

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2014
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER 001-36379

ENERGOUS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

46-1318953

(State of incorporation)

(I.R.S. Employer Identification No.)

3590 North First Street, Suite 210, San Jose, CA 95134

(Address of principal executive office) (Zip code)

(408) 963-0200

(Registrant's telephone number, including area code)

303 Ray Street, Pleasanton, CA 94566

(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

Smaller reporting company

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

As of November 10, 2014, there were 9,490,435 shares of our Common Stock, par value \$0.00001 per share, outstanding.

ENERGOUS CORPORATION
FORM 10-Q
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

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Part I Financial Information

Item 1. Financial Statements

**Energous Corporation
(f/k/a DvineWave Inc.)
CONDENSED BALANCE SHEETS**

	As of	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,420,480	\$ 1,953,780
Prepaid expenses and other current assets	279,674	127,197
Prepaid rent, current	80,000	-
Total current assets	<u>18,780,154</u>	<u>2,080,977</u>
Property and equipment, net	1,298,894	189,612
Prepaid rent, non-current	320,000	-
Deferred offering costs	-	88,319
Other assets	8,569	6,959
Total assets	<u>\$ 20,407,617</u>	<u>\$ 2,365,867</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 1,489,114	\$ 361,038
Accrued expenses	456,263	243,623
Convertible promissory notes, net	-	829,298
Derivative liabilities	-	6,277,000
Total current liabilities	<u>1,945,377</u>	<u>7,710,959</u>
Commitments and contingencies		
Stockholders' equity (deficit)		
Preferred Stock, \$0.00001 par value, 10,000,000 and 0 shares authorized at September 30, 2014 and December 31, 2013, respectively; no shares issued or outstanding.	-	-
Common Stock, \$0.00001 par value, 50,000,000 and 40,000,000 shares authorized at September 30, 2014 and December 31, 2013, respectively; 9,490,435 and 2,708,217 shares issued and outstanding at September 30, 2014 and December 31, 2013, respectively.	94	27
Additional paid-in capital	60,583,614	197,249
Accumulated deficit	(42,121,468)	(5,542,368)
Total stockholders' equity (deficit)	<u>18,462,240</u>	<u>(5,345,092)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$ 20,407,617</u>	<u>\$ 2,365,867</u>

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

Energous Corporation
(f/k/a DvineWave Inc.)
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	<u>For the Three Months Ended September 30,</u>		<u>For the Nine Months Ended September 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Operating expenses:				
Derivative instrument issuance	\$ -	\$ 9,040	\$ -	\$ 887,062
Research and development	3,699,057	583,524	6,184,762	1,019,950
General and administrative	1,322,048	172,894	3,124,439	808,903
Marketing	<u>809,333</u>	<u>32,014</u>	<u>2,036,793</u>	<u>32,014</u>
Loss from operations	(5,830,438)	(797,472)	(11,345,994)	(2,747,929)
Other (expense) income:				
Change in fair value of derivative liabilities	-	(89,000)	(26,265,177)	(111,500)
Interest, net	5,258	(286,891)	(1,029,479)	(383,380)
Loss on retirement of fixed assets	(22,818)	-	(22,818)	-
Gain on debt extinguishment	-	-	2,084,368	-
Total	<u>(17,560)</u>	<u>(375,891)</u>	<u>(25,233,106)</u>	<u>(494,880)</u>
Net loss	<u>\$ (5,847,998)</u>	<u>\$ (1,173,363)</u>	<u>\$ (36,579,100)</u>	<u>\$ (3,242,809)</u>
Basic and diluted net loss per common share	<u>\$ (0.62)</u>	<u>\$ (0.42)</u>	<u>\$ (5.08)</u>	<u>\$ (1.26)</u>
Weighted average shares outstanding, basic and diluted	<u>9,458,359</u>	<u>2,782,285</u>	<u>7,203,642</u>	<u>2,570,014</u>

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

Energous Corporation
(f/k/a DvineWave Inc.)

CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at January 1, 2014	2,708,217	\$ 27	\$ 197,249	\$ (5,542,368)	\$ (5,345,092)
Stock-based compensation - amortization of stock options	-	-	1,070,939	-	1,070,939
Stock-based compensation - amortization of IR consultant warrant	-	-	198,983	-	198,983
Stock-based compensation - amortization of consultant restricted stock units ("RSUs")	-	-	389,482	-	389,482
Issuance of shares to strategic investor, net of commission expense	210,527	2	899,998	-	900,000
Initial public offering on April 2, 2014, net of underwriter's discount and offering costs of \$2,816,149	4,600,000	46	24,783,805	-	24,783,851
Conversion of convertible notes on April 2, 2014	1,930,128	19	26,790,158	-	26,790,177
Sale of IPO Underwriter Warrant on April 2, 2014	-	-	1,000	-	1,000
Extinguishment of derivative for consulting warrant and financing warrant on June 25, 2014	-	-	5,752,000	-	5,752,000
Shares issued to landlord	41,563	-	500,000	-	500,000
Net loss for the nine months ended September 30, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,579,100)</u>	<u>(36,579,100)</u>
Balance, September 30, 2014 (unaudited)	<u>9,490,435</u>	<u>\$ 94</u>	<u>\$60,583,614</u>	<u>\$(42,121,468)</u>	<u>\$ 18,462,240</u>

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

Energous Corporation
(f/k/a DvineWave Inc.)
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (36,579,100)	\$ (3,242,809)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	196,898	880
Stock based compensation	1,659,404	-
Amortization of debt discount	964,851	262,506
Warrant expense	-	724,000
Gain on conversion of notes payable and accrued interest	(2,084,368)	-
Change in fair market value of derivative liabilities	26,265,177	111,500
Loss on retirement of fixed assets	22,818	-
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(152,477)	(28,358)
Other assets	(1,610)	-
Accounts payable	1,128,076	173,557
Accrued expenses	89,361	156,755
Other current liabilities	-	16,000
Net cash used in operating activities	(8,490,970)	(1,825,969)
Cash flows from investing activities:		
Purchase of property and equipment	(815,500)	(16,501)
Costs of trademark	-	(4,725)
Net cash used in investing activities	(815,500)	(21,226)

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

Energous Corporation
(f/k/a DvineWave Inc.)
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended September 30,	
	2014	2013
Cash flows from financing activities:		
Proceeds from the sale of common stock	-	165,217
Proceeds from sale of restricted common stock	-	35,464
Proceeds from IPO, net of underwriter's discount and offering expenses	24,872,170	-
Proceeds from the sale of senior secured convertible notes	-	5,500,009
Proceeds from the sale of stock to strategic investor, net	900,000	-
Sale of Warrant to IPO underwriter	1,000	-
Net cash provided by financing activities	25,773,170	5,700,690
Net increase in cash and cash equivalents	16,466,700	3,853,495
Cash and cash equivalents - beginning	1,953,780	994
Cash and cash equivalents - ending	\$ 18,420,480	\$ 3,854,489
Supplemental disclosure of non-cash financing activities:		
Decrease in deferred offering costs charged to the IPO	\$ 88,319	\$ -
Common stock issued upon conversion of notes payable and accrued interest payable	\$ 26,790,177	\$ -
Increase in additional paid in capital upon extinguishment of derivative liability for warrants	\$ 5,752,000	\$ -
Common stock issued to landlord for tenant improvements of \$100,000 and prepaid rent of \$400,000	\$ 500,000	\$ -
Increase in accrued expenses for the purchase of property and equipment	\$ 413,498	\$ -

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

Energous Corporation
(f/k/a DvineWave Inc.)
Notes to Condensed Financial Statements

Note 1 - Business Organization, Nature of Operations

Energous Corporation (f/k/a DvineWave Inc.) (the "Company") was incorporated in Delaware on October 30, 2012 (inception). The Company is a technology company focused on developing technology that can enable wire-free charging of electronic devices at a distance and with complete mobility. The Company is developing solutions that enable wire-free transmission of energy from a transmitter to multiple receivers at distances of up to fifteen (15) feet. The Company is developing multiple generations of transmitter and receiver application specific integrated circuit chips ("ASICs") whose designs will be licensed to customers, and that we believe will optimize our technology reducing size and cost, while increasing performance to a level that we believe will allow for them to be integrated into low-power devices, eliminating the need for a charging cord or pad to maintain charge. The Company submitted its first ASIC design to the wafer fabricator for production in November 2013. Since then, the Company submitted three additional ASICs to the wafer fabricator for production. Two of these ASICs will be used to demonstrate the Company's WattUp technology in prototypical consumer products in conjunction with its strategic partners at the Consumer Electronics Show in January 2015. A fifth ASIC has also been designed and is currently under production at the wafer fabricator. Two of the five ASICs are expected to be incorporated into reference designs to be provided to the Company's strategic partners to enable them to develop consumer-facing products for sale beginning late in the fourth quarter of 2015.

On January 2, 2014, the board of directors and stockholders approved the name change for the Company to Energous Corporation from DvineWave Inc.

As of September 30, 2014, the Company had not yet completed the development of its product and had not yet recorded any revenues. Since inception, the Company's primary activities have consisted of developing its technology, developing its business plan, raising capital, relocating to a larger facility and recruiting and hiring its workforce and executive team. To date, these activities have been funded primarily through the sale of Senior Secured Convertible Notes ("Convertible Notes") (See Note 6- Private Placement), the funding of the Company's initial public offering ("IPO"), which was consummated on April 2, 2014 (See Note 8 – Stockholders' Equity (Deficit)), the sale of the company common stock to a strategic investor (See Note 8 – Stockholders' Equity (Deficit)) and the issuance of common stock to our landlord (See Note 7 - Commitments and Contingencies).

Effective March 26, 2014, pursuant to authority granted by the stockholders and the Board of Directors of the Company, the Company implemented a 1-for-3.99 reverse split of the Company's issued and outstanding common stock (the "Reverse Split"). All share and per share information in this Form 10-Q has been retroactively adjusted to reflect the Reverse Split.

Note 2 – Liquidity and Management Plans

The Company has not generated revenues since its inception and had net loss of \$5,847,998 and \$1,173,363 for the three months ended September 30, 2014 and 2013, respectively, and net losses of \$36,579,100 and \$3,242,809 for the nine months ended September 30, 2014 and 2013, respectively.

As of September 30, 2014, the Company had cash on hand of \$18,420,480. In April 2014, the Company completed its IPO of 4,600,000 shares of common stock through which the Company raised net proceeds of approximately \$24.8 million. In connection with the completion of the IPO, the Company's outstanding convertible notes and interest accrued thereon were converted into 1,833,336 and 96,792 shares, respectively, of common stock, thus extinguishing the debt associated with the notes. On April 4, 2014, the Company issued 210,527 shares of common stock to a strategic investor upon the receipt of net proceeds of \$900,000 (\$300,000 received on March 27, 2014, \$700,000 received on April 4, 2014 less \$100,000 to MDB Capital Group as a commission). On September 10, 2014, the Company issued 41,563 shares of common stock to the Company's landlord as prepaid rent and tenant improvements. The company expects that cash on hand after the IPO will be sufficient to fund its operations into the fourth quarter of 2015.

Energous Corporation
(f/k/a DvineWave Inc.)
Notes to Condensed Financial Statements

Note 2 – Liquidity and Management Plans, continued

Research and development of new technologies is, by its nature, unpredictable. Although the Company will undertake development efforts with commercially reasonable diligence, there can be no assurance that our available resources including the net proceeds from the Company's recently completed IPO and strategic investor financing will be sufficient to enable it to develop its technology to the extent needed to create future revenues to sustain its operations. The Company expects that it may choose to pursue additional financing, depending upon the market conditions, which could include follow-on equity offerings, debt financing, co-development agreements or other alternatives. Should the Company choose to pursue additional financing, there is no assurance that the Company would be able to do so on terms that it would find acceptable.

