

SUNPOWER CORP  
 Form 424B5  
 February 05, 2007  
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**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered/Proposed maximum offering price per unit/Proposed maximum aggregate offering price</b>	<b>Amount of registration fee</b>
Senior Convertible Debentures due 2027	\$200,000,000	\$21,400(1)
Class A Common Stock, par value \$0.001 per share	(2)	(2)

- (1) This filing fee of \$21,400 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the Securities Act ) and relates to the registration statement on Form S-3 (File No. 333-140272) filed by SunPower Corporation. Includes \$15,997 previously paid on January 29, 2007.
- (2) There are also registered an indeterminate number of shares of class A common stock into which the debentures may be converted. Pursuant to Rule 457(i), no separate registration fee is payable where securities and securities into which conversion is offered are registered at the same time and no additional consideration is payable upon conversion.

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**Filed Pursuant to Rule 424(b)(5)  
File No. 333-140272**

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 29, 2007)

**\$175,000,000**

**1.25% Senior Convertible Debentures due 2027**

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This is an offering by SunPower Corporation of \$175,000,000 aggregate principal amount of its 1.25% Senior Convertible Debentures due 2027.

The debentures will be convertible, at your option, into cash and, if applicable, shares of our class A common stock initially at a conversion rate of 17.6211 shares per \$1,000 principal amount of debentures (equivalent to an initial conversion price of \$56.75 per share), subject to adjustment as described in this prospectus supplement, at any time on or prior to the close of business on the business day immediately preceding the maturity date only under the following circumstances:

prior to February 15, 2025, on any date during any fiscal quarter beginning after March 31, 2007 (and only during such fiscal quarter) if the closing sale price of our class A common stock was more than 125% of the then current conversion price for at least 20 trading days in the period of the 30 consecutive trading days ending on the last trading day of the previous fiscal quarter;

at any time on or after February 15, 2025;

with respect to any debentures called for redemption, until the close of business on the business day prior to the redemption date;

during a specified period if we distribute to all holders of our class A common stock rights or warrants entitling them to purchase, for a period of 45 calendar days or less, shares of our class A common stock at a price less than the average closing sale price for the ten trading days preceding the declaration date for such distribution;

during a specified period if we distribute to all holders of our class A common stock, cash or other assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our class A common stock on the trading day preceding the declaration date for such distribution;

during a specified period if a fundamental change occurs; or

during the five consecutive business-day period following any five consecutive trading-day period in which the trading price for the debentures for each day during such five trading-day period was less than 98% of the closing sale price of our class A common stock period multiplied by the then current conversion rate.

Upon conversion, we will deliver cash and shares of our class A common stock, if any, based on a daily conversion value (as described herein), calculated on a proportionate basis for each day of the 20 trading day conversion period. See Description of the Debentures Conversion Rights Conversion Procedures Settlement Upon Conversion. In the event of certain types of fundamental changes, we will increase the conversion rate by a number of additional shares as described herein.

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The debentures will bear interest at a rate of 1.25% per year, payable on February 15 and August 15 of each year, commencing August 15, 2007. The debentures will mature on February 15, 2027.

We may redeem some or all of the debentures on or after February 15, 2012, for cash at a redemption equal to 100% of the principal amount, plus accrued and unpaid interest, of debentures redeemed.

You may require us to repurchase all or a portion of your debentures on February 15, 2012, February 15, 2017 and February 15, 2022 at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. In addition, you may require us to repurchase all or a portion of your debentures upon a fundamental change at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest.

The debentures will be our senior unsecured obligations. As of September 30, 2006, on a pro forma basis giving effect to our acquisition of PowerLight Corporation described herein, we and our subsidiaries had approximately \$7.1 million of senior indebtedness outstanding, all of which was secured indebtedness, and approximately \$228.8 million of other liabilities outstanding.

Concurrently with this offering of debentures, we are offering, by means of a separate prospectus supplement, up to 2,947,132 shares of our class A common stock, all of which are being borrowed by an affiliate of Lehman Brothers Inc., one of the underwriters in this offering. We will not receive any proceeds from that offering of common stock, but we will receive a nominal lending fee from that affiliate. See [Description of Share Lending Agreement](#) and [Underwriting](#).

Our class A common stock is listed on The Nasdaq Global Market under the symbol SPWR. The last reported sale price of our class A common stock on February 1, 2007 was \$44.51 per share.

