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

FORM 10-Q

T QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 27, 2015

OR

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

For the transition period from _____________ to _____________

Commission file number 001-34166

SUNPOWER®

SunPower Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**94-3008969**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

77 Rio Robles, San Jose, California 95134
(Address of Principal Executive Offices and Zip Code)
(408) 240-5500
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 T No o

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 T No o

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 x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The total number of outstanding shares of the registrant’s common stock as of October 23, 2015 was 136,593,184.

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PART I. FINANCIAL INFORMATION
ITEM 1. ***FINANCIAL STATEMENTS***

SunPower Corporation
Consolidated Balance Sheets
(In thousands, except share data)
(unaudited)

	September 27, 2015	December 28, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 502,881	$ 956,175
Restricted cash and cash equivalents, current portion	24,957	18,541
Accounts receivable, net[1]	207,073	504,316
Costs and estimated earnings in excess of billings[1]	39,069	187,087
Inventories	349,615	208,573
Advances to suppliers, current portion	73,303	98,129
Project assets - plants and land, current portion[1]	562,699	101,181
Prepaid expenses and other current assets[1]	279,055	328,845
Total current assets	2,038,652	2,402,847
Restricted cash and cash equivalents, net of current portion	45,764	24,520
Restricted long-term marketable securities	6,577	7,158
Property, plant and equipment, net	681,380	585,344
Solar power systems leased and to be leased, net	492,149	390,913
Project assets - plants and land, net of current portion	18,141	15,475
Advances to suppliers, net of current portion	306,554	311,528
Long-term financing receivables, net	300,236	269,587
Goodwill and other intangible assets, net	112,570	37,981
Other long-term assets[1]	392,302	300,229
Total assets	$ 4,394,325	$ 4,345,582
Liabilities and Equity		
Current liabilities:		
Accounts payable[1]	$ 444,045	$ 419,919
Accrued liabilities[1]	533,699	331,034
Billings in excess of costs and estimated earnings	79,472	83,440
Short-term debt	20,523	18,105
Convertible debt, current portion	—	245,325
Customer advances, current portion[1]	27,814	31,788
Total current liabilities	1,105,553	1,129,611
Long-term debt	263,883	214,181
Convertible debt, net of current portion[1]	694,214	692,955
Customer advances, net of current portion[1]	131,861	148,896
Other long-term liabilities[1]	552,120	555,344
Total liabilities	2,747,631	2,740,987
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interests in subsidiaries	49,833	28,566
Equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; none issued and outstanding as of both September 27, 2015 and December 28, 2014	—	—
Common stock, $0.001 par value, 367,500,000 shares authorized, 145,057,767 shares issued, and 136,584,629 shares outstanding as of September 27, 2015; 367,500,000 shares authorized, 138,616,252 shares issued, and 131,466,777 shares outstanding as of December 28, 2014;	137	131
Additional paid-in capital	2,314,849	2,219,581
Accumulated deficit	(619,996)	(560,598)
Accumulated other comprehensive loss	(11,364)	(13,455)
Treasury stock, at cost; 8,473,138 shares of common stock as of September 27, 2015; 7,149,475 shares of common stock as of December 28, 2014	(153,892)	(111,485)

Total stockholders' equity		1,529,734		1,534,174
Noncontrolling interests in subsidiaries		67,127		41,855
Total equity		1,596,861		1,576,029
Total liabilities and equity	$	4,394,325	$	4,345,582

[1] The Company has related-party balances for transactions made with Total and its affiliates as well as unconsolidated entities in which the Company has a direct equity investment. These related-party balances are recorded within the "Accounts Receivable, net," "Costs and estimated earnings in excess of billings," "Project assets - plants and land, current portion," "Prepaid expenses and other current assets," "Other long-term assets," "Accounts payable," "Accrued Liabilities," "Customer advances, current portion," "Convertible debt, net of current portion," and "Customer advances, net of current portion" financial statement line items in the Consolidated Balance Sheets (see Note 2, Note 3, Note 8, Note 11, Note 12, and Note 13).

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

SunPower Corporation
Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
Revenue	$ 380,218	$ 662,734	$ 1,202,109	$ 1,863,027
Cost of revenue	317,574	554,220	977,766	1,497,379
Gross margin	62,644	108,514	224,343	365,648
Operating expenses:				
Research and development	24,973	17,291	66,701	50,618
Sales, general and administrative	81,109	68,394	239,843	213,821
Restructuring charges	726	188	6,056	(990)
Total operating expenses	106,808	85,873	312,600	263,449
Operating income (loss)	(44,164)	22,641	(88,257)	102,199
Other income (expense), net:				
Interest income	448	922	1,498	1,908
Interest expense	(8,796)	(17,170)	(32,994)	(53,072)
Other, net	(3,601)	882	8,761	2,175
Other expense, net	(11,949)	(15,366)	(22,735)	(48,989)
Income (loss) before income taxes and equity in earnings of unconsolidated investees	(56,113)	7,275	(110,992)	53,210
Benefit from (provision for) income taxes	(36,224)	8,320	(37,916)	2,868
Equity in earnings of unconsolidated investees	5,052	1,689	9,107	5,408
Net income (loss)	(87,285)	17,284	(139,801)	61,486
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	30,959	14,749	80,403	49,693
Net income (loss) attributable to stockholders	$ (56,326)	$ 32,033	$ (59,398)	$ 111,179
Net income (loss) per share attributable to stockholders:				
Basic	$ (0.41)	$ 0.24	$ (0.44)	$ 0.87
Diluted	$ (0.41)	$ 0.20	$ (0.44)	$ 0.72
Weighted-average shares:				
Basic	136,473	131,204	134,294	127,716
Diluted	136,473	167,117	134,294	158,962

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

SunPower Corporation
Consolidated Statements of Comprehensive Income (Loss)
(In thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2015	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Net income (loss)	$ (87,285)	$ 17,284	$ (139,801)	$ 61,486
Components of comprehensive income (loss):				
Translation adjustment	(1,276)	(3,777)	(3,037)	(3,435)
Net unrealized gain on derivatives (Note 13)	4,799	2,148	5,607	2,505
Income taxes	(936)	(425)	(479)	(504)
Net change in accumulated other comprehensive gain (loss)	2,587	(2,054)	2,091	(1,434)
Total comprehensive income (loss)	(84,698)	15,230	(137,710)	60,052
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	30,959	14,749	80,403	49,693
Comprehensive income (loss) attributable to stockholders	$ (53,739)	$ 29,979	$ (57,307)	$ 109,745

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

SunPower Corporation
Consolidated Statements of Equity
(In thousands)
(unaudited)

	Redeemable Noncontrolling Interests	Common Stock Shares	Common Stock Value	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balances at December 28, 2014	**$ 28,566**	**131,466**	**$ 131**	**$2,219,581**	**$ (111,485)**	**$ (13,455)**	**$ (560,598)**	**$ 1,534,174**	**$ 41,855**	**$1,576,029**
Net loss	(1,920)	—	—	—	—	—	(59,398)	(59,398)	(78,483)	(137,881)
Other comprehensive income	—	—	—	—	—	2,091	—	2,091	—	2,091
Issuance of common stock upon exercise of options	—	54	—	464	—	—	—	464	—	464
Issuance of restricted stock to employees, net of cancellations	—	3,379	3	(3)	—	—	—	—	—	—
Settlement of the 4.5% Warrants	—	3,008	3	(577)	—	—	—	(574)	—	(574)
Stock-based compensation expense	—	—	—	43,906	—	—	—	43,906	—	43,906
Tax benefit from convertible debt interest deduction	—	—	—	26,388	—	—	—	26,388	—	26,388
Tax benefit from stock-based compensation	—	—	—	25,090	—	—	—	25,090	—	25,090
Contributions from noncontrolling interests	24,953	—	—	—	—	—	—	—	108,779	108,779
Distributions to noncontrolling interests	(1,766)	—	—	—	—	—	—	—	(5,024)	(5,024)
Purchases of treasury stock		(1,324)	—	—	(42,407)	—	—	(42,407)	—	(42,407)
Balances at September 27, 2015	**$ 49,833**	**136,583**	**$ 137**	**$2,314,849**	**$(153,892)**	**$ (11,364)**	**$ (619,996)**	**$ 1,529,734**	**$ 67,127**	**$1,596,861**

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

SunPower Corporation
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Nine Months Ended	
	September 27, 2015	September 28, 2014
Cash flows from operating activities:		
Net income (loss)	$ (139,801)	$ 61,486
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:		
Depreciation and amortization	97,369	75,124
Stock-based compensation	42,484	41,940
Non-cash interest expense	5,768	15,991
Equity in earnings of unconsolidated investees	(9,107)	(5,408)
Excess tax benefit from stock-based compensation	(25,090)	—
Deferred income taxes and other tax liabilities	22,668	(1,893)
Gain on sale of residential lease portfolio to 8point3 Energy Partners LP	(27,915)	—
Other, net	1,940	2,619
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	292,102	(45,934)
Costs and estimated earnings in excess of billings	148,018	(14,469)
Inventories	(187,153)	23,860
Project assets	(499,847)	(33,338)
Prepaid expenses and other assets	12,640	(149,945)
Long-term financing receivables, net	(108,418)	(77,109)
Advances to suppliers	29,800	(18,578)
Accounts payable and other accrued liabilities	(59,841)	(15,376)
Billings in excess of costs and estimated earnings	(3,968)	40,440
Customer advances	(21,009)	(13,399)
Net cash used in operating activities	(429,360)	(113,989)
Cash flows from investing activities:		
Increase in restricted cash and cash equivalents	(27,659)	(9,550)
Purchases of property, plant and equipment	(132,352)	(45,508)
Cash paid for solar power systems, leased and to be leased	(64,419)	(35,559)
Cash paid for solar power systems	(10,007)	(4,917)
Proceeds from sales or maturities of marketable securities	—	1,380
Proceeds from 8point3 Energy Partners LP attributable to real estate projects and residential lease portfolio	363,928	—
Purchases of marketable securities	—	(30)
Cash paid for acquisitions, net of cash acquired	(59,021)	(6,894)
Cash paid for investments in unconsolidated investees	(4,092)	(5,013)
Cash paid for intangibles	(3,401)	—
Net cash provided by (used in) investing activities	62,977	(106,091)
Cash flows from financing activities:		
Proceeds from issuance of convertible debt, net of issuance costs	—	395,275
Cash paid for repurchase of convertible debt	(324,352)	(42,153)
Proceeds from settlement of 4.75% Bond Hedge	—	68,842
Payments to settle 4.75% Warrants	—	(81,077)
Proceeds from settlement of 4.50% Bond Hedge	74,628	114
Payments to settle 4.50% Warrants	(574)	—
Proceeds from issuance of non-recourse debt financing, net of issuance costs	80,445	74,840
Repayment of non-recourse debt financing	(1,083)	—
Proceeds from issuance of project loans, net of issuance costs	211,847	—
Assumption of project loan by customer	—	(40,672)
Repayment of bank loans, project loans and other debt	(240,198)	(16,540)
Proceeds from residential lease financing	2,219	—
Repayment of residential lease financing	(39,975)	(15,686)

Proceeds from sale-leaseback financing	17,219	23,578
Repayment of sale-leaseback financing	(2,237)	(1,360)
Proceeds from 8point3 Energy Partners LP attributable to operating leases and unguaranteed sales-type lease residual values	29,300	—
Contributions from noncontrolling interests and redeemable noncontrolling interests	133,732	75,312
Distributions to noncontrolling interests and redeemable noncontrolling interests	(6,790)	(2,808)
Proceeds from exercise of stock options	467	939
Excess tax benefit from stock-based compensation	25,090	—
Purchases of stock for tax withholding obligations on vested restricted stock	(42,407)	(56,000)
Net cash provided by (used in) financing activities	(82,669)	382,604
Effect of exchange rate changes on cash and cash equivalents	(4,242)	(2,306)
Net increase (decrease) in cash and cash equivalents	(453,294)	160,218
Cash and cash equivalents, beginning of period	956,175	762,511
Cash and cash equivalents, end of period	$ 502,881	$ 922,729

Non-cash transactions:		
Assignment of residential lease receivables to third parties	$ 2,742	$ 6,419
Costs of solar power systems, leased and to be leased, sourced from existing inventory	$ 47,295	$ 25,808
Costs of solar power systems, leased and to be leased, funded by liabilities	$ 8,229	$ 2,389
Costs of solar power systems under sale-leaseback financing arrangements, sourced from project assets	$ 6,076	$ 17,333
Property, plant and equipment acquisitions funded by liabilities	$ 43,083	$ 12,146
Issuance of common stock upon conversion of convertible debt	$ —	$ 188,263
Sale of residential lease portfolio in exchange for non-controlling equity interests in the 8point3 Group	$ 68,273	$ —
Acquisition of intangible assets funded by liabilities	$ 6,512	$ —

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

Note 1. *THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The Company

SunPower Corporation (together with its subsidiaries, the "Company" or "SunPower") is a vertically integrated solar energy products and solutions company that designs, manufactures and delivers high-performance solar systems worldwide, serving as a one-stop shop for residential, commercial and utility-scale power plant customers. SunPower Corporation is a majority owned subsidiary of Total Energies Nouvelles Activités USA ("Total"), a subsidiary of Total S.A. ("Total S.A.") (see Note 2).

In the first quarter of fiscal 2015, in connection with a realignment of its internal organizational structure, the Company changed its segment reporting from its Americas, EMEA and APAC Segments to three end-customer segments: (i) Residential Segment, (ii) Commercial Segment and (iii) Power Plant Segment. The Residential and Commercial Segments combined are referred to as Distributed Generation. Historically, the Americas Segment included both North and South America, the EMEA Segment included European countries as well as the Middle East and Africa, and the APAC Segment included all Asia-Pacific countries.

Under the new segmentation, the Company’s Residential Segment refers to sales of solar energy solutions to residential end customers through a variety of means, including cash sales and long-term leases directly to end customers, sales to resellers, including the Company's third-party global dealer network, and sales of the Company's operations and maintenance (“O&M”) services. The Company’s Commercial Segment refers to sales of solar energy solutions to commercial and public entity end customers through a variety of means, including direct sales of turn-key engineering, procurement and construction ("EPC") services, sales to the Company's third-party global dealer network, sales of energy under power purchase agreements ("PPAs"), and sales of the Company's O&M services. The Power Plant Segment refers to the Company's large-scale solar products and systems business, which includes power plant project development and project sales, EPC services for power plant construction, power plant O&M services and component sales for power plants developed by third parties, sometimes on a multi-year, firm commitment basis.

The Company’s President and Chief Executive Officer, as the chief operating decision maker (“CODM”), reviews the Company's business and manages resource allocations and measures performance of the Company’s activities among these three end-customer segments.

Reclassifications of prior period segment information have been made to conform to the current period presentation. These changes do not affect the Company's previously reported Consolidated Financial Statements.

Basis of Presentation and Preparation

Principles of Consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("United States" or "U.S.") and include the accounts of the Company, all of its subsidiaries and special purpose entities, as appropriate under consolidation accounting guidelines. Intercompany transactions and balances have been eliminated in consolidation. The assets of the special purpose entities that the Company establishes in connection with certain project financing arrangements for customers are not designed to be available to service the general liabilities and obligations of the Company.

Reclassifications

Certain prior period balances, including prior period segment information, have been reclassified to conform to the current period presentation in the Company's consolidated financial statements and the accompanying notes. Such reclassifications had no effect on previously reported results of operations or accumulated deficit.

Fiscal Years

The Company has a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. The current fiscal year, fiscal 2015, is a 53-week fiscal year and includes a 14-week fourth fiscal quarter, while fiscal year 2014 was a 52-week fiscal year. The third quarter of fiscal 2015 ended on September 27, 2015, while the third quarter of fiscal 2014 ended on September 28, 2014. The third quarters of fiscal 2015 and fiscal 2014 were both 13-week quarters.

