, distribute and otherwise exploit any such Feedback. In addition, Cadence shall be the sole owner of any modifications, additions or other changes made to the Licensed Materials based upon such Feedback. The Licensed Materials may contain certain software applications and portions of applications which are provided to Customer under terms and conditions which are different from this Agreement (such as open source or community source), or which require Cadence to provide Customer with certain notices and/or information ("Excluded Code"). Cadence will identify such Excluded Code in a text file or about box or in a file or files referenced thereby (and shall include any associated license agreement, notices and other related information therein), or the Excluded Code will contain or be accompanied by its own license agreement. Customer's Use of the Excluded Code will be subject to the terms and conditions of such other license agreement solely to the extent such terms and conditions are inconsistent with the terms and conditions of this Agreement or are required by such other license agreement. By using or not uninstalling such Excluded Code after the initial installation of the Excluded Code Customer acknowledges and agrees to all such license agreements, notices and information.

(d) Records; Audit. Customer shall keep full, clear and accurate records to confirm its authorized Use of the Licensed Materials hereunder, including but not limited to ensuring that Customer has not exceeded the number of authorized copies of Licensed Materials and other obligations hereunder. Cadence shall have the right to audit such records during regular business hours to confirm Customer's compliance with its obligations hereunder. Customer shall promptly correct any deficiencies discovered by such audit including payment to Cadence of the amount of any shortfall in Fees uncovered by such audit plus interest at the rate set forth in Section 4(a) below. If the audit uncovers any shortfall in payment of more than five percent (5%) for any quarter, then Customer shall also promptly pay to Cadence the costs and expenses of such audit, including fees of auditors and other professionals incurred by Cadence in connection with such audit.

4. FEES; TAXES

(a) Fees and Payment: Customer shall pay Cadence the license fees ("*License Fees*") and maintenance service fees ("*Maintenance Service Fees*") (collectively, the "*Fees*"). Such Fees shall be remitted so that they are received by Cadence by the dates and in the amounts set forth in the Product Quotation and, except as expressly provided herein, are non-refundable. In addition, Customer's obligation to remit License Fee payments to Cadence in accordance with the payment schedule set forth in the Product Quotation shall be absolute, unconditional, noncancelleable and nonrefundable, and shall not be subject to any abatement, set-off, claim, counterclaim, adjustment, reduction, or defense for any reason, including, but not limited to, any claims that Cadence failed to perform under this Agreement or termination of this Agreement. Past due amounts shall be subject to a monthly service charge of one and one-half percent (1 1/2%) per month of the unpaid balance or the maximum rate allowable by law. In addition to all other sums payable hereunder, Customer shall pay all reasonable out-of-pocket expenses incurred by Cadence, including fees and disbursements of counsel, in connection with collection and other enforcement proceedings resulting therefrom or in connection therewith.

(b) Taxes: All Fees are net. Customer will pay or reimburse all taxes, duties and assessments, if any due, based on or measured by amounts payable to Cadence in any transaction between Customer and Cadence under this Agreement (excluding taxes based on Cadence's net income) together with any interest or penalties assessed thereon, or furnish Cadence with evidence acceptable to the taxing authority to sustain an exemption therefrom (collectively, "*Taxes*").

5. TERM AND TERMINATION

(a) Term: This Agreement is entered into as of the date specified on the initial page and shall continue unless terminated as provided in Section 5(c) ("*Term*"). The Term of Use for Licensed Materials shall continue unless the applicable Product Quotation is terminated as provided in Section 5(b). For Software licensed on a 99-year basis, Maintenance Services are only provided for the initial year. Maintenance Services are thereafter renewable by Customer for additional periods upon issuance of a Product Quotation by Cadence and payment by Customer of the Maintenance Services Fees.

(b) Termination of Product Quotation: Any Product Quotation hereunder may be terminated by Cadence: (i) if Customer fails to pay when due all or any portion of any amounts payable under such Product Quotation, and such failure is not cured within ten (10) days after written notice; or (ii) in the event of a breach by Customer of any other material provision of the Product Quotation where Customer fails to correct such breach within thirty (30) days of its receipt of written notice thereof. In addition, in the event Customer fails to pay any Fees due under a Product Quotation, Cadence may delay delivery of any License Key until Customer pays such past due amounts.

(c) Termination of Agreement: This Agreement may be terminated by Cadence immediately if; (i) Customer breaches any provisions of Section 3 herein, or (ii) Customer becomes insolvent or makes an assignment for the benefit of creditors, or a trustee or receiver is appointed for Customer or for a substantial part of its assets, or bankruptcy, reorganization or insolvency proceedings shall be instituted by or against Customer; or (iii) if Customer breaches any other material provision of this Agreement and fails to correct such breach within thirty (30) days of its receipt of written notice thereof; or (iv) if an "Event of Default" (as defined in the Installment Payment Agreement "*IPA*") occurs and is continuing under any IPA in favor of Cadence or Cadence Credit (if Customer enters into such an IPA in order to finance the

License Fees). Termination of this Agreement shall immediately terminate any Product Quotations then in effect.

(d) Effect of Termination: Expiration or termination of a Product Quotation or the Agreement as specified in Sections 5(b) or 5(c) above, shall simultaneously terminate all Customer's rights for licenses and Cadence's obligations with respect thereto. Within thirty (30) days after such expiration or termination, Customer shall: (i) furnish Cadence written notice certifying that the original and all copies, including partial copies, of the Licensed Materials furnished by Cadence under this Agreement or made by Customer as permitted by this Agreement, have either been returned to Cadence or destroyed and no copies or portions thereof remain in the possession of Customer, its employees or agents; and (ii) make prompt payment in full to Cadence for all amounts then due plus the present value (discounted at the lesser of; (a) the then current one year U.S. Treasury Bill Rate and, (b) the one year U.S. Treasury Bill Rate as of the Effective Date) of the unpaid balance of the License Fees as set forth in the Product Quotation, together with any applicable Taxes. Sections 3(c), 4, 5(d), 11(b), 12, 13.6, 13.7 and 13.8 shall survive expiration or termination of this Agreement.

6. ORDERING

If required by Customer, Customer shall order Licensed Materials and Maintenance Services using its standard purchase order forms. All Customers orders shall: (i) conform to and cite this Agreement; and (ii) describe the Licensed Materials and/or Maintenance Services ordered (by Cadence's product numbers and nomenclature), and (iii) identify the quantity, price, ship and bill to addresses and (iv) include such other data as Cadence may reasonably require. This Agreement shall govern all Customer purchase orders accepted by Cadence during the Term and within the scope of this Agreement. Any terms and conditions contained or incorporated by reference in purchase orders, acknowledgements, invoices, confirmations or other business forms of either party which add to or differ from the terms and conditions of this Agreement or the attachments made a part hereof shall be of no force or effect whatsoever concerning the subject matter of this Agreement, and either party's failure to object thereto shall not be deemed a waiver of such party's rights hereunder. Cadence has the right to discontinue the sale of licenses of the Licensed Materials at any time. Discontinued Licensed Materials, or Licensed Materials for which Maintenance Services are no longer available, may no longer be Remixed by Customer or acquired during the Term of Use under a Product Quotation.

