

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

FORM 8-K

Current Report

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): March 25, 2013

U.S. AUTO PARTS NETWORK, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation
or organization)

001-33264
(Commission
file number)

68-0623433
(I.R.S. Employer
Identification Number)

16941 Keegan Avenue, Carson, CA 90746
(Address of principal executive offices) (Zip Code)

(310) 735-0092
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On March 25, 2013, U.S. Auto Parts Network, Inc. (the “Company”) entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain accredited investors (the “Purchasers”) pursuant to which the Company agreed to sell up to an aggregate of 4,149,997 shares (the “Shares”) of its Series A Convertible Preferred Stock, \$0.001 par value per share (the “Series A Preferred”), in one or more closings and at a purchase price per Share of \$1.45 for aggregate proceeds to the Company over all closings of approximately \$6.0 million, subject to the satisfaction of customary closing conditions. Robert J. Majteles, the Company’s Chairman of the Board, and Fredric W. Harman and Sol Khazani, each also a current director of the Company, are Purchasers or affiliated with one or more of the Purchasers and the Company’s entering into the Purchase Agreement and the transactions contemplated thereby was approved by a special committee comprised of disinterested members of the Company’s Board of Directors.

At the initial closing on March 25, 2013, the Company sold 3,999,997 Shares for aggregate proceeds to the Company of approximately \$5.8 million. The Company may hold additional closings within 90 days of the date of the Purchase Agreement to sell the remaining 150,000 Shares to Purchasers under the Purchase Agreement. The Company will use the net proceeds from the sale of the Shares to reduce its revolving borrowings (without any permanent reduction in the related loan commitments) under the Credit Agreement previously entered into by the Company, certain of its wholly-owned domestic subsidiaries and JPMorgan Chase Bank, N.A. (“JP Morgan”) on April 26, 2012 (the “Credit Agreement”).

The Purchase Agreement includes representations, warranties and covenants customary for a transaction of this type. The Shares will be sold pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder. In accordance with the terms of the Purchase Agreement, at each closing the Company will deliver a certificate representing the number of Shares purchased by each Purchaser, which delivery shall be against payment of the purchase price by each such Purchaser by wire transfer of immediately available funds to the Company.

The terms of the Purchase Agreement also provide that the Company will file a “resale” registration statement (the “Registration Statement”) within 45 days of the initial closing covering 4,149,997 shares of the Company’s Common Stock (the “Common Stock”) initially issuable upon conversion of all Shares authorized for sale pursuant to the Purchase Agreement and up to 900,000 additional shares of Common Stock that may be issued as dividends on the Shares (collectively, the “Registrable Shares”). If any Registrable Shares are unable to be included on the Registration Statement, the Company has agreed to file subsequent registration statements to register the remaining Registrable Shares. The Company is obligated to maintain the effectiveness of the “resale” registration statement with respect to any Registrable Shares until (i) such time as such Registrable Shares have been resold, or (ii) such time as such Registrable Shares no longer remain “Registrable Shares” pursuant to the terms of the Purchase Agreement.

On March 25, 2013, the Company filed a Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock (the “Certificate of Designation”) with the Secretary of State of the State of Delaware, authorizing 4,149,997 shares of Series A Preferred and establishing the rights, preferences, privileges and obligations thereof. Each share of Series A Preferred is initially convertible into shares of the Common Stock at a fixed conversion price of \$1.45 per share. The conversion price will be adjusted for certain non-price based events, such as dividends and distributions on the Common Stock, stock splits, combinations, recapitalizations, reclassifications, mergers, or consolidations. If not previously converted, the Series A Preferred will automatically convert to Common Stock if the volume weighted average price for the Common Stock for any 30 consecutive trading days is equal to or exceeds \$4.35 per share. In the event of a Liquidation Event (as defined in the Certificate of Designation) the Series A Preferred is entitled to receive, prior and in preference to any distribution to the Common Stock, an amount per share equal to \$1.45 per share of Series A Preferred, plus all then accrued but unpaid dividends on such Series A Preferred. Dividends on the Series A Preferred are payable quarterly at a rate of \$0.058 per share per annum in cash, in shares of Common Stock or in any combination of cash and Common Stock as determined by the Company’s Board of Directors. Certain conditions are required to be satisfied in order for the Company to pay dividends on the Series A Preferred in shares of Common Stock, including (i) the Common Stock being registered pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934, as amended, (ii) the Common Stock being issued having been approved for listing on a trading market and (iii) the Common Stock being issued either being covered by an effective registration statement or being freely tradable without restriction under Rule 144 (subject to certain exceptions). The Series A Preferred shall each be entitled to one vote per share for each share of Common Stock issuable upon conversion thereof (excluding from any such calculation any dividends accrued on such shares) and shall vote together with the holders of Common Stock as a single class on any matter on which the holders of Common Stock are entitled to vote. In addition, the Company must obtain the consent of holders of at least a majority of the then outstanding Series A Preferred in connection with (a) any amendment, alteration or repeal of any provision of the certificate of incorporation or bylaws of the Company as to adversely affect the preferences, rights or voting power of the Series A Preferred, or (b) the creation, authorization or

issuance of any additional Series A Preferred or any other class or series of capital stock of the Company ranking senior to or on parity with the Series A Preferred or any security convertible into, or exchangeable or exercisable for Series A Preferred or any other class or series of capital stock of the Company ranking senior to or on parity with the Series A Preferred. The Certificate of Designation may only be amended with the consent of the Company and the holders of a majority of the outstanding shares of Series A Preferred except that any amendment to the dividends payable on the Series A Preferred, the number of shares of Common Stock issuable upon conversion of each share of Series A Preferred or the conversion price of the Series A Preferred shall require the written consent of all holders of the outstanding shares of Series A Preferred.

In order to effect the transactions contemplated by the offering described above, concurrent with the execution of the Purchase Agreement, the Company, certain of its wholly-owned domestic subsidiaries and JPMorgan entered into a Second Amendment to Credit Agreement (the "Credit Agreement Amendment") amending the Credit Agreement to, among other things, allow the Company to pay cash dividends on the Series A Preferred in an aggregate amount of up to \$400,000 per year and pay cash dividends in lieu of issuing fractional shares upon conversion of or in payment of dividends on the Series A Preferred, each subject to certain restrictions set forth in the Credit Agreement Amendment but without having to satisfy certain other conditions that would have otherwise applied to the payment of such dividends.

The foregoing summaries of the rights, preferences, privileges and obligations of the Series A Preferred, the Purchase Agreement and the Credit Agreement Amendment do not purport to be complete and are qualified in their entirety by reference to the full text of the Certificate of Designation, the Purchase Agreement and the Credit Agreement Amendment, which are filed as Exhibits 3.1, 10.1 and 10.2 to this Current Report, respectively, and are incorporated herein by reference. The press release announcing the transactions contemplated hereby is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to the unregistered sale of equity securities is incorporated by reference into this Item 3.02.

Item 3.03 Material Modification to Rights of Security Holders.

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to the filing of the Certificate of Designation and the issuance of Series A Preferred is incorporated by reference into this Item 3.03.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The information set forth in Item 1.01 of this Current Report on Form 8-K that relates to the filing of the Certificate of Designation is incorporated by reference into this Item 5.03.

Forward-Looking Statements

Statements in this Current Report on Form 8-K that are not strictly historical in nature constitute "forward-looking statements." Such statements include, but are not limited to, the Company's issuance of securities, the amount of proceeds from the offering and the closing of the offering. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from any results expressed or implied by such forward-looking statements. For example, there are risks associated with investors fulfilling their obligations to purchase the securities and the Company's ability to satisfy its conditions to close the offering. Risk factors related to the Company and its business are discussed under "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 29, 2012 and other filings with the SEC. Except as required by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock of U.S. Auto Parts Network, Inc.
10.1	Securities Purchase Agreement dated March 25, 2013 by and among U.S. Auto Parts Network, Inc. and the Purchasers listed therein
10.2	Second Amendment to Credit Agreement dated as of March 25, 2013 by and between U.S. Auto Parts Network, Inc., certain of its wholly-owned domestic subsidiaries and JPMorgan Chase Bank, N.A.
99.1	Press Release dated March 25, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

U.S. Auto Parts Network, Inc.

Dated: March 25, 2013

By: _____ /s/ Bryan P. Stevenson

Name: **Bryan P. Stevenson**

Title: **VP, General Counsel**

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock of U.S. Auto Parts Network, Inc.
10.1	Securities Purchase Agreement dated March 25, 2013 by and among U.S. Auto Parts Network, Inc. and the Purchasers listed therein
10.2	Second Amendment to Credit Agreement dated as of March 25, 2013 by and between U.S. Auto Parts Network, Inc., certain of its wholly-owned domestic subsidiaries and JPMorgan Chase Bank, N.A.
99.1	Press Release dated March 25, 2013

U.S. AUTO PARTS NETWORK, INC.

CERTIFICATE OF DESIGNATION, PREFERENCES AND RIGHTS
OF THE SERIES A CONVERTIBLE PREFERRED STOCK

Pursuant to Section 151(g) of the General Corporation Law of the State of Delaware and Article IV of the Second Amended and Restated Certificate of Incorporation (the "*Certificate of Incorporation*") of U.S. Auto Parts Network, Inc. (the "*Corporation*"):

I, Shane Evangelist, Chief Executive Officer of the Corporation, organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors of the Corporation (the "*Board*") by Article IV of the Certificate of Incorporation, the Board (or a duly authorized committee thereof) on March 24, 2013 adopted the following resolution creating a series of 4,149,997 shares of Preferred Stock designated as "Series A Convertible Preferred Stock":

RESOLVED, that pursuant to the authority vested in the Board in accordance with the provisions of Article IV of the Certificate of Incorporation, a series of preferred stock of the Corporation, par value \$0.001 per share ("*Preferred Stock*"), be, and it hereby is, created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of each such series, and the qualifications, limitations or restrictions thereof are as follows:

A. 4,149,997 of the authorized shares of Preferred Stock are hereby designated "Series A Convertible Preferred Stock" (the "*Series A Preferred*").

B. The Series A Preferred shall rank (i) senior in right of dividends and liquidation, as set forth more fully below, to the common stock, par value \$0.001 per share, of the Corporation ("*Common Stock*") and each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks junior in right of dividends and liquidation to the Series A Preferred ("*Junior Securities*"), (ii) on parity with each other class or series of securities of the Corporation, whether currently issued or issued in the future, that does not by its terms expressly provide that it ranks senior or junior in right of dividends and liquidation to the Series A Preferred ("*Parity Securities*") and (iii) rank junior to each other class or series of securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks senior in right of dividends and liquidation to the Series A Preferred ("*Senior Securities*").

C. In addition to the terms defined elsewhere in this Certificate of Designation, the terms set forth in **Exhibit A** hereto have the meanings indicated therein.

D. The rights, preferences, privileges, restrictions and other matters relating to the Series A Preferred are as follows:

1. DIVIDEND RIGHTS.

a. Each holder of Series A Preferred (each a “**Holder**”) shall be entitled to receive, out of funds legally available therefor, and the Corporation shall pay, cumulative dividends on the Series A Preferred at the rate per share of \$0.058 per annum (as adjusted for any stock split of the Series A Preferred, stock combination of the Series A Preferred or other similar transaction of the Series A Preferred), payable quarterly in arrears commencing on June 30, 2013 and thereafter on each September 30, December 31 and March 31, except if such date is not a Trading Day, in which case such dividend shall be payable on the next succeeding Trading Day (each, a “**Dividend Payment Date**”). Dividends on the shares of Series A Preferred shall be calculated on the basis of a 365-or 366-day year, as applicable, shall accrue daily commencing on the Original Issue Date of the applicable shares of Series A Preferred until the date when such shares are no longer outstanding, and shall be deemed to accrue with respect to such shares from such date whether or not earned or declared and whether or not there are profits, surplus or other funds of the Corporation legally available for the payment of dividends.

b. Subject to the conditions and limitations set forth below, the Corporation may, at its sole and absolute discretion, pay dividends required pursuant to Section 1(a) at each Dividend Payment Date to any Holder (i) in Common Stock or (ii) in cash or (iii) in some combination of Common Stock and cash, and subject to such conditions and limitations, may pay different Holders different amounts of Common Stock and cash per share of Series A Preferred. The Corporation must deliver written notice (the “**Dividend Notice**”) to each Holder indicating the manner in which it intends to pay dividends to such Holder at least 20 Trading Days prior to each Dividend Payment Date, but the Corporation may indicate in any such notice that the election contained therein shall continue for subsequent Dividend Payment Dates until revised. Failure to timely provide such written notice shall be deemed an election by the Corporation to pay the dividend in cash. For purposes of determining the dividends payable to each Holder on each Dividend Payment Date, the Corporation shall aggregate all shares of Series A Preferred held by such Holder. In no event shall the Corporation be required to issue or cause to be issued fractional shares of Common Stock to any Holder in payment for dividends.

c. Notwithstanding the foregoing, the Corporation shall not, without the prior approval of its stockholders as required pursuant to The NASDAQ Global Market, be permitted to pay dividends pursuant to Section 1(a) or pay Conversion Dividends pursuant to Section 4(a) or (b) in Common Stock to any Holder that, together with such Holder’s Affiliates and any other persons acting as a group together with such Holder and any of such Holder’s Affiliates, (i) immediately prior to the applicable Dividend Payment Date, Conversion Date or Automatic Conversion Date, as applicable, does not beneficially own more than 19.99% of the outstanding shares of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market), if as a result of such issuance of Common Stock, such Holder (together with such Holder’s Affiliates and any other persons acting as a group together with

such Holder's and any of such Holder's Affiliates) would beneficially own more than 19.99% of the outstanding shares of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) immediately after giving effect to the issuance of such Common Stock, (ii) immediately prior to the applicable Dividend Payment Date, Conversion Date or Automatic Conversion Date, as applicable, beneficially owns more than 19.99% of the outstanding shares of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market), if such Holder (together with such Holder's Affiliates and any other persons acting as a group together with such Holder and any of such Holder's Affiliates) is not the largest beneficial owner of the Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) immediately prior to the applicable Dividend Payment Date, Conversion Date or Automatic Conversion Date, as applicable, but, as a result of such issuance of Common Stock to such Holder, such Holder (together with such Holder's Affiliates and any other persons acting as a group together with such Holder's and any of such Holder's Affiliates) would (X) become the largest beneficial owner of the Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) immediately after giving effect to the issuance of such Common Stock or (Y) become the beneficial owner of a number of shares of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) immediately after giving effect to the issuance of such Common Stock which, had such Common Stock been received by such Holder as of the date such Holder entered into its binding commitment to purchase the Series A Preferred, would have caused such Holder to become the largest beneficial owner of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) as of such earlier date, or (iii) immediately prior to the applicable Dividend Payment Date, Conversion Date or Automatic Conversion Date, as applicable, is the beneficial owner of more than 19.99% of the outstanding shares of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) if (A) as of the date such Holder entered into its binding commitment to purchase the Series A Preferred, such Holder (together with such Holder's Affiliates and any other persons acting as a group together with such Holder's and any of such Holder's Affiliates) did not beneficially own more than 19.99% of the outstanding shares of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) and (B) either (u) such Holder is immediately prior to the applicable Dividend Payment Date, Conversion Date or Automatic Conversion Date, as applicable, the largest beneficial owner of Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) or (v) such Holder would become the largest beneficial owner of the Common Stock (as such ownership is calculated pursuant to the rules of The NASDAQ Global Market) immediately after giving effect to the issuance of such Common Stock. Immediately following the date (if ever) that the Corporation obtains the requisite stockholder approval required pursuant to The NASDAQ Global Market (which the Corporation may seek to obtain in its sole discretion and is not obligated to seek to obtain), the restrictions in this Section 1(c) shall terminate and be of no further force or effect.