Note 3 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. These condensed financial statements should be read in conjunction with the financial statements for the year ended December 31, 2013 and related notes thereto included in the Company's registration statement on Form S-1 filed with the Securities and Exchange Commission (the "SEC") on March 21, 2014.

Reclassification

Certain amounts within the fiscal year 2013 consolidated financial statements have been reclassified in order to conform to the fiscal year 2014 presentation. These reclassification had no impact on previously reported results of operations or stockholder's equity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the condensed financial statements as well as the reported expenses during the reporting periods.

The Company's significant estimates and assumptions include the valuation of the Company's common stock, the valuation of stock-based compensation instruments and the valuation of derivative financial instruments, the amortization of deferred financing costs and the useful lives of long-lived assets, and income tax expense. Some of these judgments can be subjective and complex, and, consequently, actual results may differ from these estimates. Although the Company believes that its estimates and assumptions are reasonable, they are based upon information available at the time the estimates and assumptions were made. Actual results could differ from those estimates.

Energous Corporation
(f/k/a DvineWave Inc.)
Notes to Condensed Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Research and Development

Research and development expenses are charged to operations as incurred. For internally developed patents, all costs incurred to the point when a patent application is to be filed are expensed as incurred as research and development expense. Patent application costs, generally legal costs, are expensed as research and development costs until such time as the future economic benefits of such patents become more certain. The Company incurred research and development costs of \$3,699,057 and \$583,524 for the three months ended September 30, 2014 and 2013, respectively, and \$6,184,762 and \$1,019,950 for the nine months ended September 30, 2014 and 2013, respectively.

Income Taxes

Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. A liability for “unrecognized tax benefits” is recorded for any tax benefits claimed in the Company’s tax returns that do not meet these recognition and measurement standards. As of September 30, 2014, no liability for unrecognized tax benefits was required to be reported. The guidance also discusses the classification of related interest and penalties on income taxes. The Company’s policy is to record interest and penalties on uncertain tax positions as a component of income tax expense. No interest or penalties were recorded during the three and nine months ended September 30, 2014 and 2013.

Net Income (Loss) Per Common Share

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method), the vesting of restricted stock units (“RSUs”), the exercise and/or conversion of the Company’s convertible notes (using the if-converted method). The computation of diluted loss per share excludes potentially dilutive securities of 3,060,301 and 3,210,126 for the three months ended September 30, 2014 and 2013, respectively, and 3,060,301 and 3,210,126 for the nine months ended September 30, 2014 and 2013, respectively, because their inclusion would be antidilutive.

Potentially dilutive securities outlined in the table below have been excluded from the computation of diluted net income (loss) per share because the effect of their inclusion would have been anti-dilutive.

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Convertible Notes – principal	-	2,650,858	-	2,650,858
Convertible Notes – accrued interest	-	60,135	-	60,135
Consulting Warrant to purchase common stock	278,228	278,228	278,228	278,228
Financing Warrant to purchase common stock	152,778	220,905	152,778	220,905
IPO Warrants to purchase common stock	460,000	-	460,000	-
IR Consulting Warrant	36,000	-	36,000	-
Options to purchase common stock	1,671,235	-	1,671,235	-
RSUs	462,060	-	462,060	-
Total potentially dilutive securities	<u>3,060,301</u>	<u>3,210,126</u>	<u>3,060,301</u>	<u>3,210,126</u>

Energous Corporation
(f/k/a DvineWave Inc.)
Notes to Condensed Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Fair Value Measurements

The carrying amounts of cash and cash equivalents, accounts payable and accrued expenses, approximate fair value due to the short-term nature of these instruments. Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.
- Level 3 Significant unobservable inputs that cannot be corroborated by market data.

The assets or liability's fair value measurement within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. The following table provides a summary of the liabilities that are measured at fair value on a recurring basis.

	Total	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Quoted Prices for Similar Assets or Liabilities in Active Markets (Level 2)	Significant Unobservable Inputs (Level 3)
Derivative Liabilities:				
December 31, 2013:				
Conversion Feature	\$ 5,573,000	\$ -	\$ -	\$ 5,573,000
Financing Warrant	175,000	-	-	175,000
Consulting Warrant	529,000	-	-	529,000
Total	<u>\$ 6,277,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,277,000</u>

As of September 30, 2014, the Company no longer had financial instruments which were derivative liabilities.

The following table sets forth a summary of the changes in the fair value of the Company's Level 3 financial liabilities that are measured at fair value on a recurring basis:

	For the Nine Months Ended September 30, 2014
Beginning balance	\$ 6,277,000
Change in fair value of conversion feature and warrants	26,265,177
Extinguishment of derivative liability upon conversion of Convertible Notes	(26,790,177)
Extinguishment of derivative liability upon modification of Financing Warrant	(1,733,000)
Extinguishment of derivative liability upon modification of Consulting Warrant	(4,019,000)
Ending balance	<u>\$ -</u>

Energous Corporation
(f/k/a DvineWave Inc.)
Notes to Condensed Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Fair Value Measurements, continued

The conversion feature of the Convertible Notes immediately prior to conversion was measured at fair value using a Monte Carlo simulation (which also represented the intrinsic value of the conversion feature) and was classified within Level 3 of the valuation hierarchy. The warrant liabilities for the Financing Warrant and the Consulting Warrant, immediately prior to modification were measured at fair value using a Monte Carlo simulation and were classified within Level 3 of the valuation hierarchy. The significant assumptions and valuation methods that the Company used to determine fair value and the change in fair value of the Company's derivative financial instruments are discussed in Note 6 – Private Placement.

Level 3 liabilities are valued using unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the derivative liabilities. For fair value measurements categorized within Level 3 of the fair value hierarchy, the Company's Interim Chief Financial Officer determined its valuation policies and procedures. The development and determination of the unobservable inputs for Level 3 fair value measurements and fair value calculations are the responsibility of the Company's Interim Chief Financial Officer with support from the Company's consultants and which are approved by the Interim Chief Financial Officer.

Level 3 financial liabilities consist of the derivative liabilities for which there is no current market for these securities such that the determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate.

The Company used a Monte Carlo model to value Level 3 financial liabilities at inception and on subsequent valuation dates, except that the conversion feature of the convertible notes immediately prior to conversion was valued at intrinsic value. This simulation incorporates transaction details such as the Company's stock price, contractual terms, maturity, risk free rates, as well as, volatility. The Company also used a binomial simulation and Black-Scholes economic model as supplemental valuation tools in order to validate the reasonableness of the results of the Monte Carlo simulation when measuring the Financing Warrant and the Consulting Warrant.

A significant increase in the volatility or a significant increase in the Company's stock price, in isolation, would result in a significantly higher fair value measurement. Changes in the values of the derivative liabilities were recorded in Change in Fair Value of Derivative Liabilities within Other Expense (Income) on the Company's Statements of Operations.

As of September 30, 2014, there were no transfers in or out of level 3 from other levels in the fair value hierarchy.

In accordance with the provisions of ASC 815, the Company presented the conversion feature and warrant liabilities at fair value on its balance sheet, with the corresponding changes in fair value recorded in the Company's statement of operations for the applicable reporting periods.

Management determined that the results of its valuations are reasonable.

Energous Corporation
(f/k/a DvineWave Inc.)
Notes to Condensed Financial Statements

Note 3 – Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation." This ASU removes the definition of a development stage entity from the ASC, thereby removing the financial reporting distinction between development stage entities and other reporting entities from GAAP. In addition, the ASU eliminates the requirements for development stage entities to (1) present inception-to-date information in the statements of operations, cash flows, and stockholders' equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. This ASU is effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early adoption is permitted. The Company has elected to adopt this ASU effective with the Quarterly Report on Form 10-Q filed on August 14, 2014 and its adoption resulted in the removal of previously required development stage disclosures.

The FASB has issued ASU No. 2014-12, Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. This ASU requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant date fair value of the award. This update further clarifies that compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. The Company has elected to adopt this ASU effective with this Quarterly Report and its adoption is not expected to have a material effect.

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), which supersedes the revenue recognition requirements in ASC Topic 605, "Revenue Recognition," and most industry-specific guidance. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The amendments in the ASU must be applied using one of two retrospective methods and are effective for annual and interim periods beginning after December 15, 2016. Early adoption is not permitted. The Company will evaluate the effects, if any, that adoption of this guidance will have on its financial statements.

Management's Evaluation of Subsequent Events

The Company evaluates events that have occurred after the balance sheet date of September 30, 2014, through the date which the condensed financial statements are issued. Based upon the review, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment or disclosure in the condensed financial statements.

Energous Corporation
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Notes to Condensed Financial Statements

Note 4 – Property and Equipment

Property and equipment are as follows:

	As of	
	September 30, 2014	December 31, 2013
Computer software	\$ 369,453	\$ 114,876
Computer hardware	492,852	36,240
Furniture and fixtures	277,679	28,458
Leasehold improvements	341,104	14,755
	<u>1,481,088</u>	<u>194,329</u>
Less – Accumulated depreciation	(182,194)	(4,717)
Total property and equipment, net	<u>\$ 1,298,894</u>	<u>\$ 189,612</u>

Total depreciation and amortization expense of the Company’s property and equipment was \$142,093 and \$833 for the three months ended September 30, 2014 and 2013, and \$196,898 and \$880, for the nine months ended September 30, 2014 and 2013, respectively, reflected within general and administrative expense.

Note 5 – Accrued Expenses and Other Current Liabilities

Accrued expenses consist of the following:

	As of	
	September 30, 2014	December 31, 2013
Accrued interest payable	\$ -	\$ 207,945
Accrued compensation	215,159	19,894
Other accrued expenses	241,104	15,784
Total	<u>\$ 456,263</u>	<u>\$ 243,623</u>

Note 6 – Private Placement

Senior Secured Convertible Notes

On May 16, 2013, the Company entered into a securities purchase agreement (the “Securities Purchase Agreement”) with accredited investors (the “Investors”), pursuant to which the Company sold an aggregate of \$5,500,009 principal amount of senior secured convertible notes (the “Convertible Notes”). In connection with the sale of the Convertible Notes (the “Bridge Financing”), the Company entered into a registration rights agreement (the “Registration Rights Agreement”) and a security agreement (the “Security Agreement”) with the Investors. The closing of the Bridge Financing was completed on May 16, 2013. The Convertible Notes bore interest at 6% per annum and would have matured on August 16, 2014.

In connection with the funding of the IPO, on April 2, 2014, the principal and interest due under the Convertible Notes of \$5,500,009 and \$290,219, were converted into 1,833,336 and 96,792 shares, respectively, of common stock. The purchasers of the Convertible Notes are subject to lock-up requirements for periods that expire October 2, 2014. The security agreement terminated on April 2, 2014, upon the conversion of the Convertible Notes.

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Notes to Condensed Financial Statements

Note 6 – Private Placement, continued

Accounting for the Senior Secured Convertible Notes

Pursuant to the terms of the Convertible Notes, the conversion price was subject to adjustment in the event of an IPO, other financing and upon certain other events. The embedded conversion feature was not clearly and closely related to the host instrument and was bifurcated from the host Convertible Notes as a derivative, principally because the instrument's variable exercise price terms would not qualify as being indexed to the Company's own common stock. Accordingly, through April 1, 2014, this conversion feature instrument was classified as a derivative liability. Derivative liabilities are initially recorded at fair value and are then re-valued at each reporting date, with changes in fair value recognized in earnings during the reporting period.