7. SHIPMENT

Upon execution of this Agreement and acceptance of an order by Cadence or an authorized Cadence reseller, all Cadence Software is available fore download by Customer from Cadence, provided however Customer shall only Use Cadence Software for which a License Key has been purchased from either Cadence or an authorized Cadence reseller. Delivery of any tangible media requested by Customer hereunder shall be made F.O.B. point of shipment. Customer shall pay all shipping charges, including insurance. Risk of loss shall pass to Customer upon delivery to carrier.

8. COPIES AND TRANSFER

(a) Copies: Customer may make a reasonable number of copies of Software for either of the following purposes only: (i) archival purposes; or (ii) for Use as a back-up when the Software is not operational. Customer may make a reasonable number of copies of Design Elements in connection with its authorized Use of such Design Elements. All legends, trademarks, trade names, copyright legends and other identifications must be copied when copying the Licensed Materials. Documentation may not be copied except for a reasonable number of printed copies from the Documentation provided by Cadence.

(b) Relocation: The Licensed Materials may only be moved from the Designated Equipment with Cadence's prior written consent. Customer will immediately return Cadence's Rehost Certificate when the Licensed Materials are moved. Customer shall completely remove the Licensed Materials from the previous Designated Equipment.

9. TECHNICAL SUPPORT

Subject to the terms and conditions of this Agreement, and Customer's timely payment of applicable Fees, Cadence agrees to use commercially reasonable efforts to perform, or have provided, during the Term of Use specified in a Product Quotation, the following technical assistance with respect to the Licensed Materials:

(a) Maintenance Services:

(1) Technical Support: Cadence will make technical assistance available to Customer through Cadence Customer Support between 8:00 a.m. and 5:00 p.m., local time (the "*Prime Shift*"), Monday through Friday excluding Cadence's holidays.

(2) Issue Resolution Assistance: Cadence will acknowledge receipt of Customer's service request (a "*SR*") within four (4) Prime Shift hours. Customer's SR shall include a detailed description of the nature of the issue, the conditions under which it occurs and other relevant data sufficient to enable Cadence to reproduce a reported error in order to verify its existence and diagnose its cause. Upon completion of diagnosis Cadence will provide Customer appropriate assistance in accordance with Cadence's standard commercial practices, including furnishing Customer with an avoidance procedure, bypass, work-around, patch or hot-fix (i.e., a Customer specific release for a production stopping problem with no work-around) to correct or alleviate the condition reported.

(3) Update(s): Cadence will provide Customer Update(s) for the Licensed Materials. Cadence will also provide instructions and/or Documentation that Cadence considers reasonably necessary to assist in a smooth transition for Use of an Update.

(4) Communication: Cadence will provide Customer: (i) access to Cadence's SourceLink™ online Customer support service; and, (ii) such newsletters and other publications, as Cadence routinely provides or makes accessible to all Maintenance Service customers to furnish information on topics such as Software advisories, known problem and solution summaries, product release notes, application notes, product descriptions, removal of an item from a product line, training class descriptions and schedules, bulletins about user group activity and the like.

(5) Versions Support: Customer acknowledges that, subject to Cadence's End Sale/End Support Process, Cadence will maintain only the most current version of the Licensed Materials. Cadence shall also maintain the last prior version of the Licensed Materials until the earlier of six (6) months from the release of each new version release, or termination of this Agreement.

(b) Customer's Responsibilities:

Customer shall:

(1) Notification: Notify Cadence promptly through Cadence's electronic problem reporting software available via SourceLink. If Customer does not receive Cadence's acknowledgment of its receipt of such report within four (4) PrimeShift hours, Customer shall promptly re-transmit such report.

(2) Access: If requested by Cadence, allow Cadence access to the Designated Equipment and communication facilities during the Prime Shift and subject to Customer's security and safety procedures and provide Cadence reasonable work space and other normal and customary facilities.

(3) Assistance: Provide Cadence with reasonable assistance as requested if Maintenance Services are performed on site at customer's facility and ensure that a Customer employee is present.

(4) Test Time: Provide sufficient support and test time on Customer's Designated Equipment to allow Cadence to duplicate an error and verify if it is due to Licensed Materials, and when corrections are complete, acknowledge that the error has been resolved.

(5) Standard of Care: Provide the same standard of care for the Licensed Materials that Customer applies to its own products or data or like value to its business and return any defective Licensed Materials or attest in writing to the destruction of same as directed by Cadence.

(6) Support: Promptly inform Cadence in writing if Customer develops interfaces to the Licensed Material, and provide such information as Cadence determines necessary to properly maintain the Licensed Material.

(7) Data Necessary: Provide data sufficient to enable Cadence to replicate a reported error on its own computers as the CRC.

(c) Excluded Services: Maintenance Services required in connection with or resulting from the following are excluded from this Agreement:

(1) abuse, misuse, accident or neglect; or, repairs, alterations, and/or modifications which are not permitted under this Agreement and which are performed by other than Cadence or its agents; or

(2) the relocation of Licensed Materials from one unit of Designated Equipment to another or from the Customer location; or making changes due to Customer's decision to reconfigure the Licensed Material or the system or network upon which it is installed; or

(3) maintenance, malfunction, modification of the Designated Equipment or its operating system; or

(4) Use of the Licensed Material on a hardware platform other than the Designated Equipment; or use of other than the most current or last prior release of the Licensed Material as specified in Section 9(a)(5); or

(5) Customer's failure to maintain configuration environment (i.e., memory disk capacity, operating system revision level, prerequisite or co-requisite items, etc.) specified in the Documentation or to supply adequate backups.

(d) Additional Services: If Cadence agrees to perform services requested by Customer which are not included as part of this Agreement, such services shall be billed to Customer at prices and terms to be agreed by the parties.

10. PROPRIETARY RIGHTS INDEMNITY

Cadence will defend at its own expense, or its option reimburse Customer for reasonable costs of defense, in connection with any legal action brought against Customer to the extent that it is based on a claim or allegation that any Software infringes a U.S. patent or copyright of any third party, and Cadence will pay any costs and damages finally awarded against Customer in any such action that are attributable to any such claim or incurred by Customer through settlement thereof, but shall not be responsible for any compromise made or expense incurred without its consent. However, such defense and payments are subject to the condition that Customer gives Cadence prompt written notice of such claim, allows Cadence to direct the defense and settlement of the claim, and cooperates with Cadence as necessary for defense and settlement of the claim. Should any Licensed Materials, or the operation thereof, become or in Cadence's opinion be likely to become, the subject of such claim, Cadence may, at Cadence's option and expense, procure for Customer the right to continue using the Licensed Materials, replace or modify the Licensed Materials so that they become non-infringing, or terminate the license granted hereunder for such Licensed Materials and refund to Customer the Fees (less a reasonable charge for the period during which Customer has had availability of such Licensed Materials for Use and of the Maintenance Services). Cadence will have no liability for any infringement claim to the extent it; (i) is based on modification of Licensed Materials other than by Cadence, with or without authorization; or (ii) results from failure of Customer to Use and Updated version of the Licensed Materials; or (iii) is based on the combination or Use of a Licensed Materials with any other

software, program or device not provided by Cadence if such infringement would not have arisen but for such use or combination; or (iv) results from compliance by Cadence with designs, plans or specifications furnished by Customer, or (v) is based on any products, devices, software or applications designed or developed through Use of the Licensed Materials. THE FOREGOING STATES CADENCE'S ENTIRE LIABILITY AND CUSTOMER'S EXCLUSIVE REMEDY FOR PROPRIETARY RIGHTS INFRINGEMENTS.