Management Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates in these consolidated financial statements include percentage-of-completion for construction projects; allowances for doubtful accounts receivable and sales returns; inventory and project asset write-downs; stock-based compensation; estimates for future cash flows and economic useful lives of property, plant and equipment, goodwill, valuations for business combinations, other intangible assets and other long-term assets; the fair value and residual value of leased solar power systems; fair value of financial instruments; valuation of contingencies and certain accrued liabilities such as accrued warranty; and income taxes and tax valuation allowances. Actual results could materially differ from those estimates.

Recent Accounting Pronouncements

In September 2015, the Financial Accounting Standards Board ("FASB") issued an update to the business combination standards to eliminate the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which it determines the amounts, including the effect on earnings of any amounts that would have been recorded in previous periods if the accounting had been completed at the acquisition date. The new guidance is effective for the Company no later than the first quarter of fiscal 2016 and requires a prospective approach to adoption. Early adoption is permitted. The Company is evaluating the potential impact of this standard on its consolidated financial statements and disclosures.

In July 2015, the FASB issued an update to the standards to simplify the measurement of inventory. The updated standard more closely aligns the measurement of inventory with that of International Financial Reporting Standards (“IFRS”) and amends the measurement standard from lower of cost or market to lower of cost or net realizable value. The new guidance is effective for the Company no later than the first quarter of fiscal 2017 and requires a prospective approach to adoption. Early adoption is permitted. The Company is evaluating the potential impact of this standard on its consolidated financial statements and disclosures.

In April 2015, the FASB issued an update to the standards to provide a practical expedient for the measurement date of defined benefit obligation and plan assets for reporting entities with fiscal year-ends that do not coincide with a month-end. The updated standard allows such entities to measure defined benefit plan assets and obligations using the month-end that is closest to the entity's fiscal year-end and apply that practical expedient consistently from year to year and to all plans, if an entity has more than one plan. The new practical expedient guidance is effective for the Company no later than the first quarter of fiscal 2016 and requires a prospective approach to adoption. Early adoption is permitted. The Company is evaluating the potential impact of this standard on its consolidated financial statements and disclosures.

In April 2015, the FASB issued an update to the standards for the presentation of debt issuance costs to reduce complexity in accounting standards and to align with IFRS. The updated standard requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. U.S. GAAP previously required debt issuance costs to be reflected as an asset on the Company's balance sheet. The new debt issuance cost guidance is effective for the Company no later than the first quarter of fiscal 2016 and requires a retrospective approach to adoption. The Company elected early adoption of the updated accounting standard, effective in the first quarter of fiscal 2015, resulting in a one-time reclassification of $11.6 million of debt issuance costs from "Other long-term assets" to "Long-term debt" and "Convertible debt, net of current portion" in the Consolidated Balance Sheets as of December 28, 2014.

In February 2015, the FASB issued a new standard that modifies existing consolidation guidance for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. The new consolidation guidance is effective for the Company in the first quarter of fiscal 2016 and requires either a retrospective or a modified retrospective approach to adoption. Early adoption is permitted. The Company is evaluating the available methods and the potential impact of this standard on its consolidated financial statements and disclosures.

In May 2014, the FASB issued a new revenue recognition standard 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 and services. The new revenue recognition standard becomes effective for the Company in the first quarter of fiscal 2018 and is to be applied retrospectively using one of two prescribed methods. Early adoption is permitted. The Company is evaluating the available methods and the potential impact of this standard on its consolidated financial statements and disclosures.

Other than as described above, there has been no issued accounting guidance not yet adopted by the Company that it believes is material or potentially material to its consolidated financial statements.

Note 2. ***TRANSACTIONS WITH TOTAL AND TOTAL S.A.***

In June 2011, Total completed a cash tender offer to acquire 60% of the Company's then outstanding shares of common stock at a price of $23.25 per share, for a total cost of approximately $1.4 billion. In December 2011, the Company entered into a Private Placement Agreement with Total, under which Total purchased, and the Company issued and sold, 18.6 million shares of the Company's common stock for a purchase price of $8.80 per share, thereby increasing Total's ownership to approximately 66% of the Company's outstanding common stock as of that date.

Credit Support Agreement

On April 28, 2011, the Company and Total S.A. entered into a Credit Support Agreement (the "Credit Support Agreement") under which Total S.A. agreed to enter into one or more guarantee agreements (each a "Guaranty") with banks providing letter of credit facilities to the Company. Total S.A. will guarantee the Company's obligation to reimburse the applicable issuing bank a draw on a letter of credit and pay interest thereon in accordance with the letter of credit facility between such bank and the Company. Under the Credit Support Agreement, the Company may also request that Total S.A. provide a Guaranty in support of the Company's payment obligations with respect to a letter of credit facility. The Company is required to pay Total S.A. a guarantee fee for each letter of credit that is the subject of a Guaranty under the Credit Support Agreement and was outstanding for all or part of the preceding calendar quarter. The Credit Support Agreement was amended on June 7, 2011, it became effective on June 28, 2011 in connection with the completion of the Tender Offer (the "CSA Effective Date"), and it was further amended on each of December 12, 2011 and December 14, 2012.

The Credit Support Agreement will terminate following the fifth anniversary of the CSA Effective Date, after the later of the payment in full of all obligations thereunder and the termination or expiration of each Guaranty provided thereunder.

Affiliation Agreement

The Company and Total have entered into an Affiliation Agreement that governs the relationship between Total and the Company (the "Affiliation Agreement"). Until the expiration of a standstill period specified in the Affiliation Agreement (the "Standstill Period"), and subject to certain exceptions, Total, Total S.A., any of their respective affiliates and certain other related parties (collectively the "Total Group") may not effect, seek, or enter into discussions with any third-party regarding any transaction that would result in the Total Group beneficially owning shares of the Company in excess of certain thresholds, or request the Company or the Company's independent directors, officers or employees, to amend or waive any of the standstill restrictions applicable to the Total Group.

The Affiliation Agreement imposes certain limitations on the Total Group's ability to seek to effect a tender offer or merger to acquire 100% of the outstanding voting power of the Company and imposes certain limitations on the Total Group's ability to transfer 40% or more of outstanding shares or voting power of the Company to a single person or group that is not a direct or indirect subsidiary of Total S.A. During the Standstill Period, no member of the Total Group may, among other things, solicit proxies or become a participant in an election contest relating to the election of directors to the Company's Board of Directors.

The Affiliation Agreement provides Total with the right to maintain its percentage ownership in connection with any new securities issued by the Company, and Total may also purchase shares on the open market or in private transactions with disinterested stockholders, subject in each case to certain restrictions.

The Affiliation Agreement also imposes certain restrictions with respect to the Company's and its Board of Directors' ability to take certain actions, including specifying certain actions that require approval by the directors other than the directors appointed by Total and other actions that require stockholder approval by Total.

Research & Collaboration Agreement

Total and the Company have entered into a Research & Collaboration Agreement (the "R&D Agreement") that establishes a framework under which the parties engage in long-term research and development collaboration ("R&D Collaboration"). The R&D Collaboration encompasses a number of different projects, with a focus on advancing the

Company's technology position in the crystalline silicon domain, as well as ensuring the Company's industrial competitiveness. The R&D Agreement enables a joint committee to identify, plan and manage the R&D Collaboration.

Compensation and Funding Agreement

In February 2012, the Company entered into a Compensation and Funding Agreement (the "Compensation and Funding Agreement") with Total S.A. that established the parameters for the terms of liquidity injections that may be required to be provided by Total S.A. to the Company from time to time. During the term of the Compensation and Funding Agreement, the Company is required to pay Total S.A. a guarantee fee in an amount equal to 2.75% per annum of the average amount of the Company's indebtedness that is guaranteed by Total S.A. pursuant to any guaranty issued in accordance with the terms of the Compensation and Funding Agreement during such quarter. Any payment obligations of the Company to Total S.A. under the Compensation and Funding Agreement that are not paid when due accrue interest until paid in full at a rate equal to 6-month U.S. LIBOR as in effect from time to time plus 5.00% per annum.

Upfront Warrant

In February 2012, the Company issued a warrant (the "Upfront Warrant") to Total S.A. to purchase 9,531,677 shares of the Company's common stock with an exercise price of $7.8685, subject to adjustment for customary anti-dilution and other events. The Upfront Warrant, governed by the Private Placement Agreement and the Compensation and Funding Agreement, is exercisable at any time for seven years after its issuance, provided that, so long as at least $25.0 million in aggregate of the Company's convertible debt remains outstanding, such exercise will not cause "any person," including Total S.A., to, directly or indirectly, including through one or more wholly-owned subsidiaries, become the "beneficial owner" (as such terms are defined in Rule 13d-3 and Rule 13d-5 under the Securities and Exchange Act of 1934, as amended), of more than 74.99% of the voting power of the Company's common stock at such time, a circumstance which would trigger the repurchase or conversion of the Company's existing convertible debt.

0.75% Debentures Due 2018

In May 2013, the Company issued $300.0 million in principal amount of its 0.75% senior convertible debentures due 2018 (the "0.75% debentures due 2018"). $200.0 million in aggregate principal amount of the 0.75% debentures due 2018 were acquired by Total. The 0.75% debentures due 2018 are convertible into shares of the Company's common stock at any time based on an initial conversion price equal to $24.95 per share, which provides Total the right to acquire up to 8,017,420 shares of the Company's common stock. The applicable conversion rate may adjust in certain circumstances, including a fundamental change, as described in the indenture governing the 0.75% debentures due 2018 (see Note 12).

0.875% Debentures Due 2021

In June 2014, the Company issued $400.0 million in principal amount of its 0.875% senior convertible debentures due 2021 (the "0.875% debentures due 2021"). An aggregate principal amount of $250.0 million of the 0.875% debentures due 2021 were acquired by Total. The 0.875% debentures due 2021 are convertible into shares of the Company's common stock at any time based on an initial conversion price equal to $48.76 per share, which provides Total the right to acquire up to 5,126,775 shares of the Company's common stock. The applicable conversion rate may adjust in certain circumstances, including a fundamental change, as described in the indenture governing the 0.875% debentures due 2021 (see Note 12).

Joint Projects with Total and its Affiliates:

The Company enters into various engineering, procurement and construction ("EPC") and operations and maintenance ("O&M") agreements relating to solar projects, including EPC and O&M services agreements relating to projects owned or partially owned by Total and its affiliates. As of September 27, 2015, the Company had $1.1 million of "Costs and estimated earnings in excess of billings" and $1.0 million of "Accounts receivable, net" on its Consolidated Balance Sheets related to projects in which Total and its affiliates have a direct or indirect material interest.

Related-Party Transactions with Total and its Affiliates:

(In thousands)	Three Months Ended September 27, 2015	Three Months Ended September 28, 2014	Nine Months Ended September 27, 2015	Nine Months Ended September 28, 2014
Revenue:				
EPC, O&M, and components revenue under joint projects	$ 11,905	$ 107,289	$ 14,860	$ 142,790
Research and development expense:				
Offsetting contributions received under the R&D Agreement	$ (360)	$ (724)	$ (1,177)	$ (1,277)
Interest expense:				
Guarantee fees incurred under the Credit Support Agreement	$ 3,479	$ 3,358	$ 8,477	$ 8,704
Fees incurred under the Compensation and Funding Agreement	$ —	$ —	$ —	$ 1,200
Interest expense incurred on the 0.75% debentures due 2018	$ 375	$ 375	$ 875	$ 1,203
Interest expense incurred on the 0.875% debentures due 2021	$ 680	$ 547	$ 1,907	$ 662

Note 3. ***8POINT3 ENERGY PARTNERS LP***

In June 2015, 8point3 Energy Partners LP ("8point3 Energy Partners"), a joint YieldCo vehicle formed by the Company and First Solar, Inc. ("First Solar" and, together with the Company, the "Sponsors") to own, operate and acquire solar energy generation assets, completed an initial public offering (“IPO”) of Class A shares representing limited partner interests in 8point3 Energy Partners. The IPO was consummated on June 24, 2015 (the “IPO Closing Date”) whereupon the Class A shares were listed on the NASDAQ Global Select Market under the trading symbol “CAFD.”

Immediately after the IPO, the Company contributed a portfolio of 170 MW of its solar generation assets (the “SPWR Projects”) to 8point3 Operating Company, LLC ("OpCo"), 8point3 Energy Partners' primary operating subsidiary. In exchange for the SPWR Projects, the Company received cash proceeds of $371 million as well as equity interests in several 8point3 Energy Partners affiliated entities: primarily common and subordinated units representing a 40.7% stake in OpCo and a 50.0% economic and management stake in 8point3 Holding Company, LLC (“Holdings”), the parent company of the general partner of 8point3 Energy Partners and the owner of incentive distribution rights (“IDRs”) in OpCo. Holdings, OpCo, 8point3 Energy Partners and their respective subsidiaries are referred to herein as the “8point3 Group.” Additionally, pursuant to a Right of First Offer Agreement between the Company and OpCo, the 8point3 Group has rights of first offer on interests in an additional 513 MW of the Company’s solar energy projects that are currently contracted or are expected to be contracted before being sold by the Company (the “ROFO Projects”). In connection with the IPO, the Company also entered into operations and maintenance, asset management and management services agreements with the 8point3 Group. The services the Company provides under these agreements are priced consistently with market rates for such services and the agreements are terminable by the 8point3 Group for convenience.

The Company accounts for its investments in the 8point3 Group using the equity method, whereby the book value of the Company’s investments is recorded as a non-current asset and the Company’s portion of the 8point3 Group’s earnings is recorded in the Consolidated Statements of Operations under the caption "Equity in earnings (loss) of unconsolidated investees." Refer to Note 11 for further discussion of the Company’s equity method investments in the 8point3 Group.

The Company’s agreements with the 8point3 Group include substantive, non-standard guarantees of minimum cash flows in respect of each project among the SPWR Projects that had not yet reached its commercial operations date (“COD”) before the IPO Closing Date. The Company’s guarantees relating to each such project expire when the project reaches COD. The Company therefore determined that the risks and rewards of ownership in these projects are not transferred until COD and, accordingly, the Company continues to record the projects on its Consolidated Balance Sheet until that time. Projects that had not reached COD by June 28, 2015 totaled 131 MW of the SPWR Projects and the Company recorded $302 million of IPO proceeds attributable to those projects as a current liability within “Accrued liabilities” in the Consolidated Balance Sheets.

The projects discussed in the previous paragraph, which had not reached COD by June 28, 2015, are projects that include the sale or lease of real estate. Accordingly, each of these projects will be evaluated under relevant guidance for real estate transactions after COD and the concomitant expiration of the Company’s non-standard guarantees (and associated risks of ownership) in respect of the project. The Company determined that the subordination of certain of its OpCo units until such time that the 8point3 Group achieves certain cash distribution targets in respect of the OpCo common and subordinated units (the “subordination period”) constituted a form of support to the operations of the SPWR Projects that also survived the sale of the projects. Accordingly, the Company will defer recognition of any profit on the sale of any such project until unconditional cash proceeds from the sale exceed the Company’s total costs incurred in connection with the project. The Company has reflected the $302 million of IPO cash proceeds attributable to these assets as an investing cash inflow in the Consolidated Statement of Cash Flows.

The balance of the SPWR Projects was composed of a portfolio of residential leases (the “residential lease portfolio”) which included both sales-type and operating leases. The Company evaluated the sale of the residential lease portfolio, excluding the portion related to operating leases and unguaranteed residual values accounted for under lease guidance in the following paragraph, under relevant accounting guidance for consolidations and determined that this portion of the residential lease portfolio met the definition of a business and that deconsolidation criteria were met. The Company received cash proceeds of $39 million and equity proceeds of $68 million attributable to the sale of this portion of the residential lease portfolio and recorded a resulting $28 million gain upon deconsolidation, reflected in “Other, net” in the Consolidated Statements of Operations. The equity proceeds were valued using the income approach which utilized a discounted cash flow model based on forecasted cash flows, indexed to 8point3 Energy Partners' IPO price of $21 per Class A share. The Company has reflected the $39 million of IPO cash proceeds attributable to this portion of the residential lease portfolio as an investing cash inflow in the Consolidated Statement of Cash Flows.