d. Notwithstanding the foregoing, the Corporation may not, with respect to dividends other than Conversion Dividends, without the prior approval of its stockholders as required pursuant to The NASDAQ Global Market, elect to pay such dividends

by issuing Common Stock to any Holder unless the Dividend Conversion Price to be used in calculating the number of shares of Common Stock issuable in payment of such dividend is at least equal to the Consolidated Bid Price; *provided*, that if the Corporation is prohibited from paying such dividends by issuing Common Stock, it shall, subject to the conditions and limitations set forth herein, pay such dividends in cash. Immediately following the date (if ever) that the Corporation obtains the requisite stockholder approval required pursuant to The NASDAQ Global Market (which the Corporation may seek to obtain in its sole discretion and is not obligated to seek to obtain), the restrictions in this Section 1(d) shall terminate and be of no further force or effect.

e. With respect to dividends other than Conversion Dividends, in the event that the Corporation elects to pay dividends in shares of Common Stock, and is permitted to do so pursuant to Sections 1(c), (d) and (h), the number of shares of Common Stock to be issued to each applicable Holder as such dividend shall be (i) determined by dividing the total dividend then being paid to such Holder in shares of Common Stock by the Dividend Conversion Price as of the applicable Dividend Payment Date, and rounding down to the nearest whole share, and (ii) paid to such Holder in accordance with Section 1(f) below (together with, subject to Section 1(g), for any fraction of a share of Common Stock that would otherwise be issuable upon the issuance of shares of Common Stock in payment of such dividend, an amount in cash equal to the product of such fraction multiplied by the Dividend Conversion Price on the applicable Dividend Payment Date).

f. In the event that any dividends, including Conversion Dividends, are paid in Common Stock the Corporation shall, on or before the third Trading Day following the applicable Dividend Payment Date, (i) credit the number of shares of Common Stock to which such Holder shall be entitled based on the dividend being paid in Common Stock to such Holder's or its designee's balance account with The Depository Trust Corporation ("*DTC*") through its Deposit Withdrawal Agent Commission System, or (ii) in the event that clause (i) is not applicable, issue and deliver to each applicable Holder a certificate, registered in the name of such Holder or its designee, for the number of shares of Common Stock to which such Holder shall be entitled.

g. In the event that (i) the payment of dividends in cash (including in payment of any fractional shares of Common Stock otherwise issuable in payment of any dividend) would cause the Corporation to breach any agreement to which it is then a party or would cause the Corporation to violate any applicable law or regulation or order and (ii) the Corporation is prohibited from paying dividends in Common Stock pursuant to the restrictions set forth in Section 1(c), (d) or (h), then any dividend otherwise due and payable by the Corporation (including in payment of any fractional shares of Common Stock otherwise issuable in payment of any dividend) on a Dividend Payment Date, Conversion Date or Automatic Conversion Date that cannot be satisfied by the Corporation on such Dividend Payment Date, Conversion Date or Automatic Conversion Date shall not be required to be paid by the Corporation on such Dividend Payment Date, Conversion Date or Automatic Conversion Date and shall be payable on the first Dividend Payment Date following the earlier applicable

Dividend Payment Date, Conversion Date or Automatic Conversion Date that the Corporation shall be able to pay such dividends in either cash or in Common Stock without so breaching any such agreement, violating any applicable law or regulation or order, or violating any of the restrictions set forth in Section 1(c), (d) or (h).

h. Notwithstanding the other provisions of this Section 1 or Section 4, the Corporation shall not have the right to pay any dividends hereunder in Common Stock (“*Dividend Shares*”) unless at the time of issuance of such Dividend Shares (i) the Common Stock is registered pursuant to Section 12(b) or (g) of the Exchange Act, (ii) the Dividend Shares being issued have been approved for listing on an Eligible Trading Market subject to official notice of issuance (which, in the case of The NASDAQ Global Market, shall be satisfied if the Corporation shall have filed with The NASDAQ Global Market a Notification Form: Listing of Additional Shares for the listing of the Dividend Shares being issued) and (iii) the Dividend Shares being issued are either (A) covered by an effective registration statement under the Securities Act which is then available for the immediate resale of the Dividend Shares being issued by the recipients thereof or (B) are freely tradable without restriction under Rule 144 of the Securities Act, including without any limitation as to volume of sales, and without the Holder complying with any method of sale requirements or notice requirements under Rule 144 (except, in the case of this clause (B), in the case of Dividend Shares being issued in connection with a conversion of the Series A Preferred pursuant to Section 4(b), in which case such Dividend Shares shall be freely tradable without restriction under the Securities Act, other than, with respect to Dividend Shares being issued to an Affiliate of the Corporation, restrictions under Rule 144 relating to limitations as to volume of sales, method of sale requirements or notice requirements).

2. VOTING RIGHTS.

a. Except as required by applicable law and as set forth below, the Series A Preferred shall have no voting rights.

b. The Holders of the shares of Series A Preferred (i) shall be entitled to vote with the holders of the Common Stock on all matters submitted for a vote of holders of Common Stock (voting together with the holders of Common Stock as one class), (ii) shall be entitled to a number of votes equal to the number of votes to which shares of Common Stock issuable upon conversion of such shares of Series A Preferred would have been entitled if such shares of Common Stock had been outstanding at the time of the related record date or, if no record date is established with respect to the applicable vote, at the time of the applicable vote, assuming for such purposes that any dividends then payable on such shares of Series A Preferred will be paid in cash, and (iii) shall be entitled to notice of any stockholders’ meeting in accordance with the Certificate of Incorporation and bylaws of the Corporation.

c. So long as any shares of Series A Preferred are outstanding, the Corporation shall not, without the written consent (which for purposes of clarity, may be obtained without holding a meeting of the Holders) or affirmative vote at a meeting called for

that purpose by Holders of at least a majority of the outstanding shares of Series A Preferred, voting as a single class:

(i) amend, alter or repeal any provision of the Certificate of Incorporation (by merger or otherwise) or bylaws so as to adversely affect the preferences, rights or powers of the Series A Preferred; *provided* that any such amendment, alteration or repeal to create, authorize or issue any Junior Securities, or any security convertible into, or exchangeable or exercisable for, shares of Junior Securities, shall not be deemed to have any such adverse effect; or

(ii) create, authorize or issue any additional Series A Preferred, Senior Securities or Parity Securities, or any security convertible into, or exchangeable or exercisable for, shares of Series A Preferred, Senior Securities or Parity Securities.

d. The consent or votes required in Section 2(c) shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Certificate of Incorporation or bylaws, which approval shall be obtained by the Corporation in the manner set forth in the Certificate of Incorporation.

3. LIQUIDATION RIGHTS.

a. In the event of any liquidation, dissolution or winding up of the Corporation (which shall include any Change of Control transaction), either voluntary or involuntary (a "**Liquidation Event**"), the Holders of Series A Preferred shall be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of Junior Securities by reason of their ownership thereof, and in cancellation of such Holders' shares of Series A Preferred, an amount per share equal to \$1.45 per share of Series A Preferred then held by them (as adjusted for any stock split of the Series A Preferred, stock combination of the Series A Preferred or other similar transaction of the Series A Preferred), *plus* all accrued but unpaid dividends on such Series A Preferred as of the date of such event (the "**Series A Stock Liquidation Preference**"). If, upon the occurrence of a Liquidation Event, the assets and funds thus distributed among the holders of the Series A Preferred shall be insufficient to permit the payment to such Holders of the full Series A Stock Liquidation Preference, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the Holders of the Series A Preferred and any Parity Securities in proportion to the aggregate Series A Stock Liquidation Preference that would otherwise be payable to each of such Holders in cancellation of such Holders' shares of Series A Preferred and the liquidation preference that would otherwise be payable to each of the holders of such Parity Securities in cancellation of such holders' shares of Parity Securities.

b. In the event of a Liquidation Event, following completion of the distributions required by the first sentence of paragraph (a) of this Section 3, if assets or surplus funds remain in the Corporation, the holders of the Common Stock shall share ratably in all remaining assets of the Corporation, based on the number of shares of Common Stock then outstanding. Notwithstanding the foregoing, if, in connection with any Liquidation Event, a

Holder of Series A Preferred would receive a greater amount than such Holder would be entitled to receive pursuant to Section 3(a) above by converting such shares of Series A Preferred held by such Holder into shares of Common Stock, then such Holder shall be treated for purposes of this Section 3(b) as though such Holder had converted such shares of Series A Preferred into shares of Common Stock immediately prior to such Liquidation Event, whether or not such Holder had elected to so convert.

c. In any Liquidation Event, if the consideration to be received by the Series A Preferred is securities or other property other than cash, its value will be determined as follows: (i) securities which are of a class of publicly traded securities that are traded on an Eligible Trading Market shall be deemed to have a value equal to the value attributed to such securities in the definitive agreements effecting such Liquidation Event (to the extent such value is determined in such definitive agreements based on public trading prices for such securities on the applicable Eligible Trading Market), or, otherwise, the Volume Weighted Average Price for such securities on the applicable Eligible Trading Market for the thirty (30) consecutive Trading Day period ending immediately prior to the public announcement of agreements being executed providing for such Liquidation Event or, if no such public announcement of such agreements is made, the public announcement of such Liquidation Event; (ii) otherwise such securities or other securities or property shall be deemed to have a value equal to their fair market value as determined in good faith by the Board of Directors of the Corporation on the date such determination is made; *provided, however*, that the Holders of at least a majority of the outstanding shares of Series A Preferred shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Section 3(c), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne equally by the Corporation and the challenging parties.

4. CONVERSION RIGHTS.

The holders of the Series A Preferred shall have the following rights and restrictions with respect to the conversion of the Series A Preferred into shares of Common Stock:

a. Optional Conversion. At the option of any Holder, any Series A Preferred held by such Holder may be converted into Common Stock based on the applicable Conversion Price then in effect for the Series A Preferred. A Holder may convert Series A Preferred into Common Stock pursuant to this paragraph at any time and from time to time after the Original Issue Date for the applicable shares of Series A Preferred, by delivering to the Corporation a conversion notice (the “**Conversion Notice**”), in the form attached hereto on Annex A, appropriately completed and duly signed, and the date any such Conversion Notice is delivered to the Corporation (as determined in accordance with the notice provisions hereof) is a “**Conversion Date**.”

b. Automatic Conversion.

(i) If, (i) at any time following the Original Issue Date, the Volume Weighted Average Price for the Common Stock, for any thirty (30) consecutive Trading Days (the “**Measurement Period**”) is equal to or exceeds \$4.35 per share (as adjusted for any stock split of the Common Stock, stock combination of the Common Stock or other similar transaction of the Common Stock), (ii) the Common Stock is registered pursuant to Section 12(b) or (g) of the Exchange Act as of the end of the Measurement Period, (iii) the shares of Common Stock issuable upon conversion of the Series A Preferred (the “**Conversion Shares**”) have been approved for listing on an Eligible Trading Market subject to official notice of issuance on or prior to the end of the Measurement Period (which, in the case of The NASDAQ Global Market, shall be satisfied if the Corporation shall have filed with The NASDAQ Global Market a Notification Form: Listing of Additional Shares for the listing of the Conversion Shares being issued) and (iv) for each Conversion Share, such Conversion Share is either (a) covered by an effective registration statement under the Securities Act which is available at the end of the Measurement Period for the immediate resale of such Conversion Share by the recipient thereof or (b) is freely tradable without restriction under Rule 144 of the Securities Act (other than, with respect to a Conversion Share being issued to an Affiliate of the Corporation, restrictions under Rule 144 relating to limitations as to volume of sales, method of sale requirements or notice requirements), at the end of the Measurement Period, then all outstanding shares of Series A Preferred as of the end of such Measurement Period shall automatically and without any further action by the Holders (including regardless of whether the certificates representing the Series A Preferred are surrendered to the Corporation or its transfer agent) be converted into shares of Common Stock on the Automatic Conversion Date based on the then-applicable Conversion Price (the “**Automatic Conversion**”). The Corporation shall deliver a written notice of such Automatic Conversion to the Holders within three Trading Days following the last Trading Day in the Measurement Period. The Automatic Conversion shall be effective as of the close of business on the date of delivery of such notice from the Company (the “**Automatic Conversion Date**”).

(ii) Promptly following the Automatic Conversion, each Holder of Series A Preferred shall surrender to the Corporation or its transfer agent the certificates held by such Holder evidencing shares of Series A Preferred.

(iii) From and after the Automatic Conversion Date, all rights of any Holder of Series A Preferred shall automatically cease and terminate with respect to such shares of Series A Preferred, and all shares of Series A Preferred shall automatically be cancelled and shall no longer be outstanding.

c. Conversion Price. The conversion price for the Series A Preferred shall initially be \$1.45 per share (the “**Conversion Price**”). Such initial Conversion Price shall be adjusted from time to time in accordance with Sections 4(e), (f) and (g). All references to the Conversion Price herein shall mean the Conversion Price as so adjusted.

d. Mechanics of Conversion.

(i) The number of shares of Common Stock issuable upon any conversion of shares of Series A Preferred hereunder shall equal \$1.45 (as adjusted for any stock split of the Series A Preferred, stock combination of the Series A Preferred or other similar transaction of the Series A Preferred) multiplied by the number of shares of Series A Preferred to be converted, divided by the Conversion Price on the Conversion Date or the Automatic Conversion Date, as applicable. In addition, subject to the conditions and limitations set forth in Sections 1(c), 1(g) and 1(h), the Corporation shall pay each Holder of shares of Series A Preferred being converted pursuant to either Section 4(a) or (b) the amount of any accrued but unpaid dividends on such shares of Series A Preferred held by such Holder and being converted through the Conversion Date or Automatic Conversion Date, as applicable (the “*Conversion Dividends*”), at the Corporation’s sole and absolute discretion, (i) in Common Stock or (ii) in cash or (iii) in some combination of Common Stock and cash, and subject to such conditions and limitations, may pay different Holders different amounts of Common Stock and cash per share of Series A Preferred being converted. The number of shares of Common Stock paid in satisfaction of any Conversion Dividends shall be determined by dividing the Conversion Dividends that are so being paid by the Conversion Price on the Conversion Date or Automatic Conversion Date, as applicable.

(ii) Upon conversion of any share of Series A Preferred, the Corporation shall promptly (but in no event later than three Trading Days after the Conversion Date or Automatic Conversion Date, as applicable) issue or cause to be issued and cause to be delivered to or upon the written order of the applicable Holder and in such name or names as such Holder may designate a certificate for the Common Stock issuable upon such conversion. The Holder, or any Person so designated by the Holder to receive the Common Stock issuable upon the applicable conversion, shall be deemed to have become holder of record of such Common Stock as of the Conversion Date or Automatic Conversion Date, as applicable. The Corporation shall issue such Common Stock in the same manner as dividend payment shares are issued pursuant to Section 1(f) above.

(iii) A Holder shall not be required to deliver the original certificate(s) evidencing the Series A Preferred being converted in order to effect a conversion of such Series A Preferred. Execution and delivery of the Conversion Notice shall have the same effect as cancellation of the original certificate(s) and issuance of a new certificate evidencing the remaining shares of Series A Preferred. Upon surrender of a certificate following one or more partial conversions, the Corporation shall promptly deliver to the Holder a new certificate representing the remaining shares of Series A Preferred.