We do not intend to apply for listing of the debentures on any securities exchange or for inclusion of the debentures in any automated quotation system.

***Investing in the debentures involves risks. See [Risk Factors](#) beginning on page S-14 of this prospectus supplement and on page 4 of the accompanying prospectus.***

	<b>Per Debenture</b>	<b>Total</b>
Price to the public (1)	100%	\$ 175,000,000
Underwriting discounts and commission	2.5%	\$ 4,375,000
Proceeds to SunPower (before expenses)	97.5%	\$ 170,625,000

(1) Plus accrued interest, if any, from February 7, 2007.

We have granted the underwriters a 30-day option to purchase up to an additional \$25,000,000 aggregate principal amount of debentures on the same terms and conditions set forth above if the underwriters sell more than \$175,000,000 aggregate principal amount of debentures.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the debentures on or about February 7, 2007.

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**LEHMAN BROTHERS**

**CREDIT SUISSE**

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**DEUTSCHE BANK SECURITIES**

**COWEN AND COMPANY**

**FIRST ALBANY CAPITAL**

**THINKEQUITY PARTNERS LLC**

February 2, 2007

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and risks related to an investment in the debentures. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering, and a discussion of risks our business faces. If the description of this offering of debentures varies between this prospectus supplement and the accompanying prospectus, you should rely only on the information contained or incorporated by reference in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since any of those respective dates. You should read this entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information in this prospectus supplement and the accompanying prospectus before making your investment decision. Unless otherwise indicated herein, the information in this prospectus supplement assumes no exercise of the underwriters' option to purchase additional debentures described herein.



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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the documents incorporated by reference herein may contain forward-looking statements that involve risks and uncertainties. You can identify such forward-looking statements by the use of terms such as expect, believe, may, could, estimate, intend, similar words or phrases. All such statements, other than statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21B of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about our competitive strengths, our strategy, our preliminary, unaudited financial results for the three months and year-ended December 31, 2006, our pro forma financial results giving effect to one or more of the transactions described herein and the accounting treatment of our concurrent offering of class A common stock.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information that you should consider before deciding whether to invest in the debentures. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the Risk Factors sections beginning on page S-14 of this prospectus supplement, and page 4 of the accompanying prospectus, as well as our consolidated financial statements and the related notes incorporated by reference.*

*Unless otherwise specified or unless the context requires otherwise, all references in this prospectus supplement to SunPower, we, us, our or similar references mean SunPower Corporation and its subsidiaries. On January 10, 2007, we completed our previously announced merger, or the Merger, with PowerLight Corporation, described below. Unless otherwise specified or the context otherwise requires, all references in this prospectus supplement to PowerLight mean PowerLight Corporation prior to January 10, 2007 and PowerLight Corporation, an indirect wholly-owned subsidiary of SunPower, on or after January 10, 2007.*

**Our Company**

We design, develop, manufacture, market and sell solar electric power products, systems and services. Our products are based on our proprietary processes and technologies. We have spent more than 15 years developing high performance solar cells, which are semiconductor devices that directly convert sunlight into electricity. We believe our solar cells have the highest conversion efficiency, a measurement of the amount of sunlight converted by the solar cell into electricity, available for the mass market. We also believe our solar cells provide the following benefits compared with conventional solar cells:

superior performance, including the ability to generate up to 50% more power per unit area;

superior aesthetics, with our uniformly black surface design which eliminates highly visible reflective grid lines and metal interconnect ribbons; and

efficient use of silicon, a key raw material used in the manufacture of solar cells.

We offer solar power products, including solar cells, solar panels and inverters, which convert sunlight to electricity compatible with the utility network. Our solar sales efforts have been focused on residential and commercial applications where the high performance and superior aesthetics of our solar power products provide compelling customer benefits. We also sell products for multi-megawatt solar power plant applications that mount our products on moving structures that track the sun. We sell our products in many countries, principally in regions where government incentives have accelerated solar power adoption.