The Company calculated the fair value of the embedded conversion feature of the Convertible Notes at April 2, 2014 at the conversion features' fair value, with the observable assumptions as provided in the table below.

	As of April 2, 2014
Stock price on valuation date	\$ 13.88
Conversion price	\$ 3.00
Fair value	\$ 26,790,177

The amortization of debt discount related to the Convertible Notes was \$0 and \$206,370, respectively for the three months ended September 30, 2014 and 2013, and \$964,851 and \$262,506, respectively, for the nine months ended September 30, 2014 and 2013. During the three months ended September 30, 2014 and 2013, the Company recorded an increase of \$0 and \$90,000, respectively, and during the nine months ended September 30, 2014 and 2013, the Company recorded an increase of \$21,217,177 and \$106,000, respectively, in the fair value of the derivative liability for the conversion feature of the Convertible Notes, which was recorded as a change in the fair value of derivative liabilities within the condensed statement of operations. On April 2, 2014, upon the consummation of the IPO, the Convertible Notes and Accrued Interest were converted to 1,833,336 and 96,792 shares, respectively, of the Company's common stock. This conversion was accounted for as an extinguishment. Accordingly, on April 2, 2014, the Company recorded a gain of \$2,084,368 upon the extinguishment of the Convertible Notes, accrued interest, and the related derivative liability. Thereupon, the 1,930,128 shares of common stock were issued and were recorded at their aggregate fair value of \$26,790,177.

Placement Agent Agreement

On January 23, 2013, the Company entered into an agreement (the "Placement Agent Agreement") with MDB Capital Group, Inc. ("MDB"), pursuant to which the Company appointed MDB to act as the Company's placement agent in connection with the sale of the Company's securities ("Offering or Offerings"). Specifically, MDB was the placement agent in connection with the sale of its Convertible Notes.

In connection with the sale of the Convertible Notes, the Company paid MDB a cash fee of \$538,393 and sold to MDB for \$1,000 in cash, a warrant issued on May 16, 2013 (the "Financing Warrant") to purchase shares of the Company's common stock. The Financing Warrant was fully vested upon issuance, has a term of five years and may not be exercised until six months after the consummation of a qualifying firm commitment underwritten initial public offering. Pursuant to the terms of the Financing Warrant, the aggregate exercise price is fixed at \$550,000, with the per share exercise price being \$3.60 based upon 120% of the conversion price of \$3.00 of the Convertible Notes upon the consummation of the IPO. As of September 30, 2014, the Financing Warrant was exercisable into 152,778 shares of the Company's common stock, assuming an exercise price of \$3.60 per share (or 120% of the Convertible Notes conversion price of \$3.00 per share).

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Note 6 – Private Placement, continued

Placement Agent Agreement, continued

As originally executed and through June 24, 2014, in the event of a non-liquid exit transaction, as defined in the Financing Warrant agreement, the holder of the Financing Warrant could have put the Financing Warrant back to the Company for a cash settlement at a fair value amount that would be determined by appraisal and agreed to by both parties (the “Financing Warrant Put”). On June 25, 2014, the Financing Warrant was modified to remove the Financing Warrant put feature.

MDB shall have certain registration rights with respect to the common stock issued upon exercise of the Financing Warrant, including a one-time demand registration right with respect to such common stock.

Consulting Agreement

On January 23, 2013, the Company entered into a consulting agreement with MDB (the “Consulting Agreement”), pursuant to which MDB agreed to provide financial, strategic and intellectual property advisory services. The Consulting Agreement had an initial term of 180 days, and was renewed automatically upon the expiration of its initial term, after which it will continue in effect until it is terminated by either party with 30 days written notice to the other party. On July 11, 2014, the Company provided notice to MDB of its termination of the Consulting Agreement.

As consideration for services provided under the Consulting Agreement prior to May 16, 2013, the Company sold to MDB for \$1,500 in cash, a warrant (the “Consulting Warrant”) for the purchase of an aggregate of 278,228 shares of the Company’s common stock. The Consulting Warrant was fully vested upon issuance, has a term of five years, an exercise price of \$0.04 per share and may not be exercised until six months after the consummation of the IPO. The Consulting Warrant may be exercised on a cashless basis. As originally executed and through June 24, 2014, in the event of a non-liquid exit transaction, as defined in the Consulting Warrant, the holder of the Consulting Warrant could have put the Consulting Warrant back to the Company for a cash settlement at a fair value amount that would be determined by appraisal and agreed to by both parties (the “Consulting Warrant Put”). On June 25, 2014, the Consulting Warrant was modified to remove the Consulting Warrant put feature.

MDB shall have certain registration rights with respect to the common stock issued upon exercise of the Consulting Warrant, including a one-time demand registration right with respect to such common stock.

Accounting for the Financing Warrant and the Consulting Warrant

The Company determined that due to their cash settlement features, as originally issued, both the Financing Warrant and the Consulting Warrant qualified as derivative instruments. Accordingly upon issuance, these instruments were classified as derivative liabilities. Derivative liabilities are initially recorded at fair value and are then re-valued at each reporting date, with changes in fair value recognized in earnings during the reporting period. Effective on June 25, 2014, upon the removal of the cash settlement put features within the Financing Warrant and the Consulting Warrant, (as discussed above), each of the Consulting Warrant and the Financing Warrant no longer qualified as derivative instruments. Accordingly, on June 25, 2014, after first recording a mark-to-market adjustment to fair value, the aggregate fair value of \$5,752,000 for both warrants was credited to additional paid in capital.

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Note 6 – Private Placement, continued

Accounting for the Financing Warrant and the Consulting Warrant, continued

The Company calculated the fair value of the Financing Warrant and the Consulting Warrant using a Monte Carlo simulation, with the observable assumptions as provided in the table below. The significant unobservable inputs used in the fair value measurement of the reporting entity's Financing Warrant and the Consulting Warrant are expected stock prices, levels of trading and liquidity of the Company's common stock. Significant increases in the expected stock prices and expected liquidity would result in a significantly higher fair value measurement. Significant increases in either the probability or severity of default of the host instrument would result in a significantly lower fair value measurement.

Provided below are the principal assumptions used in the measurement of the fair values of the Financing Warrant and the Consulting Warrant as of June 24, 2014 and December 31, 2013.

	As of June 24, 2014		As of December 31, 2013	
	Financing Warrant	Consulting Warrant	Financing Warrant	Consulting Warrant
Stock price on valuation date	\$ 14.69	\$ 14.69	\$ 1.68	\$ 1.68
Exercise price	\$ 3.60	\$ 0.04	\$ 2.49	\$ 0.04
Term (years)	3.89	3.89	4.38	4.38
Expected volatility	60%	60%	60%	60%
Dividend yield	0%	0%	0%	0%
Weighted average risk-free interest rate	1.33%	1.33%	1.75%	1.75%
Number of warrants	152,778	278,228	220,905	278,228
Number of trials	20,000	20,000	20,000	20,000
Aggregate fair value	\$ 1,733,000	\$ 4,019,000	\$ 175,000	\$ 529,000

The initial fair value of the Financing Warrant was \$186,500 and was accounted for as derivative issuance expense and along with the other derivative issuance expenses (see below), was expensed upon the issuance of the Convertible Notes. The initial fair value of the Consulting Warrant was \$537,500, and was expensed immediately as a consulting fee and was recorded within general and administrative expenses in the condensed statement of operations for the year ended December 31, 2013. During the three months ended September 30, 2014 and 2013, the Company recorded an aggregate decrease of \$0 and \$1,000, respectively, and during the nine months ended September 30, 2014 and 2013, the Company recorded increases of \$5,048,000 and \$5,500, respectively, in the fair values of the derivative liability of the Financing Warrant and the Consulting Warrant, which was recorded as a change in the fair value of derivative liabilities within the condensed statement of operations.

Patent Assignment

On May 16, 2013, the Company entered into a patent assignment and Security Agreement with the Investors, in order to grant a continuing security interest in the patents included as collateral pledged in connection with the Convertible Notes. The security interest in the Company's patents terminated on April 2, 2014, in connection with the conversion of the Convertible Notes.

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Notes to Condensed Financial Statements

Note 7 – Commitments and Contingencies

Investor Relations Agreement

Effective January 13, 2014, the Company entered into an agreement with a vendor (“IR Firm”) to provide investor relations services to the Company. Pursuant to the agreement, in addition to monthly cash compensation of \$8,000 per month, on March 27, 2014 the Company issued to the IR firm a consulting warrant (“IR Consulting Warrant”) for the purchase of 36,000 shares of common stock. The IR Consulting Warrant has a strike price of \$7.80, representing 130% of the IPO price. The IR Consulting Warrant has an initial catch up vesting equivalent to 3,000 shares per month of service, partial months to be prorated on a thirty (30) day basis, from the effective date of this agreement until March 27, 2014. Thereafter, the IR Consulting Warrant will vest at a rate of 3,000 shares per month of service. In addition, the Company agreed to issue to the IR Firm incentive warrants (“IR Incentive Warrants”) to purchase 5,000 shares of common stock with a strike price of \$7.80 in the event of and upon each qualified investor, institutional or brokerage firm purchasing at least \$250,000 in value of the Company’s common shares at the IPO price or greater in the open market on or after the 46th day following March 27, 2014. All IR Incentive Warrants granted during a six month period will collectively vest at each six month anniversary. Both the IR Consulting Warrant and IR Incentive Warrants will have an expiration date four (4) years from the grant date. The shares underlying both the IR Consulting Warrant and the IR Incentive Warrants will either be registered at the next available opportunity or the warrants will include a cashless exercise provision.

As of September 30, 2014, 25,800 shares under the IR Consulting Warrant were vested, and no IR Incentive Warrants have been granted.

For the three and nine months ended September 30, 2014, the Company incurred stock-based compensation expense of \$39,410 and \$198,983, respectively, in connection with the IR Consulting warrant, which was included in general and administrative expense.

Operating Leases

On October 4, 2013, the Company executed a lease expiring on June 4, 2014 for 3,562 square feet of office space in Pleasanton, California from an affiliate of Greg Brewer, one of the Company’s former directors, with a base rent of \$6,055 per month. The lease was amended and extended to September 30, 2014 with a base monthly rent of \$8,548 for the period June 5, 2014 through September 30, 2014.

On September 10, 2014, the Company entered into a Lease Agreement (the “Lease”) with Balzer Family Investments, L.P. (the “Landlord”) related to space located at Northpointe Business Center, 3590 North First Street, San Jose, California. The initial term of the lease is 60 months, with initial monthly base rent of \$36,720. On October 1, 2014, the Company relocated its headquarters to this new location. The Company issued to the Landlord 41,563 shares of the Company’s common stock valued at \$500,000, of which \$400,000 will be applied to reduce the Company’s monthly base rent obligation by \$6,732 per month and of which \$100,000 was for certain tenant improvements. The Company recorded \$400,000 as prepaid rent on its balance sheet, which will be amortized over the term of the lease and recorded \$100,000 as leasehold improvements.

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Notes to Condensed Financial Statements

Note 8 – Stockholders’ Equity (Deficit)

Authorized Capital

The holders of the Company’s common stock are entitled to one vote per share. Holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of legally available funds. Upon the liquidation, dissolution or winding up of the Company, holders of common stock are entitled to share ratably in all assets of the Company that are legally available for distribution.