(iv) The Corporation’s obligations to issue and deliver Common Stock upon conversion of Series A Preferred in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by any Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by any Holder or any other Person of any obligation to the Corporation or any violation or alleged violation of law by any Holder or

any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Corporation to any Holder in connection with the issuance of such Common Stock.

e. Adjustment for Common Stock Dividends and Distributions. If, at any time after the Original Issue Date, the Corporation makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution to all holders of its Common Stock payable in additional shares of Common Stock or a security or right convertible into or entitling the holder thereof to receive shares of Common Stock (a “*Common Stock Equivalent*”) in each such event the Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock and Common Stock Equivalents issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock or Common Stock Equivalents issuable in payment of such dividend or distribution; *provided, however,* that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this Section 4(e) to reflect the actual payment of such dividend or distribution.

f. Adjustment for Stock Splits and Combinations. If at any time or from time to time on or after the Original Issue Date the Corporation effects a subdivision of the outstanding Common Stock, the Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if at any time or from time to time after the Original Issue Date the Corporation combines the outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4(f) shall become effective at the close of business on the date the subdivision or combination becomes effective.

g. Adjustment for Recapitalization, Reclassification, Exchange, Substitution, Reorganization, Merger or Consolidation. If at any time or from time to time on or after the Original Issue Date the Common Stock issuable upon the conversion of the Series A Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, merger, consolidation or otherwise (other than a Common Stock or Common Stock Equivalent dividend or distribution or subdivision or combination of shares provided for elsewhere in this Section 4 or a Change of Control), in any such event each holder of Series A Preferred shall then have the right to convert Series A Preferred into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification, merger, consolidation or other change by holders of the

maximum number of shares of Common Stock into which such shares of Series A Preferred could have been converted immediately prior to such recapitalization, reclassification, merger, consolidation or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series A Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Series A Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

h. Other Distributions. In the event the Corporation distributes consideration to all holders of its Common Stock that is not otherwise addressed in Section 4 (including, without limitation, a distribution payable in securities, assets, cash or evidences of indebtedness of or issued by other persons or the Corporation (excluding cash dividends declared and paid by the Corporation out of retained earnings)), then, in each such case, the Holders of the Series A Preferred shall be entitled to a pro rata share of any such distribution as though such Holders were holders of the number of shares of Common Stock of the Corporation as though the shares of Series A Preferred held by such Holders had been converted in whole into shares of Common Stock as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

i. Certificate of Adjustment. In each case of an adjustment or readjustment of the Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series A Preferred, if the Series A Preferred is then convertible pursuant to this Section 4, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and shall, upon request, prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each Holder so requesting at the Holder's address as shown in the Corporation's books. Failure to request or provide such notice shall have no effect on any such adjustment.

j. Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend, distribution or other right, or (ii) any Liquidation Event, the Corporation shall mail to each Holder of Series A Preferred at least 10 days prior to (x) the record date, if any, specified therein; or (y) if no record date is specified, the date upon which such action is to take effect (provided that such information shall be provided as soon as reasonably practicable in the event that such information is not known to the public prior to or as of such 10 day period) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Liquidation Event is expected to become effective, and (C) in the case of a Change of Control, a notice signed by an officer of the Corporation setting forth the consideration to be received by the Holder from the purchaser or to be distributed to the Holder by the Corporation, as applicable, on a per share basis (i) without

conversion of the Series A Preferred into Common Stock and (ii) assuming conversion of all Series A Preferred into Common Stock.

k. Fractional Shares. The Corporation shall not be required to issue or cause to be issued fractional shares of Common Stock on conversion of Series A Preferred (including in payment of any Conversion Dividends). Subject to Section 4(o), if any fraction of a Common Stock would, except for the provisions of this Section, be issuable upon conversion of Series A Preferred (including in payment of any Conversion Dividends), the number of shares of Common Stock to be issued will be rounded down to the nearest whole share, and the Company shall, in lieu of issuing any fractional share, pay an amount of cash equal to the product of such fraction multiplied by the Conversion Price on the date of conversion (each such payment in cash, the “*Fractional Cash Payment*”).

l. Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred, the Corporation will take such corporate action as may be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose. The Corporation will procure, at its sole expense, the listing of the shares of Common Stock into which the Series A Preferred could be converted on the Principal Trading Market (and, if the Common Stock is not traded on the Principal Trading Market, on any Eligible Trading Market on which the Common Stock is then traded), subject to issuance or notice of issuance on the Principal Trading Market (or any Eligible Trading Market, if applicable). The Corporation will take all action as may be necessary to ensure that the shares of Common Stock issuable upon conversion of the Series A Preferred or as dividends on the Series A Preferred may be issued without violation of any applicable law or regulation or any requirement of the Principal Trading Market (or, if not traded on the Principal Trading Market, any Eligible Trading Market, if applicable).

m. Notices. Any notice required by the provisions of this Certificate of Designation shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient or, if not, then on the next Business Day, (iii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with verification of receipt. All notices shall be addressed to each Holder of record at the address of such Holder appearing on the books of the Corporation.

n. Payment of Taxes. The Corporation will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A

Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred so converted were registered.

o. Restrictions. Notwithstanding anything else set forth in this Section 4 to the contrary, the Corporation shall not be required to pay any Fractional Cash Payments pursuant to Section 4(k) to any Holder if the payment of such Fractional Cash Payments would cause the Corporation to breach any agreement to which it is then a party or would cause the Corporation to violate any applicable law or regulation or order. The Corporation shall pay any Fractional Cash Payments owed by it but that it did not pay pursuant to the immediately preceding sentence on the date that is on or before the day that is five (5) days after the Corporation is first able to pay such Fractional Cash Payments without breaching any such agreement or violating any applicable law or regulation or order.

p. No Impairment. The Corporation will not, by amendment of the Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation.

5. REDEMPTION RIGHTS. The shares of Series A Preferred shall not be redeemable.

6. AMENDMENTS; WAIVER. This Certificate of Designation or any provision herein may be amended, or any provision herein waived, with the written consent (which, for purposes of clarity, may be obtained without holding a meeting of the Holders) or affirmative vote of (i) the Corporation and (ii) the Holders of a majority of the then outstanding shares of Series A Preferred, voting as a single class; *provided, however* (and subject to the last sentence of this Section 6) that the dividends payable hereunder, the number of Conversion Shares issuable hereunder and the Conversion Price may not be amended, and the right to convert the Series A Preferred may not be altered or waived, without the written consent of the Holders of all of the Series A Preferred then outstanding. Any amendment or waiver of any provision of this Certificate of Designation enacted pursuant to this Section 6 shall be binding upon, and apply to, all shares of Series A Preferred, regardless of whether such shares of Series A Preferred were held by a Holder who approved such amendment or waiver. Additionally, any term of this Certificate of Designation may be waived with respect to any single Holder with the written consent of the Corporation and such Holder, and such waiver shall be binding upon, and apply to, all subsequent Holders who receive shares of Series A Preferred from such Holder with respect to the shares of Series A Preferred covered by such waiver.

IN WITNESS WHEREOF, U.S. Auto Parts Network, Inc. has caused this Certificate of Designation, Preferences and Rights of the Terms of the Series A Convertible Preferred Stock to be executed by its Chief Executive Officer this 25th day of March, 2013.

/s/ Shane Evangelist

Shane Evangelist, Chief Executive Officer

[SIGNATURE PAGE TO CERTIFICATE OF DESIGNATION]

ADDITIONAL DEFINITIONS

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 144 under the Securities Act. With respect to a Person, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Person will be deemed to be an Affiliate of such Person.

“Business Day” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

“Change of Control” means (A) the sale, lease, exchange, transfer, license, disposition or acquisition from the Corporation of any business or businesses or assets that constitute or account for 50% or more of the assets of the Corporation, taken as a whole (either as measured by the fair market value thereof or by revenues on a consolidated basis attributable thereto), (B) any merger, consolidation, amalgamation, share exchange, business combination, recapitalization or other similar transaction in which the Corporation is a constituent corporation and which would result in a third party acquiring record or beneficial ownership of securities representing more than 50% of the outstanding voting securities of the Corporation or more than 50% of the outstanding securities of any class of voting securities of any resulting parent company of the Corporation or its parent company (if the Corporation is a surviving corporation) or resulting company or its parent company (if the Corporation is not a surviving corporation), (C) any issuance of securities, acquisition of securities, tender offer, exchange offer or other similar transaction (y) in which a Person or “group” (as defined in the Exchange Act and the rules promulgated thereunder) of Persons directly or indirectly acquires beneficial or record ownership of securities representing more than 50% of the outstanding voting securities of the Corporation, or (z) in which the Corporation issues securities representing more than 50% of the outstanding voting securities of the Corporation to any Person or “group” (as defined in the Exchange Act) of Persons or (D) consummation of a “Rule 13e-3 transaction” as defined in Rule 13e-3 under the Exchange Act with respect to the Corporation.

“Consolidated Bid Price” means the consolidated closing bid price of the Common Stock, as reported by The NASDAQ Global Market, on the date of execution of the Securities Purchase Agreement, dated on or about the date hereof, providing for the issuance of the Series A Preferred.

“Dividend Conversion Price” means the Volume Weighted Average Price of the Common Stock for the 10 Trading Days immediately prior to the applicable Dividend Payment Date.

“Eligible Trading Market” means the Principal Trading Market, The NASDAQ Global Select Market, The NASDAQ Capital Market, the New York Stock Exchange or the NYSE Amex (or, in each case, any successor thereto).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Original Issue Date” means the date of the first issuance of any applicable shares of the Series A Preferred, regardless of the number of transfers of such shares of Series A Preferred and regardless of the number of certificates that may be issued to evidence such Series A Preferred.

“Person” means any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Principal Trading Market” means The NASDAQ Global Market.

“Securities Act” means the Securities Act of 1933, as amended.

“Trading Day” means any day on which the Common Stock is traded on the Principal Trading Market (or, if not traded on the Principal Trading Market, on the Eligible Trading Market on which the Common Stock is then traded); provided that “Trading Day” shall not include any day on which the Common Stock is scheduled to trade on the Principal Trading Market (or, if not traded on the Principal Trading Market, on any applicable Eligible Trading Market) for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on the Principal Trading Market (or, if not traded on the Principal Trading Market, on the Eligible Trading Market on which the Common Stock is then traded) (or if the Principal Trading Market (or, if not traded on the Principal Trading Market, on the Eligible Trading Market on which the Common Stock is then traded) does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00 p.m., New York Time).

“Volume Weighted Average Price” means the dollar volume-weighted average price for the Common Stock on the Principal Trading Market (or, if not traded on the Principal Trading Market, on the Eligible Trading Market on which the Common Stock is then traded) as reported by Bloomberg, L.P. through its “Volume at Price” functions, or, if the foregoing does

not apply, the dollar volume-weighted average price of the Common Stock in the over-the-counter market on the electronic bulletin board as reported by Bloomberg, L.P., or, if no dollar volume-weighted average price is reported for the Common Stock by Bloomberg, L.P., the average of the highest closing bid price and the lowest closing ask price of any of the market makers for the Common Stock as reported in the “pink sheets” by OTC Markets Group Inc. (formerly the National Quotation Bureau, Inc.).

ANNEX A

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED HOLDER IN ORDER TO CONVERT SHARES OF
SERIES A PREFERRED STOCK)

The undersigned Holder hereby irrevocably elects to convert the number of shares of Series A Preferred Stock indicated below, represented by stock certificate No(s) _____, into shares of common stock, par value \$0.001 per share (the "*Common Stock*"), of U.S. Auto Parts Network, Inc., a Delaware corporation (the "*Corporation*"), as of the date written below. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto.

Conversion calculations:

Date to Effect Conversion: _____

Number of shares of Series A Preferred Stock owned prior to Conversion: _____

Number of shares of Series A Preferred Stock to be Converted: _____

Number of shares of Common Stock to be Issued: _____

Address for delivery of physical certificates: _____

or

for DWAC Delivery:

DWAC Instructions:

Broker no: _____

Account no: _____

[HOLDER]

By: _____

Name:

Title:

Date:

**U.S. AUTO PARTS NETWORK, INC.
SECURITIES PURCHASE AGREEMENT**

THIS SECURITIES PURCHASE AGREEMENT (this "**Agreement**") is made as of March 25, 2013, by and among **U.S. AUTO PARTS NETWORK, INC.**, a Delaware corporation (the "**Company**"), with its principal office at 16941 Keegan Avenue, Carson, CA 90746, and the individuals and entities identified on Schedule A hereto (each, a "**Purchaser**" and collectively, the "**Purchasers**").

RECITALS

WHEREAS, the Company has authorized the sale and issuance of an aggregate of up to 4,149,997 shares of the Company's Series A Convertible Preferred Stock, par value \$0.001 per share (the "**Shares**"), which shares are, or will be, upon issuance convertible into authorized but unissued shares of the Company's common stock, par value \$0.001 per share (the "**Common Stock**");

WHEREAS, the Company and the Purchasers are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D, as promulgated by the SEC (as defined herein) under the Securities Act (as defined herein); and

WHEREAS, at each Closing (as defined herein), the Company desires to sell, and each Purchaser participating in such Closing desires severally, and not jointly, to purchase the Shares indicated by such Purchaser's name on Schedule A hereto, upon the terms and conditions stated in this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, representations, warranties and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

AUTHORIZATION AND SALE OF SHARES

1.1 Authorization. The Company has authorized (a) a series of its preferred stock consisting of 4,149,997 Shares designated as its "Series A Convertible Preferred Stock" (b) the sale and issuance to Purchasers of the Shares and (c) the issuance of such shares of authorized but unissued shares of Common Stock issuable upon conversion of the Shares (the "**Conversion Shares**") pursuant to this Agreement. The Shares, the Conversion Shares and any shares that may be issued as dividends on the Shares from time to time (the "**Dividend Shares**") are

collectively referred to herein as the “*Securities*.” The terms, limitations and relative rights and preferences of the Shares are set forth in the Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock (the “*Certificate of Designation*”).

1.2 Sale of Shares. At each Closing, subject to the terms and conditions of this Agreement, including without limitation, the conditions set forth in Article 5 and Article 6 of this Agreement, the Company shall issue and sell to each Purchaser participating in such Closing and each such Purchaser shall severally, and not jointly, purchase the Shares in the amount indicated by such Purchaser’s name on Schedule A hereto at a purchase price of \$1.45 per Share, with the aggregate purchase price for the Shares sold to each such Purchaser at such Closing as set forth as the “Purchase Price” indicated by such Purchaser’s name on Schedule A hereto.

ARTICLE 2 CLOSING DATES; DELIVERY

2.1 Initial Closing Date. Subject to the satisfaction (or waiver) of the conditions thereto set forth in Article 5 and Article 6 of this Agreement, the initial closing of the purchase and sale of the Shares hereunder (the “*Initial Closing*”) shall be held at the offices of Cooley LLP (“*Cooley*”), 4401 Eastgate Mall, San Diego, California 92121, at 10:00 a.m. California time on the date hereof, or at such other time and place upon which the Company and the Purchasers purchasing a majority of the Shares at the Initial Closing shall agree (such date is hereinafter referred to as the “*Initial Closing Date*”).