11. LIMITED WARRANTY

(a) Cadence warrants for thirty (30) days after shipment that the recording media by which the Licensed Materials are furnished is free of manufacturing defects and shipping damage if the media has been properly installed on the Designated Equipment. Cadence does not warrant that Licensed Materials will meet Customer's requirements or that Use of the Licensed Materials will be uninterrupted or error free. As Customer's exclusive remedy and Cadence's entire liability for breach of the warranty herein, Cadence will provide a replacement magnetic media containing the Licensed Materials ordered by Customer.

(b) EXCEPT AS PROVIDED ABOVE CADENCE MAKES NO WARRANTIES TO CUSTOMER WITH RESPECT TO THE LICENSED MATERIALS OR ANY SERVICE, ADVICE, OR ASSISTANCE FURNISHED HEREUNDER, AND NO WARRANTIES OF ANY KIND, WHETHER WRITTEN, ORAL, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR ARISING FROM COURSE OF DEALING OR USAGE IN TRADE SHALL APPLY.

12. LIMITATION OF LIABILITY

Cadence's cumulative liability to Customer for all claims of any kind resulting from Cadence's performance or breach of this Agreement or the Licensed Materials or Maintenance Services furnished hereunder shall not exceed, to the extent collected by Cadence, the Fees actually received by Cadence from Customer under a Product Quotation for the Licensed Materials or Maintenance Services which are the subject of such claim, regardless of whether Cadence has been advised of the possibility of such damages or whether any remedy set forth herein fails of its essential purpose or otherwise. **CADENCE SHALL NOT BE LIABLE FOR COSTS OF PROCUREMENT OF SUBSTITUTES, LOSS OF PROFITS, INTERRUPTION OF BUSINESS, OR FOR ANY OTHER SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES, HOWEVER CAUSED, WHETHER FOR BREACH OF WARRANTY, CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE.**

13. GENERAL PROVISIONS

13.1 NOTICES

Notices to Customer shall be sent to the address on the initial page and to Cadence at 2655 Seely Avenue, San Jose, California 95134 USA, Attn: Legal Department or such new address as a party specifies to the other in writing.

13.2 EXPORT

The Licensed Materials may not be exported without the prior written consent of Cadence. The Licensed Materials and all related technical information or materials are subject to export controls and (are or may be) licenseable under the U.S. Government export regulations. Customer will not export, re-export, divert, transfer or disclose, directly or indirectly the Licensed Materials and any related technical information or materials without complying strictly with all legal requirements including without limitation obtaining the prior approval of the U.S. Department of Commerce and, if necessary, other agencies or departments of the U.S. Government. Licensee will execute and deliver to Cadence such "Letters of Assurance" as may be required under applicable export regulations. Customer shall indemnify Cadence against any loss related to Customer's failure to conform to these requirements.

13.3 ASSIGNMENT

(a) No Assignment: Customer may not delegate, assign or transfer this Agreement, or any of its rights and obligations under this Agreement, and any attempt to do so shall be void. Customer agrees that this Agreement binds Customer and each of its affiliates and the employees, agents, representatives and persons associated with any of them. Without limitation of the foregoing, an assignment, delegation or transfer shall include, but not be limited to a sale of substantially all of the assets of Customer, a merger, a re-organization, or change in control of fifty percent (50%) or more of the equity of Customer (a "*Change in Control*"). No transfer, delegation or assignment (including, without limitation, an assignment by operation of law) of this Agreement may be made without the prior written consent of Cadence. Such prior written consent by Cadence may be withheld at Cadence's sole discretion. As used in this Agreement, assignment shall not include, and no consent shall be required, (1) if Customer raises additional capital through sale of equity (either privately or through a public offering) or debt instruments, provided that the additional equity issued does not result in a Change in Control, (2) if Customer changes its state of incorporation, or (3) if Customer reorganizes its corporate structure without a change in its equity structure.

(b) Assignment of License Fees: Cadence may sell or assign the Licensee Fees owing under this Agreement to third-parties ("*Assignee*"). Upon written notice to Customer that the right to the Licensee Fees hereunder has been assigned, in whole or in part, Customer shall, if requested, pay all assigned amounts directly to Assignee. Customer waives and agrees it will not assert against Assignee any abatement, set-off, claim, counterclaim,

adjustment, reduction, or defense it may have against Cadence for any reason, including, but not limited to, any claims that Cadence failed to perform under this Agreement or termination of this Agreement. Customer waives all rights to make any claim against Assignee for any loss or damage to the Licensed Materials or breach of any warranty, express or implied, as to any matter whatsoever, including but not limited to the Licensed Materials and service performance, functionality, features, merchantability or fitness for a particular purposes, or any indirect, incidental or consequential damages or loss of business.

(c) Obligations: In the event Cadence assigns the Fees due hereunder, Customer shall pay Assignee all Licensee Fees due and payable under this Agreement, but shall pursue any claims under this Agreement against Cadence. Except as provided in Section 5, neither Cadence nor its Assignees will interfere with Customer's quiet enjoyment or Use of the Licensed Materials in accordance with this Agreement's terms and conditions. Notwithstanding any assignment of the Fees by Cadence, Cadence shall remain obligated to perform all of its obligations under this Agreement.

13.4 U.S. GOVERNMENT CONTRACT PROVISIONS

This Agreement is for Customer's temporary acquisition of Licensed Materials for its internal Use. No Government procurement regulation or contract clauses or provision shall be deemed a part of any transaction between the parties under this Agreement unless its inclusion is required by law, or mutually agreed upon in writing by the parties in connection with a specific transaction. Customer acknowledges that Cadence represents that the Licensed Materials and Documentation consist of "commercial computer software" and "commercial computer software documentation" as such terms are defined in 48 C.F.R. 252.227-7014(a)(1) (JUN 1995) and such Licensed Materials are "commercial computer software" and "commercial computer software documentation" as such terms are used in 48 C.F.R. 12.212 (OCT 1995); that such Licensed Materials and Documentation constitute trade secrets of Cadence for all purposes of the Freedom on Information Act an dif provided to the Government for; (i) acquisition by or on behalf of civilian agencies, are provided in accordance with the policy set forth in 48 C.F.R. 12.212; or (ii) acquisition by or on behalf of units of the Department of Defense, in accordance with the policies set forth in 48 C.F.R. 227.7202-1 (JUN 1995) and 227.7202-3 (JUN 1995).

13.5 FORCE MAJEURE

Except for Customer's payment obligations pursuant to Section 4, neither party shall be liable to the other party for delay in performing its obligations, or failure to perform any such obligations under this Agreement, if the delay or failure results from circumstances beyond the reasonable control of the party, including but not limited to, any acts of God, governmental act, fire, explosion, accident, war, armed conflict or civil commotion.