We produce our solar cells at our manufacturing facility in the Philippines. We currently operate four solar cell manufacturing lines in the Philippines, with a total rated manufacturing capacity of approximately 108 megawatts per year. We have recently started construction on a second solar cell manufacturing facility in the Philippines, which is designed to house up to ten additional manufacturing lines. We expect three manufacturing lines in the new facility to be operational by the end of 2007, which would give us an aggregate rated manufacturing capacity of approximately 207 megawatts per year. Currently, most of our solar panels are assembled for us by a third-party subcontractor in China. We supplement this capacity with in-house production at our automated panel assembly factory located in the Philippines. We expect to produce up to 30 megawatts of solar panels per year from our first manufacturing line. The panel assembly factory has sufficient space to expand capacity to 90 megawatts per year. Our systems in North America also include branded inverters manufactured for us by multiple suppliers.



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On January 10, 2007 we completed the Merger with PowerLight, a leading global provider of large-scale solar power systems. PowerLight designs, manufactures, markets and sells solar electric power system technology that integrates solar cells and solar panels manufactured by us and other suppliers to convert sunlight to electricity compatible with the utility network. PowerLight also provides solar power systems to end customers on a turn-key, whole-solution basis by developing, engineering, procuring permits and equipment for, managing construction of, offering access to financing for, and providing monitoring, operations and maintenance services for large-scale roof-mounted and ground-mounted solar power applications. PowerLight's customers include industrial, commercial and public sector entities, investors, value-added resellers, utilities and production home builders. PowerLight's solar power systems generate electricity over a system design life typically exceeding 25 years. PowerLight's solar power systems are principally designed to be used in large-scale applications exceeding 300 kilowatts, including the development of solar production home communities. PowerLight has completed or is in the process of completing over 300 projects worldwide, rated in aggregate at over 100 megawatts peak capacity. In the United States, PowerLight typically sells solar power systems rated up to one megawatt of capacity to provide a supplemental, distributed source of electricity for a customer's facility. In Europe and South Korea, PowerLight's products and systems are often purchased by third party investors as central station solar power plants, typically rated from one to 20 megawatts, which generate electricity for sale under tariff to regional and public utilities.

### ***Market Opportunity***

The electric power industry is one of the world's largest industrial segments, with annual revenue of approximately \$1.06 trillion in 2004, according to Datamonitor. Global electricity demand has grown consistently at a rate of 1% to 4% annually for the past decade, according to the Energy Information Administration of the United States Department of Energy. Worldwide demand for electricity is expected to increase from 14.3 trillion kilowatt hours in 2002 to 26.0 trillion kilowatt hours by 2025, according to the United States Department of Energy's International Energy Outlook. Investments in generation, transmission and distribution to meet growth in electricity demand, excluding investments in fuel supply, are expected to be roughly \$10 trillion by 2030, according to the International Energy Agency. However, fossil fuel supply constraints, infrastructure limitations, the desire for energy security and environmental concerns pose a challenge to meeting this growing worldwide electricity demand. The use of renewable resources, which include solar, biomass, geothermal, hydroelectric and wind power generation, has grown significantly in response to the challenges associated with growing global electricity production. As opposed to fossil fuels which draw on finite resources that may eventually become too expensive to retrieve, renewable resources are generally unlimited in availability.

Solar power technology has been used to generate electricity in space program applications for several decades and in commercial applications over the last 30 years. Increasingly, government incentive programs are accelerating the adoption of solar power. Since 1985, the market for solar power, as defined by worldwide shipments of solar power systems, has grown at a compound annual growth rate of over 20%, according to Navigant, a consulting firm. The global solar power market, as defined by solar power system installations, had an estimated \$10 billion in revenue in 2005 and is expected to grow to \$19 billion by 2010, according to SolarBuzz, a research and consulting firm.

### ***Our Strengths***

We believe we are a leader in producing high performance solar cells and large-scale solar power systems. We believe our competitive advantages include:

*Superior Conversion Efficiency.* We believe our solar cells have the highest conversion efficiency available for the mass market. Our proprietary all back contact design results in conversion efficiencies

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up to 50% higher per unit area than conventional solar cells. This superior conversion efficiency results in decreased per watt panel packaging and installation costs and provides greater power generation on a given rooftop space.

*Efficient Silicon Utilization.* We believe our superior conversion efficiency in the cells we manufacture allows us to use less silicon to generate the same amount of electricity as conventional solar cells of the same size. Based on third-party data, the solar industry's average rate of polysilicon usage is estimated to range from 10.5 to 11.5 grams of polysilicon per watt. Our rate of consumption, as calculated by us, is under eight grams of polysilicon per watt. This provides our solar cells with more efficient utilization of polysilicon, as defined by grams of polysilicon per watt, compared to conventional solar cells. Efficient utilization of silicon is important because silicon wafers represent the most significant cost component in the production of solar cells.