2.2 Delivery. At the Initial Closing, the Company will deliver or cause to be delivered to each Purchaser a certificate representing the number of Shares purchased by such Purchaser, registered in such Purchaser’s name as indicated on the Stock Certificate Questionnaire completed by such Purchaser in the form attached hereto as **Exhibit A-1**. Such delivery shall be against payment of the purchase price therefor by each such Purchaser as set forth as the “Aggregate Purchase Price” indicated by such Purchaser’s name on Schedule A hereto by wire transfer of immediately available funds to the Company in accordance with the Company’s written wiring instructions.

2.3 Additional Closings. To the extent that any Purchaser’s “Aggregate Purchase Price” indicated by such Purchaser’s name on Schedule A hereto has not been delivered on or prior to the Initial Closing Date, any such Purchaser shall, at any time on or before the 90th day following the Initial Closing, cause a wire transfer in same day funds to be sent to the account of the Company as instructed in writing by the Company in an amount equal to such Purchaser’s “Aggregate Purchase Price” indicated by such Purchaser’s name on Schedule A hereto. All such sales made at any additional closings (each an “*Additional Closing*”, and together with the Initial Closing, each a “*Closing*”, and the date of any Additional Closing, an “*Additional Closing Date*” and together with the Initial Closing Date, each a “*Closing Date*”), shall be made on the terms and conditions set forth in this Agreement, and (i) the representations and warranties of the Company set forth in Section 3 hereof shall speak as of the Initial Closing and the Company

shall have no obligation to update any such disclosure, and (ii) the representations and warranties of the Purchasers in Section 4 hereof shall speak as of such Additional Closing (with respect to each Purchaser that is purchasing Shares at such Additional Closing). Any Shares sold pursuant to this Section 2.3 shall be deemed to be “*Shares*” for all purposes under this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the SEC Documents (as defined herein), other than with respect to the representations and warranties set forth in Section 3.30 for which no exception is provided, the Company represents and warrants to the Purchasers on and as of the date hereof:

3.1 Organization and Good Standing. The Company is a corporation duly organized and validly existing under, and by virtue of, the laws of the State of Delaware and is in good standing as a domestic corporation under the laws of said state and is qualified to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification, except where failure to be so qualified would not have a Material Adverse Effect. The Company has all requisite corporate power and authority to carry on its business as currently conducted and as currently proposed to be conducted.

3.2 Subsidiaries. The Company has no material subsidiaries and does not own or control any equity security or other interest of any corporation, limited partnership or other business entity. Each subsidiary of the Company that is a corporation has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its formation, has the corporate power and authority to own its properties and to conduct its business and is duly registered, qualified and authorized to transact business and is in good standing in each jurisdiction in which the conduct of its business or the nature of its properties requires such registration, qualification or authorization, except where failure to be so duly registered, qualified, authorized to transact business and in good standing would not have a Material Adverse Effect. Other than (i) certain of the Company’s subsidiaries located in foreign countries which, pursuant to local law, require a portion of the ownership in such subsidiaries to be held by persons or entities other than the Company and (ii) liens created pursuant to the terms of the Credit Agreement (as defined below) and its related collateral and security documents, all of the issued and outstanding capital stock of each subsidiary has been duly authorized and validly issued, is fully paid and non-assessable, and is owned by the Company free and clear of any lien.

3.3 Corporate Power; Authorization. The Company has all requisite legal and corporate power and has taken all requisite corporate action to authorize, execute and deliver this Agreement, to authorize the Shares and file the Certificate of Designation, to sell and issue the Shares, to issue the Conversion Shares upon conversion of the Shares, to issue any Dividend Shares and to carry out and perform all of its obligations under this Agreement and consummate the transactions contemplated herein. This Agreement constitutes legal, valid and binding

obligations of the Company, enforceable against the Company in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally and (b) as limited by equitable principles generally. The execution and delivery of this Agreement does not, the performance of this Agreement and the compliance with the provisions hereof will not, and the issuance, sale and delivery of the Securities by the Company will not, conflict with, or result in a breach or violation of the terms, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien pursuant to the terms of, the Company's Second Amended and Restated Certificate of Incorporation (the "**Restated Certificate**") or the Company's Amended and Restated Bylaws (the "**Bylaws**") or any statute, law, rule or regulation or any state or federal order, judgment or decree. The execution and delivery of this Agreement does not, the performance of this Agreement and the compliance with the provisions hereof will not, and the issuance, sale and delivery of the Securities by the Company will not, conflict with, or result in a material breach or material violation of the terms, conditions or provisions of, or constitute a material default under, or result in the creation or imposition of any material lien pursuant to the terms of any indenture, mortgage, lease or other agreement or instrument to which the Company or any of its properties is subject.

3.4 Issuance and Delivery of the Shares. When issued in compliance with the provisions of this Agreement and the Restated Certificate, the Certificate of Designation, to be filed and become effective on or prior to the Initial Closing Date with the Secretary of State of the State of Delaware, the Securities will be validly issued, fully paid and nonassessable. The issuance and delivery of the Securities is not subject to preemptive or any other similar rights of the stockholders of the Company or to any liens or encumbrances imposed by the Company. As of the Initial Closing Date, the Company shall have reserved from its duly authorized capital stock the Conversion Shares (without taking into account any limitations on the number of shares of Common Stock that may be owned by a Purchaser at any one time). The Company shall, so long as any of the Shares are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued capital stock, solely for the purpose of effecting the conversion of the Shares, the number of shares of Common Stock issuable upon exercise of the Shares (without taking into account any limitations on the number of shares of Common Stock that may be owned by a Purchaser at any one time) and to take all action necessary to reserve and keep available out of its authorized and unissued capital stock any Dividend Shares.

3.5 SEC Documents; Financial Statements. The Company has filed in a timely manner all documents that the Company was required to file with the Securities and Exchange Commission (the "**SEC**") under Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), during the 12 months preceding the date of this Agreement (or such shorter period as the Company was required by law to file such material) or has received a valid extension of such time of filing and has filed any such documents prior to the expiration of any such extension. As of their respective filing dates, all documents filed by the Company with the SEC (the "**SEC Documents**") complied in all material respects with the requirements of the Exchange Act or the Securities Act of 1933, as amended (the "**Securities Act**"), as applicable. None of the SEC Documents as of their respective dates contained any untrue statement of

material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents (the "**Financial Statements**") comply as to form with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto. The Financial Statements have been prepared in accordance with generally accepted accounting principles ("**GAAP**") consistently applied and fairly present in all material respects the consolidated financial position of the Company and its subsidiaries at the dates thereof and the consolidated results of their operations and consolidated cash flows for the periods then ended (subject, in the case of unaudited statements, to normal, recurring year-end adjustments, which individually and in the aggregate are not expected to be material, or to the extent that such unaudited statements do not include footnotes). All material agreements to which the Company is a party or to which the property or assets of the Company are subject that are required to be filed with the SEC are included as part of or specifically identified in the SEC Documents. The interactive data in eXtensible Business Reporting Language in the SEC Documents fairly presents the information called for and has been prepared in accordance with the SEC's rules and guidelines applicable thereto.

3.6 Absence of Certain Changes. Since December 29, 2012, there has not been (i) any material adverse effect on, or material adverse change in or any development involving a prospective material adverse change in, or group of such effects or changes in the business, operations, financial condition, results of operations, assets or liabilities of the Company and its subsidiaries taken as a whole, or the ability of the Company and its subsidiaries to perform its obligations under this Agreement and any other agreement, document or instrument pursuant to which the Company or its subsidiaries grants, or confirms the grant of, a lien on or security interest in, any of its assets, properties, rights or interests ("**Material Adverse Effect**"), or (ii) any material change in the Company's accounting principles, practices or methods other than as required by concurrent changes in GAAP.

3.7 Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state, or local governmental authority on the part of the Company is required in connection with the consummation of the transactions contemplated by this Agreement except for (a) compliance with the securities and blue sky laws in the states in which the Shares are offered and/or sold, which compliance will be effected in accordance with such laws, (b) the filing of the Registration Statement (as defined herein) and any amendments thereto with the SEC as contemplated by Section 7.2 of this Agreement, (c) the filing of the NASDAQ Stock Market Notification Form with The NASDAQ Stock Market ("**NASDAQ**") and (d) the filing of a Form D with the SEC. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein does not require the approval of the Company's stockholders. The terms and conditions of this Agreement and the transactions contemplated hereby have been approved by a special committee of the Company's Board of Directors comprised of disinterested directors.

3.8 Authorized Capital Stock. The authorized capital stock of the Company consists of (a) 100,000,000 shares of Common Stock, \$0.001 par value, of which, as of March 21, 2013, 31,151,075 shares were outstanding, and (b) 10,000,000 shares of Preferred Stock, \$0.001 par value, none of which shares are currently outstanding, and 4,149,997 shares of which have been designated as the Shares. All such shares of Common Stock have been duly authorized, and all such issued and outstanding shares of Common Stock have been validly issued, are fully paid and nonassessable. No such outstanding shares of Common Stock were issued in violation of any preemptive rights, “poison pill” provisions, rights of first offer or refusal or similar rights. Except (i) options issued to employees of the Company pursuant to stock option plans filed as exhibits to the SEC Documents, and (ii) as contemplated by this Agreement, there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company is or may be obligated to issue any capital stock or other equity interests of any kind and there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of its capital stock or other equity interests.

3.9 Litigation. There are no actions, suits, proceedings or investigations pending or, to the best of the Company’s knowledge, threatened against the Company or any of its properties before or by any court or arbitrator or any governmental body, agency or official in which there is a reasonable likelihood (in the judgment of the Company) of an adverse decision that could have a Material Adverse Effect. The foregoing includes, without limitation, any such action, suit, proceeding or investigation that questions this Agreement or seeks to delay or prevent consummation of the transactions contemplated hereunder or the right of the Company to execute, deliver and perform the same. The Company is not a party to or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There are no actions, suits, proceedings or investigations pending by the Company or any of its subsidiaries before or by any court or arbitrator or any governmental body, agency or official in which there is a reasonable likelihood (in the judgment of the Company) of an adverse decision that could have a Material Adverse Effect.

3.10 Eligibility to Use Form S-3. The Company is eligible to use Form S-3 for the registration of its securities under the Securities Act which are offered in secondary offerings.

3.11 Company not an “Investment Company.” The Company has been advised of the rules and requirements under the Investment Company Act of 1940, as amended (the “*Investment Company Act*”). The Company is not, and immediately after receipt and application of payment for the Shares will not be, an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act and shall conduct its business in a manner so that it will not become subject to the Investment Company Act.

3.12 Title to Property and Assets. The Company and each of its subsidiaries owns or possesses the necessary right to use or title to all material properties, assets, licenses, permits and the like required to operate its business as currently operated. The material properties and assets

of the Company and each of its subsidiaries owned by them are owned free and clear of all liens, other than liens created pursuant to the terms of the Credit Agreement and its related collateral and security documents. With respect to the property and assets it leases, the Company and each of its subsidiaries are in compliance with such leases.

3.13 NASDAQ Compliance. The Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is listed on NASDAQ, and the Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or de-listing the Common Stock from NASDAQ, nor has the Company received any notification that the SEC, the Financial Industry Regulatory Authority or NASDAQ is contemplating terminating such registration or listing.

3.14 Use of Proceeds. The net proceeds of the sale of the Shares shall be used by the Company for the repayment of revolving loans made pursuant to that certain Credit Agreement, dated April 26, 2012, by and between the Company, certain of its wholly-owned domestic subsidiaries and JP Morgan Chase Bank, N.A. (the "*Credit Agreement*") in accordance with the terms thereof.

3.15 No Directed Selling Efforts or General Solicitation. Neither the Company nor any person or entity acting on its behalf has conducted any general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in connection with the offer or sale of any of the Shares.

3.16 Brokers and Finders. No person or entity will have, as a result of the transactions contemplated by this Agreement, any valid right, interest or claim against or upon the Company or a Purchaser for any commission, fee or other compensation pursuant to any agreement, arrangement or understanding entered into by or on behalf of the Company, other than Roth Capital Partners, LLC, with respect to the offer and sale of the Shares.

3.17 No Integrated Offering. Neither the Company nor any of its affiliates, nor to the Company's knowledge any person or entity acting on its or their behalf has, directly or indirectly, at any time within the past six months, made any offers or sales of any Company security or solicited any offers to buy any security, under circumstances that would (i) eliminate the availability of the exemption from registration under Regulation D under the Securities Act in connection with the offer and sale by the Company of the Shares as contemplated hereby or (ii) cause the offering of the Shares pursuant to this Agreement to be integrated with prior offerings by the Company for purposes of any applicable law, regulation or stockholder approval provisions, including, without limitation, under the rules and regulations of NASDAQ.

3.18 No Manipulation. The Company has not taken, in violation of applicable law, any action designed to or that could reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the transactions contemplated hereby or the sale or resale of shares of Common Stock.

3.19 Private Placement. Assuming the accuracy of the representations and warranties of the Purchasers contained in Sections 4.2 and 4.3 hereof, the offer and sale of the Shares to the Purchasers as contemplated hereby is exempt from the registration requirements of the Securities Act.

3.20 Intellectual Property.

(a) “*Intellectual Property*” shall mean patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes.

(b) The Company owns or has the valid right to use all of the Intellectual Property that is necessary for the conduct of the Company’s business as currently conducted as described in the SEC Documents, free and clear of all liens and encumbrances (other than liens created pursuant to the terms of the Credit Agreement and its related collateral and security documents).

(c) To the knowledge of the Company, the conduct of the Company’s business as currently conducted does not infringe or otherwise conflict with (collectively, “*Infringe*”) any Intellectual Property rights of any third party or any confidentiality obligation owed by the Company to a third party, and, to the knowledge of the Company, the Intellectual Property and confidential information of the Company are not being Infringed by any third party.

(d) Each employee, consultant and contractor of the Company who has had access to confidential information of the Company that is necessary for the conduct of Company’s business as currently conducted or as currently proposed to be conducted has executed an agreement to maintain the confidentiality of such confidential information that is substantially consistent with the Company’s standard forms thereof.

(e) The Intellectual Property is valid, subsisting, in proper form and enforceable and all renewal fees and other maintenance fees have been paid (to the extent the concepts of validity, subsistence and enforceability apply to such Intellectual Property).

(f) The Company is in compliance in all material respects with all contractual obligations relating to the use and protection of such of the Intellectual Property as is used pursuant to licenses or other agreement.

(g) To the Company’s knowledge, there is no present or former employee, officer or director of the Company or agent or outside contractor that holds or claims any right, title or interest, directly or indirectly, in any Intellectual Property.

3.21 Questionable Payments. Neither the Company nor, to the knowledge of the Company, any of its current or former stockholders, directors, officers, employees, agents or other persons acting on behalf of the Company, has on behalf of the Company or in connection

with its business: (a) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any direct or indirect unlawful payments to any governmental officials or employees from corporate funds; (c) established or maintained any unlawful or unrecorded fund of corporate monies or other assets; (d) made any false or fictitious entries on the books and records of the Company; or (e) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment of any nature.

3.22 Transactions with Affiliates. Except as contemplated pursuant to this Agreement, none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company or to a presently contemplated transaction (other than for services as employees, officers and directors) that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act.