13.6 WAIVER and SEVERABILITY

Failure by either party to enforce at any time any provision of this Agreement, or to exercise any election of options provide herein, shall not constitute a waiver of such provision or option, nor affect the validity of this Agreement or any part thereof, or the right of the waiving party to thereafter enforce each and every such provisions. If any provision of this Agreement is held invalid or unenforceable, the remainder of the Agreement shall continue in full force and effect.

13.7 GOVERNING LAW

The procedural and substantive laws of the State of California, U.S.A., without regard to its conflicts of laws principles, will govern this Agreement. Any action brought to enforce this Agreement or its terms shall be brought within the state or federal courts of Santa Clara County, California. The parties agree that the United Nations Conventions on Contracts for the International Sale of Goods (1980) is specifically excluded from and shall not apply to this Agreement.

13.8 ENTIRE AGREEMENT

This Agreement and the attachments hereto are the complete and exclusive statement of the agreement between the parties and supersede all proposals, oral or written, and all other communications between the parties relating to the subject matter of this Agreement. Only a written instrument duly executed by authorized representatives of Cadence and Customer may modify this Agreement.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE ENTERED INTO THIS AGREEMENT AS OF THE DATE OF AGREEMENT SET FORTH ABOVE.

CUSTOMER	**CADENCE DESIGN SYSTEMS, INC.**
By: /s/ Tim D. Semones	By: /s/ Michael J. Williams
Name: Tim D. Semones	Name: Michael J. Williams
Title: CFO	Title: VP and Associate General Counsel
Date: 6/29/07	Date: 6/29/07

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

REDACTED MATERIAL IS MARKED WITH ASTERISKS ("***").

PRODUCT QUOTATION

eDAcard

Attachment A to the Software License and Maintenance Agreement
SLMA-07INPH0629 ("Agreement")

eDAcard Platinum number:	**TDB**
Quotation Number:	**IJR062007**
Quotation Expiration Date:	**29-Jun-07**

Inphi Corporation ("CUSTOMER")
Tim Semones
2393 Townsgate Road, Suite 101
Westlake Village, CA 91361

CADENCE DESIGN SYSTEMS, INC.
2655 Seely Avenue
San Jose, California 95134

Attachment Effective Date: 29-Jun-07

Attachment Expiry Date: ***

eDA PLATINUM card		
eDAcard Activation Period		
Activation Period Effective Date:	29-Jun-07	
Activation Period Expiry Date:	***	
Termination Date:	***	
eDAcard Balance:		$7,000,000
eDAcard Site(s):		
Distribution of eDAcard Balance:		
The following authorized users & specific site(s) will be issued eDAcard(s) as indicated below		
Ed Miller – Westlake Village, CA 91361 $7,000,000 emiller@inphi-corp.com		
eDAcard WAN Premium: ***% LOCAL; ***% REGION; ***% MULTI-REGION		
eDAcard Platinum Discount Rate: ***%		
Note: All other Licensed Materials not listed in Addendum A may be drawn down as their respective list price less ***% discount.		
eDAcard Platinum number:	TBD	
eDAcard Fees		**$7,000,000**

Payment Terms	**Total**
Total Fees Due	$7,000,000

Payment Schedule

Payment	Invoice Date	Due Date	Total Amount
1	***	***	$ ***
2	***	***	$ ***
3	***	***	$ ***
4	***	***	$ ***
5	***	***	$ ***
6	***	***	$ ***
7	***	***	$ ***
8	***	***	$ ***
9	***	***	$ ***
10	***	***	$ ***
11	***	***	$ ***
12	***	***	$ ***
13	***	***	$ ***
14	***	***	$ ***
15	***	***	$ ***
16	***	***	$ ***
Total [USD]			$7,000,000

The parties hereby agree to the foregoing terms and conditions in addition to the terms and conditions attached hereto which are hereby incorporated by reference.

Inphi Corporation Initials TDS

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

REDACTED MATERIAL IS MARKED WITH ASTERISKS ("***").

Product Quotation
Terms and Conditions
For Floating Pool
eDAcard License Model

Customer and Cadence entered into a Fixed Term License Agreement (Agreement No. FTLA-00TCOM1218) on or about December 18, 2000 (**"FTLA"**) Customer and Cadence have also entered into the following Product Quotations: Product Quotation Attachment G effective August 31, 2005 (**"Attachment G "**), Product Quotation Attachment H effective September 26, 2006 (**"Attachment H"**), and Product Quotation Attachment J effective September 30, 2006 (**"Attachment J"**). The parties are entering into a new Software License and Maintenance Agreement (Agreement No. SLMA-07INPH0629) of even date herewith (**"Agreement"**), which will supersede the FTLA. Upon the Effective date of this Product Quotation Attachment (**"Attachment"**), the FLTA and Attachments G, H, J and all rights, duties and obligations thereunder (except those provisions that survive termination on their own terms, if any, will automatically terminate). Customer understands and agrees that its right to Use any Licensed Programs (as defined in the FLTA) licensed under Attachments G, & J shall immediately terminate upon the effective date of this Attachment, except that Customer shall have a reasonable period of time, not to exceed thirty (30) days, to transition from the license keys issued under Product Quotation Attachments G, & J to the license key issued under this Attachment. Customer understands and agrees that upon execution of this Attachment, the rights and obligations of the parties under Attachment H shall immediately terminate except for; (i) License Keys for Licensed Programs which have not yet expired the Use of which shall continue to be governed by the FTLA, and (ii) those provisions that survive termination on their own terms, if any. Customer understands and agrees that its right to select and Use any additional licensed Programs licensed under Attachment H is immediately terminated. Upon execution of this Attachment Customer shall make payment of $*** to Cadence in connection with termination of Attachments G, H, and J.

This Product Quotation Attachment ("Attachment") contains the terms and conditions for Customer's Use of Licensed Materials based upon Cadence's eDAcard Platinum license model. This Attachment is a Product Quotation as defined in the Software License and Maintenance Agreement ("Agreement") between the parties hereto.

A. eDAcard LICENSING MODEL

1. **Availability of Licensed Materials:** Cadence's eDAcard licensing model establishes a mechanism whereby Customer may access, select and Use Licensed Materials through Cadence's web site (**"eDAcard Web Site"**) during the eDAcard activation period. The activation period is defined as beginning on the Activation Period Effective Date and ending on the Activation Period Expiry Date (**"eDAcard Activation Period"**) as set forth on page 1 of this Attachment. Use of the Licensed Materials will be pursuant to the terms and conditions of the Agreement and this Attachment. A list of the available Licensed Materials can be viewed in the eDAcard Web Site. Licenses for the Licensed Materials, which includes Maintenance Services, can be selected for a pre-determined duration (i.e. weekly, monthly, quarterly, yearly or any combination thereof) (**"Term of Use"**). In no event, however, shall the Term of Use for any Licensed Materials licensed during the eDAcard Activation Period extend beyond the Attachment Expiry Date.

2. **Licensed Materials:** Under this Attachment Customer shall only use Licensed Materials available through the eDAcard Web Site.