*Technological Leadership in Solar Power Systems.* Since inception, PowerLight has been at the forefront of product innovation for the large-scale grid-connected solar market. Through PowerLight, we have over 70 U.S. and international patents or pending patent applications covering solar power systems and technologies. As an example, we believe PowerLight's innovative PowerTracker® system offers lower operating costs and increased reliability for customers compared to dual axis tracking systems and can be scaled from small to large multi-megawatt installations. Furthermore, PowerLight's PowerTilt product continues its leadership position in roof-mounted systems by enhancing sunlight capture and improving solar module energy output.

*Manufacturing Advantages.* We manufacture our solar cells and some modules at our facilities in the Philippines, a low-cost production region. In addition, we believe our background and expertise in the semiconductor industry enables us to improve our manufacturing yields, cost, quality and product ramp predictability.

*Superior Aesthetics.* Because all electrical contacts are located on the back, our solar cells have a uniformly black appearance that allows our solar panels to blend into customers' rooftops. We believe our solution appeals to residential customers seeking more aesthetically appealing solutions. PowerLight's new PowerLight SunTile® product for the residential market is an architecturally integrated, aesthetically pleasing roofing shingle with a patented design.

*Brand Awareness.* We believe SunPower is increasingly recognized as a technology leader within the solar industry and with end-users, and that our customers associate our brand with a combination of product benefits, including high efficiency, superior product appearance and superior system performance. In addition, we believe PowerLight has a strong brand name, with over 300 projects completed or in the process of being completed within the large-scale grid-connected solar market.

*Strong Management Team.* Our management team has a diverse set of industry skills and global operating experience, including backgrounds spanning the solar, electric utility, semiconductor and optical media industries, as well as expertise running high-volume, low-cost manufacturing operations and complex organizations and managing rapid growth. Our executive officers have an average of over 20 years of experience in the solar or high technology industries.

Our ability to maintain our competitive advantages is dependent on several factors, including the availability of polysilicon and other key components from third-party suppliers, our ability to effectively integrate PowerLight into our operations, uninterrupted operations at our Philippines facilities, our ability to expand our customer base, our ability to grow our manufacturing capacity in line with increasing demand, our ability to compete, the market for solar power and our ability to retain key personnel and other factors set forth in "Risk Factors" in this prospectus supplement and the accompanying prospectus.

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### ***Our Strategy***

Our principal objective is to be the leader in high performance solar power products. We plan to achieve this objective by pursuing the following strategies:

*Maintain our Technology Advantage and Reduce Manufacturing Costs.* We believe that our all back contact solar cell technology, as well as PowerLight's PowerGuard, PowerTilt, PowerTracker® and SunTile® products, currently provide us with a competitive advantage. We intend to invest in research and development to improve solar cell efficiency and lower manufacturing costs. We intend to continue investing in research and development to reduce wafer thickness, improve throughput, processing yield and quality and introduce new products that enhance the efficiency and cost-effectiveness of solar power for end customers.

*Continue Expanding Manufacturing Capacity.* We produce our solar cells at our manufacturing facility in the Philippines. We currently operate four solar cell manufacturing lines in the Philippines, with a total rated manufacturing capacity of approximately 108 megawatts per year. We have recently started construction on a second solar cell manufacturing facility in the Philippines, which is designed to house up to ten additional manufacturing lines. We expect three manufacturing lines in the new facility to be operational by the end of 2007, which would give us an aggregate rated manufacturing capacity of approximately 207 megawatts per year. Currently, most of our solar panels are assembled for us by a third-party subcontractor in China. We supplement this capacity with in-house production at our automated panel assembly factory located in the Philippines. We expect to produce up to 30 megawatts of solar panels per year from our first manufacturing line. The panel assembly factory has sufficient space to expand capacity to 90 megawatts per year.

*Reduce the System Cost of Solar Power.* Most of our customers operate in markets that depend on a variety of government incentives to reduce the cost of solar power systems to end customers. Over the long term, we believe that our high efficiency solar cell technology and advanced manufacturing systems will allow us to reduce solar power system cost to reduce or eliminate the need for these market incentives. We believe our acquisition of PowerLight will enable us to achieve additional efficiencies, particularly in the areas of module production, installation and system integration, which in turn would further reduce the cost of solar energy to end customers.