3.23 Sarbanes-Oxley; Disclosure Controls and Procedures. The Company is in compliance with all of the provisions of the Sarbanes-Oxley Act of 2002 that are applicable to it. The Company and each of its subsidiaries maintain effective internal control over financial reporting (as defined under Rule 13a-15 and 15d-15 under the Exchange Act) and a system of internal accounting controls sufficient to provide reasonable assurances (A) that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP; (B) that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; (C) regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material impact on its financial statements. Since the end of the Company's most recent audited fiscal year, there has been (1) no material weakness in the Company's internal control over financial reporting (whether or not remediated) and (2) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and the interactive data in eXtensible Business Reporting Language fairly presents the information called for and is prepared in accordance with the SEC's rules and guidelines applicable thereto. The Company and each of its subsidiaries maintain an effective system of disclosure controls and procedures (as defined in Rule 13a-15 and Rule 15d-15 under the 1934 Act Regulations) that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Company's certifying officers have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by its most recently filed quarterly or annual periodic report under the Exchange Act (such date, the "*Evaluation Date*"). The Company presented in its most recently filed quarterly or annual periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the Company's disclosure controls and procedures based on their evaluations as of the Evaluation Date.

3.24 Taxes. The Company and its subsidiaries have filed (or have obtained an extension of time within which to file) all necessary federal, state and foreign income and franchise tax returns and has paid all taxes shown as due on such tax returns, except where the failure to so file or the failure to so pay would not reasonably be expected to have a material adverse effect on the Company; and no tax deficiency has been asserted that if determined adversely to the Company or any subsidiary could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, nor does the Company have any knowledge of any tax deficiencies that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

3.25 Labor Disputes. No labor disturbance by or dispute with the employees of the Company or any Subsidiary exists or, to the Company's knowledge, is imminent that could reasonably be expected to have a Material Adverse Effect.

3.26 Benefits. The Company has no obligation to provide retirement, death or disability benefits to any of the present or past employees of the Company or any Subsidiary, or any other person that is required to be described in the SEC Documents and is not so described.

3.27 Environmental Matters. The Company and each subsidiary (i) are in material compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses, except where failure to receive required permits, licenses or other approvals would not, individually or in the aggregate, have a Material Adverse Effect, (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where noncompliance would not, individually or in the aggregate, have a Material Adverse Effect, and (iv) have not received notice of any actual or alleged violation of Environmental Laws, or of any potential liability for or other obligation concerning the presence, disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except for notices of actual or alleged violations or of any potential liability or other obligation that would not, individually or in the aggregate, have a Material Adverse Effect. There are no proceedings that are pending, or, to the knowledge of the Company, threatened, against the Company or any subsidiary under Environmental Laws in which a governmental authority is also a party, and none of the Company or any subsidiary anticipates material capital expenditures relating to Environmental Laws.

3.28 Privacy Compliance. With respect to any privacy and security commitments made by the Company and its subsidiaries applicable to customer data provided to the Company or its subsidiaries through their products and services or otherwise (including, without limitation, the terms and conditions of use and privacy policies of the Company) (the "**Commitments**"), (i) to the knowledge of the Company, the Company is and during the three years prior to the date of this Agreement has been in compliance with all applicable U.S. privacy laws, as well as with the Commitments; (ii) the Company has not received any inquiries from any federal governmental

entity relating to the Commitments; (iii) there are no pending or, to the Company's knowledge, threatened claims or litigation regarding the Commitments or compliance with the Commitments; (iv) to the Company's knowledge, no applicable certification organization has notified the Company in writing that the Company is out of compliance with such Commitments and (v) to the knowledge of the Company, there have been no security breaches caused by or resulting from the action or inaction of the Company (including failure to implement industry standard security measures to protect such data), with respect to data held by or on behalf of the Company resulting in unauthorized access to, use of or disclosure of such data which has not been remedied, except for such un-remedied breaches as would not reasonably be expected to result in a Material Adverse Effect.

3.29 Insurance. The Company is insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as the Company believes are prudent and customary for a company (i) in the business in which the Company is engaged, (ii) with the resources of the Company and (iii) at a similar stage of development as the Company. The Company has not received any written notice that the Company will not be able to renew its existing insurance coverage as and when such coverage expires. The Company believes it will be able to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

3.30 Registration Rights. No holders of securities of the Company have any rights to require the registration under the Securities Act of resales of such securities in any Registration Statement (as defined below).

ARTICLE 4

REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PURCHASERS

Each Purchaser hereby severally, and not jointly, represents and warrants to the Company on and as of the applicable Closing Date:

4.1 Authorization. Purchaser represents and warrants to the Company that: (a) Purchaser has all requisite legal and corporate or other power and capacity and has taken all requisite corporate or other action to execute and deliver this Agreement, to purchase the Shares and to carry out and perform all of its obligations under this Agreement; and (b) this Agreement constitutes the legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization or similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) as limited by equitable principles generally.

4.2 Investment Experience; Access to Information. Purchaser is an "accredited investor" as defined in Rule 501(a) under the Securities Act. Purchaser is aware of the Company's business affairs and financial condition and has had access to and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to

acquire the Shares. Purchaser has such business and financial experience as is required to give it the capacity to protect its own interests in connection with the purchase of the Shares. Purchaser acknowledges that it has had the opportunity to review the SEC Documents and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, representatives of the Company concerning the terms and conditions of the offering of the Shares and the merits and risks of investing in the Shares; (ii) access to information about the Company and its financial condition, results of operations, business, properties, management and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. Neither such inquiries nor any other investigation conducted by or on behalf of such Purchaser or its representatives or counsel shall modify, amend or affect such Purchaser's right to rely on the SEC Documents and the Company's representations and warranties contained in this Agreement. Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed decision with respect to its acquisition of the Shares.

4.3 Investment Intent. Purchaser is purchasing the Shares for its own account as principal, for investment purposes only, and not with a present view to, or for, resale, distribution or fractionalization thereof, in whole or in part, within the meaning of the Securities Act, other than as contemplated by Article 7. Purchaser understands that its acquisition of the Shares has not been registered under the Securities Act or registered or qualified under any state securities law in reliance on specific exemptions therefrom, which exemptions may depend upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein. Purchaser has completed or caused to be completed the Purchaser Questionnaire attached hereto as **Exhibit A** for use in preparation of the Registration Statement, and the responses provided therein shall be true and correct as of the applicable Closing Date of the Closing in which such Purchaser participates and will be true and correct as of the effective date of the Registration Statement. Purchaser, in connection with its decision to purchase the Shares, has relied solely upon the SEC Documents and the representations and warranties of the Company contained herein. Purchaser will not, directly or indirectly, offer, sell, pledge, transfer or otherwise dispose of (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of) any of the Securities except in compliance with the Securities Act and the rules and regulations promulgated thereunder.

4.4 Reliance on Exemptions; Registration or Exemption Requirements. Purchaser understands that the Shares being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgements and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Shares. Purchaser further acknowledges and understands that the Securities may not be resold or otherwise transferred

except in a transaction registered under the Securities Act or unless an exemption from such registration is available.

4.5 Dispositions.

(a) Purchaser will not, prior to the effectiveness of the Registration Statement, if then prohibited by law or regulation: (i) sell, offer to sell, solicit offers to buy, dispose of, loan, pledge or grant any right with respect to (collectively, a “*Disposition*”) the Securities; or (ii) engage in any hedging or other transaction which is designed or could reasonably be expected to lead to or result in a Disposition of Securities by such Purchaser or an affiliate.

(b) Purchaser has not directly or indirectly, nor has any Person (as defined below) acting on behalf of or pursuant to any understanding with such Purchaser, engaged in any transactions in the Company’s securities (including, without limitation, any Short Sales (as defined below) involving the Company’s securities) since the time that such Purchaser was first contacted by the Company or any other Person regarding the transactions contemplated hereby. Such Purchaser covenants that neither it nor any Person acting on its behalf or pursuant to any understanding with it will engage in any transactions in the Company’s securities (including, without limitation, any Short Sales involving the Company’s securities) prior to the time that the transactions contemplated by this Agreement are publicly disclosed.

For purposes of this Section 4.5(b), (i) “*Person*” shall include, without limitation, any individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company or joint stock company and (ii) “*Short Sales*” shall include, without limitation, all “short sales” as defined in Rule 200 promulgated under Regulation SHO under the Exchange Act and all types of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps and similar arrangements (including on a total return basis), and sales and other transactions through non-U.S. broker-dealers or foreign regulated brokers.

4.6 No Legal, Tax or Investment Advice. Purchaser has independently evaluated the merits of its decision to purchase Shares pursuant to this Agreement, and such Purchaser confirms that it has not relied on the advice of any other Purchaser’s business and/or legal counsel in making such decision. Purchaser understands that nothing in this Agreement or any other materials presented to Purchaser in connection with the purchase and sale of the Shares constitutes legal, tax or investment advice. Purchaser has consulted such legal, tax and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Shares.

4.7 Confidentiality. Purchaser will hold in confidence all information concerning this Agreement and the placement of the Shares hereunder until the earlier of such time as (a) the Company has made a public announcement concerning the Agreement and the placement of the Shares hereunder, (b) this Agreement is terminated or (c) five trading days after the date of this Agreement.

4.8 Residency. Purchaser's executive offices in which its investment decision was made are in the jurisdiction indicated below such Purchaser's name on the applicable signature page hereto.

4.9 Governmental Review. Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities.

4.10 Legend.

(a) Purchaser understands that, until such time as the requirements set forth in Section 4.10(b) have been satisfied, or the Securities have been registered under the Securities Act or otherwise may be sold pursuant to Rule 144, the Securities shall bear a restrictive legend in substantially the following form (and a stop transfer order may be placed against transfer of the certificates for the Securities):

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR IN ANY OTHER JURISDICTION. THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED, SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.”

(b) The Company agrees that it will, no later than three business days following the sale by a Purchaser of Securities pursuant to a Registration Statement (as defined below) in which the prospectus delivery requirements set forth in Section 4.10(c)(i) have been satisfied or the delivery by a Purchaser to the Company or the Company's transfer agent of a certificate representing Securities issued with a restrictive legend and a signed and completed certificate of sale in substantially the form of **Exhibit C** attached hereto, deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from any legend referring to the Securities Act. The Company shall not make any notation on its records or give instructions to any transfer agent of the Company that enlarge the restrictions on transfer set forth in this Section. Certificates for Securities subject to legend removal hereunder may, at the Company's option, be transmitted by the transfer agent of the Company to the Purchasers by crediting the account of the Purchaser's prime broker with the Depository Trust Company. All costs and expenses related to the removal of the legends and the reissuance of any Securities shall be borne by the Company.

(c) Each Purchaser, severally and not jointly with the other Purchasers, agrees that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.10 is predicated upon the Company's reliance that the Purchaser will sell any Securities pursuant to either (i) the registration requirements of the Securities Act and such Purchaser shall have delivered a current prospectus in connection with such sale or such Purchaser shall have confirmed that a current prospectus is deemed to be delivered in connection with such sale in accordance with Rule 172 under the Securities Act ("**Rule 172**") or (ii) an exemption therefrom.

4.11 Foreign Investors. If Purchaser is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), Purchaser hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation to subscribe for the Shares or any use of this Agreement, including (a) the legal requirements within its jurisdiction for the purchase of the Shares, (b) any foreign exchange restrictions applicable to such purchase or acquisition, (c) any government or other consents that may need to be obtained, and (d) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, redemption, sale or transfer of the Shares. Purchaser's subscription and payment for and continued beneficial ownership of the Shares will not violate any applicable securities or other laws of Purchaser's jurisdiction.

ARTICLE 5

CONDITIONS TO CLOSING OBLIGATIONS OF PURCHASERS

Each Purchaser's obligation to purchase and pay for the Shares at the Initial Closing and any Additional Closing, as applicable, is subject to the satisfaction, at or prior to the applicable Closing Date, of the following conditions:

5.1 Representations and Warranties. The representations and warranties made by the Company in Article 3 hereof shall be true and correct as of the date of this Agreement and as of the Initial Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date.

5.2 Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by the Company on or prior to the applicable Closing Date shall have been performed or complied with in all material respects.

5.3 Certificates; Instructions; Good Standings. The Company shall have delivered to the Purchasers (i) duly executed certificates for the Shares (in such denominations as indicated by such Purchaser's name on Schedule A hereto), (ii) evidence that the Certificate of Designations has been filed and become effective on or prior to the Initial Closing Date with the Secretary of State of the State of Delaware, in form and substance mutually agreed to by the parties, and (iii) a certificate evidencing the formation and good standing of the Company issued by the Secretary of State of the State of Delaware and evidencing the good standing of the

Company issued by the Secretary of State of the State of California as of a date within five days of the Initial Closing Date.

5.4 Listing. The Company shall have complied with all requirements with respect to the listing of the Conversion Shares and 900,000 Dividend Shares on NASDAQ, except for such requirements not required by NASDAQ until after the issuance of the Shares or the Dividend Shares, such requirements to be complied with promptly after the applicable Closing or the issuance of the Dividend Shares, as applicable.

5.5 Officer's Certificate. The Company shall have delivered a Certificate, executed on behalf of the Company by its Chief Executive Officer or Chief Financial Officer, dated as of the Initial Closing Date, certifying to the fulfillment of the conditions specified in Sections 5.1 and 5.2.

5.6 Judgments. No judgment, writ, order, injunction, award or decree of or by any court, or judge, justice or magistrate, including any bankruptcy court or judge, or any order of or by any governmental authority, shall have been issued, and no action or proceeding shall have been instituted by any governmental authority, enjoining or preventing the consummation of the transactions contemplated hereby.

5.7 Secretary's Certificate. The Company shall have delivered a Certificate, executed on behalf of the Company by its Secretary, dated as of the Initial Closing Date, certifying the resolutions adopted by the Board of Directors of the Company (or an authorized committee thereof) approving the transactions contemplated by this Agreement and the issuance of the Shares and of the Conversion Shares, certifying the current versions of the Restated Certificate and the Bylaws and certifying as to the signatures and authority of persons signing this Agreement and related documents on behalf of the Company.

5.8 Legal Opinion. The Purchasers participating in the Initial Closing shall have received on the Initial Closing Date an opinion of Cooley, counsel for the Company, dated the Initial Closing Date, in form and substance reasonably satisfactory to the Purchasers.

5.9 Material Adverse Effect. There shall not have occurred a Material Adverse Effect.

5.10 No Dissolution or Liquidation. The Company shall not (i) have commenced any voluntary proceeding under any provision of Title 11 of the bankruptcy code, as now or hereafter amended, or any other proceeding, under any law, now or hereafter in force, relating to bankruptcy, insolvency, reorganization, liquidation or otherwise to the relief of debtors or the readjustment of indebtedness, (ii) made any assignment for the benefit of creditors or a composition or similar arrangement with creditors or (iii) appointed a receiver trustee or similar judicial officer or agent to take charge of or liquidate any of its property or assets, and (iv) shall not have had any involuntary proceeding of the kind described in the foregoing commenced against it.

5.11 Stop Orders. No stop order or suspension of trading shall have been imposed by NASDAQ, the SEC or any other governmental regulatory body with respect to public trading in the Common Stock.

ARTICLE 6

CONDITIONS TO CLOSING OBLIGATIONS OF COMPANY

The Company's obligation to issue and sell the Shares at the Initial Closing or any Additional Closing is subject to the satisfaction, on or prior to the applicable Closing Date, of the following conditions:

6.1 Receipt of Payment. The Purchasers shall have delivered payment of the purchase price to the Company for the Shares being issued hereunder.

6.2 Representations and Warranties. The representations and warranties made by the Purchasers in Article 4 hereof shall be true and correct as of the date when made and as of the applicable Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date.

6.3 Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by the Purchasers on or prior to the applicable Closing Date shall have been performed or complied with in all material respects.

6.4 Delivery of Purchaser Questionnaire. The Company shall have received from each Purchaser a fully completed Purchaser Questionnaire in the form attached hereto as **Exhibit A**.