3. **Accessibility of Licensed Materials:** Within the later of five (5) days after: (i) the Activation Period Effective Date or (ii) execution of this Attachment by Cadence, Cadence shall forward Customer an eDAcard number (**"eDAcard number"**) to those Customer employees who will be allowed to access the eDAcard Web Site (**"Authorized Users"**). Upon account activation, the Authorized Users will be issued individual login names and passwords (**"Authorized User ID"**) to be used in conjunction with the eDAcard Number. The Authorized User ID will allow the Authorized Users access to the Licensed Materials on the eDAcard Web Site. Following

the authorized Users selection of Licensed Materials over the eDAcard Web Site, the applicable Fees will be deducted from the eDAcard Balance set forth on page 1 of this Attachment. Customer shall be provided with instructions on how to obtain an authorization key for the Licensed Materials. The ability of the Authorized Users to access the eDAcard Web Site for the purpose of selecting additional Licensed Materials shall terminate on the earlier of: (i) the depletion of the eDAcard Balance; (ii) the Activation Period Expiry Date set forth on page 1 of this Attachment; (iii) termination of the Agreement pursuant to Section 5 thereof.

4. **eDAcard Balance:** The Fee structure for Use of the Licensed Materials implementing the eDAcard licensing model are set forth on the Cadence **eDAcard Datasheet** available on the eDAcard Web Site. The Fees are based upon the one year time-based license ("TBL") reference price. The Licensed Material price is then adjusted per the eDAcard rate table set forth in the eDAcard Datasheet based upon; (1) the type of Licensed Material licensed, and (2) the Term of Use. Finally, the applicable Customer discount is applied to arrive at the final Fee for the applicable Licensed Materials. The dollar value as set forth in the eDAcard Balance on page 1 of this Attachment represents the amount the Customer has allocated for selecting and Using Licensed Materials accessing the eDAcard Web Site. Upon selection of both the Licensed Materials and the Term of Use, the Fee shall be automatically calculated and debited from the remaining eDAcard Balance. Customer may continue to access the eDAcard Web Site for the purpose of selecting additional Licensed Materials until the eDAcard Balance is depleted. Customer shall forfeit any remaining portion of the eDAcard Balance not utilized during the eDAcard Activation Period. The one year reference (TBL) price for Licensed Materials and/or the eDAcard rate table may be modified at any time by Cadence.

5. **General Terms:** Customer is solely responsible for: (i) managing its Authorized User; and (ii) maintaining the security of all passwords, user IDs and access keys made available by Cadence. Customer acknowledges and agrees that any person who enters an Authorized User ID will be presumed by Cadence to be an Authorized User and have the power and authority to bind Customer to the terms of this Attachment and the Agreement. Cadence will not be under any obligation to verify the identity of any such person. Customer agreed that an order placed through the eDAcard Web Site is the equivalent of a signed Customer purchase order. Customer shall have the right to change, add, or delete Authorized Users upon prior written notice to Cadence. In no event are any licenses issued hereunder cancelable nor are any Fees payable hereunder refundable. Customer hereby waives any future challenge to the validity and enforceability of any order submitted via the eDAcard licensing model on the grounds that it was electronically transmitted and authorized. Customer is responsible for all costs and charges, including without limitation, phone charges and telecommunications equipment, incurred in order to use the eDAcard licensing model.

B. MAINTENANCE SERVICES

Maintenance Services are provided by Cadence during the Term of Use.

C. PAYMENT SCHEDULE

Customer shall remit payment for the Fees as set forth on the page 1 of this Attachment. Cadence shall provide an invoice approximately thirty (30) days prior to the scheduled payment date. Customer shall make payment to Cadence on or before the payment due date identified on page 1 of this Attachment. Notwithstanding the foregoing, in the event that the eDAcard Balance is depleted and the Term of Use for all Licensed Materials ends prior to the Activation Period Expiry Date, any remaining payments shall become due and payable immediately upon the expiration of the Term of Use for all Licensed Materials. Customer understands and agrees that the obligation to make payments hereunder is not contingent upon a purchase order being issued by Customer. If required by Cadence, the obligation to pay the Fees shall be additionally evidenced by an Installment Payment Agreement ("IPA") executed by Customer.

D. ELECTRONIC TRANSFER

Upon execution of the Electronic Transmission Agreement, all products under this Agreement will be shipped via electronic transfer per the terms and conditions of such Electronic transmission Agreement.

E. WIDE AREA NETWORK

Subject to Section 13.2 ("Export") of the Agreement between the parties hereto and payment of any applicable Fees, Customer is granted the right to allow its employees to remotely access the Licensed Materials through a wide area network ("WAN"). The Licensed Materials must be located on Designated Equipment within the same time zone (or Region(s) if Regional WAN rights are acquired) as such employees are located and must only be accessed by employees within such time zone or Region(s). Customer may select the following options for WAN rights at the time of acquiring the Licensed Materials under this Attachment: (1) "None (no WAN rights permitted), (2) "Local (WAN rights only permitted within the same time zone as the Designated Equipment, (3) "Region" (WAN rights only permitted within the specific Region selected), and (4) "Multi-Region" (WAN rights permitted in more than one Region as selected by Customer. Customer's WAN selection is specified on page 1 of this Attachment. The Regions for such WAN rights are: (i) the Americas, (2) Europe and Middle East, (3) India, and (4) Asia and Australia (excluding Japan).

The parties hereby agree to the foregoing terms and conditions.

INPHI CORPORATION		**CADENCE DESIGN SYSTEMS, INC.**	
By:	/s/ Tim D. Semones	By:	/s/ Michael J. Williams
Name:	Tim D. Semones	Name:	Michael J. Williams
Title:	CFO	Title:	VP & Associate General Counsel
Date:	6/29/07	Date:	6/29/07

Please return originals to:

Cadence Design Systems, Inc.
Attn: Michael J. Williams
VP & Associate General Counsel
2655 Seely Avenue
San Jose, CA 95134

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

REDACTED MATERIAL IS MARKED WITH ASTERISKS ("***").

Product Quotation

eDAcard

Attachment B to the Software License and Maintenance Agreement

SLMA-071NPH0629 ("Agreement")

eDAcard PLATINUM number: TBD

Quotation Number: INPH1 101111 DEW

Quotation Expiration Date: 15-Dec-10

Inphi Corporation ("CUSTOMER")	**Inphi Corporation**	**CADENCE DESIGN SYSTEMS, INC.**
Robb Johnson	**Ship-To Address: 100%**	**2655 Seely Avenue**
112 S. Lakeview Canyon Road, Suite 100	**112 S. Lakeview Canyon Road, Suite 100**	**San Jose, California 95134**
Westlake Village, CA 91362	**Westlake Village, CA 91362**	

Attachment Effective Date: **15-Dec-10**
Attachment Expiry Date: ***

eDAcard			
eDAcard Activation Period:			
Activation Period Effective Date:	15-Dec-10		
Activation Period Expiry Date:	***		
Termination Date:	***		
eDAcard Balance:			**$250,000**
eDAcard Site(s):			
Distribution of eDAcard Balance			
The following authorized users & specific(s) will be issued eDAcard(s) as indicated below.			
Robb Johnson – Westlake Village, CA 91362	$250,000	rjohnson@inphi-corp.com	
eDAcard WAN Premium: ***% LOCAL; ***% REGION; *** MULTI-REGION			
eDAcard Discount Rate: ***%			
Note: The Licensed Materials may be drawn down at their respective list price less a ***% discount except for the Licensed Materials listed in Addendum A.			
The Licensed Materials listed in Addendum A may be drawn down at their respective list price less the applicable discount set forth in Addendum A.			
eDAcard PLATINUM number:	TBD		
eDAcard Fees			**$250,000**

Payment Terms	**Total**
Total Fees Due	**$250,000**

Payment Schedule

Payment	Invoice Date	Due Date	Total Amount
1	***	***	$***
2	***	***	$***
3	***	***	$***
4	***	***	$***
Total [USD]			**$*****

The parties hereby agree to the foregoing terms and conditions
in addition to the terms and conditions attached hereto which are hereby incorporated by reference.