Amendment to Certificate of Incorporation

On March 26, 2014, the Company’s board of directors and stockholders approved the Second Amended and Restated Certificate of Incorporation which increased the authorized shares to 60,000,000 of which 10,000,000 shares are designated as preferred stock. In addition, a special meeting of stockholders can only be called by the Chairman, Chief Executive Officer, President or the majority of the board of directors and shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Any actions required, as a result of a special stockholder meeting, can only be taken upon the vote of the stockholders and not by written consent. The stockholders empowered the board of directors at any time prior to the effectiveness of the filing of this Second Amendment and Restated Certificate to abandon the proposed amendment.

Initial Public Offering

The registration statement for the Company’s IPO was declared effective on March 27, 2014. On April 2, 2014, the Company consummated the Public Offering of 4,600,000 shares of common stock (including 600,000 shares issued pursuant to the over-allotment option granted to the underwriter) at \$6.00 per share and received from the underwriter net proceeds of \$25,214,596 (net of underwriter’s discount of \$2,208,000 and underwriter offering expenses of \$177,404). The Company incurred additional offering expenses of \$430,745, yielding net proceeds from the IPO of \$24,783,851.

IPO Underwriter Warrant

Simultaneous with the funding of the IPO, the Company issued to the underwriter a warrant to purchase 460,000 shares of common stock (“IPO Underwriter Warrant”) at an exercise price of \$7.50 per share with an expiration date of April 2, 2024. The IPO underwriter warrant was recorded net of the proceeds from the IPO.

Sale of Common Stock

The Company entered into a stock purchase agreement dated March 7, 2014, under which a strategic investor (“Strategic Investor”) agreed to purchase 210,527 shares of our common stock \$0.0001 par value for gross proceeds of \$1,000,000. On April 4, 2014, the Company issued 210,527 shares of common stock upon the receipt of the proceeds of \$1,000,000 (\$300,000 received on March 27, 2014, \$700,000 received on April 4, 2014). In connection with this sale, the Company paid a commission of \$100,000 to MDB. The shares issued are subject to a one year lock-up and a one year voting control agreement.

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Notes to Condensed Financial Statements

Note 9 – Stock Based Compensation

Equity Incentive Plans

2013 Equity Incentive Plan

In December 2013 the Company's board and stockholders approved the "2013 Equity Incentive Plan", providing for the issuance of equity based instruments covering up to an initial total of 1,042,167 shares of common stock. Effective on March 27, 2014, the aggregate total shares which may be issued under the 2013 Equity Incentive Plan were increased to 2,335,967, as described below.

Effective on March 10, 2014, the Company's board of directors and stockholders approved the First Amendment to the 2013 Equity Incentive Plan which provided for an increase in the aggregate number of shares of common stock that may be issued pursuant to the Plan to equal 18% of the total number of shares of common stock outstanding immediately following the completion of the IPO (assuming for this purpose the issuance of all shares issuable under the Company's equity plans, the conversion into common stock of all outstanding securities that are convertible by their terms into common stock and the exercise of all options and warrants exercisable for shares of common stock and including shares and warrants issued to the underwriters for such IPO upon exercise of its over-allotment options).

As of September 30, 2014, 428,987 shares of common stock remain eligible to be issued through equity based instruments under the 2013 Equity Incentive Plan.

2014 Non-Employee Equity Compensation Plan

On March 6, 2014, the Company's board of directors and stockholders approved the 2014 Non-Employee Equity Compensation Plan for the issuance of equity based instruments covering up to 250,000 shares of common stock to directors and other non-employees.

As of September 30, 2014, 211,184 shares of common stock remains eligible to be issued through equity based instruments under the 2014 Non-Employee Equity Compensation Plan.

Option Valuation

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. Option forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual option forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The expected term used for options issued to non-employees is the contractual life and the expected term used for options issued to employees is the estimated period of time that options granted are expected to be outstanding. The Company utilizes the "simplified" method to develop an estimate of the expected term of "plain vanilla" employee option grants. Since the Company's stock has not been publicly traded for a sufficiently long period of time, the Company is utilizing an expected volatility figure based on a review of the historical volatilities, over a period of time, equivalent to the expected life of the instrument being valued, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the instrument being valued.

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Notes to Condensed Financial Statements

Note 9 – Stock Based Compensation, continued

Stock Options

On January 7, 2014, the Company's board of directors granted to various employees and consultants from the 2013 Equity Incentive Plan, net of forfeitures through March 31, 2014, stock options to purchase an aggregate of 457,644 shares of the Company's common stock at an exercise price of \$2.49 per share and having a term of ten years. Included in these grants were 57,644 options to Michael Leabman, Chief Technical Officer, pursuant to his employment contract, 80,201 options to George Holmes, Vice President of Sales and Marketing, and 319,799 options to other employees and consultants. The option awards granted to Mr. Leabman vested 3/48ths on the date of grant, and will vest 1/48th monthly over the following 45 months. The option award granted to Mr. Holmes will cliff vest 25% of the award on October 1, 2014 and then will vest 1/48th of the initial award monthly for the following 36 months. Option awards granted to all other employees and consultants cliff vest 25% of the award on the later of the first anniversary of the date they started working for the Company or October 1, 2014 and then will vest 1/48th of the initial award monthly for the following 36 months. The options had an aggregate grant date fair value of \$762,699 utilizing the Black-Scholes option pricing model.

On February 27, 2014, the Company granted non-qualified stock options for the purchase of 25,979 shares of the Company's common stock each to two new independent directors of the Company as part of their compensation for serving on the Company's board of directors. The options have an exercise price of \$3.63 per share and have a term of ten years. The Options vest 25% on March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014. The options had an aggregate grant date fair value of \$100,000 utilizing the Black-Scholes option pricing model.

On March 15, 2014 and March 20, 2014, the Company granted non-qualified stock options from the 2014 Non-Employee Equity Compensation Plan for the purchase of an aggregate of 34,781 shares of the Company's common stock to two new independent directors of the Company as part of their compensation for serving on the Company's board of directors. The options have a weighted average exercise price of \$5.45 per share and have a term of ten years. The Options vest 25% on March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014. The options had an aggregate grant date fair value of \$100,000 utilizing the Black-Scholes option pricing model.

On March 15, 2014, the Company's board of directors granted to a single employee an option under the 2013 Equity Incentive Plan to purchase 80,201 shares of the Company's common stock at an exercise price of \$4.99. The option award granted to the employee has a ten year term and cliff vests 25% of the award on the anniversary of the employee's date of hire and then will vest 1/48th of the initial award monthly during the following 36 months. The option had a grant date fair value of \$229,365 utilizing the Black-Scholes option pricing model.

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Notes to Condensed Financial Statements

Note 9 – Stock Based Compensation, continued

Stock Options, continued

On March 26, 2014, the Company's board of directors granted to Mr. Rizzone, the Company's Chief Executive Officer, an option under the 2013 Equity Incentive Plan to purchase 496,546 shares of the Company's common stock, at a price of \$6.00 per share, with a term of ten years and which vests 6/48 of the award on the grant date and 1/48 of the award on the last day of each of the subsequent 42 months. The option had a grant date fair value of \$1,667,784 utilizing the Black-Scholes option pricing model.

On March 26, 2014, the Company's board of directors granted to Michael Leabman, Chief Technical Officer, pursuant to his employment contract a stock option under the 2013 Equity Incentive Plan to purchase 251,474 shares of the Company's common stock at an exercise price of \$6.00. The option award granted to Mr. Leabman has a ten year term and vests 6/48th of the award on the grant date and 1/48th of the award on the last day of each of the subsequent 42 months. The option had a grant date fair value of \$844,643 utilizing the Black-Scholes option pricing model.

On March 26, 2014, the Company's board of directors granted to Mr. Holmes a stock option under the 2013 Equity Incentive Plan to purchase 89,672 shares of the Company's common stock at an exercise price of \$6.00. The option award granted to the consultant has a ten year term and vests 25% of the award on September 30, 2014 and 1/48th of the award on the last day of each of the subsequent 36 months. The option had a grant date fair value of \$303,869 utilizing the Black-Scholes option pricing model.

The Company estimated the fair value of stock options awarded during the nine months ended September 30, 2014 using the Black-Scholes option pricing model. The fair values of stock options granted were estimated using the following assumptions:

	Option Grants Awarded During the Nine Months Ended <u>September 30, 2014</u>
Stock Price	\$2.49 to \$6.00
Dividend Yield	0%
Expected Volatility	60%
Risk-free interest rate	1.30% to 2.03%
Expected Life	3.75 to 6.25 years

As of September 30, 2014, the unamortized value of options held by employees was \$2,937,130. As of September 30, 2014, the unamortized portion will be expensed over a weighted average period of 2.96 years.

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Notes to Condensed Financial Statements

Note 9 – Stock Based Compensation, continued

Stock Option Award Activity

The following is a summary of the Company's stock option activity during the nine months ended September 30, 2014:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life In Years	Intrinsic Value
Outstanding, January 1, 2014	275,689	\$ 1.68	\$ -	-	\$ -
Granted	1,542,477	4.63	2.60	-	-
Exercised	-	-	-	-	-
Forfeited	(166,981)	2.52	1.44	-	-
Outstanding September 30, 2014	<u>1,651,185</u>	<u>\$ 4.35</u>	<u>\$ 2.45</u>	<u>9.4</u>	<u>\$ 11,538,844</u>
Exercisable, January 1, 2014	17,231	\$ 1.68	\$ -	-	\$ -
Vested	340,580	4.88	-	-	-
Exercised	-	-	-	-	-
Forfeited	-	-	-	-	-
Exercisable, September 30, 2014	<u>357,811</u>	<u>\$ 4.73</u>	<u>\$ 2.62</u>	<u>9.4</u>	<u>\$ 2,365,792</u>

The following table presents information related to stock options outstanding and exercisable at September 30, 2014:

Options Outstanding		Options Exercisable	
Exercise Price	Outstanding Number of Options	Weighted Average Remaining Life In Years	Exercisable Number of Options
\$ 1.68	275,689	9.2	68,922
2.49	370,864	9.3	14,411
3.63	51,958	9.4	38,969
4.99	99,214	9.5	14,260
6.00	853,460	9.5	221,249
	<u>1,651,185</u>	<u>9.4</u>	<u>357,811</u>

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Notes to Condensed Financial Statements

Note 9 – Stock Based Compensation, continued

Restricted Stock Units (“RSUs”)

On June 3, 2014, the compensation committee of the board of directors of the Company granted to a member of the Company’s advisory board, an RSU award under which the holder has the right to receive 4,035 shares of common stock. The award was granted under the 2014 Non-Employee Equity Compensation Plan. The RSU had a grant date fair value of \$49,590 based upon the fair value of the Company’s common stock on the date of grant. This RSU had 1,009 shares vested as of September 30, 2014 and vests 504 shares on each of the next six succeeding three month anniversaries of the grant date.

On July 14, 2014, the compensation committee of the board of directors granted to George Holmes an RSU under which the holder has the right to receive 44,836 shares of the Company’s common stock. The award was granted under the 2013 Equity Incentive Plan. The RSU had a grant date fair value of \$593,180 based upon the fair value of the Company’s common stock on the date of grant. The award granted to Mr. Holmes vests over four years through March 28, 2018. Pursuant to the terms of the award, the shares not vested terminate upon separation from the Company.

On July 14, 2014, the compensation committee of the board of directors granted to various employees and consultants, RSUs under which the holders have the right to receive 228,500 shares of the Company’s common stock. These awards were granted under the 2013 Equity Incentive Plan and the RSU’s had an aggregate grant date fair value of \$3,023,055 based upon the fair value of the Company’s common stock on the date of grant. The awards granted vest over four years through March 28, 2018. Pursuant to the terms of the awards, the shares not vested terminate upon separation from the Company.