The Company evaluated the sale of the portion of the residential lease portfolio that was composed of operating leases and unguaranteed sales-type lease residual values under relevant guidance for leasing transactions and determined that the Company retained significant risks of ownership as defined in such guidance due, in part, to the subordination of certain of the Company’s OpCo units during the subordination period. Accordingly, the Company accounted for the sale of the operating leases and the unguaranteed sales-type lease residual values as a borrowing and reflected the $29 million of IPO cash proceeds attributable to this portion of the residential lease portfolio as a financing cash inflow in the Consolidated Statement of Cash Flows and as liabilities recorded within “Accrued liabilities” and “Other long-term liabilities” in the Consolidated Balance Sheets. As of September 27, 2015 the operating leases and the unguaranteed sales-type lease residual values which were sold to the 8point3 Group had an aggregate carrying value of $74 million.

During the third quarter of fiscal 2015, the Company received $22.8 million of additional cash proceeds from the 8point3 Group, primarily associated with the pass-through of tax equity proceeds, which were classified as an investing cash inflow in the Consolidated Statement of Cash Flows. In addition, one of the SPWR Projects reached COD during the third quarter and, pursuant to the accounting treatment discussed in the preceding paragraphs, the Company derecognized the associated project assets and current liability. No profit on the sale of the project was recognized, and the derecognition resulted in a net $5.1 million reduction in the carrying value of the Company’s investments in the 8point3 Group.

Note 4. ***BUSINESS COMBINATIONS***

In the third quarter of fiscal 2015, the Company acquired an entity that qualified as a business combination, accounted for by the acquisition method, for a total cash consideration, net of cash acquired, of approximately $59 million. Based on the preliminary accounting for the business combination, $31 million was attributed to goodwill, $36 million to intangible assets, and $8 million to net liabilities assumed, which includes an estimate of contingent consideration that may be paid in a future period. The composition of the intangible assets acquired is presented in Note 5. This acquisition enhances the breadth and depth of our expertise in our technologies and our product offerings. The total goodwill of $31 million is primarily attributable to synergies expected to arise out of the acquisition. Goodwill is expected to be amortized over 15 years for tax purposes.

Pro forma results of operations for the acquisition have not been presented as the impact of the acquisition is not material to the Company's consolidated results of operations for the current or prior periods. The actual results of operations of this acquisition have been included in the Company's consolidated results of operations from the date of acquisition.

Note 5. ***GOODWILL AND OTHER INTANGIBLE ASSETS***

Goodwill

The following table presents the changes in the carrying amount of goodwill under the Company's reportable business segments:

(In thousands)	Residential	Commercial	Power Plant	Total
As of December 28, 2014	$ 20,780	$ —	$ 440	$ 21,220
Goodwill arising from business combinations	11,122	4,943	14,831	30,896
As of September 27, 2015	$ 31,902	$ 4,943	$ 15,271	$ 52,116

Other Intangible Assets

During the third quarter of fiscal 2015, the Company acquired solar power plant development assets from Australia-based Infigen Energy, which it accounted for as an asset acquisition. The acquisition consisted partially of intangible assets related to a pipeline of solar power plant projects in various early stages of development. The following tables present details of the Company's acquired other intangible assets:

(In thousands)	Gross	Accumulated Amortization	Net
As of September 27, 2015			
Patents and purchased technology	$ 49,799	$ (2,705)	$ 47,094
Project pipeline assets	9,410	—	9,410
Purchased in-process research and development	3,700	—	3,700
Other	500	(250)	250
	$ 63,409	$ (2,955)	$ 60,454
As of December 28, 2014			
Patents and purchased technology	$ 13,675	$ (615)	$ 13,060
Purchased in-process research and development	3,700	—	3,700
	$ 17,375	$ (615)	$ 16,760

Amortization expense for intangible assets totaled $1.2 million and $2.3 million for the three and nine months ended September 27, 2015, respectively. Amortization expense for intangible assets totaled $0.2 million for both the three and nine months ended September 28, 2014.

As of September 27, 2015, the average remaining useful life of the Company's intangible assets was 5.2 years and the estimated future amortization expense related to intangible assets with finite useful lives is as follows:

(In thousands)	Amount
Fiscal Year	
2015 (remaining three months)	$ 2,956
2016	14,693
2017	10,539
2018	11,270
2019	8,989
Thereafter	8,307
	$ 56,754

The estimated future amortization expense for purchased in-process research and development will be added to the table above when the Company begins to amortize the associated assets.

Note 6. *BALANCE SHEET COMPONENTS*

(In thousands)	As of September 27, 2015	As of December 28, 2014
Accounts receivable, net:		
Accounts receivable, gross[1,2]	$ 225,881	$ 523,613
Less: allowance for doubtful accounts	(16,832)	(18,152)
Less: allowance for sales returns	(1,976)	(1,145)
	$ 207,073	$ 504,316

[1] Includes short-term financing receivables associated with solar power systems leased of $10.3 million and $9.1 million as of September 27, 2015 and December 28, 2014, respectively (see Note 7).

[2] Includes short-term retainage of $14.3 million and $213.0 million as of September 27, 2015 and December 28, 2014, respectively. Retainage refers to the earned, but unbilled, portion of a construction and development project for which payment is deferred by the customer until certain contractual milestones are met.

(In thousands)	As of September 27, 2015	As of December 28, 2014
Inventories:		
Raw materials	$ 69,317	$ 46,848
Work-in-process	154,920	67,903
Finished goods	125,378	93,822
	$ 349,615	$ 208,573

(In thousands)	As of September 27, 2015	As of December 28, 2014
Prepaid expenses and other current assets:		
Deferred project costs	$ 61,468	$ 64,784
Bond hedge derivative	—	51,951
VAT receivables, current portion	11,302	7,554
Deferred costs for solar power systems to be leased	34,239	22,537
Derivative financial instruments	6,546	7,018
Other receivables	72,787	79,927
Other prepaid expenses	73,427	47,448
Other current assets	19,286	47,626
	$ 279,055	$ 328,845

(In thousands)	As of September 27, 2015	As of December 28, 2014
Project assets - plants and land:		
Project assets — plants	$ 568,814	$ 104,328
Project assets — land	12,026	12,328
	$ 580,840	$ 116,656
Project assets — plants and land, current portion	$ 562,699	$ 101,181
Project assets — plants and land, net of current portion	$ 18,141	$ 15,475

(In thousands)	As of September 27, 2015	As of December 28, 2014
Property, plant and equipment, net:		
Manufacturing equipment[3]	$ 558,187	$ 554,124
Land and buildings	26,138	26,138
Leasehold improvements	242,583	236,867
Solar power systems[4]	140,783	124,848
Computer equipment	99,371	88,257
Furniture and fixtures	9,963	9,436
Construction-in-process	186,492	75,570
	1,263,517	1,115,240
Less: accumulated depreciation	(582,137)	(529,896)
	$ 681,380	$ 585,344

[3] The Company's mortgage loan agreement with International Finance Corporation ("IFC") is collateralized by certain manufacturing equipment with a net book value of $86.4 million and $111.9 million as of September 27, 2015 and December 28, 2014, respectively.

[4] Includes $110.4 million and $94.4 million of solar power systems associated with sale-leaseback transactions under the financing method as of September 27, 2015 and December 28, 2014, respectively, which are depreciated using the straight-line method to their estimated residual values over the lease terms of up to 20 years (see Note 7).

(In thousands)	As of September 27, 2015	As of December 28, 2014
Property, plant and equipment, net by geography[5]:		
Philippines	$ 418,044	$ 335,643
United States	195,609	183,631
Mexico	42,529	40,251
Europe	24,142	24,748
Other	1,056	1,071
	$ 681,380	$ 585,344

[5] Property, plant and equipment, net by geography is based on the physical location of the assets.

(In thousands)	As of September 27, 2015	As of December 28, 2014
Other long-term assets:		
Equity method investments	$ 283,216	$ 210,898
Cost method investments	36,378	32,308
Other	72,708	57,023
	$ 392,302	$ 300,229

(In thousands)	As of September 27, 2015	As of December 28, 2014
Accrued liabilities:		
Bond hedge derivatives	$ —	$ 51,951
Employee compensation and employee benefits	46,205	47,667
Deferred revenue	17,892	33,412
Short-term residential lease financing	—	1,489
Interest payable	8,868	10,575
Short-term warranty reserves	17,275	13,278
Restructuring reserve	2,374	13,477
VAT payables	3,878	6,073
Derivative financial instruments	1,698	1,345
Short-term residential lease financing with 8point3 Energy Partners	4,221	—
Proceeds from 8point3 Energy Partners IPO attributable to pre-COD projects	286,382	—
Other	144,906	151,767
	$ 533,699	$ 331,034

(In thousands)	As of September 27, 2015	As of December 28, 2014
Other long-term liabilities:		
Deferred revenue	$ 179,978	$ 176,804
Long-term warranty reserves	144,364	141,370
Long-term sale-leaseback financing	127,592	111,904
Long-term residential lease financing	2,236	27,122
Long-term residential lease financing with 8point3 Energy Partners	25,087	—
Unrecognized tax benefits	27,868	31,764
Long-term pension liability	12,305	9,980
Derivative financial instruments	1,180	3,712
Other	31,510	52,688
	$ 552,120	$ 555,344

(In thousands)	As of September 27, 2015	As of December 28, 2014
Accumulated other comprehensive loss:		
Cumulative translation adjustment	$ (11,749)	$ (8,712)
Net unrealized loss on derivatives	4,164	(1,443)
Net loss on long-term pension liability adjustment	(2,878)	(2,878)
Deferred taxes	(901)	(422)
	$ (11,364)	$ (13,455)

Note 7. ***LEASING***

Residential Lease Program

The Company offers a solar lease program, in partnership with third-party investors, which provides U.S. residential customers SunPower systems under 20-year lease agreements that include system maintenance and warranty coverage. Leases are classified as either operating or sales-type leases in accordance with the relevant accounting guidelines.

Operating Leases

The following table summarizes "Solar power systems leased and to be leased, net" under operating leases on the Company's Consolidated Balance Sheets as of September 27, 2015 and December 28, 2014:

	As of	
(In thousands)	**September 27, 2015**	**December 28, 2014**
Solar power systems leased and to be leased, net[1,2]:		
Solar power systems leased	$ 505,496	$ 396,704
Solar power systems to be leased	27,443	21,202
	532,939	417,906
Less: accumulated depreciation	(40,790)	(26,993)
	$ 492,149	$ 390,913

[1] Solar power systems leased and to be leased, net are physically located exclusively in the United States.

[2] As of September 27, 2015 and December 28, 2014, the Company had pledged solar assets with an aggregate book value of zero and $140.1 million, respectively, to third-party investors as security for the Company's contractual obligations.

The following table presents the Company's minimum future rental receipts on operating leases placed in service as of September 27, 2015:

(In thousands)	**Fiscal 2015 (remaining three months)**	**Fiscal 2016**	**Fiscal 2017**	**Fiscal 2018**	**Fiscal 2019**	**Thereafter**	**Total**
Minimum future rentals on operating leases placed in service[1]	$ 4,520	15,159	15,185	15,218	15,251	226,845	$ 292,178

[1] Minimum future rentals on operating leases placed in service does not include contingent rentals that may be received from customers under agreements that include performance-based incentives nor does it include rent receivables on operating leases sold to the 8point3 Group.

Sales-Type Leases

As of September 27, 2015 and December 28, 2014, the Company's net investment in sales-type leases presented in "Accounts receivable, net" and "Long-term financing receivables, net" on the Company's Consolidated Balance Sheets was as follows:

	As of	
(In thousands)	**September 27, 2015**	**December 28, 2014**
Financing receivables:		
Minimum lease payments receivable[1]	$ 327,300	$ 319,244
Unguaranteed residual value	46,687	34,343
Unearned income	(63,403)	(74,859)
Net financing receivables	$ 310,584	$ 278,728
Current	$ 10,348	$ 9,141
Long-term	$ 300,236	$ 269,587

[1] Net of allowance for doubtful accounts.

As of September 27, 2015, future maturities of net financing receivables for sales-type leases are as follows:

(In thousands)	Fiscal 2015 (remaining three months)	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Thereafter	Total
Scheduled maturities of minimum lease payments receivable[1]	$ 4,286	16,020	16,156	16,297	16,441	258,100	$ 327,300

[1] Minimum future rentals on sales-type leases placed in service does not include contingent rentals that may be received from customers under agreements that include performance-based incentives.

Third-Party Financing Arrangements

The Company has entered into multiple facilities under which solar power systems are financed by third-party investors. Under the terms of certain arrangements the investors make an upfront payment to the Company, which the Company recognizes as a non-recourse liability that will be reduced over the term of the arrangement as customer receivables and government incentives are received by the third-party investors. As the non-recourse liability is reduced over time, the Company makes a corresponding reduction in customer and government incentive receivables on its balance sheet. The Company uses this approach to account for both operating and sales-type leases with its residential lease customers in the consolidated financial statements. These arrangements were terminated in the first half of fiscal 2015. The Company entered into a new arrangement in the third quarter of fiscal 2015 that is similarly accounted for as a borrowing. As of September 27, 2015 and December 28, 2014, the remaining liability to third-party investors under these arrangements presented in "Accrued liabilities" and "Other long-term liabilities" on the Company's Consolidated Balance Sheets, was $2.2 million and $28.6 million, respectively (see Note 6).

The Company has entered into multiple financing facilities with third-party investors under which the investors invest in entities that hold SunPower solar power systems and leases with residential customers. The Company holds controlling interests in these less-than-wholly-owned entities and therefore fully consolidates these entities. The Company accounts for the portion of net assets in the consolidated entities attributable to the investors as "Redeemable noncontrolling interests" and "Noncontrolling interests" in its consolidated financial statements. Noncontrolling interests in subsidiaries that are redeemable at the option of the noncontrolling interest holder are classified as "Redeemable noncontrolling interests in subsidiaries," between liabilities and equity on the Company's Consolidated Balance Sheets. During the three and nine months ended September 27, 2015 the Company received $41.8 million and $133.7 million, respectively, in contributions from investors under the related facilities and attributed losses of $31.1 million and $80.9 million, respectively, to the third-party investors corresponding principally to certain assets, including tax credits, that were allocated to the investors during the periods. During the three and nine months ended September 28, 2014, the Company received $22.5 million and $75.3 million, respectively, in contributions from investors under the related facilities and attributed losses of $14.7 million and $49.7 million, respectively, to the third-party investors corresponding principally to certain assets, including tax credits, that were allocated to the investors during the periods.

Sale-Leaseback Arrangements

The Company enters into sale-leaseback arrangements under which solar power systems are sold to third parties and subsequently leased back by the Company over minimum lease terms of up to 20 years. Separately, the Company enters into PPAs with end customers, who host the leased solar power systems and buy the electricity directly from the Company under PPAs with terms of up to 25 years. At the end of the lease term, the Company has the option to purchase the systems at fair value or may be required to remove the systems and return them to the third parties.

The Company has classified its sale-leaseback arrangements of solar power systems not involving integral equipment as operating leases. The deferred profit on the sale of these systems is recognized over the term of the lease. As of September 27, 2015, future minimum lease obligations associated with these systems was $89.2 million, which will be recognized over the minimum lease terms. Future minimum payments to be received from customers under PPAs associated with the solar power systems under sale-leaseback arrangements classified as operating leases will be recognized over the lease terms of up to 20 years and are contingent upon the amounts of energy produced by the solar power systems.