Production Quotation
Terms and Conditions
For Floating Pool
eDAcard License Model

This Product Quotation Attachment ("**Attachment**"), which is appended to the Software License and Maintenance Agreement referenced on page 1 of this Attachment ("**Agreement**"), contains the terms and conditions for Customer's Use of Licensed Materials based upon Cadence's **eDAcard Platinum** licensing model. This Attachment is a Product Quotation as defined in the Agreement. All capitalized terms not otherwise defined herein shall have the same meaning as ascribed to them in the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Attachment, the terms of the Agreement shall prevail.

A. eDAcard LICENSING MODEL

1. Availability of Licensed Materials: Cadence's eDAcard licensing model establishes a mechanism whereby Customer may access, select and Use Licensed Materials through Cadence's web site ("**eDAcard Web Site**") during the eDAcard activation period. The activation period is defined as beginning on the Activation Period Effective Date and ending on the Activation Period Expiry Date ("**eDAcard Activation Period**") as set forth on page 1 of this Attachment. Use of the Licensed Materials will be pursuant to the terms and conditions of the Agreement and this Attachment. A list of the available Licensed Materials can be viewed on the eDAcard Web Site. The Term of Use for licenses for the Licensed Materials, which includes Maintenance Services, can be selected for a pre-determined duration (i.e. weekly, monthly, quarterly, yearly or any combination thereof). In no event, however, shall the Term of Use for any Licensed Materials licensed during the eDAcard Activation Period extend beyond the Attachment Expiry Date.

2. **Licensed Materials**: Customer shall only Use Licensed Materials available through the eDAcard Web Site.

3. **Accessibility of Licensed Materials:** Within the later of five (5) days after: (i) the Activation Period Effective Date or, (ii) execution of this Attachment by Cadence. Cadence shall activate and forward an eDAcard number ("**eDAcard number**") to those Customer employees who will be allowed to access the eDAcard Web Site ("**Authorized Users**"). Upon account activation, the Authorized Users will be issued individual login names and passwords ("**Authorized User 1D**") to be used in conjunction with the eDAcard Number. The Authorized User ID will allow the Authorized Users access to the Licensed Materials on the eDAcard Web Site. Following the Authorized Users selection of Licensed Materials over the eDAcard Web Site, the applicable Fees will be deducted from the eDAcard Balance set forth on page I of this Attachment. Customer shall be provided with instructions on how to obtain an authorization key for the Licensed Materials. The ability of the Authorized Users to access the eDAcard Web Site for the purpose of selecting additional Licensed Materials shall terminate on the earlier of: (i) the depletion of the eDAcard Balance; (ii) the Activation Period Expiry Date set forth on page 1 of this Attachment; or (iii) termination of the Agreement pursuant to Section 5 (Term and Termination) thereof.

4. eDAcard Balance: The Fee structure for Use of the Licensed Materials implementing the eDAcard licensing model is set forth on the Cadence **eDAcard Datasheet** available on the eDAcard Web Site. The Fees are based upon the one year time-based license ("**TBL**") reference price. The Licensed Materials price is then adjusted per the eDAcard rate table set forth in the eDAcard Datasheet based upon: (1) the type of Licensed Materials licensed plus any applicable regional list price adjustments, and (2) the Term of Use. Finally, the applicable Customer discount is applied to arrive at the final Fee for the applicable Licensed Materials. The dollar value as set forth in the eDAcard Balance on page I of this Attachment represents the amount the Customer has allocated for selecting and Using Licensed Materials accessing the eDAcard Web Site. Upon selection of both the Licensed Materials and the Term of Use, the Fee shall be automatically calculated and debited from the remaining eDAcard Balance. Customer may continue to access the eDAcard Web Site for the purpose of selecting additional Licensed Materials until the eDAcard Balance is depleted. Customer shall forfeit any remaining portion of the eDAcard Balance not utilized during the eDAcard Activation Period. The TBL price for Licensed Materials and/or the eDAcard rate table may be modified at any time by Cadence.

5. General Terms: Customer is solely responsible for: (i) managing its Authorized Users; and (ii) maintaining the security of all passwords, user IDs and access keys made available by Cadence. Customer acknowledges and agrees that any person who enters an Authorized User ID will be presumed by Cadence to be an Authorized User and have the power and authority to bind Customer to the terms of this Attachment and the Agreement. Cadence will not be under any obligation to verify the identity of any such person. Customer agrees that an order placed through the eDAcard Web Site is the equivalent of a signed purchase order. Customer shall have the right to change, add, or delete Authorized Users upon prior written notice to Cadence. In no event are any licenses issued hereunder cancelable nor are any Fees payable hereunder refundable. Customer hereby waives any future challenge to the validity and enforceability of any order submitted via the eDAcard licensing model on the grounds that it was electronically transmitted and authorized. Customer is responsible for all costs and charges, including without limitation, phone charges and telecommunications equipment, incurred in order to use the eDAcard licensing model.

B. MAINTENANCE SERVICES

Maintenance Services are provided by Cadence during the Term of Use.

C. PAYMENT SCHEDULE

Customer shall remit payment for the Fees in accordance with the schedule set forth on page 1 of this Attachment. Notwithstanding the foregoing, in the event that the eDAcard Balance is depleted and the Term of Use for all Licensed Materials ends prior to the Activation Period Expiry Date, any remaining payments shall become due and payable immediately upon the expiration of the Term of Use for all Licensed Materials. Customer understands and agrees that the obligation to make payments hereunder is not contingent upon a purchase order being issued by Customer. If required by Cadence, the obligation to pay the Fees shall be additionally evidenced by an Installment Payment Agreement (" **IPA**") executed by Customer.

D. WIDE AREA NETWORK

Subject to Section 13.2 (Export) of the Agreement and payment of any applicable Fees, Customer is granted the right to allow its employees to remotely access the Licensed Materials through a wide area network (" **WAN**"). Customer may select the following options for WAN rights at the time of acquiring the Licensed Materials under this Attachment: (I) "None" (no WAN rights permitted), (2) "Local" (WAN rights only permitted within the same time zone as the Designated Equipment, or if outside the Americas, within the same country), (3) "Region" (WAN rights only permitted within the specific Region selected with access through Designated Equipment in the Region). and (4) "Multi-Region" (WAN rights permitted in more than one Region as selected by Customer). Customer's WAN selection will be determined at time of selection of the Licensed Materials. The available Regions for such Multi-Region WAN rights are: (1) the Americas, (2) Europe and Middle East, (3) India, and (4) Australia and Asia (excluding Japan).