On August 14, 2014, the compensation committee of the board of directors granted to various employees and consultants, RSUs under which the holders have the right to receive 86,823 shares of the Company’s common stock. These awards were granted under the 2013 Equity Incentive Plan and the RSU’s had an aggregate grant date fair value of \$981,100 based upon the fair value of the Company’s common stock on the date of grant. The awards granted vest over four years beginning on the first anniversary of the employee’s date of hire. Pursuant to the terms of the awards, the shares not vested terminate upon separation from the Company.

In addition, on August 14, 2014, the compensation committee of the board of directors granted two inducement RSU awards to Cesar Johnston, the Company’s Senior Vice President of Engineering. Under the first award, Mr. Johnston has the right to receive 100,000 shares of the Company’s common stock and this award vests over four years beginning on the first anniversary of the date of grant. In addition, Mr. Johnston was granted 20,000 performance based RSU awards. The RSU’s had an aggregate grant date fair value of \$1,356,000 based upon the fair value of the Company’s common stock on the date of grant. Pursuant to the terms of the awards, the shares not vested terminate upon separation from the Company.

The Company accounts for RSUs granted to consultants using the accounting guidance included in ASC 505-50 “Equity-Based Payments to Non-Employees” (“ASC 505-50”). In accordance with ASC 505-50, the Company estimates the fair value of the unvested portion of the RSU award each reporting period using the closing price of the Company’s common stock.

At September 30, 2014, the unamortized value of the RSU was \$5,328,318. The unamortized amount will be expensed over a weighted period of 3.51 years.

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Notes to Condensed Financial Statements

Note 9 – Stock Based Compensation, continued

Restricted Stock Units (“RSUs”), continued

A summary of the activity related to RSUs for the nine months ended September 30, 2014 is presented below:

	Total	Weighted Average Grant Date Fair Value	Total Grant Date Fair Value
Nonvested at January 1, 2014	-	\$ -	\$ -
RSU Granted	484,194	12.40	6,002,925
RSUs vested	(4,509)	11.52	(51,948)
RSUs forfeited	(17,625)	13.23	(233,178)
Nonvested at September 30, 2014	<u>462,060</u>	<u>\$ 12.37</u>	<u>5,717,799</u>

Stock-Based Compensation Expense

The following tables summarize total stock based compensation costs recognized for the three and nine months ended September 30, 2014 and 2013.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Stock options	\$ 325,634	\$ -	\$ 1,070,939	\$ -
RSUs	381,856	-	389,482	-
IR warrant	39,410	-	198,983	-
Total	<u>\$ 746,900</u>	<u>\$ -</u>	<u>\$ 1,659,404</u>	<u>\$ -</u>

The total amount of stock-based compensation was reflected within the condensed statements of operations as:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Research and development	\$ 329,138	\$ -	\$ 568,390	\$ -
General and administrative	165,228	-	657,738	-
Marketing	252,534	-	433,276	-
Total	<u>\$ 746,900</u>	<u>\$ -</u>	<u>\$ 1,659,404</u>	<u>\$ -</u>

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following discussion and analysis of the financial condition and results of operations of Energos Corporation (“we,” “us,” “our” or the “Company”) should be read in conjunction with our historical financial statements and related notes thereto in this Quarterly Report on Form 10-Q and in the final Prospectus for our initial public offering (the “IPO”) as filed with the Securities and Exchange Commission on March 27, 2014 (the “IPO Prospectus”). This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, that are intended to be covered by the “safe harbor” created by those sections. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, can generally be identified by the use of forward-looking terms such as “believe,” “expect,” “may,” “will,” “should,” “could,” “seek,” “intend,” “plan,” “estimate,” “anticipate” or other comparable terms. Forward-looking statements in this Quarterly Report on Form 10-Q may address the following subjects among others: prospective products, applications, customers, technologies, future performance or results of anticipated products, expenses, and financial results. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, as a result of various factors including those risks and uncertainties described in the Risk Factors and in Management’s Discussion and Analysis of Financial Condition and Results of Operations sections of our IPO Prospectus. We urge you to consider those risks and uncertainties in evaluating our forward-looking statements. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Except as otherwise required by the federal securities laws, we disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statement contained herein (or elsewhere) to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

We are developing technology that can enable wire-free charging of electronic devices at a distance and with complete mobility. Our ultimate goal is to license our WattUp™ technology to device manufacturers, wireless service providers and other commercial partners to make wire-free charging an affordable, ubiquitous and convenient service for end users. There are a wide variety of potential uses for our proprietary technology, including smart phones, e-book readers, tablets, wearables, keyboards, mice, remote controls, rechargeable lights and any other device with similar charging requirements that would otherwise need a battery or a connection to a power outlet.

We believe our technology is novel in its approach, in that it charges devices by surrounding them with a three dimensional (“3D”) radio frequency (“RF”) pocket (“RF pocket”). We are developing solutions that enable wire-free transmission of energy from a transmitter to multiple receivers at distances of up to fifteen (15) feet. We have developed a prototype system consisting of a base station transmitter, a smart phone receiver case, receiver test boards and management software. We have validated the technology in our labs utilizing commercially available parts and components, which are not optimized and may be too large to be incorporated into commercially marketed products. We submitted our first ASIC design to the wafer fabricator for production in November 2013. Since then, we have submitted three additional ASICs to the wafer fabricator for production. Two of these ASICs will be used to demonstrate our WattUp technology in prototypical consumer products in conjunction with our strategic partners at the Consumer Electronics Show in January 2015. A fifth ASIC has also been designed and is currently under production at the wafer fabricator. Two of the five ASICs are expected to be incorporated into reference designs to be provided to our strategic partners to enable them to develop consumer-facing products for sale beginning late in the fourth quarter of 2015.

We are also developing what we believe will be an enterprise class management and control system for our WattUp™ Solution that will incorporate cloud based network management as well as the necessary local interface and control for the transmitter and receiver. We believe that if our development, regulatory and commercialization efforts are successful, our transmitter and receiver solutions will initially be able to simultaneously charge up to 24 devices, ranging from ¼ watt up to sixteen (16) watts, , depending on the number of devices, with a range of fifteen (15) foot radius or in a charging envelop bounded by thirty (30) feet. Subsequent development efforts will focus on increasing the power delivery capability, increasing distance, enhancing the management and control solution and lowering overall system cost.

We were incorporated in Delaware on October 30, 2012 under the name DvineWave Inc. and in January 2014 we changed our name to Energous Corporation. We are located in San Jose, CA. To date, our operations have been funded through the sale of our common stock and convertible debt (which has since been converted into shares of our common stock).

We intend to license our technology to various consumer electronics companies, including component manufacturers, original equipment manufacturers (“OEMs”), original design manufacturers (“ODMs”) and branded consumer electronics firms. We believe strategic relationships with key consumer electronics supply chain licensees will enable us to reap the benefits of our technology much faster and more cost-effectively than by manufacturing, distributing or installing products ourselves.

As part of our commercialization efforts, in May 2014 we executed our first joint development agreement with a strategic partner providing for our development of reference designs which serve to describe the integration of our technology into the strategic partner’s products. Since that time, interest in our technology from potential strategic partners has been robust and to date we have executed a total of 12 joint development agreements with a wide variety of partners including wireless solutions companies, device and accessories manufacturers, semiconductor companies and an appliance manufacturer.

We have pursued an aggressive intellectual property strategy and are developing new patents. As of September 30, 2014, we had 80 pending U.S. patents and provisional patent applications. In addition to the inventions covered by these patent applications, we have identified a significant number of additional specific inventions we believe may be novel and patentable. We intend to file for patent protection for the most valuable of these, as well as for other new inventions that we expect to develop.

We have recruited and hired a seasoned management team with public company and relevant industry experience to develop and execute our operating plan. In addition, we have hired and have identified additional engineering resources, which we expect will build up the engineering capability of our internal team.

We have not generated any revenue to date, and have incurred significant losses from operations since inception. We expect to continue to incur operating losses for the foreseeable future as we develop our technology.

Results of Operations

Revenues. To date we have not generated any revenues.

Operating Expenses and Loss from Operations. Operating expenses are made up of derivative instrument issuance, research and development, general and administrative and marketing expenses. Research and development expenses include the costs incurred in developing the Company’s Application-Specific Integrated Circuit (“ASIC”), employee and consultant compensation, stock-based compensation, testing and other materials. General and administrative expenses include costs for general and corporate functions, including salaries, stock-based compensation for options and warrants, facility fees, travel, telecommunications, insurance, professional fees, consulting fees and other overhead. Marketing expenses include costs for promoting the Company’s products and developing strategic relationships, the costs of which consist principally of employee and consultant compensation, stock-based compensation and travel related expenses.

Three Months Ended September 30, 2014 and 2013

Operating Expenses and Loss from Operations. Loss from operations for the three months ended September 30, 2014 was \$5,830,438 as compared to \$797,472 for the three months ended September 30, 2013. The increase in loss from operations resulted primarily from ASIC development, other research and development and marketing expenditures, employee and consultant compensation, stock-based compensation, as well as the legal and accounting costs incurred in connection with compliance with our Securities and Exchange Commission (“SEC”) reporting obligations.

Derivative instrument issuance expense was \$0 and \$9,040 for the three months ended September 30, 2014 and 2013, respectively. Research and development expense was \$3,699,057 and \$583,524 and included stock-based compensation of \$329,138 and \$0, patent application costs of approximately \$133,836 and \$88,884 and ASIC development costs of approximately \$896,750 and \$383,670 for the three months ended September 30, 2014 and 2013, respectively. General and administrative expense was \$1,322,048 and \$172,894 and included stock-based compensation of \$165,228 and \$0 for the three months ended September 30, 2014 and 2013, respectively. Marketing expense was \$809,333 and \$32,014 and included stock-based compensation of \$252,534 and \$0 for the three months ended September 30, 2014 and 2013, respectively.

Change in Fair Value of Derivative Liabilities. Change in fair value of derivative liabilities for the three months ended September 30, 2014 was \$0 as compared to a loss of \$89,000 for the three months ended September 30, 2013.

Interest Income (Expense), Net. Interest income for the three months ended September 30, 2014 was \$5,258 as compared to interest expense of \$286,891 for the three months ended September 30, 2013 and included amortization of debt discount of \$0 and \$206,370, respectively. The change in interest income (expense), net, resulted primarily from the conversion and extinguishment of the convertible notes in April 2014.

Net Loss. As a result of the above, net loss for the three months ended September 30, 2014 was \$5,847,998 as compared to \$1,173,363 for the three months ended September 30, 2013.

Nine months ended September 30, 2014 and 2013

Operating Expenses and Loss from Operations. Loss from operations for the nine months ended September 30, 2014 was \$11,345,994 as compared to \$2,747,929 for the nine months ended September 30, 2013. The increase in loss from operations resulted primarily from ASIC development, patent application, other research and development and marketing expenditures, employee and consultant compensation, stock-based compensation, as well as the legal and accounting costs incurred in connection with compliance with our SEC reporting obligations.

Derivative instrument issuance expense was \$0 and \$887,062 for the nine months ended September 30, 2014 and 2013, respectively. Research and development expense was \$6,184,762 and \$1,019,950 and included stock-based compensation of \$568,390 and \$0, patent application costs of approximately \$586,000 and \$329,000 and ASIC development costs of approximately \$1,712,000 and \$460,000 for the nine months ended September 30, 2014 and 2013, respectively. General and administrative expense was \$3,124,439 and \$808,903 and included stock-based compensation of \$657,738 and \$0 for the nine months ended September 30, 2014 and 2013, respectively. Marketing expense was \$2,036,793 and \$32,014 and included stock-based compensation of \$433,277 and \$0 for the nine months ended September 30, 2014 and 2013, respectively.