The Company enters into certain sale-leaseback arrangements under which the systems subject to the sale-leaseback arrangements have been determined to be integral equipment as defined under the accounting guidance for such transactions. The Company has continuing involvement with the solar power systems throughout the lease due to purchase option rights in the arrangements. As a result of such continuing involvement, the Company accounts for each of these transactions as a financing. Under the financing method, the proceeds received from the sale of the solar power systems are recorded by the

Company as financing liabilities and presented within "Other long-term liabilities" in the Company's Consolidated Balance Sheets (see Note 6). The financing liabilities are subsequently reduced by the Company's payments to lease back the solar power systems, less interest expense calculated based on the Company's incremental borrowing rate adjusted to the rate required to prevent negative amortization. The solar power systems under the sale-leaseback arrangements remain on the Company's balance sheet and are classified within "Property, plant and equipment, net" (see Note 6). As of September 27, 2015, future minimum lease obligations for the sale-leaseback arrangements accounted for under the financing method were $108.0 million, which will be recognized over the lease terms of up to 20 years.

Note 8. *FAIR VALUE MEASUREMENTS*

Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement (observable inputs are the preferred basis of valuation):

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1.
- Level 3 — Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company measures certain assets and liabilities at fair value on a recurring basis. There were no transfers between fair value measurement levels during any presented period. The Company did not have any assets or liabilities measured at fair value on a recurring basis requiring Level 3 inputs as of September 27, 2015 or December 28, 2014.

The following table summarizes the Company's assets and liabilities measured and recorded at fair value on a recurring basis as of September 27, 2015 and December 28, 2014:

	September 27, 2015			December 28, 2014		
(In thousands)	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Assets						
Cash and cash equivalents[1]:						
Money market funds	$ 225,000	$ 225,000	$ —	$ 375,000	$ 375,000	$ —
Prepaid expenses and other current assets:						
Debt derivatives (Note 12)	—	—	—	51,951	—	51,951
Derivative financial instruments (Note 13)	6,546	—	6,546	7,018	—	7,018
Total assets	$ 231,546	$ 225,000	$ 6,546	$ 433,969	$ 375,000	$ 58,969
Liabilities						
Accrued liabilities:						
Debt derivatives (Note 12)	$ —	$ —	$ —	$ 51,951	$ —	$ 51,951
Derivative financial instruments (Note 13)	1,698	—	1,698	1,345	—	1,345
Other long-term liabilities:						
Derivative financial instruments (Note 13)	1,180	—	1,180	3,712	—	3,712
Total liabilities	$ 2,878	$ —	$ 2,878	$ 57,008	$ —	$ 57,008

[1] The Company's cash equivalents consist of money market fund instruments and commercial paper that are classified as available-for-sale and highly liquid investments with original maturities of 90 days or less. The Company's money market fund instruments are categorized within Level 1 of the fair value hierarchy because they are valued using quoted market prices for identical instruments in active markets.

Other financial instruments, including the Company's accounts receivable, accounts payable and accrued liabilities, are carried at cost, which generally approximates fair value due to the short-term nature of these instruments.

Debt Derivatives

The 4.50% Bond Hedge (as described in Note 12) and the embedded cash conversion option within the 4.50% debentures due 2015 (as described in Note 12), which both matured in the first quarter of 2015, were classified as derivative instruments that required mark-to-market treatment with changes in fair value reported in the Company's Consolidated Statements of Operations. The fair values of these derivative instruments as of December 28, 2014 were determined utilizing the following Level 1 and Level 2 inputs:

	As of[1] December 28, 2014
Stock price	$ 26.32
Exercise price	$ 22.53
Interest rate	0.19%
Stock volatility	61.7%
Credit risk adjustment	0.65%
Maturity date	February 18, 2015

[1] The valuation model utilizes these inputs to value the right but not the obligation to purchase one share of the Company's common stock at $22.53. The Company utilized a Black-Scholes valuation model to value the 4.50% Bond Hedge and embedded cash conversion option. The underlying input assumptions were determined as follows:

(i) Stock price. The closing price of the Company's common stock on the last trading day of the quarter.
(ii) Exercise prices. The exercise price of the 4.50% Bond Hedge and the embedded cash conversion option.
(iii) Interest rate. The Treasury Strip rate associated with the life of the 4.50% Bond Hedge and the embedded cash conversion option.
(iv) Stock volatility. The volatility of the Company's common stock over the life of the 4.50% Bond Hedge and the embedded cash conversion option.
(v) Credit risk adjustment. Represents the weighted average of the credit default swap rate of the counterparties.

Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis

The Company measures certain investments and non-financial assets (including project assets, property, plant and equipment, and other intangible assets) at fair value on a non-recurring basis in periods after initial measurement in circumstances when the fair value of such asset is impaired below its recorded cost.

Held-to-Maturity Debt Securities

The Company's debt securities, classified as held-to-maturity, are Philippine government bonds that the Company maintains as collateral for business transactions within the Philippines. These bonds have maturity dates of up to five years and are classified as "Restricted long-term marketable securities" on the Company's Consolidated Balance Sheets. As of September 27, 2015 and December 28, 2014, these bonds had a carrying value of $6.6 million and $7.2 million, respectively. The Company records such held-to-maturity investments at amortized cost based on its ability and intent to hold the securities until maturity. The Company monitors for changes in circumstances and events that would affect its ability and intent to hold such securities until the recorded amortized costs are recovered. No other-than-temporary impairment loss was incurred during any presented period. The held-to-maturity debt securities were categorized in Level 2 of the fair value hierarchy.

Equity and Cost Method Investments

The Company holds equity investments in non-consolidated entities that are accounted for under both the equity and cost method. The Company monitors these investments, which are included in "Other long-term assets" in its Consolidated Balance Sheets, for impairment and records reductions in the carrying values when necessary. Circumstances that indicate an other-than-temporary decline include Level 2 and Level 3 measurements such as the valuation ascribed to the issuing company in subsequent financing rounds, decreases in quoted market prices, and declines in the results of operations of the issuer.

As of September 27, 2015 and December 28, 2014, the Company had $283.2 million and $210.9 million, respectively, in investments accounted for under the equity method (see Note 11). As of September 27, 2015 and December 28, 2014, the Company had $36.4 million and $32.3 million, respectively, in investments accounted for under the cost method.

Related-Party Transactions with Investees:

(In thousands)	As of September 27, 2015	As of December 28, 2014
Accounts receivable	$ 20,543	$ 22,425
Other long-term assets	$ 1,405	$ 1,623
Accounts payable	$ 50,507	$ 50,039
Accrued liabilities	$ 290,604	$ —
Customer advances	$ 85	$ 4,210
Other long-term liabilities	$ 25,087	$ —

	Three Months Ended		Nine Months Ended	
(In thousands)	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
Payments made to investees for products/services	$ 100,129	$ 107,328	$ 328,159	$ 329,434
Revenue from sales to investees of products/services	$ 8,953	$ —	$ 35,755	$ —

Cost Method Investment in Tendril Networks, Inc. ("Tendril")

In November 2014, the Company purchased $20.0 million of preferred stock for a minority stake in Tendril, accounted for under the cost method because the preferred stock was deemed not to be in-substance common stock. In connection with the investment, the Company acquired warrants to purchase up to approximately 14.3 million shares of Tendril common stock through November 23, 2024. The number of shares of Tendril common stock that may be purchased pursuant to the warrants is subject to the Company's and Tendril's achievement of certain financial and operational milestones and other conditions.

In connection with the initial investment in Tendril, the Company also entered into commercial agreements with Tendril under a Master Services Agreement and related Statements of Work. Under these commercial agreements, Tendril will use up to $13.0 million of the Company's initial investment to develop, jointly with the Company, certain solar software solution products.

Note 9. *RESTRUCTURING*

November 2014 Restructuring Plan

On November 14, 2014, the Company announced a reorganization plan intended to realign resources consistent with the Company's global strategy and improve its overall operating efficiency and cost structure. These restructuring activities were substantially complete as of September 27, 2015; however, the Company expects to continue to incur costs as it finalizes previous estimates and actions in connection with this plan, primarily due to other costs, such as legal and accounting services.

Legacy Restructuring Plans

During fiscal 2012 and 2011, the Company implemented approved restructuring plans, related to all segments, to align with changes in the global solar market which included the consolidation of the Company's Philippine manufacturing operations as well as actions to accelerate operating cost reduction and improve overall operating efficiency. These restructuring activities were substantially complete as of September 27, 2015; however, the Company expects to continue to incur costs as it finalizes previous estimates and actions in connection with these plans, primarily due to other costs, such as legal services.

The following table summarizes the restructuring charges recognized in the Company's Consolidated Statements of Operations:

(In thousands)	Nine Months Ended September 27, 2015	Nine Months Ended September 28, 2014	Cumulative To Date
November 2014 Plan:			
Non-cash impairment charges	$ 5	$ —	$ 724
Severance and benefits	3,462	—	15,642
Other costs[1]	3,034	—	3,247
	6,501	—	19,613
Legacy Restructuring Plans:			
Non-cash impairment charges	—	—	60,596
Severance and benefits	(143)	(1,657)	46,566
Lease and related termination costs	—	382	5,774
Other costs[1]	(302)	285	10,558
	(445)	(990)	123,494
Total restructuring charges	$ 6,056	$ (990)	$ 143,107

The following table summarizes the restructuring reserve activity during the nine months ended September 27, 2015:

(In thousands)	December 28, 2014	Nine Months Ended Charges (Benefits)	Nine Months Ended Payments	September 27, 2015
November 2014 Plan:				
Severance and benefits	$ 12,075	$ 3,462	$ (14,559)	$ 978
Other costs[1]	145	3,034	(2,046)	1,133
	12,220	6,496	(16,605)	2,111
Legacy Restructuring Plans:				
Severance and benefits	421	(143)	(276)	2
Lease and related termination costs	390	—	(23)	367
Other costs[1]	446	(302)	(250)	(106)
	1,257	(445)	(549)	263
Total restructuring liability	$ 13,477	$ 6,051	$ (17,154)	$ 2,374

[1] Other costs primarily represent associated legal services and costs of relocating employees.

Note 10. *COMMITMENTS AND CONTINGENCIES*

Facility and Equipment Lease Commitments

The Company leases certain facilities under non-cancellable operating leases from unaffiliated third parties. As of September 27, 2015, future minimum lease payments for facilities under operating leases were $48.8 million, to be paid over the remaining contractual terms of up to 10 years. The Company also leases certain buildings, machinery and equipment under non-cancellable capital leases. As of September 27, 2015, future minimum lease payments for assets under capital leases were $6.2 million, to be paid over the remaining contractual terms of up to 10 years.

Purchase Commitments

The Company purchases raw materials for inventory and manufacturing equipment from a variety of vendors. During the normal course of business, in order to manage manufacturing lead times and help assure adequate supply, the Company enters into agreements with contract manufacturers and suppliers that either allow them to procure goods and services based on specifications defined by the Company, or that establish parameters defining the Company's requirements. In certain instances, these agreements allow the Company the option to cancel, reschedule or adjust the Company's requirements based on its business needs before firm orders are placed. Consequently, not all of the Company's disclosed purchase commitments arising from these agreements are firm, non-cancellable and unconditional commitments.

The Company also has agreements with several suppliers, including some of its non-consolidated investees, for the procurement of polysilicon, ingots, wafers, and Solar Renewable Energy Credits, among others, which specify future quantities and pricing of products to be supplied by the vendors for periods up to 10 years and provide for certain consequences, such as forfeiture of advanced deposits and liquidated damages relating to previous purchases, in the event that the Company terminates the arrangements.

Future purchase obligations under non-cancellable purchase orders and long-term supply agreements as of September 27, 2015 are as follows:

(In thousands)	Fiscal 2015 (remaining three months)	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Thereafter	Total[1,2]
Future purchase obligations	$ 664,841	322,623	348,818	182,217	175,695	164,847	$ 1,859,041

[1] Total future purchase obligations as of September 27, 2015 include $141.6 million to related parties.

[2] Total future purchase obligations were composed of $264.3 million related to non-cancellable purchase orders and $1.6 billion related to long-term supply agreements.

The Company expects that all obligations related to non-cancellable purchase orders for manufacturing equipment will be recovered through future cash flows of the solar cell manufacturing lines and solar panel assembly lines when such long-lived assets are placed in service. Factors considered important that could result in an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets, and significant negative industry or economic trends. Obligations related to non-cancellable purchase orders for inventories match current and forecasted sales orders that will consume these ordered materials and actual consumption of these ordered materials are compared to expected demand regularly. The Company anticipates total obligations related to long-term supply agreements for inventories will be recovered because quantities are less than management's expected demand for its solar power products. The terms of the long-term supply agreements are reviewed by management and the Company assesses the need for any accruals for estimated losses on adverse purchase commitments, such as lower of cost or market value adjustments that will not be recovered by future sales prices, forfeiture of advanced deposits and liquidated damages, as necessary.

Advances to Suppliers

As noted above, the Company has entered into agreements with various vendors, some of which are structured as "take or pay" contracts, that specify future quantities and pricing of products to be supplied. Certain agreements also provide for penalties or forfeiture of advanced deposits in the event the Company terminates the arrangements. Under certain agreements, the Company is required to make prepayments to the vendors over the terms of the arrangements. The Company did not make any additional advance payments under its long-term supply agreements during the first nine months of fiscal 2015. During the three and nine months ended September 28, 2014, the Company made additional advance payments totaling $16.4 million and $49.3 million, respectively, in accordance with the terms of existing long-term supply agreements. As of September 27, 2015 and December 28, 2014, advances to suppliers totaled $379.9 million and $409.7 million, respectively, of which $73.3 million and $98.1 million, respectively, is classified as short-term in the Company's Consolidated Balance Sheets. Two suppliers accounted for 84% and 16% of total advances to suppliers as of September 27, 2015, and 82% and 17% as of December 28, 2014.

Advances from Customers

The Company has entered into other agreements with customers who have made advance payments for solar power products and systems. These advances will be applied as shipments of product occur or upon completion of certain project milestones. The estimated utilization of advances from customers as of September 27, 2015 is as follows:

(In thousands)	Fiscal 2015 (remaining three months)	Fiscal 2016	Fiscal 2017	Fiscal 2018	Fiscal 2019	Thereafter	Total
Estimated utilization of advances from customers	$ 6,813	26,680	27,039	27,039	28,842	43,263	$ 159,676

In fiscal 2010, the Company and its joint venture, AUO SunPower Sdn. Bhd. ("AUOSP"), entered into an agreement under which the Company resells to AUOSP polysilicon purchased from a third-party supplier. Advance payments provided by AUOSP related to such polysilicon are then made by the Company to the third-party supplier. These advance payments are applied as a credit against AUOSP’s polysilicon purchases from the Company. Such polysilicon is used by AUOSP to manufacture solar cells that are sold to the Company on a "cost-plus" basis. As of September 27, 2015 and December 28, 2014, outstanding advance payments received from AUOSP totaled $153.5 million and $167.2 million, respectively, of which $21.6 million and $18.3 million, respectively, was classified as short-term in the Company's Consolidated Balance Sheets, based on projected product shipment dates.

Product Warranties

The following table summarizes accrued warranty activity for the nine months ended September 27, 2015 and September 28, 2014, respectively:

	Three Months Ended		Nine Months Ended	
(In thousands)	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
Balance at the beginning of the period	$ 156,531	$ 150,793	$ 154,648	$ 149,372
Accruals for warranties issued during the period	6,716	9,112	19,058	18,613
Settlements and adjustments during the period	(1,608)	(5,162)	(12,067)	(13,242)
Balance at the end of the period	$ 161,639	$ 154,743	$ 161,639	$ 154,743

Contingent Obligations

Project agreements entered into with the Company's Commercial and Power Plant customers often require the Company to undertake obligations including: (i) system output performance warranties; (ii) system maintenance; (iii) penalty payments or customer termination rights if the system the Company is constructing is not commissioned within specified timeframes or other milestones are not achieved; and (iv) system put-rights whereby the Company could be required to buy back a customer's system at fair value on specified future dates if certain minimum performance thresholds are not met for specified periods. Historically, the Company's systems have performed significantly above the performance warranty thresholds, and there have been no cases in which the Company has had to buy back a system.