*Focus on Large-Scale, International Solar Power System Projects.* With the completion of the Merger, we added significant customers in the United States, Germany, Spain, Portugal and South Korea. We are currently focused on expanding the presence and market share of PowerLight's business in international markets where there exist strong government incentive programs for solar power. We expect initially to focus these efforts on large-scale projects, such as Bavaria Solarpark 1 in Germany and the Serpa Solar Power Plant in Portugal, where we believe our depth of expertise and products and technologies differentiate us from our competitors. In addition, we recently began development of our first two projects in South Korea, which we believe will represent that country's largest solar power systems upon deployment.

*Expand Market Presence.* We currently operate in residential and commercial markets where our products provide significant end-customer benefits. We believe we can further expand our market presence within the residential and small commercial markets, which in the aggregate account for approximately 50% of the total United States on-grid solar power market. We plan to expand our network of dealers and installers through value-added programs and to drive new product development. One example of these efforts is PowerLight's SunTi® product, a solar power roofing tile that we believe offers improved aesthetics for residential customers. We recently announced that the SunTile® solar electric system will be incorporated into one of the United States' largest solar-powered residential neighborhoods. In the future, we may also expand our PowerLight business to serve the retrofit portion of this market in ways that minimize transaction costs and leverage our core competencies.

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*Pursue Targeted Strategic Opportunities.* We intend to make selected investments, enter into joint ventures and pursue acquisitions to broaden our supply-chain opportunities, increase the efficiency of the downstream channel and reduce the cost of products delivered to end customers.

**Recent Developments**

**Acquisition of PowerLight.** On January 10, 2007, we completed the previously announced Merger. Upon the completion of the Merger, all of the outstanding shares of PowerLight, and a portion of each vested option to purchase shares of PowerLight, were cancelled, and all of the outstanding options to purchase shares of PowerLight (other than the portion of each vested option that was cancelled) were assumed by us in exchange for aggregate consideration of (i) approximately \$120.7 million in cash plus (ii) a total of 5,708,723 shares of class A common stock, inclusive of (a) 1,601,839 shares of class A common stock which may be issued upon the exercise of assumed vested and unvested PowerLight stock options and (b) 1,675,881 shares of class A common stock issued to certain employees of the PowerLight business in connection with the Merger, which shares are subject to certain transfer restrictions and a repurchase option of the Company, both of which lapse over a two-year period under the terms of equity restriction agreements with employees of the PowerLight business.

Of the cash and shares issued in the Merger, approximately \$19.7 million in cash and 840,000 shares, with a total aggregate value of \$29.0 million, are currently being held in escrow as security for the indemnification obligations of certain former PowerLight shareholders. We are also obligated to issue an additional 200,841 shares of restricted class A common stock to certain employees of the PowerLight business, which shares will be subject to certain transfer restrictions that lapse over four years.

**Financial Results for the Three Months and Year Ended December 31, 2006.** On January 25, 2007, we announced our fourth quarter and year-end 2006 results. Revenue for the fourth quarter ended December 31, 2006 was \$74.5 million, up 14% from the prior quarter's revenue of \$65.3 million and up 154% from fourth quarter 2005 revenue of \$29.3 million. Net income for the quarter was \$11.3 million, or \$0.15 diluted earnings per share, compared to last quarter's net income of \$9.6 million, or \$0.13 diluted earnings per share, and the fourth quarter 2005 net loss of \$0.6 million. Our annual revenue for 2006 was \$236.5 million, an increase of over 200% from our 2005 annual revenue of \$78.7 million. Net income for 2006 was \$26.5 million, compared to a 2005 net loss of \$15.8 million.

All financial data for the three months ended December 31, 2006 and the year ended December 31, 2006 set forth above are preliminary and unaudited and subject to revision based upon our review and an audit by our independent registered public accounting firm of our financial condition and results of operations for the fiscal year ended December 31, 2006.