Change in Fair Value of Derivative Liabilities. Change in fair value of derivative liabilities for the nine months ended September 30, 2014 was \$26,265,177 as compared to \$111,500 for the nine months ended September 30, 2013. The increase in change in fair value of derivative liabilities resulted primarily from an increase in the Company's stock price from January 1, 2014 through April 2, 2014.

Interest Expense, Net. Interest expense for the nine months ended September 30, 2014 was \$1,029,479 as compared to \$383,380 for the nine months ended September 30, 2013 and included amortization of debt discount of \$964,851 and \$262,506, respectively. The increase in interest expense, net, resulted primarily from the convertible notes being outstanding for a longer period during the nine months ended September 30, 2014 as opposed to the nine months ended September 30, 2013.

Gain on Debt Extinguishment. Gain on debt extinguishment for the nine months ended September 30, 2014 was \$2,084,368 as compared to \$0 for the nine months ended September 30, 2013. The gain on debt extinguishment resulted from the conversion of the convertible notes and the related extinguishment of the notes, accrued interest payable and the derivative liability.

Net Loss. As a result of the above, net loss for the nine months ended September 30, 2014 was \$36,579,100 as compared to \$3,242,809 for the nine months ended September 30, 2013.

Liquidity and Capital Resources

We have not generated revenues since inception and have a net loss of \$5,847,998 and \$1,173,363 for the three months ended September 30, 2014 and 2013, respectively, and net losses of \$36,579,100 and \$3,242,809 for the nine months ended September 30, 2014 and 2013, respectively. Since inception, we have met our liquidity requirements principally through the private placement of convertible notes, our recently completed IPO, the sale of our common stock to a strategic investor, and the issuance of our common stock to our landlord to reduce our monthly base rent obligation and pay for certain tenant improvements.

As of September 30, 2014, we had cash on hand of \$18,420,480. In April 2014 we completed our IPO of 4,600,000 shares of common stock through which we raised net proceeds of approximately \$24.8 million. In connection with the completion of the IPO, our outstanding convertible notes and interest accrued thereon were converted into 1,833,336 and 96,792 shares, respectively, of common stock, thus extinguishing the debt associated with the notes. On April 4, 2014, we issued 210,527 shares of common stock to a strategic investor upon the receipt of net proceeds of \$900,000 (\$300,000 received on March 27, 2014, \$700,000 received on April 4, 2014, net of commissions paid of \$100,000).

We believe our current cash on hand will be sufficient to fund our operations into the fourth quarter of 2015. However, we expect to require additional financing to fully implement our business plan, the ultimate goal of which is to license our technology to device manufacturers, wireless service providers and other commercial partners to make wire-free charging an affordable, ubiquitous and convenient service for end users. Potential financing sources could include follow-on equity offerings, debt financing, co-development agreements or other alternatives. Depending upon market conditions, we may choose to pursue additional financing to, among other reasons, accelerate our product development efforts, regulatory activities and business development and support functions with a view to capitalizing on the market opportunity we see for our wire-free charging technology.

During the nine months ended September 30, 2014, cash flows used in operating activities were \$8,490,970, consisting of a net loss of \$36,579,100 less non-cash expenses aggregating \$27,024,780 (representing principally the amortization of debt discount of \$964,851, stock based compensation of \$1,659,404 and the change in fair value of derivative liabilities of \$26,265,177 offset by the gain on the conversion of notes of \$2,084,368). During the nine months ended September 30, 2013, cash flows used in operating activities were \$1,825,969, consisting of a net loss of \$3,242,809, offset by non-cash expenses of \$1,098,886 and net changes in operating assets and liabilities of \$317,954.

During the nine months ended September 30, 2014 and 2013, cash flows used in investing activities were \$815,500 and \$21,226, respectively. The increase for the nine months ended September 30, 2014 consisted principally of the purchase of laboratory and computer equipment and software, as well as furniture and fixtures for the new office in San Jose, CA.

During the nine months ended September 30, 2014, cash flows provided by financing activities were \$25,773,170 and consisted principally of the net proceeds from our IPO of \$24,872,170, and net proceeds of \$900,000 from the sale of our common stock. During the nine months ended September 30, 2013, cash flows provided by financing activities were \$5,700,690 and consisted principally of \$200,681 in proceeds from the sale of the Company's common stock and \$5,500,009 in proceeds from the sale of convertible debt.

Research and development of new technologies is, by its nature, unpredictable. Although we will undertake development efforts with commercially reasonable diligence, there can be no assurance that our available resources including the net proceeds from our recently completed IPO will be sufficient to enable us to develop our technology to the extent needed to create future revenues to sustain our operations.

We cannot assure that our technology will be adopted, that we will ever earn revenues sufficient to support our operations, or that we will ever be profitable. Furthermore, since we have no committed source of financing, we cannot assure you that we will be able to raise capital as and when we need it to continue our operations.

Off Balance Sheet Transactions

We do not have any off-balance sheet transactions.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies from the information provided in our IPO Prospectus.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The information required by Item 3 is not required to be provided by issuers that satisfy the definition of "smaller reporting company" under SEC rules.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including the chief executive officer ("CEO") and interim chief financial officer ("CFO"), of the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to Rule 13a-15(b) of the Exchange Act. Based on that evaluation, as of September 30, 2014, our management, including the CEO and CFO, concluded that our disclosure controls and procedures are effective for the purpose of providing reasonable assurance that the information required to be disclosed in the reports we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently a party to any pending legal proceedings that we believe will have a material adverse effect on our business or financial conditions. We may, however, be subject to various claims and legal actions arising in the ordinary course of business from time to time.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed under "Risk Factors" in the final Prospectus for our initial public offering (the "IPO") as filed with the Securities and Exchange Commission on March 27, 2014 (the "IPO Prospectus"). These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by any forward-looking statements contained in this report.

Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Recent Sales of Unregistered Securities

On August 14, 2014, we granted two inducement RSU awards to Cesar Johnston, the Company's Senior Vice President of Engineering. Under the first award, Mr. Johnston has the right to receive 100,000 shares of the Company's common stock and this award vests over four years beginning on the first anniversary of the date of grant. In addition, Mr. Johnston was granted 20,000 performance based RSU awards. Pursuant to the terms of the awards, the shares not vested terminate upon separation from the Company. These new hire inducement awards were granted pursuant to NASDAQ Listing Rule 5635(c)(4) and Section 4(a)(2) of the Securities Act of 1933.

Use of Proceeds from Registered Securities

On March 27, 2014, our Registration Statement on Form S-1, as amended (Reg. No. 333-193522) was declared effective in connection with the IPO of our common stock, pursuant to which we sold 4,600,000 shares of common stock at a price to the public of \$6.00 per share, including the full exercise of the underwriters' option to purchase additional shares. In April 2014, we completed our IPO of 4,600,000 shares of common stock through which we raised net proceeds of approximately \$24.8 million after deducting approximately \$2.4 million in underwriting discounts, commissions and expenses and approximately \$400,000 offering expenses payable by us. MDB Capital Group, Inc. was the underwriter for the offering. No payments were made by us to directors, officers or persons owning ten percent or more of our common stock or to their associates, or to our affiliates, other than payments in the ordinary course of business to officers for salaries and to non-employee directors as compensation for board or board committee service.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on March 27, 2014.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits required to be filed as a part of this report are listed in the Exhibit Index.

SIGNATURES

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

ENERGOUS CORPORATION

(Registrant)

Date: November 10, 2014

By: /s/ Stephen R. Rizzone
Name: Stephen R. Rizzone
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: November 10, 2014

By: /s/ Howard R. Yeaton, Jr.
Name: Howard R. Yeaton, Jr.
Title: Interim Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Energois Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)
3.2	Amendment No. 1 to the Second Amended and Restated Certificate of Incorporation of Energois Corporation (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-36379) filed on May 14, 2014)
3.3	Amended and Restated Bylaws of Energois Corporation (incorporated by reference to Exhibit 3.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1/A (File No. 333-193522) filed on March 13, 2014)
10.1	Offer Letter effective as of July 14, 2014 between Energois Corporation and Cesar Johnston (filed herewith)
10.2	Consulting Agreement effective as of July 14, 2014 between Energois Corporation and Howard Yeaton (filed herewith)
10.3	Form of Restricted Stock Unit Award Agreement effective as of August 14, 2014 between Energois Corporation and Cesar Johnston (filed herewith)
10.4	Lease Agreement dated as of September 10, 2014 between Energois Corporation and Balzer Family Investments, L.P. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 16, 2014)
31.1	Certification of Periodic Report by Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Periodic Report by Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14a and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Periodic Report by Chief Executive Officer and Chief Financial Officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)



July 3, 2014

Cesar Johnston

Via Email
csrjohnston@att.net

Dear Cesar:

Energous Corporation (the "Company") is pleased to offer you employment on the following terms:

1. **Position.** Your initial title will be Senior Vice President of Engineering and you will initially report to the Company's Chief Executive Officer. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Cash Compensation.** The Company will pay you a starting salary at the rate of \$10,416.66 per pay period (bi-monthly), payable in accordance with the Company's standard payroll schedule and subject to applicable deductions and withholdings. This salary will be subject to periodic review and adjustments at the Company's discretion. In addition, you are entitled to a 20% incentive bonus (\$50,000) broken into 5 equal parts: one per quarter plus an annual, based on performance of the Company and the individual against the deliverables to be agreed upon with the Chief Executive Officer.

3. **Employee Benefits.** As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

4. **Equity Grants.** As part of your offer we will be requesting that the Energous Board of Directors grant you 100,000 Restricted Stock Units (RSU's). We will request that the Energous Board of Directors grant you an additional 10,000 RSU's upon successful completion of the hiring plan by the end of August. Further, we will request that the Board of Directors grant you an additional 10,000 RSU's upon successful completion of the CES 2015 demonstration plan (specifically enabling at least 6 strategic partners to have prototypical consumer products, WattUp enabled, demonstrable at CES according to product and performance specifications; 24 simultaneous users 0-5 feet from transmitter 16 watts into the space, 5-10 feet @ 8 watts, 10-15 feet @ 4 watts; all under software control with Bluetooth connectivity and full roaming capability).

As you may be aware, RSU's are not Stock Options, they are essentially a promise to deliver a share of Energous Corporation common stock at a specific time; in this case within a few days after the RSU has vested. When you sell the common stock represented by the RSU, you will receive the full value of the share of stock on the date you sell it. As Energous is a public company, the vested shares are fully tradable when you receive the underlying share of stock. In order to assist participants in selling their shares, the Company is exploring options with brokerage firms to allow same day trading of common stock.

Page 1

Your RSU's will vest 25% on each of the 4 anniversaries of your start date (or award date based on successful completion of the milestones listed above). Upon vesting, there may be certain tax consequences so you should consult your financial advisor or CPA well in advance of the vesting dates to discuss the issue.

Additionally, the Company is a "Pay for Performance" based company. As a result, you can expect to receive additional equity incentives for outstanding performance throughout your career at Energous.

In the event of death or disability, all vesting options will have an extended expiration date of twelve (12) months from the date of death or effective date of disability which precludes the executive from working full time at the Company. In the case of a "Change in Control", there is no acceleration of RSU's, however, if the executive is terminated by the acquiring company for any reason other than cause anytime up until the 4th year hire date anniversary, the executive will be made a consultant to the acquiring company for the remainder of the 4 year original vesting period at the same total compensation in effect at the time of the acquisition. During this period, the RSU's will continue to vest according to their original schedule. In the event you are terminated by the acquiring company for any reason other than cause after the 4 year anniversary date, you will be granted one (1) year of base salary severance.