Future Financing Commitments

The Company is required to provide certain funding under the joint venture agreement with AU Optronics Singapore Pte. Ltd. ("AUO") and other unconsolidated investees, subject to certain conditions (see Note 11). As of September 27, 2015, the Company has future financing obligations through fiscal 2015 totaling $179.8 million.

Liabilities Associated with Uncertain Tax Positions

Total liabilities associated with uncertain tax positions were $28.9 million and $31.8 million as of September 27, 2015 and December 28, 2014, respectively. As of September 27, 2015, approximately $1.0 million of uncertain tax positions related to a Swiss tax audit are included in "Accrued liabilities" in the Company's Consolidated Balance Sheets as they are reasonably possible to be paid within the next 12 months as a result of settlement, and $27.9 million of uncertain tax positions are included in "Other long-term liabilities" in the Company's Consolidated Balance Sheets as they are not expected to be paid within the next 12 months. As of December 28, 2014, total liabilities of $31.8 million associated with uncertain tax positions were included in "Other long-term liabilities" as they were not expected to be paid within the next 12 months. The reduction in liabilities associated with uncertain tax positions from December 28, 2014, was primarily due to tax settlements in certain foreign jurisdictions in the fiscal quarter ended June 28, 2015, partially offset by additional accruals in the United States in the fiscal quarter ended September 27, 2015. Due to the complexity and uncertainty associated with its tax positions, the Company cannot make a reasonably reliable estimate of the period in which cash settlement, if any, would be made for its liabilities associated with uncertain tax positions in other long-term liabilities.

Indemnifications

The Company is a party to a variety of agreements under which it may be obligated to indemnify the counterparty with respect to certain matters. Typically, these obligations arise in connection with contracts and license agreements or the sale of assets, under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of warranties, representations and covenants related to such matters as title to assets sold, negligent acts, damage to property, validity of certain intellectual property rights, non-infringement of third-party rights, and certain tax related matters including indemnification to customers under §48(c) solar commercial investment tax credit ("ITC") and Treasury Grant payments under Section 1603 of the American Recovery and Reinvestment Act ("Cash Grant"). In each of these circumstances, payment by the Company is typically subject to the other party making a claim to the Company that is contemplated by and valid under the indemnification provisions of the particular contract, which provisions are typically contract-specific, as well as bringing the claim under the procedures specified in the particular contract. These procedures usually allow the Company to challenge the other party's claims or, in case of breach of intellectual property representations or covenants, to control the defense or settlement of any third party claims brought against the other party. Further, the Company's obligations under these agreements may be limited in terms of activity (typically to replace or correct the products or terminate the agreement with a refund to the other party), duration and/or amounts. In some instances, the Company may have recourse against third parties and/or insurance covering certain payments made by the Company.

In certain limited circumstances the Company has provided indemnification to customers and investors under which the Company is contractually obligated to compensate these parties for losses they may suffer as a result of reductions in benefits received under ITC and Treasury Cash Grant programs. The Company applies for ITC and Cash Grant incentives based on guidance provided by the IRS and the Treasury Department, which include assumptions regarding the fair value of the qualified solar power systems, among others. Certain of the Company’s development agreements, sale-leaseback arrangements, and financing arrangements with investors of its residential lease program incorporate assumptions regarding the future level of incentives to be received, which in some instances may be claimed directly by its customers and investors. Since the Company cannot determine future revisions to the U.S. Treasury guidelines governing system values or how the IRS will evaluate system values used in claiming ITCs, the Company is unable to reliably estimate the maximum potential future payments that it could have to make under the Company’s contractual investor obligation as of each reporting date.

Defined Benefit Pension Plans

The Company maintains defined benefit pension plans for the majority of its non-U.S. employees. Benefits under these plans are generally based on an employee’s years of service and compensation. Funding requirements are determined on an individual country and plan basis and are subject to local country practices and market circumstances. The funded status of the pension plans, which represents the difference between the benefit obligation and fair value of plan assets, is calculated on a plan-by-plan basis. The benefit obligation and related funded status are determined using assumptions as of the end of each fiscal year. The Company recognizes the overfunded or underfunded status of its pension plans as an asset or liability on its Consolidated Balance Sheets. As of September 27, 2015 and December 28, 2014, the underfunded status of the Company’s pension plans, presented in "Other long-term liabilities" on the Company’s Consolidated Balance Sheets, was $12.3 million and $10.0 million, respectively. The impact of transition assets and obligations and actuarial gains and losses are recorded in "Accumulated other comprehensive loss", and are generally amortized as a component of net periodic cost over the average remaining service period of participating employees.

Legal Matters

Tax Benefit Indemnification Litigation

On March 19, 2014, a lawsuit was filed by NRG Solar LLC (“NRG”) against SunPower Corporation, Systems, a wholly-owned subsidiary of the Company (“SunPower Systems”), in the Superior Court of Contra Costa County, California. The complaint asserts that, according to the indemnification provisions in the contract pertaining to SunPower Systems’ sale of a large California solar project to NRG, SunPower Systems owes NRG $75.0 million in connection with certain tax benefits associated with the project that were approved by the Treasury Department for an amount that was less than expected. The Company does not believe that the facts support NRG’s claim under the operative indemnification provisions and is vigorously contesting the claim. Additionally, SunPower Systems filed a cross-complaint against NRG seeking damages in excess of $7.5 million for breach of contract and related claims arising from NRG’s failure to fulfill its obligations under the contract, including its obligation to take “reasonable, available steps” to engage Treasury. The Company is currently unable to determine if the resolution of this matter will have a material effect on the Company's consolidated financial statements.

First Philec Arbitration

On January 28, 2015, an arbitral tribunal of the International Court of Arbitration of the International Chamber of Commerce issued a first partial award in the matter of an arbitration between First Philippine Electric Corporation ("FPEC") and First Philippine Solar Corporation ("FPSC") against SunPower Philippines Manufacturing, Ltd. ("SPML"), our wholly-owned subsidiary. FPSC is a joint venture of FPEC and SPML for the purpose of slicing silicon wafers from ingots. SPML has not purchased any wafers from FPSC since the third quarter of 2012.

The tribunal found SPML in breach of its obligations under its supply agreement with FPSC, and in breach of its joint venture agreement with FPEC. In its first partial award, the tribunal ordered that (i) SPML must purchase FPEC’s interests in FPSC for an aggregate of $30.3 million and (ii) after completing the purchase of FPEC’s controlling interest in FPSC, SPML must pay FPSC damages in the amount of $25.2 million. The arbitral tribunal issued its second partial award dated July 14, 2015, which ordered that (i) the price payable by SPML to FPEC for its interests in FPSC be reduced from $30.3 million to $23.2 million, (ii) FPEC’s request for interest is refused, and (iii) the payment and transfer of shares between FPEC and SPML is to take place in accordance with the procedure agreed between the parties. The tribunal issued its final award dated September 30, 2015, which ordered that (i) each side should bear its own costs and attorneys' fees, and (ii) the arbitration costs should be split between the parties evenly.

SPML has filed a challenge to both the first and second partial awards with the High Court in Hong Kong. The hearing on the challenge is scheduled for June 14 and 15, 2016 in Hong Kong. SPML has also filed applications to the Court in the Philippines to: (i) prevent FPSC or FPEC from enforcing the awards pending the outcome of the challenge in Hong Kong; and (ii) gain access to FPSC's books and records. The application to prevent enforcement of the award has not been ruled on. The application for access was granted, and the inspection of FPSC's books is ongoing.

As of September 27, 2015, the Company recorded an accrual of $48.4 million related to this matter based on the Company's best estimate of probable loss.

AUO Arbitration

On April 17, 2015, SunPower Technology Ltd. ("SPTL"), a wholly-owned subsidiary of the Company, commenced an arbitration before the ICC International Court of Arbitration against AUO and AU Optronics Corporation, the ultimate parent company of AUO ("AUO Corp.," and together with AUO, the “AUO Group”), for breaches of the AUOSP Joint Venture Agreement and associated agreements executed in 2010 (the "JVA") as well as breaches of the License and Patent Technology Agreement executed in 2011 (the "LTA"). SPTL’s claim alleges that, among other things, the AUO Group has sold solar modules containing cells manufactured at AUOSP in violation of provisions in the JVA and the LTA that set geographical restrictions on sales activities as well as provisions that restrict each party’s use of the other’s confidential information. On June 23, 2015, the AUO Group filed and served its formal Memorial of Claim and Counterclaims against SPTL and the Company (collectively, the "SunPower Group"). In its counterclaim, the AUO Group seeks $28.6 million in lost profits and $35.6 million in disgorgement from the SunPower Group, alleging improper use of the AUO Group’s proprietary manufacturing expertise. On October 12, 2015, SPTL filed and served its formal Reply Memorial and Defence to Counterclaims. The merits hearings are scheduled to begin in the first quarter of 2016. The Company is currently unable to determine whether the resolution of this matter will have a material effect on the Company’s consolidated financial statements.

Other Litigation

The Company is also a party to various other litigation matters and claims that arise from time to time in the ordinary course of its business. While the Company believes that the ultimate outcome of such matters will not have a material adverse effect on the Company, their outcomes are not determinable and negative outcomes may adversely affect the Company's financial position, liquidity or results of operations.

Note 11. *EQUITY METHOD INVESTMENTS*

As of September 27, 2015 and December 28, 2014, the Company's carrying value of its equity method investments totaled $283.2 million and $210.9 million, respectively, and is classified as "Other long-term assets" in its Consolidated Balance Sheets. The Company's share of its earnings (loss) from equity method investments is reflected as "Equity in earnings of unconsolidated investees" in its Consolidated Statements of Operations.

Equity Investment and Joint Venture with AUOSP

In fiscal 2010, the Company, AUO and AUO Corp. formed the joint venture AUOSP. The Company and AUO each own 50% of the joint venture AUOSP. AUOSP owns a solar cell manufacturing facility in Malaysia and manufactures solar cells and sells them on a "cost-plus" basis to the Company and AUO.

In connection with the joint venture agreement, the Company and AUO also entered into licensing and joint development, supply, and other ancillary transaction agreements. Through the licensing agreement, the Company and AUO licensed to AUOSP, on a non-exclusive, royalty-free basis, certain background intellectual property related to solar cell manufacturing (in the case of the Company) and manufacturing processes (in the case of AUO). Under the seven-year supply agreement with AUOSP, renewable by the Company for one-year periods thereafter, the Company is committed to purchase 80% of AUOSP's total annual output allocated on a monthly basis to the Company. The Company and AUO have the right to reallocate supplies from time to time under a written agreement. In fiscal 2010, the Company and AUOSP entered into an agreement under which the Company will resell to AUOSP polysilicon purchased from a third-party supplier and AUOSP will provide prepayments to the Company related to such polysilicon, which prepayment will then be made by the Company to the third-party supplier.

The Company and AUO are not permitted to transfer any of AUOSP's shares held by them, except to each other. The Company and AUO agreed to each contribute additional amounts through fiscal 2015 amounting to $169.0 million, or such lesser amount as the parties may mutually agree. In addition, if AUOSP, the Company or AUO requests additional equity financing to AUOSP, then the Company and AUO will each be required to make additional cash contributions of up to $50.0 million in the aggregate.

The Company has concluded that it is not the primary beneficiary of AUOSP since, although the Company and AUO are both obligated to absorb losses or have the right to receive benefits, the Company alone does not have the power to direct the activities of AUOSP that most significantly impact its economic performance. In making this determination the Company considered the shared power arrangement, including equal board governance for significant decisions, elective appointment, and the fact that both parties contribute to the activities that most significantly impact the joint venture's economic performance. The Company accounts for its investment in AUOSP using the equity method as a result of the shared power arrangement. As of September 27, 2015, the Company's maximum exposure to loss as a result of its equity investment in AUOSP is limited to the carrying value of the investment. As of September 27, 2015 and December 28, 2014, the Company's investment in AUOSP had a carrying value of $199.6 million and $191.7 million, respectively.

Equity Investment in Huaxia CPV (Inner Mongolia) Power Co., Ltd. ("CCPV")

In December 2012, the Company entered into an agreement with Tianjin Zhonghuan Semiconductor Co. Ltd., Inner Mongolia Power Group Co. Ltd. and Hohhot Jinqiao City Development Company Co., Ltd. to form CCPV, a jointly owned entity to manufacture and deploy the Company's C7 Tracker concentrator technology in Inner Mongolia and other regions in China. CCPV is based in Hohhot, Inner Mongolia. The establishment of the entity was subject to approval of the Chinese government, which was received in the fourth quarter of fiscal 2013. In December 2013, the Company made a $16.4 million equity investment in CCPV, for a 25% equity ownership.

The Company has concluded that it is not the primary beneficiary of CCPV since, although the Company is obligated to absorb losses and has the right to receive benefits, the Company alone does not have the power to direct the activities of CCPV that most significantly impact its economic performance. The Company accounts for its investment in CCPV using the equity method since the Company is able to exercise significant influence over CCPV due to its board position.

Equity Investment in Diamond Energy Pty Ltd. ("Diamond Energy")

In October 2012, the Company made a $3.0 million equity investment in Diamond Energy, an alternative energy project developer and clean electricity retailer headquartered in Melbourne, Australia, in exchange for a 25% equity ownership.

The Company has concluded that it is not the primary beneficiary of Diamond Energy since, although the Company is obligated to absorb losses and has the right to receive benefits, the Company alone does not have the power to direct the activities of Diamond that most significantly impact its economic performance. The Company accounts for its investment in Diamond using the equity method since the Company is able to exercise significant influence over Diamond due to its board position.

Equity Investment in 8point3 Energy Partners

In June 2015, 8point3 Energy Partners, a joint YieldCo vehicle formed by the Sponsors to own, operate and acquire solar energy generation assets, consummated its IPO and its Class A shares are now listed on the NASDAQ Global Select Market under the trading symbol “CAFD.” Refer to the sections titled "Note 3. 8point3 Energy Partners LP" in the Notes to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q for further information regarding the Company’s transactions with the 8point3 Group.

The Company has concluded that it is not the primary beneficiary of the 8point3 Group or any of its individual subsidiaries since, although the Sponsors are both obligated to absorb losses or have the right to receive benefits, the Company alone does not have the power to direct the activities of the 8point3 Group that most significantly impact its economic performance. In making this determination the Company considered, among other factors, the equal division between the Sponsors of management rights in the 8point3 Group and the corresponding equal influence over its significant decisions, the role and influence of the independent directors on the board of directors of the general partner of 8point3 Energy Partners, and how both Sponsors contribute to the activities that most significantly impact the 8point3 Group's economic performance. The Company accounts for its investment in the 8point3 Group using the equity method because the Company determined that, notwithstanding the division of management and ownership interests between the Sponsors, the Company exercises significant influence over the operations of the 8point3 Group.

Future quarterly distributions from OpCo are subject to certain forbearance and subordination periods. During the forbearance period, the Sponsors have agreed to forego any distributions declared on their common and subordinated units. The forbearance period will end when, on or after March 1, 2016, the board of directors of the general partner of 8point3 Energy Partners, with the concurrence of its conflicts committee, determines that OpCo will be able to earn and pay at least the minimum quarterly distribution on each of its outstanding common and subordinated units for such quarter and the successive quarter.

During the subordination period, holders of the subordinated units are not entitled to receive any distributions until the common units have received their minimum quarterly distribution plus any arrearages in the payment of minimum distributions from prior quarters. Approximately 70% of the Company’s OpCo units are subject to subordination. The subordination period will end after OpCo has earned and paid minimum quarterly distributions for three years ending on or after August 31, 2018 and there are no outstanding arrearages on common units. Notwithstanding the foregoing, the subordination period could end after OpCo has earned and paid 150% of minimum quarterly distributions, plus the related distribution on the incentive distribution rights, for one year ending on or after August 31, 2016 and there are no outstanding arrearages on common units. At the end of the subordination period, all subordinated units will convert to common units on a one-for-one basis. The Company also, through its interests in Holdings, holds IDRs in OpCo, which represent rights to incremental distributions after certain distribution thresholds are met.