ARTICLE 7

COVENANTS

7.1 Definitions. For the purpose of this Article 7:

(a) the term "**Registration Statement**" shall mean any registration statement required to be filed by Section 7.2 below, and shall include any preliminary prospectus, final prospectus, exhibit or amendment included in or relating to such registration statements; and

(b) the term "**Registrable Shares**" means all Conversion Shares and up to 900,000 Dividend Shares; *provided, however*, that a security shall cease to be a Registrable Share upon the earliest to occur of the following: (i) a Registration Statement registering such security under the Securities Act has been declared or becomes effective and such security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Registration Statement, (ii) such security is sold pursuant to Rule 144 under circumstances in which any legend borne by such security relating to restrictions on

transferability thereof, under the Security Act or otherwise, is removed by the Company, (iii) such security is eligible to be sold pursuant to Rule 144 without condition or restriction, including without any limitation as to volume of sales, and without the Holder complying with any method of sale requirements or notice requirements under Rule 144, or (iv) such security shall cease to be outstanding.

7.2 Registration Procedures and Expenses. The Company shall:

(a) use its best efforts to file a Registration Statement (the “**Mandatory Registration Statement**”) with the SEC on or before the date 45 days following the Initial Closing Date (the “**Filing Date**”) to register the Registrable Shares on Form S-3 under the Securities Act (providing for shelf registration of such Registrable Shares under SEC Rule 415) or on such other form which is appropriate to register such Registrable Shares for resale from time to time by the Purchasers;

(b) use its commercially reasonable efforts to cause such Mandatory Registration Statement to be declared effective as promptly as practicable following the Filing Date, such efforts to include, without limiting the generality of the foregoing, preparing and filing with the SEC any financial statements or other information that is required to be filed prior to the effectiveness of such Mandatory Registration Statement;

(c) notwithstanding anything contained in this Agreement to the contrary, in the event that the SEC limits the amount of Registrable Shares or otherwise requires a reduction in the number of Registrable Shares that may be included and sold by the Purchasers in the Mandatory Registration Statement (in which case such reduction of such Registrable Shares shall first reduce shares included in the Mandatory Registration Statement that may be issued as Dividend Shares on a pro rata basis among all the Purchasers in proportion to the respective number of Shares beneficially owned by all Purchasers and shall second reduce Conversion Shares included in the Mandatory Registration Statement for all Purchasers on a pro rata basis in proportion to the respective number of Shares beneficially owned by all Purchasers), or for any other reason any Registrable Shares are not then included in the Mandatory Registration Statement filed under this Agreement, then the Company shall prepare and file (i) within 10 business days of the first date or time that such excluded Registrable Shares may then be included in a Registration Statement if the SEC shall have notified the Company that certain Registrable Shares were not eligible for inclusion in the Registration Statement or (ii) in all other cases, within 20 days following the date that the Company becomes aware that such additional Registration Statement is required (the “**Additional Filing Date**”), a Registration Statement (any such Registration Statement registering such excluded Registrable Shares, an “**Additional Registration Statement**” and, together with the Mandatory Registration Statement, a “**Registration Statement**”) to register any Registrable Shares that have been excluded (or, if applicable, the maximum number of such excluded Registrable Shares that the Company is permitted to register for resale on such Additional Registration Statement consistent with SEC guidance), if any, from being registered on the Mandatory Registration Statement;

(d) use its commercially reasonable efforts to cause any such Additional Registration Statement to be declared effective as promptly as practicable following the Additional Filing Date, such efforts to include, without limiting the generality of the foregoing, preparing and filing with the SEC any financial statements or other information that is required to be filed prior to the effectiveness of any such Additional Registration Statement;

(e) prepare and file with the SEC such amendments and supplements to such Registration Statements and the prospectus used in connection therewith as may be necessary to keep such Registration Statements continuously effective and free from any material misstatement or omission to state a material fact therein until termination of such obligation as provided in Section 7.5 below, subject to the Company's right to suspend pursuant to Section 7.4;

(f) furnish to each Purchaser (and to each underwriter, if any, of such Registrable Shares) such number of copies of prospectuses in conformity with the requirements of the Securities Act and such other documents as the Purchasers may reasonably request, in order to facilitate the public sale or other disposition of all or any of the Registrable Shares by the Purchasers;

(g) file such documents as may be required of the Company for normal securities law clearance for the resale of the Registrable Shares in such states of the United States as may be reasonably requested by each Purchaser and use its commercially reasonable efforts to maintain such blue sky qualifications during the period the Company is required to maintain effectiveness of the Registration Statements; *provided, however*, that the Company shall not be required in connection with this Section 7.2(g) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction in which it is not now so qualified or has not so consented;

(h) upon notification by the SEC that the Registration Statement will not be reviewed or is not subject to further review by the SEC, the Company shall within five business days following the date of such notification request acceleration of such Registration Statement;

(i) upon notification by the SEC that that the Registration Statement has been declared effective by the SEC, the Company shall file the final prospectus under Rule 424 of the Securities Act ("*Rule 424*") within the applicable time period prescribed by Rule 424;

(j) advise each Purchaser promptly:

(i) of the effectiveness of the Registration Statement or any post-effective amendments thereto;

(ii) of any request by the SEC for amendments to the Registration Statement or amendments to the prospectus or for additional information relating thereto;

(iii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Registrable Shares for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes; and

(iv) of the existence of any fact and the happening of any event that makes any statement of a material fact made in the Registration Statement, the prospectus and amendment or supplement thereto, or any document incorporated by reference therein, untrue, or that requires the making of any additions to or changes in the Registration Statement or the prospectus in order to make the statements therein not misleading;

(k) use its commercially reasonable efforts to cause all Registrable Shares to be listed on each securities exchange, if any, on which equity securities by the Company are then listed; and

(l) bear all expenses in connection with the procedures in paragraphs (a) through (k) of this Section 7.2 and the registration of the Registrable Shares on such Registration Statement and the satisfaction of the blue sky laws of such states.

7.3 Indemnification.

(a) The Company agrees to indemnify and hold harmless each Purchaser, the partners, members, officers and directors of each Purchaser and each person, if any, who controls such Purchaser within the meaning of the Securities Act or the Exchange Act, from and against any losses, claims, damages or liabilities to which they may become subject (under the Securities Act or otherwise) insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon, any material breach of this Agreement by the Company or any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or arise out of any failure by the Company to fulfill any undertaking included in the Registration Statement and the Company will, as incurred, reimburse such Purchaser, partner, member, officer, director or controlling person for any legal or other expenses reasonably incurred in investigating, defending or preparing to defend any such action, proceeding or claim; *provided, however*, that the Company shall not be liable in any such case to the extent that such loss, claim, damage or liability (collectively, "*Loss*") arises out of, or is based upon, an untrue statement or omission or alleged untrue statement or omission made in such Registration Statement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Purchaser, partner, member, officer, director or controlling person specifically for use in preparation of the Registration Statement or any breach of this Agreement by such Purchaser; *provided further, however*, that the Company shall not be liable to any Purchaser (or any partner, member, officer, director or controlling person of such Purchaser) to the extent that any such Loss is caused by an untrue statement or omission or alleged untrue statement or omission made

in any preliminary prospectus if either (i) (A) such Purchaser failed to send or deliver a copy of the final prospectus with or prior to, or such Purchaser failed to confirm that a final prospectus was deemed to be delivered prior to (in accordance with Rule 172), the delivery of written confirmation of the sale by such Purchaser to the person asserting the claim from which such Loss resulted and (B) the final prospectus corrected such untrue statement or omission, (ii) (X) such untrue statement or omission is corrected in an amendment or supplement to the prospectus and (Y) having previously been furnished by or on behalf of the Company with copies of the prospectus as so amended or supplemented or notified by the Company that such amended or supplemented prospectus has been filed with the SEC, in accordance with Rule 172, such Purchaser thereafter fails to deliver such prospectus as so amended or supplemented, with or prior to or such Purchaser fails to confirm that the prospectus as so amended or supplemented was deemed to be delivered prior to (in accordance with Rule 172), the delivery of written confirmation of the sale by such Purchaser to the person asserting the claim from which such Loss resulted or (iii) such Purchaser sold Registrable Shares in violation of such Purchaser's covenant contained in Section 7.4 of this Agreement.

(b) Each Purchaser, severally and not jointly, agrees to indemnify and hold harmless the Company (and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each officer of the Company who signs the Registration Statement and each director of the Company), from and against any losses, claims, damages or liabilities to which the Company (or any such officer, director or controlling person) may become subject (under the Securities Act or otherwise), insofar as such losses, claims, damages or liabilities (or actions or proceedings in respect thereof) arise out of, or are based upon, any material breach of this Agreement by such Purchaser or any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in each case, on the effective date thereof, if, and to the extent, such untrue statement or omission or alleged untrue statement or omission was made in reliance upon and in conformity with written information furnished by or on behalf of such Purchaser specifically for use in preparation of the Registration Statement, and such Purchaser will reimburse the Company (and each of its officers, directors or controlling persons) for any legal or other expenses reasonably incurred in investigating, defending or preparing to defend any such action, proceeding or claim; *provided, however*, that in no event shall any indemnity under this Section 7.3(b) be greater in amount than the dollar amount of the proceeds received by such Purchaser upon the sale of such Registrable Shares.

(c) Promptly after receipt by any indemnified person of a notice of a claim or the beginning of any action in respect of which indemnity is to be sought against an indemnifying person pursuant to this Section 7.3, such indemnified person shall notify the indemnifying person in writing of such claim or of the commencement of such action, and, subject to the provisions hereinafter stated, in case any such action shall be brought against an indemnified person and such indemnifying person shall have been notified thereof, such indemnifying person shall be entitled to participate therein, and, to the extent that it shall wish, to

assume the defense thereof, with counsel reasonably satisfactory to such indemnified person. After notice from the indemnifying person to such indemnified person of its election to assume the defense thereof, such indemnifying person shall not be liable to such indemnified person for any legal expenses subsequently incurred by such indemnified person in connection with the defense thereof; *provided, however*, that if there exists or shall exist a conflict of interest that would make it inappropriate in the reasonable judgment of the indemnified person for the same counsel to represent both the indemnified person and such indemnifying person or any affiliate or associate thereof, the indemnified person shall be entitled to retain its own counsel at the expense of such indemnifying person; *provided, further*, that no indemnifying person shall be responsible for the fees and expense of more than one separate counsel for all indemnified parties. The indemnifying party shall not settle an action without the consent of the indemnified party, which consent shall not be unreasonably withheld.

(d) If after proper notice of a claim or the commencement of any action against the indemnified party, the indemnifying party does not choose to participate, then the indemnified party shall assume the defense thereof and upon written notice by the indemnified party requesting advance payment of a stated amount for its reasonable defense costs and expenses, the indemnifying party shall advance payment for such reasonable defense costs and expenses (the “*Advance Indemnification Payment*”) to the indemnified party. In the event that the indemnified party’s actual defense costs and expenses exceed the amount of the Advance Indemnification Payment, then upon written request by the indemnified party, the indemnifying party shall reimburse the indemnified party for such difference; in the event that the Advance Indemnification Payment exceeds the indemnified party’s actual costs and expenses, the indemnified party shall promptly remit payment of such difference to the indemnifying party.

(e) If the indemnification provided for in this Section 7.3 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability 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, as well as any other relevant equitable considerations; *provided*, that in no event shall any contribution by an indemnifying party hereunder be greater in amount than the dollar amount of the proceeds received by such indemnifying party upon the sale of such Registrable Shares.

7.4 Prospectus Delivery. Each Purchaser hereby covenants with the Company not to make any sale of the Registrable Shares without complying with Section 8.3. Each Purchaser acknowledges that there may be times when the Company must suspend the use of the prospectus forming a part of the Registration Statement until such time as an amendment to the Registration Statement has been filed by the Company and declared effective by the SEC, or until such time as the Company has filed an appropriate report with the SEC pursuant to the Exchange Act. Each Purchaser hereby covenants that it will not sell any Registrable Shares pursuant to said prospectus during the period commencing at the time at which the Company

gives such Purchaser notice of the suspension of the use of said prospectus and ending at the time the Company gives such Purchaser notice that such Purchaser may thereafter effect sales pursuant to said prospectus; *provided*, that such suspension periods shall in no event exceed 30 days in any 12 month period and that, in the good faith judgment of the Company's Board of Directors, the Company would, in the absence of such delay or suspension hereunder, be required under state or federal securities laws to disclose any corporate development, a potentially significant transaction or event involving the Company, or any negotiations, discussions, or proposals directly relating thereto, in either case the disclosure of which would reasonably be expected to have a material adverse effect upon the Company or its stockholders; *provided further*, that the Company may suspend the use of the prospectus forming a part of the Registration Statement to the extent necessary to file any post-effective amendment to the Registration Statement in order to amend the table of selling stockholders within the Registration Statement to reflect transfers of the Securities pursuant to Sections 8.3(a) and 8.3(b).

7.5 Termination of Obligations. The obligations of the Company pursuant to Section 7.2 hereof shall cease and terminate, with respect to any Registrable Shares, upon the earlier to occur of (a) such time such Registrable Shares have been resold, or (b) such time as such Registrable Shares no longer remain Registrable Shares pursuant to Section 7.1(b) hereof.

7.6 Reporting Requirements.

(a) With a view to making available the benefits of certain rules and regulations of the SEC that may at any time permit the sale of the Securities to the public without registration or pursuant to a registration statement on Form S-3, the Company agrees to use commercially reasonable efforts to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144;

(ii) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(iii) so long as any of the Purchasers own Registrable Shares, to furnish to such Purchaser upon request (A) a written statement by the Company as to whether it is in compliance with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, or whether it is qualified as a registrant whose securities may be resold pursuant to SEC Form S-3, (B) 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 (C) such other information as may be reasonably requested to permit Purchasers to sell such securities pursuant to Rule 144.

7.7 Blue Sky. The Company shall obtain and maintain all necessary blue sky law permits and qualifications, or secured exemptions therefrom, required by any state for the offer and sale of Securities.

ARTICLE 8
RESTRICTIONS ON TRANSFERABILITY OF SECURITIES;
COMPLIANCE WITH SECURITIES ACT

8.1 Restrictions on Transferability. The Securities shall not be transferable in the absence of a registration under the Securities Act or an exemption therefrom. The Company shall be entitled to give stop transfer instructions to its transfer agent with respect to the Securities in order to enforce the foregoing restrictions.

8.2 Instruction Sheet. Each certificate representing Registrable Shares shall bear the Instruction Sheet attached hereto as **Exhibit B** (in addition to any legends required under applicable securities laws).

8.3 Transfer of Securities.

(a) Each Purchaser hereby covenants with the Company not to make any sale of the Securities except:

(i) in accordance with the Registration Statement, in which case such Purchaser shall have delivered a current prospectus in connection with such sale or such Purchaser shall have confirmed that a current prospectus is deemed to be delivered in connection with such sale in accordance with Rule 172; or

(ii) in accordance with Rule 144, in which case Purchaser covenants to comply with Rule 144; or

(iii) (A) If the transferee has agreed in writing to be bound by the terms of this Agreement and (B) such Purchaser shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such disposition will not require registration of such shares under the Securities Act.