5. **Confidential Information and Inventions Assignment Agreement.** Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Confidential Information and Inventions Assignment Agreement, a copy of which is attached hereto as **Exhibit A**.

6. **Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations that may have been made to you are superseded by this offer letter. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you). Notwithstanding the at-will nature of your employment, the Company will grant you one (1) year of base salary as severance in the event your relationship is terminated for any reason other than cause (after a 90-day probationary period).

The C-level executive may terminate his employment for convenience upon a change-in-control for any of the following reasons: a) the executive is required to move more than 75 miles from his current location; and/or b) the total compensation offered to the executive by the acquiring company is less than the current total compensation at the time of the acquisition.

7. **Tax Matters.**

(a) **Withholding.** All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

(b) **Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

8. **Interpretation, Amendment and Enforcement.** This offer letter and Exhibit A constitute the complete offer letter between you and the Company, contain significant terms of your offer of employment with the Company and supersede any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. This offer letter may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this offer letter and the resolution of any disputes as to the meaning, effect, performance or validity of this offer letter or arising out of, related to, or in any way connected with, this offer letter between you and the Company (the "Dispute") will be governed by California law, excluding laws relating to conflicts or choice of law. For all pre-employment and offer letter Disputes, you and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in Alameda County, California, in connection with any Dispute or any claim related to any Dispute.

* * * * *

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer letter by signing and dating both the enclosed duplicate original of this offer letter and the enclosed Confidential Information and Inventions Assignment Agreement and returning them to me. This offer, if not accepted, will expire at the close of business on July 6, 2014. As required by the Company, your employment is contingent on completion of and successful passing of an investigative consumer report and a negative result pre-employment drug test. As required by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorization to work in the United States. Your employment is also contingent upon your starting work with the Company on or before July 7, 2014.



If you have any questions, please call me at 949-201-9097.

Very truly yours,

ENERGOUS CORPORATION

/s/ Stephen R. Rizzone

By: Stephen R. Rizzone, Chief Executive Officer

I have read and accept this employment offer:

/s/ Cesar Johnston

Signature of Employee

Dated: July 5, 2014

Attachment

Exhibit A: Confidential Information and Inventions Assignment Agreement



24 Godwin Avenue
Suite B-1
Midland Park, NJ 07432
Telephone: (201) 652-2042
Fax: (201) 221-7699

AMENDMENT NO. 1 TO

CONSULTING and ADVISORY AGREEMENT

Reference is made to the Consulting and Advisory agreement dated as of July 16, 2013, between Energous Corporation (f/k/a DvineWave, Inc.) ("CLIENT") and Financial Consulting Strategies LLC, ("CONSULTANT") (the "CONSULTING AGREEMENT").

The parties hereby agree that, effective July 14, 2014:

Section 2. "Scope" is amended to include the engagement of Howard Yeaton to serve as the Interim Chief Financial Officer of Energous Corporation, a public company. CLIENT acknowledges and agrees that scope and authority as Interim Chief Financial Officer shall include:

1. Serving as a member of the senior management team of the company,
2. Coordination and review of all company filings with the Securities and Exchange Commission ("SEC")
3. Unrestricted access to other members of the management team, legal counsel and other advisors, in order to be aware of and provide direction in regard to financial and other matters that may need to be accounted for and disclosed within the company's financial statements and to the SEC.
4. Taking responsibility to sign Forms 10-Q and 10-K, (and the related officer certifications), as well as other financially oriented filings with the SEC, as the Energous Corporation Interim Chief Financial Officer and Principal Financial Officer.
5. Oversee the production of monthly reports, as well as financial statements and cash flow projections for use by executive management, as well as the Audit Committee and Board of Directors.
6. Attend, either in person or telephonically, Board and subcommittee meetings; including being the lead staff in connection with the Audit Committee.
7. Supporting the Energous IR effort by assisting with the development of the Energous earnings press release and script;

Section 4. "Compensation" is amended to include compensation for providing the services of Interim Chief Financial Officer, which shall include (a) a monthly retainer of \$5,000, paid in advance for each month serving as Interim Chief Financial Officer, (b) for services in the role of Chief Financial Officer which exceed 20 hours in any month, the payment for such additional hours of service at an hourly rate for a Partner as provided for in Section 4. "Compensation," and (c) the reimbursement of travel and related expenses incurred in connection with performing the duties of the Interim Chief Financial Officer.

Energous Corporation (f/k/a DvineWave Inc.)
Consulting and Advisory Agreement
July 14, 2014

Section 6. "Indemnification" is amended to acknowledge and agree that duties in the capacity of Interim Chief Financial Officer are protected and covered under the Company's directors' and officers' liability insurance policies and indemnification is provided on a basis consistent with Energous Corporation's indemnification policies covering other executive officers and pursuant to Section 6.2 of the Energous Corporation amended and restated bylaws.

Section 17. "Independent Contractor Relationship" is determined not to apply to CONSULTANT in regard to services provided as Interim Chief Financial Officer, given the nature of the responsibilities.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to this CONSULTING AGREEMENT to be executed by their respective offices thereunto duly authorized, as of the date first written above.

Energous Corporation (f/k/a DvineWave Inc.) ("CLIENT")

By: /s/ Stephen R. Rizzone
Stephen R. Rizzone
Chief Executive Officer

Financial Consulting Strategies LLC ("CONSULTANT")

By: /s/ Howard R. Yeaton
Howard R. Yeaton
Managing Principal

ENERGOUS CORPORATION

RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (this "Agreement") is entered into as of August 14, 2014 (the "Effective Date"), by and between ENERGOUS CORPORATION, a Delaware corporation (the "Company"), and Cesar Johnston ("Employee").

WITNESSETH:

WHEREAS, the Board of Directors of the Company (the "Board") wishes to grant Employee Restricted Stock Units (the "RSUs" and each, a "RSU") in conjunction with, and as an inducement to, Employee's acceptance of his appointment as Senior Vice President of Engineering of the Company, subject to the terms provided in this Agreement and the offer letter by and between Employee and the Company dated July 3, 2014 (the "Offer Letter"); and

WHEREAS, the Board anticipates that this Agreement will promote the best interests of the Company and its shareholders by providing Employee a proprietary interest in the Company with a stronger incentive to put forth maximum effort for the continued success and growth of the Company and its subsidiaries.

NOW, THEREFORE, in consideration of Employee accepting employment with the Company and the benefits that the Company will derive in connection with the services to be rendered by Employee thereunder, the Company and Employee hereby agree as follows:

1. Grant; Vesting. Subject to the terms and conditions of this Agreement, the Company grants to Employee one hundred thousand (100,000) RSUs. Each RSU shall have a value equal to the fair market value of one (1) share of Company Common Stock (a "Share"). The RSUs covered by this Agreement shall become earned by, and payable to, Employee in the amounts and on the dates shown on Annex 1 attached hereto.

2. Compliance with Laws. Employee agrees that Employee shall comply with (or provide adequate assurance as to future compliance with) all applicable securities laws and income tax laws as determined by the Company as a condition precedent to the delivery of any Shares pursuant to this Agreement. In addition, Employee agrees that, upon request, Employee will furnish a letter agreement providing that (i) Employee will not distribute or resell any of said Shares in violation of the Securities Act of 1933, as amended, (ii) Employee will indemnify and hold the Company harmless against all liability for any such violation and (iii) Employee will accept all liability for any such violation.

3. Designation of Beneficiary. Employee may designate a beneficiary to receive payment in connection with the RSUs granted hereunder in the event of Employee's death while employed by the Company in accordance with the Company's beneficiary designation procedures, as in effect from time to time. If Employee does not designate a beneficiary or if Employee's designated beneficiary does not survive Employee, then Employee's beneficiary will be Employee's estate.

4. Nature of RSUs.

(a) Employee shall not have any interest in any fund or in any specific asset or assets of the Company by reason of the RSUs granted hereunder, or any right to exercise any of the rights or privileges of a stockholder with respect to the RSUs until Shares are issued in connection with the RSUs.

(b) Unless otherwise provided by the Board and except as provided below, the RSUs, and the rights and privileges conferred hereby, may not be transferred, sold, assigned, pledged or otherwise encumbered by Employee. The RSUs shall not be subjected to execution, attachment or similar process. Any attempt to transfer or dispose of the RSUs or any interest in the RSUs in a manner contrary to the restrictions set forth in this Agreement shall be void and of no effect.

(c) The existence of this Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or convertible into, or otherwise affecting the Company's Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

5. Adjustment Provisions.

(a) Share Adjustments: In the event of any stock dividend, stock split, recapitalization, merger, consolidation, combination or exchange of shares of Company stock, or the like, as a result of which shares of any class shall be issued in respect of the outstanding Shares, or the Shares shall be changed in to the same or a different number of the same or another class of stock, or into securities of another person, cash or other property (not including a regular cash dividend), the number of Shares subject to the RSUs shall be appropriately adjusted in such equitable and proportionate amount as determined by the Board. No fractional Share shall be issued under the Agreement resulting from any such adjustment but the Board, in its sole discretion, may make a cash payment in lieu of a fractional Share.

(b) Acquisitions: In the event of a merger or consolidation of the Company with another corporation or entity, or a sale or disposition by the Company of all or substantially all of its assets, the Board shall, in its sole discretion, have authority to provide for (i) waiver in whole or in part of any remaining restrictions or vesting requirements in connection with the RSUs granted hereunder, (ii) the conversion of the outstanding RSUs into cash and/or (iii) the conversion of the RSUs into the right to receive securities, including RSUs, of another person or entity upon such terms and conditions as are determined by the Board in its sole discretion.

(c) Binding Effect: For the avoidance of doubt, any adjustment, waiver, conversion or other action taken by the Board under this Section 5 shall be conclusive and binding on Employee and the Company and any respective successors and assigns.

6. Acknowledgments.

(a) Employee acknowledges having read this Agreement and agrees to be bound by all the terms and conditions of the Offer Letter and this Agreement.

(b) Regardless of any action the Company takes with respect to any or all income tax, payroll tax or other tax-related withholding ("Tax-Related Items"), Employee acknowledges that the ultimate liability for all Tax-Related Items owed by Employee is and remains Employee's responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant of RSUs, including the grant and vesting of the RSUs, the subsequent sale of Shares acquired upon the vesting of the RSUs and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Employee's liability for Tax-Related Items.

In the event the Company determines that it must withhold any Tax-Related Items as a result of the grant of the RSUs, Employee agrees as a condition precedent of such grant to make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements, including, but not limited to, withholding any applicable Tax-Related Items from the pay-out of the RSUs. In addition, Employee authorizes the Company to fulfill its withholding obligations by all legal means, including, but not limited to: withholding Tax-Related Items from Employee's other cash compensation paid by the Company to Employee; withholding Tax-Related Items from the cash proceeds, if any, received upon sale of any Shares received in payment for Employee's RSUs; and at the time of payment, withholding Shares sufficient to meet minimum withholding obligations for Tax-Related Items. The Company may refuse to issue and deliver Shares in payment of any earned RSUs if Employee fails to comply with any withholding obligation.

7. Notices. The Company may, in its sole discretion, decide to deliver any documents related to this Agreement by electronic means. Employee hereby consents to receive such documents by electronic delivery.

Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by intraoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify Employee from time to time; and to Employee at Employee's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as Employee, by notice to the Company, may designate in writing from time to time.

8. Entire Agreement. This Agreement, together with the Offer Letter, constitutes the final understanding between Employee and the Company regarding the RSUs.

9. Amendment. The Board may amend this Agreement; provided, however, that Employee's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect Employee.

10. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

11. Governing Law. This Agreement and all actions taken hereunder shall be governed by, and construed in accordance with, the laws of the State of California, applied without regard to the laws of any other jurisdiction that otherwise would govern under conflict of law principles.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Company has caused these presents to be executed as of the date and year first above written, which is the date of the granting of the RSUs evidenced hereby.

ENERGOUS CORPORATION

By: _____
Name:
Title:

The undersigned Employee hereby accepts the foregoing RSUs and agrees to the several terms and conditions hereof.

Employee

[Signature Page to RSU Award Agreement]

Annex 1

Vesting and Payment of Restricted Stock Units

(a) Time-Based Vesting. Subject to the provisions of paragraph (b), Employee shall earn the RSUs according to the schedule set forth below for so long as Employee remains continuously employed by the Company:

Vesting Date	RSUs
On July 14, 2015	25%
On July 14, 2016	25%
On July 14, 2017	25%
On July 14, 2018	25%

(b) Impact of Termination. If Employee's employment with the Company is terminated prior to any of the above vesting date(s) for any reason (including Employee's death or disability), then any RSUs that had not yet become earned and vested under paragraph (a) above shall be immediately canceled as of the date of such termination.

(c) Timing And Form Of Payment. Any RSU that becomes earned and vested in accordance with paragraph (a) shall be paid to Employee as soon as practicable upon vesting. Payment shall be made in the form of one Share for each RSU that is payable.

(d) Section 409A. This grant of RSUs is intended to comply with the requirements of Section 409A of the Code, to the extent applicable. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent.

ENERGOUS CORPORATION

RESTRICTED STOCK UNIT AWARD AGREEMENT

This Restricted Stock Unit Award Agreement (this "Agreement") is entered into as of August 14, 2014 (the "Effective Date"), by and between ENERGOUS CORPORATION, a Delaware corporation (the "Company"), and Cesar Johnston ("Employee").

WITNESSETH:

WHEREAS, the Board of Directors of the Company (the "Board") wishes to grant Employee Restricted Stock Units (the "RSUs" and each, a "RSU") in conjunction with, and as an inducement to, Employee's acceptance of his appointment as Senior Vice President of Engineering of the Company, subject to the terms provided in this Agreement and the offer letter by and between Employee and the Company dated July 3, 2014 (the "Offer Letter"); and

WHEREAS, the Board anticipates that this Agreement will promote the best interests of the Company and its shareholders by providing Employee a proprietary interest in the Company with a stronger incentive to put forth maximum effort for the continued success and growth of the Company and its subsidiaries.

NOW, THEREFORE, in consideration of Employee accepting employment with the Company and the benefits that the Company will derive in connection with the services to be rendered by Employee thereunder, the Company and Employee hereby agree as follows:

12. Grant; Vesting. Subject to the terms and conditions of this Agreement, the Company grants to Employee twenty thousand (20,000) RSUs. Each RSU shall have a value equal to the fair market value of one (1) share of Company Common Stock (a "Share"). The RSUs covered by this Agreement shall become earned by, and payable to, Employee in the amounts and on the dates shown on Annex 1 attached hereto.

13. Compliance with Laws. Employee agrees that Employee shall comply with (or provide adequate assurance as to future compliance with) all applicable securities laws and income tax laws as determined by the Company as a condition precedent to the delivery of any Shares pursuant to this Agreement. In addition, Employee agrees that, upon request, Employee will furnish a letter agreement providing that (i) Employee will not distribute or resell any of said Shares in violation of the Securities Act of 1933, as amended, (ii) Employee will indemnify and hold the Company harmless against all liability for any such violation and (iii) Employee will accept all liability for any such violation.

14. Designation of Beneficiary. Employee may designate a beneficiary to receive payment in connection with the RSUs granted hereunder in the event of Employee's death while a Service Provider with the Company in accordance with the Company's beneficiary designation procedures, as in effect from time to time. If Employee does not designate a beneficiary or if Employee's designated beneficiary does not survive Employee, then Employee's beneficiary will be Employee's estate.

15. Nature of RSUs.

(a) Employee shall not have any interest in any fund or in any specific asset or assets of the Company by reason of the RSUs granted hereunder, or any right to exercise any of the rights or privileges of a stockholder with respect to the RSUs until Shares are issued in connection with the RSUs.

(b) Unless otherwise provided by the Board and except as provided below, the RSUs, and the rights and privileges conferred hereby, may not be transferred, sold, assigned, pledged or otherwise encumbered by Employee. The RSUs shall not be subjected to execution, attachment or similar process. Any attempt to transfer or dispose of the RSUs or any interest in the RSUs in a manner contrary to the restrictions set forth in this Agreement shall be void and of no effect.

(c) The existence of this Agreement shall not affect in any way the right or power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or prior preference stocks ahead of or convertible into, or otherwise affecting the Company's Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

16. Adjustment Provisions.

(a) Share Adjustments: In the event of any stock dividend, stock split, recapitalization, merger, consolidation, combination or exchange of shares of Company stock, or the like, as a result of which shares of any class shall be issued in respect of the outstanding Shares, or the Shares shall be changed in to the same or a different number of the same or another class of stock, or into securities of another person, cash or other property (not including a regular cash dividend), the number of Shares subject to the RSUs shall be appropriately adjusted in such equitable and proportionate amount as determined by the Board. No fractional Share shall be issued under the Agreement resulting from any such adjustment but the Board, in its sole discretion, may make a cash payment in lieu of a fractional Share.

(b) Acquisitions: In the event of a merger or consolidation of the Company with another corporation or entity, or a sale or disposition by the Company of all or substantially all of its assets, the Board shall, in its sole discretion, have authority to provide for (i) waiver in whole or in part of any remaining restrictions or vesting requirements in connection with the RSUs granted hereunder, (ii) the conversion of the outstanding RSUs into cash and/or (iii) the conversion of the RSUs into the right to receive securities, including RSUs, of another person or entity upon such terms and conditions as are determined by the Board in its sole discretion.

(c) Binding Effect: For the avoidance of doubt, any adjustment, waiver, conversion or other action taken by the Board under this Section 5 shall be conclusive and binding on Employee and the Company and any respective successors and assigns.

17. Acknowledgments.

(a) Employee acknowledges having read this Agreement and agrees to be bound by all the terms and conditions of the Offer Letter and this Agreement.

(b) Regardless of any action the Company takes with respect to any or all income tax, payroll tax or other tax-related withholding (“Tax-Related Items”), Employee acknowledges that the ultimate liability for all Tax-Related Items owed by Employee is and remains Employee’s responsibility and that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the grant of RSUs, including the grant and vesting of the RSUs, the subsequent sale of Shares acquired upon the vesting of the RSUs and the receipt of any dividends; and (ii) does not commit to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Employee’s liability for Tax-Related Items.

In the event the Company determines that it must withhold any Tax-Related Items as a result of the grant of the RSUs, Employee agrees as a condition precedent of such grant to make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements, including, but not limited to, withholding any applicable Tax-Related Items from the pay-out of the RSUs. In addition, Employee authorizes the Company to fulfill its withholding obligations by all legal means, including, but not limited to: withholding Tax-Related Items from Employee’s other cash compensation paid by the Company to Employee; withholding Tax-Related Items from the cash proceeds, if any, received upon sale of any Shares received in payment for Employee’s RSUs; and at the time of payment, withholding Shares sufficient to meet minimum withholding obligations for Tax-Related Items. The Company may refuse to issue and deliver Shares in payment of any earned RSUs if Employee fails to comply with any withholding obligation.

18. Notices. The Company may, in its sole discretion, decide to deliver any documents related to this Agreement by electronic means. Employee hereby consents to receive such documents by electronic delivery.

Any notice which either party hereto may be required or permitted to give to the other shall be in writing and may be delivered personally, by intraoffice mail, by fax, by electronic mail or other electronic means, or via a postal service, postage prepaid, to such electronic mail or postal address and directed to such person as the Company may notify Employee from time to time; and to Employee at Employee's electronic mail or postal address as shown on the records of the Company from time to time, or at such other electronic mail or postal address as Employee, by notice to the Company, may designate in writing from time to time.

19. Entire Agreement. This Agreement, together with the Offer Letter, constitutes the final understanding between Employee and the Company regarding the RSUs.

20. Amendment. The Board may amend this Agreement; provided, however, that Employee's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect Employee.

21. Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

22. Governing Law. This Agreement and all actions taken hereunder shall be governed by, and construed in accordance with, the laws of the State of California, applied without regard to the laws of any other jurisdiction that otherwise would govern under conflict of law principles.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Company has caused these presents to be executed as of the date and year first above written, which is the date of the granting of the RSUs evidenced hereby.

ENERGOUS CORPORATION

By: _____

Name: Stephen R. Rizzone

Title: President and Chief Executive Officer
(Principal Executive Officer)

The undersigned Employee hereby accepts the foregoing RSUs and agrees to the several terms and conditions hereof.

Employee

[Signature Page to RSU Award Agreement]

Annex 1

Vesting and Payment of Restricted Stock Units

(a) Performance-Based Vesting. Subject to Employee's continued employment as of March 28, 2015, on such date Employee shall earn the RSUs based on the satisfaction of the following performance-based vesting requirements:

The RSUs shall meet the performance-based vesting requirement of this paragraph (a) to the extent the Company completes the following milestones, as determined in the discretion of the Board of Directors, on or before the dates listed below:

Milestone	RSUs
Upon successful completion of the hiring plan by August 31, 2014	50%
Upon Successful Completion of the Consumer Electronics Show 2015 Demonstration Plan*	50%

* "Successful Completion of the Consumer Electronics Show 2015 Demonstration Plan" shall mean specifically enabling at least six (6) strategic partners to have prototypical consumer products, WattUp enabled, demonstrable at the Consumer Electronics Show according to product and performance specifications; 24 simultaneous users 0-5 feet from transmitter 16 watts into the space, 5-10 feet at 8 watts, 10-15 feet at 4 watts; all under software control with Bluetooth connectivity and full roaming capability.

Any RSUs not earned as provided above shall be canceled as of the dates listed above.

(b) Impact of Termination. If Employee's employment with the Company is terminated prior to March 28, 2015 for any reason (including Employee's death or disability), then any RSUs that had not yet become earned and vested under paragraph (a) above shall be immediately canceled as of the date of such termination.

(c) Timing And Form Of Payment. Any RSU that becomes earned and vested in accordance with paragraph (a) shall be paid to Employee as soon as practicable upon vesting. Payment shall be made in the form of one Share for each RSU that is payable.

(d) Section 409A. This grant of RSUs is intended to comply with the requirements of Section 409A of the Code, to the extent applicable. Notwithstanding any provision of this Agreement to the contrary, this Agreement shall be interpreted, operated and administered consistent with this intent.

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen R. Rizzone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energeous Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2014

/s/ Stephen R. Rizzone

Name: Stephen R. Rizzone

Title: President and Chief Executive Officer

**CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Howard R. Yeaton, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Energeous Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2014

/s/ Howard R. Yeaton, Jr.

Name: Howard R. Yeaton, Jr.

Title: Interim Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Energous Corporation, (the "Company") on Form 10-Q for the period ended September 30, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Stephen R. Rizzone, President and Chief Executive Officer of the Company, and Howard Yeaton, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Energous Corporation and will be retained by Energous Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Stephen R. Rizzone

Name: Stephen R. Rizzone
Title: President and Chief Executive Officer
Date: November 10, 2014

/s/ Howard R. Yeaton, Jr.

Name: Howard R. Yeaton, Jr.
Title: Interim Chief Financial Officer
Date: November 10, 2014