In June 2015, OpCo entered into a $525.0 million senior secured credit facility, consisting of a $300.0 million term loan facility, a $25.0 million delayed draw term loan facility, and a $200.0 million revolving credit facility (the “8point3 Credit Facility”). Proceeds from the term loan were used to make initial distributions to the Sponsors. The 8point3 Credit Facility is secured by a pledge of the Sponsors’ equity interests in OpCo.

As of September 27, 2015 and December 28, 2014, the Company's investment in the 8point3 Group had a carrying value of $65.4 million and zero, respectively.

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Note 12. ***DEBT AND CREDIT SOURCES***

The following table summarizes the Company's outstanding debt on its Consolidated Balance Sheets:

	September 27, 2015				December 28, 2014			
(In thousands)	**Face Value**	**Short-term**	**Long-term**	**Total**	**Face Value**	**Short-term**	**Long-term**	**Total**
Convertible debt:								
0.875% debentures due 2021	$ 400,000	$ —	$ 396,248	$ 396,248	$ 400,000	$ —	$ 395,475	$ 395,475
0.75% debentures due 2018	300,000	—	297,966	297,966	300,000	—	297,401	297,401
4.50% debentures due 2015	—	—	—	—	249,645	245,325	—	245,325
0.75% debentures due 2027	—	—	—	—	79	—	79	79
IFC mortgage loan	32,500	14,993	16,691	31,684	47,500	14,983	31,492	46,475
CEDA loan	30,000	—	27,657	27,657	30,000	—	27,379	27,379
Quinto Credit Facility	—	—	—	—	61,481	—	61,481	61,481
Other debt[1]	220,063	4,156	214,717	218,873	91,398	1,963	88,605	90,568
	$ 982,563	$ 19,149	$ 953,279	$ 972,428	$ 1,180,103	$ 262,271	$ 901,912	$ 1,164,183

[1] Other debt excludes payments related to capital leases, which are disclosed in Note 10.

As of September 27, 2015, the aggregate future contractual maturities of the Company's outstanding debt, at face value, were as follows:

(In thousands)	**Fiscal 2015 (remaining three months)**	**Fiscal 2016**	**Fiscal 2017**	**Fiscal 2018**	**Fiscal 2019**	**Thereafter**	**Total**
Aggregate future maturities of outstanding debt	$ 648	19,588	20,761	310,291	6,833	624,442	$ 982,563

Convertible Debt

The following table summarizes the Company's outstanding convertible debt:

	September 27, 2015			December 28, 2014		
(In thousands)	**Carrying Value**	**Face Value**	**Fair Value[1]**	**Carrying Value**	**Face Value**	**Fair Value[1]**
Convertible debt:						
0.875% debentures due 2021	$ 396,248	$ 400,000	$ 338,524	$ 395,475	$ 400,000	$ 358,000
0.75% debentures due 2018	297,966	300,000	328,104	297,401	300,000	366,750
4.50% debentures due 2015	—	—	—	245,325	249,645	294,581
0.75% debentures due 2027	—	—	—	79	79	80
	$ 694,214	$ 700,000	$ 666,628	$ 938,280	$ 949,724	$ 1,019,411

[1] The fair value of the convertible debt was determined using Level 2 inputs based on quarterly market prices as reported by an independent pricing source.

The Company's outstanding convertible debentures are senior, unsecured obligations of the Company, ranking equally with all existing and future senior unsecured indebtedness of the Company.

0.875% Debentures Due 2021

In June 2014, the Company issued $400.0 million in principal amount of its 0.875% debentures due 2021. Interest is payable semi-annually, beginning on December 1, 2014. Holders may exercise their right to convert the debentures at any time into shares of the Company's common stock at an initial conversion price approximately equal to $48.76 per share, subject to adjustment in certain circumstances. If not earlier repurchased or converted, the 0.875% debentures due 2021 mature on June 1, 2021.

0.75% Debentures Due 2018

In May 2013, the Company issued $300.0 million in principal amount of its 0.75% debentures due 2018. Interest is payable semi-annually, beginning on December 1, 2013. Holders may exercise their right to convert the debentures at any time into shares of the Company's common stock at an initial conversion price approximately equal to $24.95 per share, subject to adjustment in certain circumstances. If not earlier repurchased or converted, the 0.75% debentures due 2018 mature on June 1, 2018.

4.50% Debentures Due 2015

In 2010, the Company issued $250.0 million in principal amount of its 4.50% senior cash convertible debentures ("4.50% debentures due 2015"). Interest was payable semi-annually, beginning on September 15, 2010. The 4.50% debentures due 2015 were convertible only into cash, and not into shares of the Company's common stock (or any other securities) at a conversion price of $22.53 per share. The 4.50% debentures due 2015 matured on March 15, 2015. During March 2015, the Company paid holders an aggregate of $324.4 million in cash in connection with the settlement of the outstanding 4.50% debentures due 2015. No 4.50% debentures due 2015 remained outstanding after the maturity date.

The embedded cash conversion option was a derivative instrument (derivative liability) that was required to be separated from the 4.50% debentures due 2015. The fair value of the derivative liability is classified within "Other long-term liabilities" on the Company's Consolidated Balance Sheets. Changes in the fair value of the derivative liability were reported in the Company's Consolidated Statements of Operations until the 4.50% debentures due 2015 matured in March 2015.

During the three and nine months ended September 27, 2015, the Company recognized a non-cash loss of zero and $52.0 million, recorded in "Other, net" in the Company's Consolidated Statements of Operations to recognize the change in fair value prior to expiration of the embedded conversion option. During the three and nine months ended September 28, 2014, the Company recognized a non-cash gain of $56.7 million and non-cash loss of $44.6 million, respectively, recorded in "Other, net" in the Company's Consolidated Statements of Operations related to the change in fair value of the embedded cash conversion option.

Call Spread Overlay with Respect to 4.50% Debentures

Concurrently with the issuance of the 4.50% debentures due 2015, the Company entered into privately-negotiated convertible debenture hedge transactions (collectively, the "4.50% Bond Hedge") and warrant transactions (collectively, the "4.50% Warrants" and together with the 4.50% Bond Hedge, the “CSO2015”), with certain of the initial purchasers of the 4.50% debentures due 2015 or their affiliates. The CSO2015 transactions represented a call spread overlay with respect to the 4.50% debentures due 2015, whereby the cost of the 4.50% Bond Hedge purchased by the Company to cover the cash outlay upon conversion of the debentures is reduced by the sales prices of the 4.50% Warrants. The transactions effectively reduced the Company's potential payout over the principal amount on the 4.50% debentures due 2015 upon conversion of the 4.50% debentures due 2015.

Under the terms of the 4.50% Bond Hedge, the Company bought options to acquire, at an exercise price of $22.53 per share, subject to customary adjustments for anti-dilution and other events, cash in an amount equal to the market value of up to 11.1 million shares of the Company's common stock.

Each 4.50% Bond Hedge was a separate transaction, entered into by the Company with each counterparty, and was not part of the terms of the 4.50% debentures due 2015. The 4.50% Bond Hedge, which was indexed to the Company's common stock, was a derivative instrument that required mark-to-market accounting treatment due to the cash settlement features until the 4.50% Bond Hedge settled in March 2015. During March 2015, the Company exercised its rights under the 4.50% Bond Hedge, resulting in a payment to the Company of $74.6 million.

During the three and nine months ended September 27, 2015, the Company recognized a non-cash gain of zero and $52.0 million, respectively, recorded in "Other, net" in the Company's Consolidated Statements of Operations to recognize the change in fair value before settlement of the 4.50% Bond Hedge. During the three and nine months ended September 28, 2014, the Company recognized a non-cash loss of $56.7 million and non-cash gain of $44.6 million, respectively, recorded in "Other, net" in the Company's Consolidated Statements of Operations related to the change in fair value of the 4.50% Bond Hedge.

In connection with the 4.50% Warrants, the Company entered into warrant confirmations (collectively, and as amended from time to time, the “2015 Warrant Confirms”) with Deutsche Bank AG, London Branch, Bank of America, N.A., Barclays Bank PLC and Credit Suisse International providing for the acquisition, subject to anti-dilution adjustments, of up to approximately 11.1 million shares of the Company's common stock via net share settlement. Each 4.50% Warrant transaction was a separate transaction, entered into by the Company with each counterparty, and was not part of the terms of the 4.50% debentures due 2015.

During the second quarter of fiscal 2015, the Company entered into separate partial unwind agreements with each of Deutsche Bank AG, London Branch; Bank of America, N.A.; Barclays Bank PLC; and Credit Suisse International in order to reduce the number of warrants issued pursuant to the 2015 Warrant Confirms. Pursuant to the terms of these partial unwind agreements, the Company issued an aggregate of approximately 3.0 million shares of common stock to settle all of the warrants under the 2015 Warrant Confirms. Accordingly, as of June 28, 2015, no 4.50% Warrants remained outstanding.

4.75% Debentures Due 2014

In May 2009, the Company issued $230.0 million in principal amount of its 4.75% senior convertible debentures ("4.75% debentures due 2014"). Interest on the 4.75% debentures due 2014 was payable semi-annually, beginning October 15, 2009. Holders of the 4.75% debentures due 2014 were able to exercise their right to convert the debentures at any time into shares of the Company's common stock at a conversion price equal to $26.40 per share, subject to adjustment upon certain events. In April 2014, the 4.75% debentures due 2014 matured. During April 2014, the Company issued approximately 7.1 million shares of common stock to holders that exercised conversion rights before maturity and paid holders an aggregate of $41.7 million in cash in connection with the settlement of the remaining 4.75% debentures. Accordingly, after the maturity date, no 4.75% debentures remained outstanding.

Call Spread Overlay with Respect to the 4.75% Debentures

Concurrently with the issuance of the 4.75% debentures due 2014, the Company entered into certain convertible debenture hedge transactions (the "4.75% Bond Hedge") and warrant transactions (the "4.75% Warrants") with affiliates of certain of the underwriters of the 4.75% debentures due 2014 (together, the "CSO2014"), whereby the cost of the 4.75% Bond Hedges purchased by the Company to cover the potential share outlays upon conversion of the debentures was reduced by the sales prices of the 4.75% Warrants. The components of the CSO2014 were not subject to mark-to-market accounting treatment since they could only be settled by issuance of the Company's common stock.

The 4.75% Bond Hedge allowed the Company to purchase up to 8.7 million shares of the Company's common stock, on a net share basis. Each 4.75% Bond Hedge and 4.75% Warrant was a separate transaction, entered into by the Company with each counterparty, and was not part of the terms of the 4.75% debentures due 2014. The exercise prices of the 4.75% Bond Hedge were $26.40 per share of the Company's common stock, subject to customary adjustment for anti-dilution and other events. In February 2014, the parties agreed to unwind the 4.75% Bond Hedge in full for a total cash settlement of $68.8 million, calculated by reference to the weighted price of the Company's common stock on the settlement day, received by the Company.

Under the 4.75% Warrants, the Company sold warrants to acquire up to 8.7 million shares of the Company's common stock at an exercise price of $26.40 per share of the Company's common stock, subject to adjustment for certain anti-dilution and other events. In February 2014, the parties agreed to unwind the 4.75% Warrants in full for a total cash settlement of $81.1 million, calculated by reference to the weighted price of the Company's common stock on the settlement date, paid by the Company.

Other Debt and Credit Sources

Mortgage Loan Agreement with IFC

In May 2010, the Company entered into a mortgage loan agreement with IFC. Under the loan agreement, the Company borrowed $75.0 million and is required to repay the amount borrowed starting two years after the date of borrowing, in 10 equal semi-annual installments. The Company is required to pay interest of LIBOR plus 3% per annum on outstanding borrowings; a front-end fee of 1% on the principal amount of borrowings at the time of borrowing; and a commitment fee of 0.5% per annum on funds available for borrowing and not borrowed. The Company may prepay all or a part of the outstanding principal, subject to a 1% prepayment premium. The Company has pledged certain assets as collateral supporting its repayment obligations (see Note 6). As of both September 27, 2015 and December 28, 2014, the Company had restricted cash and cash equivalents of $9.2 million related to the IFC debt service reserve, which is the amount, as determined by IFC, equal to the aggregate principal and interest due on the next succeeding interest payment date.

Loan Agreement with California Enterprise Development Authority ("CEDA")

In 2010, the Company borrowed the proceeds of the $30.0 million aggregate principal amount of CEDA's tax-exempt Recovery Zone Facility Revenue Bonds (SunPower Corporation - Headquarters Project) Series 2010 (the "Bonds") maturing April 1, 2031 under a loan agreement with CEDA. The Bonds mature on April 1, 2031, bear interest at a fixed rate of 8.50% through maturity, and include customary covenants and other restrictions on the Company.

Revolving Credit Facility with Credit Agricole

In July 2013, the Company entered into a revolving credit facility (the "revolving credit facility") with Credit Agricole, as administrative agent, and certain financial institutions, under which the Company may borrow up to $250.0 million. On August 26, 2014, the Company entered into an amendment to the revolving credit facility that, among other things, extends the maturity date of the facility from July 3, 2016 to August 26, 2019 (the "Maturity Date"). Amounts borrowed may be repaid and reborrowed until the Maturity Date. The Company may request increases to the available capacity of the revolving credit facility to an aggregate of $300.0 million, subject to the satisfaction of certain conditions. The revolving credit facility includes representations, covenants, and events of default customary for financing transactions of this type.

The revolving credit facility was entered into in conjunction with the delivery by Total S.A. of a guarantee of the Company's obligations under the related facility. On January 31, 2014, as contemplated by the facility, (i) the Company's obligations under the facility became secured by a pledge of certain accounts receivable and inventory; (ii) certain of the Company's subsidiaries entered into guarantees of the facility; and (iii) Total S.A.'s guarantee of the Company's obligations under the facility expired.

After January 31, 2014, the Company is required to pay interest on outstanding borrowings and fees of (a) with respect to any LIBOR rate loan, an amount ranging from 1.50% to 2.00% (depending on the Company's leverage ratio from time to time) plus the LIBOR rate divided by a percentage equal to one minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency liabilities" as specified in Regulation D; (b) with respect to any alternate base rate loan, an amount ranging from 0.50% to 1.00% (depending on the Company's leverage ratio from time to time) plus the greater of (1) the prime rate, (2) the Federal Funds rate plus 0.50%, and (3) the one-month LIBOR rate plus 1%; and (c) a commitment fee ranging from 0.25% to 0.35% (depending on the Company's leverage ratio from time to time) per annum on funds available for borrowing and not borrowed.

As of both September 27, 2015 and December 28, 2014, the Company had no outstanding borrowings under the revolving credit facility.

Project Financing

In order to facilitate the construction and sale of certain solar projects, the Company obtains non-recourse project loans from third-party financial institutions that are contemplated as part of the structure of the sales transaction. The customer, which is not a related party to either the financial institution or the Company, in certain circumstances is permitted to assume the loans at the time that the project entity is sold to the customer. During fiscal 2013, the Company entered into a project loan with a consortium of lenders to facilitate the development of a 10 MW utility and power plant project under construction in Israel. During the first quarter of fiscal 2014, the Company sold the Israeli project. The related loan, amounting to ILS 141.8 million (approximately $40.7 million based on the exchange rate at the time of sale), and accrued and unpaid interest was assumed by the customer. In instances where the debt is issued as a form of pre-established customer financing, subsequent debt assumption is reflected as a financing outflow and operating inflow for purposes of the statement of cash flows to reflect the substance of the assumption as a facilitation of customer financing from a third-party.

On October 17, 2014, the Company, through a wholly-owned subsidiary (the "Quinto Project Company"), entered into an approximately $377.0 million credit facility with Santander Bank, N.A., Mizuho Bank, Ltd. and Credit Agricole (the "Quinto Credit Facility") in connection with the planned construction of the approximately 135 MW Quinto Solar Energy Project, located in Merced County, California (the "Quinto Project").