**Description of Concurrent Offering**

Concurrently with this offering of debentures, we are offering 2,947,132 shares of our class A common stock by means of a separate prospectus supplement. The class A common stock offering is contingent on the completion of this offering. We expect that delivery of our class A common stock will be made concurrently with the closing of this offering. The shares of class A common stock to be sold in that offering will be lent by us to an affiliate of Lehman Brothers Inc. pursuant to a share lending agreement among us, Lehman Brothers Inc. and such affiliate. Under that agreement, the affiliate of Lehman Brothers Inc. has agreed to use such offered shares to facilitate the establishment of hedge positions by investors in the debentures offered hereby, and will be entitled to sell such shares pursuant to our registration statement. This affiliate of Lehman Brothers Inc. will receive all of the proceeds from the common stock offering and we will not receive any of those proceeds, but we will receive a nominal lending fee from that affiliate. See Description of Share Lending

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Agreement. Because the shares lent pursuant to that agreement must be returned to us prior to February 15, 2027, we believe that under U.S. GAAP the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings per share.

### **Our Relationship with Cypress Semiconductor Corporation**

As of January 23, 2007, Cypress owned all 52,033,287 shares of our outstanding class B common stock, which, after giving effect to the issuance of 4,106,884 shares of class A common stock at the closing of the Merger, represented approximately 70.5% of the total outstanding shares of our common stock, or approximately 64.5% of such shares on a fully diluted basis after taking into account outstanding options, and 95.0% of the total voting power of our outstanding capital stock. Our class B common stock has eight votes per share while our class A common stock has one vote per share. After giving effect to this offering and our concurrent offering of shares of class A common stock, Cypress will continue to hold a majority of the total number of shares and voting power of our outstanding capital stock. Cypress may convert its shares of class B common stock into shares of class A common stock on a one-for-one basis at any time. Cypress is not obligated to distribute to its stockholders or otherwise dispose of the shares of our class B common stock that it beneficially owns, although it might elect to do so in the future. Cypress announced on October 6, 2006 and reiterated on October 19, 2006 that it was exploring ways in which to allow its stockholders to fully realize the value of its investment in SunPower. Cypress has made public statements since October 19, 2006 that were consistent with these announcements. Cypress has agreed not to sell or distribute any of its shares of our common stock without the prior consent of Lehman Brothers Inc. and Credit Suisse Securities (USA) LLC until 60 days after the date of this prospectus supplement.

Cypress delivers high-performance, mixed-signal, programmable solutions that provide customers with rapid time-to-market and exceptional system value. Cypress offerings include the PSoC Programmable System-on-Chip, USB controllers, general-purpose programmable clocks and memories. Cypress also offers wired and wireless connectivity solutions ranging from its WirelessUSB radio system-on-chip, to West Bridge and EZ-USB FX2LP controllers that enhance connectivity and performance in multimedia handsets. Cypress serves numerous markets including consumer, computation, data communications, automotive, industrial and solar power. Cypress trades on the NYSE under the ticker symbol **CY**.

### **Corporate Information**

Our headquarters are located at 3939 North First Street, San Jose, California 95134, and our telephone number is (408) 240-5500. Our website is [www.sunpowercorp.com](http://www.sunpowercorp.com). The information on our website is expressly not incorporated by reference into, and does not constitute a part of, this prospectus supplement. SunPower and PowerLight are our registered trademarks and the SunPower and PowerLight logos are our trademarks. This prospectus supplement also includes trade names, trademarks and service marks of other companies and organizations.

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**The Offering**

*The following summary contains basic information about the debentures and is not intended to be complete. It does not contain all of the information that may be important to you. For a more complete understanding of all of the terms and provisions of the debentures, please refer to the section of this prospectus supplement entitled Description of the Debentures.*