(b) Notwithstanding the provisions of subsection (a) above, no such restriction shall apply to a transfer or distribution by a Purchaser that is (i) a partnership transferring to its partners or former partners in accordance with partnership interests, (ii) a corporation transferring to a wholly-owned subsidiary or a parent corporation that owns all of the capital stock of the Purchaser, (iii) a limited liability company transferring to its members or former members in accordance with their interest in the limited liability company or (iv) an individual transferring to the Purchaser's family member or trust for the benefit of an individual Purchaser and/or the Purchaser's family member; *provided* that in each case the transferee will agree in writing to be subject to the terms of this Agreement to the same extent as if such transferee were an original Purchaser hereunder.

(c) Purchaser further acknowledges and agrees that, unless a Purchaser is selling the Securities using the prospectus forming a part of the Registration Statement, such Securities are not transferable on the books of the Company unless the certificate evidencing such Securities is submitted to the Company's transfer agent and a separate certificate executed by an officer of, or other person duly authorized by, the Purchaser in the form attached hereto as **Exhibit C** is submitted to the Company.

8.4 Purchaser Information. Each Purchaser covenants that it will promptly notify the Company of any change in the information set forth in the Registration Statement regarding such Purchaser or such Purchaser's "Plan of Distribution," to the extent such change is required to be disclosed under applicable federal securities laws.

ARTICLE 9 MISCELLANEOUS

9.1 Waivers and Amendments. The terms of this Agreement may be waived or amended with the written consent of the Company and each Purchaser; *provided, however*, that with respect to Article 7 hereof, the terms of this Agreement may be waived or amended with the written consent of the Company and the record holders of a majority in interest of the Registrable Shares and any such amendment or waiver shall be binding upon the Company and all holders of Registrable Shares; *provided further*, that any amendment pursuant to this Section 9.1 that would adversely affect the rights of any Purchaser in a manner different than the rights of other Purchasers shall also require the written consent of such Purchaser.

9.2 Broker's Fee. Each Purchaser acknowledges that the Company intends to pay a fee to Roth Capital Partners, LLC in connection with the applicable Closing. Each of the parties to this Agreement represents that, on the basis of any actions and agreements by it, there are no other brokers or finders entitled to compensation in connection with the sale of Shares to the Purchasers.

9.3 Expenses. The Company shall pay all documented fees and expenses incurred by Oak Investment Partners XI, L.P. in connection with the transactions contemplated hereby including, without limitation, all legal, consulting and accounting fees incurred under and in connection with the execution and delivery of this Agreement and the other documents contemplated hereby of up to \$35,000 in the aggregate ("**Transaction Fees**"). Payments due pursuant to this Section 9.3 will be made at each Closing for all documented fees and expenses incurred but unpaid as of such Closing; *provided*, that in the event each applicable Closing occurs, or if a Closing does not occur then upon termination of this Agreement, and in any event, any remaining payments will be made not later than 30 days after a bill for such Transaction Fees has been sent by the Oak Investment Partners XI, L.P. to the Company.

9.4 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under this Agreement are several and not joint with the obligations of any

other Purchaser, and no Purchaser shall be responsible in any way for the representations and warranties of, or the performance of the obligations of any other Purchaser under this Agreement. Nothing contained herein and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group, or are deemed affiliates (as such term is defined under the Exchange Act) with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

9.5 Governing Law. This Agreement shall be governed in all respects by and construed in accordance with the laws of the State of California without any regard to conflicts of laws principles.

9.6 Survival. The representations, warranties, covenants and agreements made in this Agreement shall survive any investigation made by the Company or the Purchasers and the applicable Closing.

9.7 Successors and Assigns. The provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties to this Agreement. Upon a permitted transfer of a Purchaser's Securities on the books of the Company in accordance with the terms of Sections 8.3(a)(iii) or 8.3(b), the Purchaser may assign this Agreement to the permitted transferee upon prior written notice to the Company. Except as set forth in the previous sentence, no Purchaser shall assign this Agreement without the prior written consent of the Company.

9.8 Entire Agreement. This Agreement (including all schedules and exhibits hereto) constitutes the full and entire understanding and agreement between the parties with regard to the subjects thereof.

9.9 Notices, etc. All notices and other communications required or permitted under this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company or the Purchasers, as the case may be, at their respective addresses set forth at the beginning of this Agreement or indicated below such Purchaser's name on the applicable signature page hereto, as appropriate, or at such other address as the Company or the Purchasers may designate by 10 days advance written notice to the other party.

9.10 Severability of this Agreement. If any provision of this Agreement shall be judicially determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

9.11 Counterparts; Facsimile. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Facsimile signatures shall be treated the same as original signatures.

9.12 Further Assurances. Each party to this Agreement shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as the other party hereto may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

9.13 Currency. All references to “dollars” or “\$” in this Agreement shall be deemed to refer to United States dollars.

The foregoing agreement is hereby executed as of the date first above written.

U.S. AUTO PARTS NETWORK, INC.,
a Delaware corporation

By: /s/ Shane Evangelist
Shane Evangelist
Chief Executive Officer

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed this Agreement or caused its duly authorized officers to execute this Agreement as of the date first above written.

IF AN INDIVIDUAL:

/s/ Robert J. Majteles
(Signature)

Robert J. Majteles
(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,
TRUST, ESTATE OR OTHER ENTITY:

Print name of entity

By: _____

Name: _____

Title: _____

Print jurisdiction of organization of entity

Address:

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed this Agreement or caused its duly authorized officers to execute this Agreement as of the date first above written.

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,
TRUST, ESTATE OR OTHER ENTITY:

Elyashar Living Trust
Print name of entity

By: /s/ Ben Elyashar
Name: Ben Elyashar
Title: Trustee

Print jurisdiction of organization of entity

Address:

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed this Agreement or caused its duly authorized officers to execute this Agreement as of the date first above written.

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,
TRUST, ESTATE OR OTHER ENTITY:

Mina Khazani Living Trust DTD 11-09-07
Mina Khazani TTEE

Print name of entity

By /s/ Mina Khazani
Name: Mina Khazani
Title: _____

Print jurisdiction of organization of entity

Address:

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed this Agreement or caused its duly authorized officers to execute this Agreement as of the date first above written.

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,
TRUST, ESTATE OR OTHER ENTITY:

Nia Family Living Trust DTD 09-02-04
Mehran Nia and Fariba Nia TTEES

Print name of entity

By /s/ Mehran Nia
Name: Mehran Nia
Title: _____

Print jurisdiction of organization of entity

Address:

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed this Agreement or caused its duly authorized officers to execute this Agreement as of the date first above written.

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,
TRUST, ESTATE OR OTHER ENTITY:

Sol Khazani Living Trust
Print name of entity

By /s/ Sol Khazani
Name: Sol Khazani
Title: _____

Print jurisdiction of organization of entity

Address:

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed this Agreement or caused its duly authorized officers to execute this Agreement as of the date first above written.

IF AN INDIVIDUAL:

(Signature)

(Printed Name)

Address:

IF A CORPORATION, PARTNERSHIP,
TRUST, ESTATE OR OTHER ENTITY:

Oak Investment Partners XI, L.P.

Print name of entity

By /s/ Fred Harman

Name: Fred Harman

Title: _____

Print jurisdiction of organization of entity

Address:

[SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

Schedule A

Schedule of Purchasers

PURCHASER	NUMBER OF SHARES OF SERIES A PREFERRED	AGGREGATE PURCHASE PRICE
Oak Investment Partners XI, L.P.	1,379,310	\$ 1,999,999.50
Nia Family Living Trust DTD 09-02-04 Mehran Nia and Fariba Nia TTEES	1,034,482	\$ 1,499,998.90
Mina Khazani Living Trust DTD 11-09-07 Mina Khazani TTEE	1,034,482	\$ 1,499,998.90
Sol Khazani Living Trust	344,827	\$ 499,999.15
Elyashar Living Trust	206,896	\$ 299,999.20
Robert J. Majteles	150,000	\$ 217,500
TOTAL:	4,149,997	\$ 6,017,495.65

A.1.

EXHIBIT A

PURCHASER QUESTIONNAIRE

INSTRUCTION SHEET FOR PURCHASER

(to be read in conjunction with the entire Securities Purchase Agreement)

- A.** Complete the following items in the Securities Purchase Agreement:
- 1.** Provide the information regarding the Purchaser requested on the signature page. The Securities Purchase Agreement must be executed by an individual authorized to bind the Purchaser.
 - 2. Exhibit A-1 – Stock Certificate Questionnaire:**
Provide the information requested by the Stock Certificate Questionnaire.
 - 3. Exhibit A-2 – Purchaser Certificate:**
Provide the information requested by the Certificate for Individual Purchasers or the Certificate for Corporate, Partnership, Trust, Foundation and Joint Purchasers, as applicable.
 - 4.** Return the signed Securities Purchase Agreement to:
Bryan P. Stevenson
VP, General Counsel
U.S. Auto Parts Network, Inc.
16941 Keegan Avenue
Carson, CA 90746
310.735.0092
- B.** Instructions regarding the transfer of funds for the purchase of Shares will be telecopied to the Purchaser at a later date.
- C.** Upon the resale of the Registrable Shares by the Purchaser after the Registration Statement covering the Registrable Shares is effective pursuant to the Registration Statement, as described in the Securities Purchase Agreement, the Purchaser:
- (i)** must deliver a current prospectus to the buyer or such Purchaser must confirm that a current prospectus is deemed to be delivered to such buyer in accordance with Rule 172; and

A.2.

(ii) unless sold pursuant to such Registration Statement, must send a letter in the form of **Exhibit C** to the Securities Purchase Agreement to the Company so that the Registrable Shares may be properly transferred.

A.3.

EXHIBIT A-1

**U.S. AUTO PARTS NETWORK, INC.
STOCK CERTIFICATE QUESTIONNAIRE**

Pursuant to Section 4.3 of the Agreement, please provide us with the following information:

1. The exact name that the Shares are to be registered in (this is the name that will appear on the stock certificate(s)). You may use a nominee name if appropriate:
2. The relationship between the Purchaser of the Shares and the Registered Holder listed in response to item 1 above:
3. The mailing address of the Registered Holder listed in response to item 1 above:

4. The Tax Identification Number of the Registered Holder listed in response to item 1 above:

A-1.1.

EXHIBIT A-2

U.S. AUTO PARTS NETWORK, INC.
CERTIFICATE FOR INDIVIDUAL PURCHASERS

If the investor is an individual Purchaser (or married couple) the Purchaser must complete, date and sign this Certificate.

CERTIFICATE

I certify that the representations and responses below are true and accurate:

In order for the Company to offer and sell the Shares in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please *initial each category* applicable to you as an investor in the Company.

_____ (1) A natural person whose net worth¹, either individually or jointly with such person's spouse exceeds \$1,000,000;

_____ (2) A natural person who had an income² in excess of \$200,000 in each of the two most recent years, or joint income with his or her spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

_____ (3) An executive officer or director of the Company.

Date:

Name(s) of Purchaser

Signature

Signature

¹ For purposes of this Certificate "*net worth*" means the excess of total assets, excluding your primary residence, at fair market value over total liabilities, including your mortgage or any other liability secured by your primary residence only if and to the extent that it exceeds the value of your primary residence.

² For purposes of this Certificate, "*income*" means adjusted gross income, as reported for federal income tax purposes, increased by the following amounts: (a) the amount of any tax exempt interest income received, (b) the amount of losses claimed as a limited partner in a limited partnership, (c) any deduction claimed for depletion, (d) amounts contributed to an IRA or Keogh retirement plan, (e) alimony paid, and (f) any amounts by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Internal Revenue Code.

EXHIBIT A-2

U.S. AUTO PARTS NETWORK, INC.
CERTIFICATE FOR CORPORATE, PARTNERSHIP,
TRUST, FOUNDATION, AND JOINT PURCHASERS

If the investor is a corporation, partnership, trust, pension plan, foundation, joint purchaser (other than a married couple) or other entity, an authorized officer, partner, or trustee must complete, date and sign this Certificate.

CERTIFICATE

The undersigned certifies that the representations and responses below are true and accurate:

1. (Residence Information. Please provide the entity's full legal name, primary business address, phone number, fax number, name and e-mail address of contact person, and federal tax I.D. number.

2. Domicile Information. Please indicate the form of the entity and the state and date of its organization (*e.g.*, corporation, state and date of incorporation).

Form _____
State of Organization _____
Date of Organization _____

3. In order for the Company to offer and sell the Securities in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please *check each category* applicable to you as an investor in the Company.

- () (i) The undersigned is a trust, not formed for the purpose of acquiring the Securities, with total assets in excess of \$5,000,000 whose purchase is directed by a person with such knowledge and experience in financial and

business matters that such person is capable of evaluating the merits and risks of the prospective investment.

- (ii) The undersigned is a bank as defined in Section 3(a)(2) of the Securities Act or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act.
- (iii) The undersigned is an insurance company as defined in Section 2(a)(13) of the Securities Act.
- (iv) The undersigned is an investment company registered under the U.S. Investment Company Act of 1940, as amended, or a business development company as defined in Section 2(a)(48) of the U.S. Investment Company Act of 1940, as amended.
- (v) The undersigned is a broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934, as amended.
- (vi) The undersigned is a Small Business Investment Company licensed by the U.S. Small Business Administration.
- (vii) The undersigned is a plan with total assets in excess of \$5,000,000 established and maintained by a state for the benefit of its employees.
- (viii) The undersigned is a private business development company as defined in Section 202(a)(22) of the United States Investment Advisers Act of 1940, as amended.
- (ix) The undersigned is an employee benefit plan and either all investment decisions are made by a bank, savings and loan association, insurance company, or registered investment advisor, or the undersigned has total assets in excess of \$5,000,000 or, if such plan is a self-directed plan, investment decisions are made solely by persons who are accredited investors.
- (x) The undersigned is a corporation, partnership, business trust, not formed for the purpose of acquiring the Securities, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, in each case with total assets in excess of \$5,000,000.
- (xi) The undersigned is an entity in which all of the equity owners (in the case of a revocable living trust, its grantor(s)) qualify under any of the above subparagraphs, or, if an individual, each such individual has a net worth¹,

¹ For purposes of this Questionnaire, “*net worth*” means the excess of total assets, excluding an individual’s primary residence, at fair market value over total liabilities, including such individual’s mortgage or any other liability secured by his or her primary residence only if and to the extent that it exceeds the value of the primary residence.

either individually or upon a joint basis with such individual's spouse, in excess of \$1,000,000 (within the meaning of such terms as used in the definition of "*accredited investor*" contained in Rule 501 under the Securities Act), or has had an individual income² in excess of \$200,000 for each of the two most recent years, or a joint income with such individual's spouse in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year.

- () (xii) The undersigned cannot make any of the representations set forth in paragraphs "i" through "xi" above.

The undersigned represents that the information contained herein is complete and accurate and may be relied upon by the Company, and that the undersigned will notify the Company of any material change in any of such information prior to the undersigned's investment in the Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate on _____, 2013.

NAME OF ENTITY

By: _____

TITLE OR ASSOCIATION WITH ENTITY

² For purposes of this Questionnaire, "*income*" means adjusted gross income, as reported for federal income tax purposes, increased by the following amounts: (a) the amount of any tax exempt interest income received, (b) the amount of losses claimed as a limited partner in a limited partnership, (c) any deduction claimed for depletion, (d) amounts contributed to an IRA or Keogh retirement plan, (e) alimony paid, and (f) any amounts by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Internal Revenue Code of 1986, as amended.

EXHIBIT B

U.S. AUTO PARTS NETWORK, INC.