The parties hereby agree to the foregoing terms and conditions.

CUSTOMER: INPHI CORPORATION	**CADENCE DESIGN SYSTEMS, INC.**
By: /s/ John S. Edmunds	By:
Name: John S. Edmunds	Name: Gabrielle L. Walker
Title: CFO	Title: Associate General Counsel
Date: 12/10/10	Date:

Please return originals to:

Cadence Design Systems, Inc.
Attn: Gabrielle L. Walker
Associate General Counsel
2655 Seely Avenue
San Jose, CA 95134

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

REDACTED MATERIAL IS MARKED WITH ASTERISKS ("***").

Addendum A To Attachment B

to the Software License and Maintenance Agreement SLMA-071NPHO629

3rd Party & Exception Product(s)	Discount(s)
72010; RET MaskWeaver Base Level	***%
72011: RET Scatter Bar OPC	***%
72014; RET Model-based OPC	***%
72015; RET ModelTuner	***%
72017; RET MaskWeaver MultiThreading	***%
72018; RET MaskWeaver Distributed Processing ModelServer Pack	***%
72019; RET CPL Gate Mask Synthesis	***%
72020; Virtuoso Phase Designer	***%
72021; RET DDL Gate Mask Synthesis	***%
72023; Virtuoso RET Analyser (VRA)	***%
72024; RET MaskWeaver Hitachi 700 Fracture Option	***%
72025; RET MaskWeaver Hitachi HL-800 Fracture Option	***%
72026; RET MaskWeaver Hitachi HL-950 Fracture Option	***%
72027; RET MaskWeaver VSB1 1 Fracture Option	***%
72030; RET LithoCruiser with GUI Option	***%
72031; RET LithoCruiser without GUI Option	***%
72032; RET LithoCruiser AutoRuleOPC	***%
72034; Virtuoso RET Designer (VRD)	***%
72035; Virtuoso RET Designer -DP (VRD-DP)	***%
72036; Virtuoso RET Verifier	***%
72037; Virtuoso RET Verifier DP (VRV DP)	***%
72039; Virtuoso(R) RET Imager	***%
CPS100; Cadence InCyte Chip Estimator L	***%
CPS200; Cadence InCyte Chip Estimator XL	***%
CPS200UG1; Upgrade from Cadence InCyte Chip Estimator L to XL	***%
PA1220; Allegro(R) Design Publisher - XL	***%
PA8210; Allegro FPGA System Planner - L	***%
PA8215; Allegro FPGA System Planner Two FPGA Option - L	***%
PA8610; Allegro FPGA System Planner - XL	***%
PA8610UG1; Upgrade from PA8210 to PA8610	***%
PA8610UG2; Upgrade from PA8210 + PA8215 to PA8610	***%
PA8630; Allegro FPGA System Planner - GXL	***%
PA8630UG1; Upgrade from PA8610 to PA8630	***%

Inphi Corporation

Initials: JSE

CONFIDENTIAL MATERIAL REDACTED AND FILED SEPARATELY WITH THE COMMISSION.

REDACTED MATERIAL IS MARKED WITH ASTERISKS ("***").

Product Quotation

eDAcard

Attachment C to the Software License and Maintenance Agreement

SLMA-071NPH0629 ("Agreement")

eDAcard PLATINUM number: TBD

Quotation number: INPH1_101111_DEW

Quotation Expiration Date: 31-Dec-10

Inphi Corporation ("CUSTOMER") Robb Johnson 112 S. Lakeview Canyon Road. Suite 100 Westlake Village, CA91362	Inphi Corporation Ship-To Address: 79% 112 S. Lakeview Canyon Road. Suite 100 Westlake Village, CA91362	Inphi Corporation Bill-To Address: 112 S. Lakeview Canyon Road. Suite 100 Westlake Village, CA91362	Cadence Design Systems, Inc. 2655 Seely Avenue San Jose, CA 94234

Attachment Effective Date: 30-June-11
Attachment Expiry Date: ***

eDAcard PLATINUM		
eDAcard Activation Period:		
Activation Period Effective Date	30-Jun-11	
Activation Period Expiry date:	***	
Termination Date:	***	$5,000,000
eDAcard Balance:		
eDAcard Site(s):		
Distribution of eDAcard Balance:		
The following authorized users & specific site(s) will be issued eDAcard(s) as indicated below:		
Robb Johnson – Wesstlake Village, CA 91362	$5,000,000	rjohnson@inphi-corp.com
	eDAcard WAN Premium ***% LOCAL:***% REGION, ***% MULTI-REGION	
	eDAcard Discount Rate: ***%	
Note:	The Licensed Materials may be drawn down at their respective list price less ***% discount except for the Licensed Materials listed in Addendum A.	
	The Licensed Materials Listed in Addendum A may be drawn down at their respective list price less the applicable discount set forth in Addendum A.	
eDAcard PLATINUM number	TBD	$5,000,000
eDAcard Fees		

Payment Terms	Total
Total Fees Due	$5,000,000

Payment Schedule

Payment	Invoice Date	Due Date	Total Amount
1	***	***	$***
2	***	***	$***
3	***	***	$***
4	***	***	$***
5	***	***	$***
6	***	***	$***
7	***	***	$***
8	***	***	$***
9	***	***	$***
10	***	***	$***
Total [USD]			$***

Additional Ship-To addresses provided by CUSTOMER with estimated percentage expected Use:
3945 Freedom Circle Suite 11D, Santa Clara, CA 95054 21%

The parties hereby agree to the foregoing terms and conditions
In addition to the terms and conditions attached hereto which are hereby incorporated by reference.

Inphi Corporation
Initials: JSE

Product Quotation
Terms and Conditions
For Floating Pool
eDAcard License Model

This Product Quotation Attachment ("**Attachment**"), which is appended to the Software License and Maintenance Agreement referenced on page 1 of this Attachment ("**Agreement**"), contains the terms and conditions for Customer's Use of Licensed Materials based upon Cadence's **eDAcard Platinum** licensing model. This Attachment is a Product Quotation as defined in the Agreement. All capitalized terms not otherwise defined herein shall have the same meaning as ascribed to them in the Agreement. In the event of any conflict between the terms of the Agreement and the terms of this Attachment, the terms of the Agreement shall prevail.

A. eDAcard LICENSING MODEL

1. Availability of Licensed Materials: Cadence's eDAcard licensing model establishes a mechanism whereby Customer may access, select and Use Licensed Materials through Cadence's web site ("**eDAcard Web Site**") during the eDAcard activation period. The activation period is defined as beginning on the Activation Period Effective Date and ending on the Activation Period Expiry Date ("**eDAcard Activation Period**") as set forth on page 1 of this Attachment. Use of the Licensed Materials will be pursuant to the terms and conditions of the Agreement and this Attachment. A list of the available Licensed Materials can be viewed on the eDAcard Web Site. The Term of Use for licenses for the Licensed Materials, which includes Maintenance Services, can be selected for a pre-determined duration (i.e. weekly, monthly, quarterly, yearly or any combination thereof). In no event, however, shall the Term of Use for any Licensed Materials licensed during the eDAcard Activation Period extend beyond the Attachment Expiry Date.