<b>Issuer</b>	SunPower Corporation.
<b>Securities Offered</b>	\$175.0 million aggregate principal amount of 1.25% Senior Convertible Debentures due 2027, which we refer to as the debentures. We have also granted the underwriters a 30-day option to purchase up to an additional \$25.0 million aggregate principal amount of debentures.
<b>Offering Price</b>	Each debenture will be issued at a price of 100% of its principal amount plus accrued interest, if any, from February 7, 2007.
<b>Maturity</b>	February 15, 2027, unless earlier converted, redeemed or repurchased.
<b>Interest Rate</b>	1.25% per year. Interest will be payable in cash on February 15 and August 15 of each year, beginning August 15, 2007.
<b>Ranking</b>	<p>The debentures will be our senior unsecured obligations and will rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The debentures will be effectively subordinated to our secured indebtedness to the extent of the value of the related collateral and structurally subordinated to indebtedness and other liabilities of our subsidiaries.</p> <p>As of September 30, 2006, on a pro forma basis giving effect to the Merger, we and our subsidiaries had approximately \$7.1 million of senior indebtedness outstanding, all of which was secured indebtedness, and approximately \$228.8 million of other liabilities outstanding.</p>
<b>Conversion Rights</b>	<p>You may convert your debentures into cash and, if applicable, shares of our class A common stock at any time on or prior to the close of business on the business day immediately preceding the maturity date only under the following circumstances:</p> <p>prior to February 15, 2025, on any date during any fiscal quarter beginning after March 31, 2007 (and only during such fiscal quarter) if the closing sale price of our class A common stock was more than 125% of the then current conversion price for at least 20 trading days in the period of the 30 consecutive trading days ending on the last trading day of the previous fiscal quarter;</p> <p>at any time on or after February 15, 2025;</p>



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with respect to any debentures called for redemption, until the close of business on the business day prior to the redemption date;

during a specified period if we distribute to all or substantially all holders of our class A common stock, rights or warrants entitling them to purchase, for a period of 45 calendar days or less, shares of our class A common stock at a price less than the average closing sale price for the ten trading days preceding the declaration date for such distribution;

during a specified period if we distribute to all or substantially all holders of our class A common stock, cash or other assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our class A common stock on the trading day preceding the declaration date for such distribution;

during a specified period if a fundamental change occurs; or

during the five consecutive business-day period following any five consecutive trading-day period in which the trading price for the debentures for each day during such five trading-day period was less than 98% of the closing sale price of our class A common stock period multiplied by the then current conversion rate.

The debentures will be convertible into cash and, if applicable, shares of our class A common stock at an initial conversion rate of 17.6211 shares of common stock per \$1,000 principal amount of the debentures (equivalent to an initial conversion price of approximately \$56.75 per share). The conversion rate, and thus the conversion price, may be adjusted under certain circumstances as described under [Description of the Debentures Conversion Rights Conversion Rate Adjustments](#).

Upon conversion, we will satisfy our conversion obligation with respect to the principal amount of the debentures to be converted in cash, with any remaining amount to be satisfied in shares of our class A common stock, based on a daily conversion value (as described herein), calculated as described under [Description of the Debentures Conversion Rights Settlement Upon Conversion](#).

Upon any conversion, subject to certain exceptions, you will not receive any cash payment representing accrued and unpaid interest on the debentures being converted. See [Description of the Debentures Conversion Rights](#).

**Adjustment to Conversion Rate upon a Non-Stock Change of Control**

Prior to February 15, 2012, if and only to the extent holders elect to convert the debentures in connection with a fundamental change described under the first, fourth or sixth clause of the definition of that term in [Description of the Debentures Repurchase at Option of](#)



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the Holder Fundamental Change Put pursuant to which 10% or more of the consideration for our class A common stock (other than cash payments for fractional shares and cash payments made in respect of dissenters appraisal rights) consists of cash or securities (or other property) that are not common equity interests or depository receipts traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange, which we refer to as a non-stock change of control, we will increase the conversion rate by a number of additional shares. The number of additional shares will be determined by reference to the table in Description of the Debentures Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control, based on the effective date and the price paid per share of our class A common stock in such non-stock change of control.

If holders of our class A common stock receive only cash in the type of transaction described above, the price paid per share will be the cash amount paid per share. Otherwise, the price paid per share will be the average of the last reported sale price of our class A common stock on the five trading days prior to, but not including, the effective date of such non-stock change of control.

**Optional Redemption by SunPower**

At any time on or after February 15, 2012, we may redeem all or a part of the debentures for cash at a redemption price equal to 100% of the principal amount of the debentures being redeemed, plus accrued and unpaid interest to, but not including, the redemption date.

**Optional Repurchase Right of Holders**

You may require us to repurchase all or a portion of your debentures on February 15, 2012, February 15, 2017 and February 15, 2022 at a cash repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to, but not including, the repurchase date.