IMPORTANT—DO NOT REMOVE THIS INSTRUCTION SHEET FROM THE ATTACHED SHARE CERTIFICATE UNLESS AND UNTIL THE SHARES ARE SOLD AS FOLLOWS:

(1) THE SHARES ARE RESOLD PURSUANT TO THE REGISTRATION STATEMENT ON FORM S-3 (NO. [_____]), AND, IN CONNECTION WITH SUCH RESALE, THE HOLDER HAS DELIVERED A CURRENT PROSPECTUS, OR THE HOLDER HAS CONFIRMED THAT A CURRENT PROSPECTUS IS DEEMED TO BE DELIVERED IN CONNECTION WITH SUCH RESALE IN ACCORDANCE WITH RULE 172 UNDER THE SECURITIES ACT OF 1933, AS AMENDED; OR

(2) THE SHARES ARE RESOLD IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED.

DO NOT REMOVE THIS INSTRUCTION SHEET FROM
THE ATTACHED SHARE CERTIFICATE
EXCEPT IN ACCORDANCE WITH
THE INSTRUCTIONS SET FORTH ABOVE.

EXHIBIT C

PURCHASER'S CERTIFICATE OF SUBSEQUENT SALE

To: U.S. Auto Parts Network, Inc.
Attention: Bryan P. Stevenson.

The undersigned, the selling securityholder or an officer of, or other duly authorized person, hereby certifies that

_____ represents that it has sold _____ shares of the _____ of U.S. Auto Parts Network, Inc.
[fill in name of selling securityholder] [fill in class of security]
and that such shares were

(i) sold on _____ in accordance with Rule 144 under the Securities Act of 1933 ("**Rule 144**") in which case the selling securityholder certifies that it has complied with the requirements of Rule 144, or (ii) were sold on _____ in accordance with another exemption from registration under the Securities Act of 1933 (in which case the undersigned shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company).

Print or type:

Number of shares sold (if sold on multiple dates, please provide a breakdown by date):

Name of selling securityholder:

Name of individual representing selling securityholder (if an institution):

Title of individual representing selling securityholder (if an institution):

Signature by:

Selling securityholder or individual representative:

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment"), dated as of March 25, 2013, is entered into by and among U.S. AUTO PARTS NETWORK, INC., a Delaware corporation ("Company"), PARTSBIN, INC., a Delaware corporation ("PartsBin"), LOCAL BODY SHOPS, INC., a Delaware corporation ("Local Body Shops"), PRIVATE LABEL PARTS, INC., a Delaware corporation ("Private Label Parts"), WHITNEY AUTOMOTIVE GROUP, INC., a Delaware corporation ("Whitney Auto"), and together with the Company, PartsBin, Local Body Shops and Private Label Parts, collectively, "Borrowers" and each individually a "Borrower"), the other Loan Parties party hereto, the Lenders (as defined below) party hereto, and JPMORGAN CHASE BANK, N.A., as administrative agent for the Lenders (in such capacity, "Administrative Agent").

RECITALS

- A. Borrowers, the other parties signatory thereto as "Loan Parties" (each individually, a "Loan Party" and collectively, the "Loan Parties"), Administrative Agent, and the financial institutions party thereto as lenders (each individually, a "Lender" and collectively, the "Lenders") have previously entered into that certain Credit Agreement, dated as of April 26, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), pursuant to which the Lenders have made certain loans and financial accommodations available to Borrowers. Terms used herein without definition shall have the meanings ascribed to them in the Credit Agreement.
- B. Borrowers and the other Loan Parties have requested that Administrative Agent and the Lenders amend the Credit Agreement, and Administrative Agent and the Lenders are willing to amend the Credit Agreement pursuant to the terms and conditions set forth herein.
- C. Each Borrower and each other Loan Party is entering into this Amendment with the understanding and agreement that, except as specifically provided herein, none of Administrative Agent's or any Lender's rights or remedies as set forth in the Credit Agreement and the other Loan Documents are being waived or modified by the terms of this Amendment.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Amendments to Credit Agreement.

- a. The following definitions are hereby added to Section 1.01 of the Credit Agreement in their proper alphabetical order:
 - “Certificate of Designation” means that certain Certificate of Designation, Preferences and Rights of the Series A Convertible Preferred Stock to be filed with the Secretary of State of the State of Delaware on or about the Second Amendment Effective Date, in the form delivered to Administrative Agent prior to the Second Amendment Effective Date.”
 - “Second Amendment Effective Date” means March 25, 2013.”

“Specified Financing Documents’ means, collectively: (a) that certain Securities Purchase Agreement, dated on or about the Second Amendment Effective Date, by and among the Company and the purchasers party thereto, together with all schedules and exhibits thereto, in each case, in the forms delivered to Administrative Agent prior to the Second Amendment Effective Date, and (b) the Certificate of Designation.”

- b. The definition of “Change of Control” set forth in Section 1.01 of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

“Change in Control’ means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof), of Equity Interests representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Company; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Company by Persons who were neither (i) nominated by the board of directors of the Company nor (ii) appointed by directors so nominated; (c) the acquisition of direct or indirect Control of the Company by any Person or group; (d) the Company shall cease to own, free and clear of all Liens or other encumbrances, 100% of the outstanding voting Equity Interests of the other Loan Parties on a fully diluted basis, unless such cessation of ownership is the result of a transaction that is otherwise permitted by this Agreement; or (e) a “Change of Control” as defined in the Certificate of Designation shall occur.”

- c. Section 6.08(a) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

“(a) No Loan Party will, nor will it permit any Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except (i) each of the Loan Parties and their Subsidiaries may declare and pay dividends with respect to its common stock payable in additional shares of its common stock, and, with respect to its preferred stock, payable in additional shares of such preferred stock or in shares of its common stock, (ii) the Borrowers may make Restricted Payments, not exceeding \$1,000,000 during any fiscal year of the Company, pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrowers and their Subsidiaries, (iii) (A) any Borrower or Guarantor may make Restricted Payments to a Borrower, (B) any Guarantor may make Restricted Payments to another Guarantor and (C) any Subsidiary that is not a Loan Party may make Restricted Payments to a Loan Party, (iv) the Company may pay cash dividends to the holders of its Series A Convertible Preferred Stock in accordance with the terms of the Specified Financing Documents, so long as (A) no Default has occurred and is continuing or would result from any such dividend, (B) both before and after giving effect to any such dividend, the Borrowers shall have Excess Availability of at least \$8,000,000, and (C) the aggregate amount of all such dividends in any calendar year shall not exceed \$400,000; provided, however, that Borrowers acknowledge and agree that Administrative Agent may, in its sole discretion, establish a Reserve in an amount up to \$400,000 on account of future potential dividends under this clause (iv), (v) the Company may make cash payments in lieu of the issuance of fractional shares of common stock of the Company in connection with: (A) the

conversion of any of its Series A Convertible Preferred Stock to common stock of the Company in accordance with the terms of the Specified Financing Documents, and (B) the issuance of any common stock of the Company as a dividend in accordance with the terms of the Specified Financing Documents, in an aggregate amount for clauses (A) and (B) not to exceed \$5,000 for all such payments in any calendar year, and (vi) any other Restricted Payments, so long as (A) no Default has occurred and is continuing or would result from any such Restricted Payment, (B) both before and after giving effect to any such Restricted Payment, the Borrowers shall have Excess Availability of at least \$8,000,000 and (C) immediately after giving effect to any such Restricted Payment, the Borrowers shall have a Fixed Charge Coverage Ratio, recomputed on a trailing twelve (12) month pro forma basis for the most recent month for which financial statements have been delivered, of no less than 1.15 to 1.0.”

d. Section 6.09 of the Credit Agreement is hereby amended as follows:

- i. the word “and” at the end of Section 6.09(g) is hereby deleted;
- ii. the “.” at the end of Section 6.09(h) is hereby amended and replaced with “, and”;
- iii. the following new clause (i) is hereby inserted at the end of Section 6.09:

“(i) the issuance of securities and such other transactions performed in accordance with the Specified Financing Documents.”

e. Section 6.11(b) of the Credit Agreement is hereby amended and restated to read in its entirety as follows:

“(b) its certificate of incorporation (other than pursuant to the Certificate of Designation), by-laws, operating, management or partnership agreement or other organizational documents, to the extent any such amendment, modification or waiver would be adverse to the Lenders.”

2. Conditions Precedent to Effectiveness of this Amendment. The following shall have occurred before this Amendment is effective:

- a. Amendment. Administrative Agent shall have received this Amendment fully executed in a sufficient number of counterparts for distribution to all parties.
- b. Representations and Warranties. The representations and warranties set forth herein, and in the Credit Agreement (other than any such representations or warranties that, by their terms, are specifically made as of a date other than the date hereof), must be true and correct in all material respects without duplication of any materiality qualifier contained therein.
- c. Specified Financing Documents. The Administrative Agent shall have received true, correct and complete copies of the Specified Financing Documents, in form and substance satisfactory to the Administrative Agent.

3. Representations and Warranties. Each Borrower and each other Loan Party represents and warrants as follows:

-
- a. Authority. Each Borrower and each other Loan Party has the requisite corporate power and authority to execute and deliver this Amendment, and to perform its obligations hereunder and under the Loan Documents (as amended or modified hereby) to which it is a party. The execution, delivery, and performance by each Borrower and each other Loan Party of this Amendment have been duly approved by all necessary corporate action, have received all necessary governmental approval, if any, and do not contravene any law or any contractual restriction binding on such Borrower or such Loan Party.
 - b. Enforceability. This Amendment has been duly executed and delivered by each Borrower and each other Loan Party. This Amendment and each Loan Document (as amended or modified hereby) is the legal, valid, and binding obligation of each Borrower and each other Loan Party, enforceable against each Borrower and each other Loan Party in accordance with its terms, and is in full force and effect.
 - c. Representations and Warranties. The representations and warranties contained in the Credit Agreement (other than any such representations or warranties that, by their terms, are specifically made as of a date other than the date hereof) are correct on and as of the date hereof in all material respects without duplication of any materiality qualifier contained therein as though made on and as of the date hereof.
 - d. No Default. No event has occurred and is continuing that constitutes a Default or Event of Default.

4. Choice of Law. The validity of this Amendment, its construction, interpretation and enforcement, the rights of the parties hereunder, shall be determined under, governed by, and construed in accordance with the laws of the State of New York, but without giving effect to any federal laws applicable to national banks.

5. Counterparts. This Amendment may be executed in any number of counterparts and by different parties and separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Amendment by telefacsimile shall be effective as delivery of a manually executed counterpart of the Amendment.

6. Reference to and Effect on the Loan Documents.

- a. Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.
- b. Except as specifically set forth in this Amendment, the Credit Agreement and all other Loan Documents, are and shall continue to be in full force and effect and are hereby in all respects ratified, and confirmed and shall constitute the legal, valid, binding, and enforceable obligations of each Borrower and the other Loan Parties to Administrative Agent and the Lenders without defense, offset, claim, or contribution.
- c. The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of

Administrative Agent or any Lender under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

7. Ratification. Each Borrower and each other Loan Party hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement, as amended hereby, and the Loan Documents effective as of the date hereof.

8. Estoppel. To induce Administrative Agent and Lenders to enter into this Amendment and to induce Administrative Agent and the Lenders to continue to make advances to Borrowers under the Credit Agreement, each Borrower and each other Loan Party hereby acknowledges and agrees that, after giving effect to this Amendment, as of the date hereof, there exists no Default or Event of Default and no right of offset, defense, counterclaim, or objection in favor of any Borrower or any other Loan Party as against Administrative Agent or any Lender with respect to the Obligations.

9. Integration. This Amendment, together with the other Loan Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

10. Severability. In case any provision in this Amendment shall be invalid, illegal, or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

11. Submission of Amendment. The submission of this Amendment to the parties or their agents or attorneys for review or signature does not constitute a commitment by Administrative Agent or any Lender to waive any of their respective rights and remedies under the Loan Documents, and this Amendment shall have no binding force or effect until all of the conditions to the effectiveness of this Amendment have been satisfied as set forth herein.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

BORROWERS:

U.S. AUTO PARTS NETWORK, INC.,
a Delaware corporation

By /s/ David Robson

Name: David Robson

Title: Chief Financial Officer

PARTSBIN, INC.,
a Delaware corporation

By /s/ Bryan Stevenson

Name: Bryan Stevenson

Title: Secretary

LOCAL BODY SHOPS, INC.,
a Delaware corporation

By /s/ David Hernandez

Name: David Hernandez

Title: President

PRIVATE LABEL PARTS, INC.,
a Delaware corporation

By /s/ Arthur Simitian

Name: Arthur Simitian

Title: President

WHITNEY AUTOMOTIVE GROUP, INC.,
a Delaware corporation

By /s/ Mary Jo Trujillo

Name: Mary Jo Trujillo

Title: Secretary

OTHER LOAN PARTIES:

LOBO MARKETING, INC.,
a Texas corporation

By /s/ Brian Hafer

Name: Brian Hafer
Title: President

AUTOMD, INC.,
a Delaware corporation

By /s/ Tracey Virtue

Name: Tracey Virtue
Title: Secretary

PACIFIC 3PL, INC.,
a Delaware corporation

By /s/ Rick Ellis

Name: Rick Ellis
Title: President

GO FIDO, INC.,
a Delaware corporation

By /s/ Michael Buca

Name: Michael Buca
Title: President

AUTOMOTIVE SPECIALTY ACCESSORIES AND
PARTS, INC.,
a Delaware corporation

By /s/ Mary Jo Trujillo

Name: Mary Jo Trujillo
Title: Secretary

ADMINISTRATIVE AGENT AND LENDER

JPMORGAN CHASE BANK, N.A.,
individually as a Lender and as Administrative Agent

By /s/ Annaliese Fisher

Name: Annaliese Fisher

Title: Authorized Officer



U.S. AUTO PARTS NETWORK, INC. ANNOUNCES \$6 MILLION FINANCING

CARSON, California, March 25, 2013— U.S. Auto Parts Network, Inc. (NASDAQ: PRTS) today announced that it has entered into a Securities Purchase Agreement with certain accredited investors pursuant to which U.S. Auto Parts has agreed to sell up to an aggregate of 4,149,997 shares of its Series A Convertible Preferred Stock at a purchase price per share of \$1.45 for aggregate proceeds to the Company of approximately \$6.0 million, subject to the satisfaction of customary closing conditions. The transaction is expected to close in a series of closings to occur later this week and early next week and U.S. Auto Parts will use the net proceeds from the transaction to reduce its revolving borrowings (without any permanent reduction in the related loan commitments) under its credit agreement with JP Morgan Chase Bank, N.A.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities and shall not constitute an offer, solicitation, or sale in any jurisdiction in which such offer, solicitation, or sale is unlawful. The securities and the shares of common stock issuable upon conversion of the securities have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or state securities laws and may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from such registration requirements and applicable state laws.

Forward-Looking Statements

In addition to historical facts, this press release contains forward-looking statements that involve a number of risks and uncertainties such as those, among others, relating to U.S. Auto Parts' expectations regarding the completion, timing and size of the proposed offering. Among the factors that could cause actual results to differ materially from those indicated in the forward-looking statements are risks and uncertainties associated with the satisfaction of customary closing conditions related to the proposed offering, as well as risks and uncertainties associated with U.S. Auto Parts' business and finances in general, and the other risks detailed in U.S. Auto Parts' periodic filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement, and U.S. Auto Parts undertakes no obligation to revise or update this press release to reflect events or circumstances after the date hereof. This caution is made under the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934.

Investor Contacts:

David Robson, Chief Financial Officer
U.S. Auto Parts Network, Inc.
drobson@usautoparts.com
(310) 735-0085