2. Licensed Materials: Customer shall only Use Licensed Materials available through the eDAcard Web Site.

3. Accessibility of Licensed Materials: Within the later of five (5) days after: (i) the Activation Period Effective Date or, (ii) execution of this Attachment by Cadence, Cadence shall activate and forward an eDAcard number ("**eDAcard number**") to those Customer employees who will be allowed to access the eDAcard Web Site ("**Authorized Users**"). Upon account activation, the Authorized Users will be issued individual login names and passwords ("**Authorized User ID**") to be used in conjunction with the eDAcard Number. The Authorized User ID will allow the Authorized Users access to the Licensed Materials on the eDAcard Web Site. Following the Authorized Users selection of Licensed Materials over the eDAcard Web Site, the applicable Fees will be deducted from the eDAcard Balance set forth on page 1 of this Attachment. Customer shall be provided with instructions on how to obtain an authorization key for the Licensed Materials. The ability of the Authorized Users to access the eDAcard Web Site for the purpose of selecting additional Licensed Materials shall terminate on the earlier of: (i) the depletion of the eDAcard Balance; (ii) the Activation Period Expiry Date set forth on page 1 of this Attachment; or (iii) termination of the Agreement pursuant to Section 5 (Term and Termination) thereof.

4. eDAcard Balance: The Fee structure for Use of the Licensed Materials implementing the eDAcard licensing model is set forth on the Cadence **eDAcard Datasheet** available on the eDAcard Web Site. The Fees are based upon the one year time-based license ("**TBL**") reference price, The Licensed Materials price is then adjusted per the eDAcard rate table set forth in the eDAcard Datasheet based upon: (1) the type of Licensed Materials licensed plus any applicable regional list price adjustments, and (2) the Term of Use. Finally, the applicable Customer discount is applied to arrive at the final Fee for the applicable Licensed Materials. The dollar value as set forth in the eDAcard Balance on page 1 of this Attachment represents the amount the Customer has allocated for selecting and Using Licensed Materials accessing the eDAcard Web Site. Upon selection of both the Licensed Materials and the Term of Use, the Fee shall be automatically calculated and debited from the remaining eDAcard Balance. Customer may continue to access the eDAcard Web Site for the purpose of selecting additional Licensed Materials until the eDAcard Balance is depleted. Customer shall forfeit any remaining portion of the eDAcard Balance not utilized during the eDAcard Activation Period. The TBL price for Licensed Materials and/or the eDAcard rate table may be modified at any time by Cadence.

5. General Terms: Customer is solely responsible for: (i) managing its Authorized Users; and (ii) maintaining the security of all passwords, user IDs and access keys made available by Cadence. Customer acknowledges and

agrees that any person who enters an Authorized User ID will be presumed by Cadence to be an Authorized User and have the power and authority to bind Customer to the terms of this Attachment and the Agreement. Cadence will not be under any obligation to verify the identity of any such person. Customer agrees that an order placed through the eDAcard Web Site is the equivalent of a signed purchase order. Customer shall have the right to change, add, or delete Authorized Users upon prior written notice to Cadence. In no event are any licenses issued hereunder cancelable nor are any Fees payable hereunder refundable. Customer hereby waives any future challenge to the validity and enforceability of any order submitted via the eDAcard licensing model on the grounds that it was electronically transmitted and authorized. Customer is responsible for all costs and charges, including without limitation, phone charges and telecommunications equipment, incurred in order to use the eDAcard licensing model.

B. MAINTENANCE SERVICES

Maintenance Services are provided by Cadence during the Term of Use.

C. PAYMENT SCHEDULE

Customer shall remit payment for the Fees in accordance with the schedule set forth on page 1 of this Attachment. Notwithstanding the foregoing, in the event that the eDAcard Balance is depleted and the Term of Use for all Licensed Materials ends prior to the Activation Period Expiry Date, any remaining payments shall become due and payable immediately upon the expiration of the Term of Use for all licensed Materials. Customer understands and agrees that the obligation to make payments hereunder is not contingent upon a purchase order being issued by Customer. If required by Cadence, the obligation to pay the Fees shall be additionally evidenced by an Installment Payment Agreement (" **IPA**") executed by Customer.

D. WIDE AREA NETWORK

Subject to Section 13.2 (Export) of the Agreement and payment of any applicable Fees, Customer is granted the right to allow its employees to remotely access the Licensed Materials through a wide area network (" **WAN**"). Customer may select the following options for WAN rights at the time of acquiring the Licensed Materials under this Attachment: (1) "None" (no WAN rights permitted), (2) "Local" (WAN rights only permitted within the same time zone as the Designated Equipment, or if outside the Americas, within the same country), (3) "Region" (WAN rights only permitted within the specific Region selected with access through Designated Equipment in the Region), and (4) "Multi-Region" (WAN rights permitted in more than one Region as selected by Customer). Customer's WAN selection will be determined at time of selection of the Licensed Materials. The available Regions for such Multi-Region WAN rights are: (1) the Americas, (2) Europe and Middle East, (3) India, and (4) Australia and Asia (excluding Japan).

The parties hereby agree to the foregoing terms and conditions.

CUSTOMER: Inphi Corporation	**CADENCE DESIGN SYSTEMS, INC.**
By: /s/ John S. Edmunds	By:
Name: John S. Edmunds	Name: Gabrielle L. Walker
Title: CFO	Title: Associate General Counsel
Date: 12/22/10	Date:

Cadence Design Systems (Ireland) Ltd.
Block P3, East Point Business Park,
Fairview, Dublin 3, Ireland

By: _____

Name: _____

Title: _____

Date: _____

Please return originals to:

Cadence Design Systems, Inc.
Attn: Gabrielle L. Walker
Associate General Counsel
2655 Seely Avenue
San Jose, CA 95134

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-170629) of Inphi Corporation of our report dated March 4, 2011 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California

March 4, 2011

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Young K. Sohn, certify that:

1. I have reviewed this annual report on Form 10-K of Inphi Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2011

/s/ Young K. Sohn

Young K. Sohn
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, John Edmunds, certify that:

1. I have reviewed this annual report on Form 10-K of Inphi Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 4, 2011

/s/ John Edmunds

John Edmunds
Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer)

EXHIBIT 32.1

SECTION 906 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Young K. Sohn, the chief executive officer of Inphi Corporation (the "Company"), certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to my knowledge:

(i) The Annual Report of the Company on Form 10-K for the annual period ended December 31, 2010 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 4, 2011

/s/ Young K. Sohn

Young K. Sohn
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

SECTION 906 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, John Edmunds, the chief financial officer of Inphi Corporation (the "Company"), certify for the purposes of section 1350 of chapter 63 of title 18 of the United States Code that, to my knowledge:

(i) The Annual Report of the Company on Form 10-K for the annual period ended December 31, 2010 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 4, 2011

/s/ John Edmunds

John Edmunds
Chief Financial Officer and Chief Accounting Officer
(Principal Financial Officer)