On June 24, 2015, in connection with the closing of 8point3 Energy Partners' IPO and the concurrent transfer of the Quinto Project to an affiliate of 8point3 Energy Partners, the Quinto Project Company repaid the full amount outstanding under the Quinto Credit Facility and terminated the agreement early. Immediately before termination, there were outstanding borrowings of $224.3 million under the Quinto Credit Facility. The Quinto Project Company did not incur any material penalties for early repayment of the Quinto Credit Facility.

Other Debt

During fiscal 2015, the Company entered into a long-term non-recourse credit facility to finance a 52 MW utility and power plant in Colorado. The outstanding borrowings under this facility amounted to $49.3 million as of September 27, 2015.

During fiscal 2014 and 2015, the Company entered into three long-term non-recourse loans to finance solar power systems and leases under its residential lease program. In fiscal 2015, the Company drew down $80.4 million of proceeds, net of issuance costs, under the loan agreements. The loans have 17-year terms and as of September 27, 2015, the short-term and long-term balances of the loans were $3.6 million and $156.8 million, respectively.

During fiscal 2013, the Company entered into a long-term non-recourse loan agreement to finance a 5.4 MW utility and power plant operating in Arizona. The outstanding balance of the loan as of September 27, 2015 and December 28, 2014 was $8.3 million and $8.6 million, respectively.

Other debt is further composed of non-recourse project loans in EMEA, which are scheduled to mature through 2028.

August 2011 Letter of Credit Facility with Deutsche Bank

In August 2011, the Company entered into a letter of credit facility agreement with Deutsche Bank, as administrative agent, and certain financial institutions. Payment of obligations under the letter of credit facility is guaranteed by Total S.A. pursuant to the Credit Support Agreement (see Note 2). The letter of credit facility provides for the issuance, upon request by the Company, of letters of credit by the issuing banks thereunder in order to support certain obligations of the Company, in an aggregate amount not to exceed $878.0 million for the period from January 1, 2014 through December 31, 2014. Aggregate letter of credit amounts may be increased upon the agreement of the parties but, otherwise, may not exceed (i) $936.0 million for the period from January 1, 2015 through December 31, 2015, and (ii) $1.0 billion for the period from January 1, 2016 through June 28, 2016.

As of September 27, 2015 and December 28, 2014, letters of credit issued and outstanding under the August 2011 letter of credit facility with Deutsche Bank totaled $461.8 million and $654.7 million, respectively.

September 2011 Letter of Credit Facility with Deutsche Bank Trust

In September 2011, the Company entered into a letter of credit facility with Deutsche Bank Trust which provides for the issuance, upon request by the Company, of letters of credit to support obligations of the Company in an aggregate amount not to exceed $200.0 million. Each letter of credit issued under the facility is fully cash-collateralized and the Company has entered into a security agreement with Deutsche Bank Trust, granting them a security interest in a cash collateral account established for this purpose.

As of September 27, 2015 and December 28, 2014, letters of credit issued and outstanding under the Deutsche Bank Trust facility amounted to $13.4 million and $1.6 million, respectively, which were fully collateralized with restricted cash on the Consolidated Balance Sheets.

Note 13. ***DERIVATIVE FINANCIAL INSTRUMENTS***

The following tables present information about the Company's hedge instruments measured at fair value on a recurring basis as of September 27, 2015 and December 28, 2014, all of which utilize Level 2 inputs under the fair value hierarchy:

(In thousands)	Balance Sheet Classification	September 27, 2015	December 28, 2014
Assets			
Derivatives designated as hedging instruments:			
Foreign currency option contracts	Prepaid expenses and other current assets	$ —	$ 2,240
Foreign currency forward exchange contracts	Prepaid expenses and other current assets	3,516	4
		$ 3,516	$ 2,244
Derivatives not designated as hedging instruments:			
Foreign currency forward exchange contracts	Prepaid expenses and other current assets	3,030	4,774
Interest rate contracts	Other long-term assets	$ —	$ —
		$ 3,030	$ 4,774
Liabilities			
Derivatives designated as hedging instruments:			
Foreign currency forward exchange contracts	Accrued liabilities	—	—
Interest rate contracts	Other long-term liabilities	650	3,712
		$ 650	$ 3,712
Derivatives not designated as hedging instruments:			
Foreign currency forward exchange contracts	Accrued liabilities	1,698	1,345
Interest rate contracts	Other long-term liabilities	530	—
		$ 2,228	$ 1,345

	September 27, 2015					
				Gross Amounts Not Offset in the Consolidated Balance Sheets, but Have Rights to Offset		
(In thousands)	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Cash Collateral	Net Amounts
Derivative assets	$ 6,546	$ —	$ 6,546	$ 1,698	$ —	$ 4,848
Derivative liabilities	$ 2,878	$ —	$ 2,878	$ 1,698	$ —	$ 1,180

	December 28, 2014					
				Gross Amounts Not Offset in the Consolidated Balance Sheets, but Have Rights to Offset		
(In thousands)	Gross Amounts Recognized	Gross Amounts Offset	Net Amounts Presented	Financial Instruments	Cash Collateral	Net Amounts
Derivative assets	$ 7,018	$ —	$ 7,018	$ 1,345	$ —	$ 5,673
Derivative liabilities	$ 5,057	$ —	$ 5,057	$ 1,345	$ —	$ 3,712

The following table summarizes the pre-tax amount of unrealized gain or loss recognized in "Accumulated other comprehensive income" ("OCI") in "Stockholders' equity" in the Consolidated Balance Sheets:

	Three Months Ended		Nine Months Ended	
(In thousands)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Derivatives designated as cash flow hedges:				
Loss in OCI at the beginning of the period	$ (635)	$ (448)	$ (1,443)	$ (805)
Unrealized gain recognized in OCI	4,704	2,351	9,339	2,213
Less: Loss (gain) reclassified from OCI to earnings	95	(203)	(3,732)	292
Net gain on derivatives	$ 4,799	$ 2,148	$ 5,607	$ 2,505
Gain in OCI at the end of the period	$ 4,164	$ 1,700	$ 4,164	$ 1,700

The following table summarizes the amount of gain or loss recognized in "Other, net" in the Consolidated Statements of Operations in the three and nine months ended September 27, 2015, and September 28, 2014:

	Three Months Ended		Nine Months Ended	
(In thousands)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Derivatives designated as cash flow hedges:				
Gain (loss) recognized in "Other, net" on derivatives (ineffective portion and amount excluded from effectiveness testing)	$ (666)	$ (42)	$ (1,289)	$ 769
Derivatives not designated as hedging instruments:				
Gain recognized in "Other, net"	$ (39)	$ 3,254	$ 1,112	$ 3,460

Foreign Currency Exchange Risk

Designated Derivatives Hedging Cash Flow Exposure

The Company's cash flow exposure primarily relates to anticipated third-party foreign currency revenues and expenses and interest rate fluctuations. To protect financial performance, the Company enters into foreign currency forward and option contracts designated as cash flow hedges to hedge certain forecasted revenue transactions denominated in currencies other than their functional currencies.

As of September 27, 2015, the Company had designated outstanding cash flow hedge option contracts and forward contracts with an aggregate notional value of zero and $61.0 million, respectively. As of December 28, 2014, the Company had designated outstanding cash flow hedge option contracts and forward contracts with an aggregate notional value of $26.6 million and $12.2 million, respectively. The Company designates either gross external or intercompany revenue up to its net economic exposure. These derivatives have a maturity of 12 months or less and consist of foreign currency option and forward contracts. The effective portion of these cash flow hedges is reclassified into revenue when third-party revenue is recognized in the Consolidated Statements of Operations.

Non-Designated Derivatives Hedging Transaction Exposure

Derivatives not designated as hedging instruments consist of forward and option contracts used to hedge re-measurement of foreign currency denominated monetary assets and liabilities primarily for intercompany transactions, receivables from customers, and payables to third parties. Changes in exchange rates between the Company's subsidiaries' functional currencies and the currencies in which these assets and liabilities are denominated can create fluctuations in the Company's reported consolidated financial position, results of operations and cash flows. As of September 27, 2015, the Company held option contracts and forward contracts with an aggregate notional value of zero and $6.2 million, respectively, to hedge balance sheet exposure. The maturity dates of these contracts range from June 2015 to September 2015. The Company held option contracts and forward contracts with an aggregate notional value of zero and $122.5 million, respectively, as of December 28, 2014, to hedge balance sheet exposure.

Interest Rate Risk

The Company also enters into interest rate swap agreements to reduce the impact of changes in interest rates on its project specific non-recourse floating rate debt. As of September 27, 2015 and December 28, 2014, the Company had interest rate swap agreements designated as cash flow hedges with an aggregate notional value of $8.3 million and $247.0 million, respectively. These swap agreements allow the Company to effectively convert floating rate payments into fixed rate payments periodically over the life of the agreements. These derivatives have a maturity of more than 12 months. The effective portion of these cash flow hedges is reclassified into interest expense when the hedged transactions are recognized in the Consolidated Statements of Operations. The Company analyzes its interest rate swaps quarterly to determine if the hedge transaction remains effective or ineffective. The Company may discontinue hedge accounting for interest rate swaps prospectively if certain criteria are no longer met, the interest rate swap is terminated or exercised, or if the Company elects to remove the cash flow hedge designation. If hedge accounting is discontinued, and the forecasted hedged transaction is considered possible to occur, the previously recognized gain or loss on the interest rate swaps will remain in accumulated other comprehensive loss and will be reclassified into earnings during the same period the forecasted hedged transaction affects earnings or is otherwise deemed improbable to occur.

Credit Risk

The Company's option and forward contracts do not contain any credit-risk-related contingent features. The Company is exposed to credit losses in the event of nonperformance by the counterparties to these option and forward contracts. The Company enters into derivative contracts with high-quality financial institutions and limits the amount of credit exposure to any single counterparty. In addition, the Company continuously evaluates the credit standing of its counterparties.

Note 14. *INCOME TAXES*

In the three and nine months ended September 27, 2015, the Company's income tax provision of $36.2 million and $37.9 million, respectively, on a loss before income taxes and equity in earnings of unconsolidated investees of $56.1 million and $111.0 million, respectively, was primarily due to projected tax expense resulting from forecasted taxable income for fiscal 2015, primarily driven by transactions with the 8point3 Group, the geographic mix of jurisdictions with profit before tax, book to tax differences, and accruals of unrecognized tax benefits in the current period, partially offset by utilization of net operating loss and credit carryforwards. In the three and nine months ended September 28, 2014, the Company's income tax benefit of $8.3 million and $2.9 million, respectively, on an income before income taxes and equity in earnings of unconsolidated investees of $7.3 million and $53.2 million, respectively, was primarily due to an increase in forecasted profit before tax for the fiscal period, provision to return adjustments, and acquired deferred tax liabilities used to reduce the valuation allowance, partially offset by state taxes and the recognition of previously unrecognized tax benefits.

Note 15. *NET INCOME (LOSS) PER SHARE*

The Company calculates net income (loss) per share by dividing earnings allocated to common stockholders by the weighted average number of common shares outstanding for the period.

Diluted weighted average shares is computed using basic weighted average shares plus any potentially dilutive securities outstanding during the period using the treasury-stock-type method and the if-converted method, except when their effect is anti-dilutive. Potentially dilutive securities include stock options, restricted stock units, the Upfront Warrants held by Total, warrants associated with the CSO2015 and CSO2014, and the outstanding senior convertible debentures.

The following table presents the calculation of basic and diluted net income (loss) per share:

	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Basic net income (loss) per share:				
Numerator				
Net income (loss) attributable to stockholders	$ (56,326)	$ 32,033	$ (59,398)	$ 111,179
Denominator				
Basic weighted-average common shares	136,473	131,204	134,294	127,716
Basic net income (loss) per share	$ (0.41)	$ 0.24	$ (0.44)	$ 0.87
Diluted net income (loss) per share:				
Numerator				
Net income (loss) attributable to stockholders	(56,326)	32,033	(59,398)	111,179
Add: Interest expense incurred on the 0.75% debentures due 2018, net of tax	—	551	—	1,552
Add: Interest expense incurred on the 0.875% debentures due 2021, net of tax	—	858	—	1,039
Net income (loss) available to common stockholders	(56,326)	33,442	(59,398)	113,770
Denominator				
Basic weighted-average common shares	136,473	131,204	134,294	127,716
Effect of dilutive securities:				
Stock options	—	79	—	93
Restricted stock units	—	4,110	—	4,803
Upfront Warrants (held by Total)	—	7,525	—	7,344
Warrants (under the CSO2015)	—	3,970	—	3,326
Warrants (under the CSO2014)	—	—	—	349
0.75% debentures due 2018	—	12,026	—	12,026
0.875% debentures due 2021	—	8,203	—	3,305
Dilutive weighted-average common shares	136,473	167,117	134,294	158,962
Diluted net income (loss) per share	$ (0.41)	$ 0.20	$ (0.44)	$ 0.72

The Upfront Warrants allow Total to acquire up to 9,531,677 shares of the Company's common stock at an exercise price of $7.8685. The warrants under the CSO2015 and CSO2014, when such warrants were still outstanding, entitled holders to acquire up to 11.1 million and 8.7 million shares, respectively, of the Company's common stock at an exercise price of $24.00 and $26.40, respectively. In February 2014, the CSO2014 was settled, leaving none of the related Warrants outstanding (see Note 12); and during the second quarter of fiscal 2015, the Company entered into unwind agreements pursuant to which the Company issued common stock to settle all of the outstanding warrants relating to the CSO2015 (see Note 12).

Holders of the Company's 0.875% debentures due 2021 and 0.75% debentures due 2018 may, and holders of the 4.75% debentures due 2014 before their maturity could, convert the debentures into shares of the Company's common stock, at the applicable conversion rate, at any time on or before maturity. These debentures are included in the calculation of diluted net income per share if they were outstanding during the period presented and if their inclusion is dilutive under the if-converted method. In April 2014, the 4.75% debentures due 2014 matured and were fully settled in both cash and shares of the Company's common stock (see Note 12).

Holders of the Company's 4.50% debentures due 2015 could, under certain circumstances at their option and before maturity, convert the debentures into cash, and not into shares of the Company's common stock (or any other securities).

Therefore, the 4.50% debentures due 2015 are excluded from the net income per share calculation. In March 2015, the 4.50% debentures due 2015 matured and were settled in cash (see Note 12).

The following is a summary of outstanding anti-dilutive potential common stock that was excluded from income (loss) per diluted share in the following periods:

	Three Months Ended		Nine Months Ended	
(In thousands)	**September 27, 2015** [1]	**September 28, 2014**	**September 27, 2015** [1]	**September 28, 2014**
Stock options	168	118	168	139
Restricted stock units	3,718	368	3,718	375
Upfront Warrants (held by Total)	6,531	—	6,880	—
Warrants (under the CSO2015)	n/a	—	1,218	—
0.75% debentures due 2018	12,026	—	12,026	—
0.875% debentures due 2021	8,203	—	8,203	—
4.75% debentures due 2014	n/a	n/a	n/a	3,347

[1] As a result of the net loss per share for the three and nine months ended September 27, 2015, the inclusion of all potentially dilutive stock options, restricted stock units, and common shares under noted warrants and convertible debt would be anti-dilutive. Therefore, those stock options, restricted stock units and shares were excluded from the computation of the weighted-average shares for diluted net loss per share for such period.