**Fundamental Change Repurchase Right of Holders**

If we undergo a fundamental change (as defined in this prospectus supplement) prior to maturity, you will have the right, at your option, to require us to repurchase for cash some or all of your debentures at a repurchase price equal to 100% of the principal amount of the debentures being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. See Description of the Debentures Repurchase at Option of the Holder Fundamental Change Put.

**Events of Default**

If an event of default on the debentures occurs, the principal amount of the debentures, plus accrued and unpaid interest, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving SunPower or certain of its subsidiaries.

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<b>Absence of a Public Market for the Debentures</b>	The debentures will be a new issue of securities. We cannot assure you that any active or liquid market will develop for the debentures.
<b>Trading</b>	We do not intend to apply for listing of the debentures on any securities exchange or for inclusion of the debentures on any automated quotation system.
<b>Nasdaq Symbol for Our Class A Common Stock</b>	Our common stock is listed on The Nasdaq Global Market under the symbol SPWR.
<b>Use of Proceeds</b>	We intend to use the net proceeds of this offering for general corporate purposes, including working capital and capital expenditures.
<b>Concurrent Transaction</b>	Concurrently with this offering of debentures, we are offering 2,947,132 shares of our class A common stock by means of a separate prospectus supplement. We expect that delivery of our class A common stock will be made concurrently with the closing of this offering. The shares of class A common stock to be sold in that offering will be lent by us to an affiliate of Lehman Brothers Inc. pursuant to a share lending agreement among us, Lehman Brothers Inc. and such affiliate. Under that agreement, the affiliate of Lehman Brothers Inc. has agreed to use such offered shares to facilitate the establishment of hedge positions by investors in the debentures offered hereby, and will be entitled to sell such shares pursuant to our registration statement. This affiliate of Lehman Brothers Inc. will receive all of the proceeds from the common stock offering, and we will not receive any of those proceeds from that offering, but we will receive a nominal lending fee from that affiliate. See Description of Share Lending Agreement. Because the shares lent pursuant to that agreement must be returned to us prior to February 15, 2027, we believe that under U.S. GAAP, the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings per share.
<b>U. S. Federal Income Tax Considerations</b>	Holder are urged consult their own tax advisors. See Material United States Federal Income Tax Considerations.

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SunPower has derived the following summary historical consolidated financial data from its audited consolidated financial statements for the year ended December 31, 2003, the period from January 1, 2004 to November 8, 2004, the period from November 9, 2004 to December 31, 2004, for the year ended December 31, 2005 and from its unaudited condensed consolidated financial statements as of September 30, 2006 and for each of the nine-month periods ended September 30, 2005 and September 30, 2006. For the period from November 9, 2004 through December 31, 2004, SunPower was a wholly owned subsidiary of Cypress. The financial data in this prospectus supplement refer to the Predecessor Company for periods prior to the time we were a wholly-owned subsidiary of Cypress, and refer to the Successor Company for all periods subsequent to such time. A black line has been drawn between these periods in the financial data herein to distinguish between these two periods. The following information is only a summary and should be read in conjunction with SunPower's consolidated financial statements, the accompanying notes and management's discussion and analysis of financial condition and results of operations incorporated herein by reference. SunPower's fiscal year consists of 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30 and December 31 of each year. For presentation purposes only, the financial data herein refer to the calendar year end and month end of each respective period. Figures in the table below are in thousands, except share and per share data.

	Predecessor Company			Successor Company		
	Year Ended Dec. 31, 2003	Jan. 1 through Nov. 8, 2004	Nov. 9 through Dec. 31, 2004	Year Ended Dec. 31, 2005	Nine Months Ended Sept. 30, 2005                      2006	
<b>Consolidated Statements of Operations Data:</b>						
Revenue	\$ 5,005	\$ 6,830	\$ 4,055	\$ 78,736	\$ 49,395	\$ 162,001
Costs and expenses:						
Cost of revenue	4,987	9,498	6,079	74,353	49,631	129,678
Research and development	9,816	12,118	1,417	6,488	4,508	7,120
Sales, general and administrative	3,238	4,713	1,111	10,880	6,880	15,572
Total costs and expenses	18,041	26,329	8,607	91,721	61,019	152,370
Operating (loss)/income	(13,036)	(19,499)	(4,552)	(12,985)	(11,624)	9,631
Interest income (expense)	(1,509)	(3,759)	(1,072)	(3,185)	(3,381)	5,843
Other income (expense), net		(44)	15	377	&	