Note 16. ***STOCK-BASED COMPENSATION***

The following table summarizes the consolidated stock-based compensation expense by line item in the Consolidated Statements of Operations:

	Three Months Ended		Nine Months Ended	
(In thousands)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Cost of Residential revenue	$ 1,541	$ 1,007	$ 3,675	$ 2,891
Cost of Commercial revenue	917	440	1,836	1,471
Cost of Power Plant revenue	1,752	2,525	4,525	6,516
Research and development	2,172	2,022	6,825	5,731
Sales, general and administrative	8,516	7,731	25,623	25,331
Total stock-based compensation expense	$ 14,898	$ 13,725	$ 42,484	$ 41,940

The following table summarizes the consolidated stock-based compensation expense by type of awards:

	Three Months Ended		Nine Months Ended	
(In thousands)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Restricted stock units	14,517	13,376	43,906	41,724
Change in stock-based compensation capitalized in inventory	381	349	(1,422)	216
Total stock-based compensation expense	$ 14,898	$ 13,725	$ 42,484	$ 41,940

Note 17. ***SEGMENT AND GEOGRAPHICAL INFORMATION***

In the first quarter of fiscal 2015, in connection with a realignment of its internal organizational structure, the Company changed its segment reporting from its Americas, EMEA and APAC Segments to three end-customer segments: (i) Residential Segment, (ii) Commercial Segment and (iii) Power Plant Segment (see Note 1). The Residential and Commercial Segments combined are referred to as Distributed Generation. Reclassifications of prior period segment information have been made to conform to the current period presentation. This change does not affect the Company's previously reported Consolidated Financial Statements.

The following tables present information by end-customer segment including revenue, gross margin, and depreciation and amortization, as well as revenue by geography, based on the destination of the shipments:

	Three Months Ended		Nine Months Ended	
(In thousands)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Revenue				
Distributed Generation				
Residential	163,563	153,947	471,092	474,799
Commercial	84,983	94,830	197,030	256,421
Power Plant	131,672	413,957	533,987	1,131,807
Total revenue	380,218	662,734	1,202,109	1,863,027
Cost of revenue				
Distributed Generation				
Residential	126,411	126,552	366,162	384,241
Commercial	72,337	81,231	178,059	220,483

	Three Months Ended		Nine Months Ended	
Power Plant	118,826	346,437	433,545	892,655
Total cost of revenue	317,574	554,220	977,766	1,497,379
Gross margin				
Distributed Generation				
Residential	37,152	27,395	104,930	90,558
Commercial	12,646	13,599	18,971	35,938
Power Plant	12,846	67,520	100,442	239,152
Total gross margin	$ 62,644	$ 108,514	$ 224,343	$ 365,648

	Three Months Ended		Nine Months Ended	
Depreciation and amortization by segment (in thousands):	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Distributed Generation				
Residential	$ 13,276	$ 6,408	$ 33,952	$ 19,571
Commercial	$ 11,951	$ 2,774	$ 21,645	$ 9,566
Power Plant	$ 12,137	$ 16,545	$ 41,772	$ 45,987

The following tables present information by significant customers and categories:

		Three Months Ended		Nine Months Ended	
(As a percentage of total revenue)		**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Significant Customers:	**Business Segment**				
MidAmerican Energy Holdings Company	Power Plant	*	36%	18%	37%

*denotes less than 10% during the period

	Three Months Ended		Nine Months Ended	
(As a percentage of total revenue)	**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Revenue by geography:				
United States	74%	62%	69%	63%
Japan	11%	13%	14%	15%
Rest of World	15%	25%	17%	22%
	100%	100%	100%	100%

A reconciliation of the Company's segment revenue and gross margin to its consolidated financial statements for the three months ended September 27, 2015, and September 28, 2014 is as follows:

	Three Months Ended September 28, 2015								
	Revenue			Gross margin					
Revenue and Gross margin by segment (in thousands, except percentages):	Residential	Commercial	Power Plant	Residential		Commercial		Power Plant	
As reviewed by CODM	$ 162,252	$ 145,913	$ 133,239	$ 36,081	22.2%	$ 31,262	21.4%	$ 10,879	8.2%
8point3 Energy Partners	1,311	(60,930)	—	508		(18,804)		—	
Utility and power plant projects	—	—	(1,567)	—		—		516	
FPSC arbitration ruling	—	—	—	2,456		1,299		3,745	
Stock-based compensation	—	—	—	(1,541)		(917)		(1,752)	
Other	—	—	—	(352)		(194)		(542)	
GAAP	$ 163,563	$ 84,983	$ 131,672	$ 37,152	22.7%	$ 12,646	14.9%	$ 12,846	9.8%

	Three Months Ended September 28, 2014								
	Revenue			Gross margin					
Revenue and Gross margin by segment (in thousands, except percentages):	Residential	Commercial	Power Plant	Residential		Commercial		Power Plant	
As reviewed by CODM	$ 153,947	$ 94,830	$ 455,432	$ 28,576	18.6%	$ 14,114	14.9%	$ 74,994	16.5%
Utility and power plant projects	—	—	(41,475)	—		—		721	
Stock-based compensation	—	—	—	(1,007)		(440)		(2,525)	
Other	—	—	—	(174)		(75)		(5,670)	
GAAP	$ 153,947	$ 94,830	$ 413,957	$ 27,395	17.8%	$ 13,599	14.3%	$ 67,520	16.3%

A reconciliation of the Company's segment revenue and gross margin to its consolidated financial statements for the nine months ended September 27, 2015, and September 28, 2014 is as follows:

	Nine Months Ended September 27, 2015								
	Revenue			Gross margin					
Revenue and Gross margin by segment (in thousands, except percentages):	Residential	Commercial	Power Plant	Residential		Commercial		Power Plant	
As reviewed by CODM	$ 469,781	$ 257,960	$ 520,971	$ 106,769	22.7%	$ 38,303	14.8%	$ 87,454	16.8%
8point3 Energy Partners	1,311	(60,930)	—	508		(18,804)		—	
Utility and power plant projects	—	—	13,016	—		—		16,095	
FPSC arbitration ruling	—	—	—	4,425		2,593		7,582	
Stock-based compensation	—	—	—	(3,675)		(1,836)		(4,524)	
Other	—	—	—	(3,097)		(1,285)		(6,165)	
GAAP	$ 471,092	$ 197,030	$ 533,987	$ 104,930	22.3%	$ 18,971	9.6%	$ 100,442	18.8%

	Nine Months Ended September 28, 2014								
	Revenue			Gross margin					
Revenue and Gross margin by segment (in thousands, except percentages):	Residential	Commercial	Power Plant	Residential		Commercial		Power Plant	
As reviewed by CODM	$ 474,799	$ 256,421	$ 1,277,768	$ 93,996	19.8%	$ 37,676	14.7%	$ 257,481	20.2%
Utility and power plant projects	—	—	(145,961)	—		—		(5,285)	
Stock-based compensation	—	—	—	(2,891)		(1,471)		(6,516)	
Other	—	—	—	(547)		(267)		(6,528)	
GAAP	$ 474,799	$ 256,421	$ 1,131,807	$ 90,558	19.1%	$ 35,938	14.0%	$ 239,152	21.1%

ITEM 2: *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

Cautionary Statement Regarding Forward-Looking Statements

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 28, 2014 filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not represent historical facts and the assumptions underlying such statements. We use words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "potential," "will," "would," "should," and similar expressions to identify forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q include, but are not limited to, our plans and expectations regarding future financial results, expected operating results, business strategies, projected costs and cost reduction, development of new products and improvements to our existing products, our manufacturing capacity and manufacturing costs, the adequacy of our agreements with our suppliers, our ability to monetize utility projects, competitive positions, management's plans and objectives for future operations, our YieldCo strategy and the future performance of 8point3 Energy Partners LP, the sufficiency of our cash and our liquidity, our ability to obtain financing, our ability to comply with debt covenants or cure any defaults, trends in average selling prices, the success of our joint ventures and acquisitions, expected capital expenditures, warranty matters, outcomes of litigation, our exposure to foreign exchange, interest and credit risk, general business and economic conditions in our markets, industry trends, the impact of changes in government incentives, expected restructuring charges, and the likelihood of any impairment of project assets and long-lived assets. These forward-looking statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q and current expectations, forecasts and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond our control. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, those discussed in the section titled "Risk Factors" included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 28, 2014, and our other filings with the Securities and Exchange Commission ("SEC"). These forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we are under no obligation to, and expressly disclaim any responsibility to, update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

Our fiscal year ends on the Sunday closest to the end of the applicable calendar year. All references to fiscal periods apply to our fiscal quarter or year, which end on the Sunday closest to the calendar month end.

Overview

We are a vertically integrated solar products and solutions company that designs, manufactures and delivers high-performance solar systems worldwide, serving as a one-stop shop for residential, commercial and utility-scale power plant customers. Of all the solar cells commercially introduced to the mass market, we believe our solar cells have the highest conversion efficiency, a measurement of the amount of sunlight converted by the solar cell into electricity.

Our products and services include Solar Power Components, Solar Power Systems, and Solutions and Services. Solar Power Components consist of solar panels, inverters, and balance of system components including mounting structures, charge controllers, grid interconnection equipment, and other devices. Solar Power Systems include our residential systems, commercial roof and ground mounted systems, and utility and power plant systems including utility-scale solar power system construction and development. Our Solutions and Services include O&M services, a residential leasing program, and "Smart Energy" solutions. We see Smart Energy as a way to harness our world's energy potential by connecting the most powerful and reliable solar systems on the market with an increasingly vast array of actionable data that can help our customers make smarter decisions about their energy use. Our Smart Energy initiative is designed to add layers of intelligent control to homes, buildings and grids—all personalized through easy-to-use customer interfaces. For more information about our business, please refer to the section titled "Part I. Item 1. *Business*" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014.

8point3 Energy Partners LP

In June 2015, 8point3 Energy Partners LP ("8point3 Energy Partners"), a joint YieldCo vehicle formed by us and First Solar, Inc. ("First Solar" and, together with us, the "Sponsors") to own, operate and acquire solar energy generation assets, completed an initial public offering ("IPO") of Class A shares representing limited partner interests in 8point3 Energy Partners. The IPO was consummated on June 24, 2015 (the "IPO Closing Date") whereupon the Class A shares were listed on the NASDAQ Global Select Market under the trading symbol "CAFD."

Immediately after the IPO, we contributed a portfolio of 170 MW of our solar generation assets (the "SPWR Projects") to 8point3 Operating Company, LLC ("OpCo"), 8point3 Energy Partners' primary operating subsidiary. In exchange for the SPWR Projects, we received cash proceeds of $371 million as well as equity interests in several 8point3 Energy Partners affiliated entities: primarily common and subordinated units representing a 40.7% stake in OpCo and a 50% economic and management stake in 8point3 Holding Company, LLC ("Holdings"), the parent company of the general partner of 8point3 Energy Partners and the owner of incentive distribution rights ("IDRs") in OpCo. Holdings, OpCo, 8point3 Energy Partners and their respective subsidiaries are referred to herein as the "8point3 Group." Additionally, pursuant to a Right of First Offer Agreement between us and OpCo, the 8point3 Group has rights of first offer on interests in an additional 513 MW of our solar energy projects that are currently contracted or are expected to be contracted before being sold by us (the "ROFO Projects"). In connection with the IPO, we also entered into operations and maintenance, asset management and management services agreements with the 8point3 Group. The services we provide under these agreements are priced consistently with market rates for such services and the agreements are terminable by the 8point3 Group for convenience.

We account for our investments in the 8point3 Group using the equity method, whereby the book value of our investments is recorded as a non-current asset and our portion of the 8point3 Group's earnings is recorded in the Consolidated Statements of Operations under the caption "Equity in earnings (loss) of unconsolidated investees."

For more information about our accounting of the IPO and related transactions, please refer to the sections titled "Note 3. 8point3 Energy Partners LP" and "Note 11. Equity Method Investments" in the Notes to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Segments Overview

In the first quarter of fiscal 2015, in connection with a realignment of our internal organizational structure, we changed our segment reporting from our Americas, EMEA and APAC Segments to three end-customer segments: (i) Residential Segment, (ii) Commercial Segment and (iii) Power Plant Segment. The Residential and Commercial Segments combined are referred to as Distributed Generation. Historically, the Americas Segment included both North and South America, the EMEA Segment included European countries as well as the Middle East and Africa, and the APAC Segment included all Asia-Pacific countries.

Under the new segmentation, our Residential Segment refers to sales of solar energy solutions to residential end customers through a variety of means, including cash sales and long-term leases directly to end customers, sales to resellers, including our third-party global dealer network, and sales of our O&M services. Our Commercial Segment refers to sales of solar energy solutions to commercial and public entity end customers through a variety of means, including direct sales of turn-key EPC services, sales to our third-party global dealer network, sales of energy under PPAs, and sales of our O&M services. Our Power Plant Segment refers to our large-scale solar products and systems business, which includes power plant project development and project sales, EPC services for power plant construction, power plant O&M services and component sales for power plants developed by third-parties, sometimes on a multi-year, firm commitment basis.

Our President and Chief Executive Officer, as the CODM, reviews our business and manages resource allocations and measures performance of our activities among these three end-customer segments.

Unit of Power

When referring to our solar power systems, our facilities' manufacturing capacity, and total sales, the unit of electricity in watts for kilowatts ("KW"), megawatts ("MW"), and gigawatts ("GW") is direct current ("dc").

Levelized Cost of Energy ("LCOE")

LCOE is an evaluation of the life-cycle energy cost and life-cycle energy production of an energy producing system. It allows alternative technologies to be compared when different scales of operation, investment or operating time periods exist. LCOE captures capital costs and ongoing system-related costs, along with the amount of electricity produced, and converts them into a common metric. Key drivers for LCOE reduction for photovoltaic products include panel efficiency, capacity factors, reliable system performance, and the life of the system.

Customer Cost of Energy™ ("CCOE™")

Our customers are focused on reducing their overall cost of energy by intelligently integrating solar and other distributed generation, energy efficiency, energy management, and energy storage systems with their existing utility-provided energy. CCOE™ is an evaluation of a customer's overall cost of energy, taking into account the cost impact of each individual generation source (including the utility), energy storage systems, and energy management systems. CCOE includes capital costs and ongoing operating costs, along with the amount of electricity produced, stored, saved, or re-sold, and converts all of these variables into a common metric. The CCOE metric allows a customer to compare different portfolios of generation sources, energy storage, and energy management in order to tailor energy supply and usage to the customer's unique lifestyle and financial goals.

Seasonal Trends

Our business is subject to industry-specific seasonal fluctuations including changes in weather patterns and economic incentives, among others. Sales have historically reflected these seasonal trends with the largest percentage of total revenues realized during the last two quarters of a fiscal year. The construction of solar power systems or installation of solar power components and related revenue may decline during cold winter months. In the United States, many customers make purchasing decisions towards the end of the year in order to take advantage of tax credits or for other budgetary reasons.

Fiscal Years

We have a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. The current fiscal year, fiscal 2015, is a 53-week fiscal year and includes a 14-week fourth fiscal quarter, while fiscal year 2014 was a 52-week fiscal year. The third quarter of fiscal 2015 ended on September 27, 2015, while the third quarter of fiscal 2014 ended on September 28, 2014. The third quarters of fiscal 2015 and fiscal 2014 were both 13-week quarters.

Outlook

While remaining focused on our U.S. market, we plan to continue to expand our business in growing and sustainable markets, including Africa, Australia, China, Saudi Arabia, South America, and Turkey. Through our investment in Huaxia CPV (Inner Mongolia) Power Co., Ltd. with partners in China, we plan to manufacture and deploy our C7 Tracker systems in Inner Mongolia and other regions in China. We plan to expand our solar cell manufacturing capacity through the construction of a facility in the Philippines with a planned annual capacity of 350 MW once fully operational, which is expected to occur in fiscal 2016, with initial production expected towards the end of fiscal 2015.

We continue to improve our unique, differentiated solar cell and panel technology. Our new residential product line includes our SunPower X-Series Solar Panels with demonstrated average panel efficiencies exceeding 21.5%. We are focused on reducing the cost of our solar panels and systems and are working with our suppliers and partners along all steps of the value chain to reduce costs by improving manufacturing technologies and expanding economies of scale. We continue to emphasize improvement of our solar cell efficiency and LCOE and CCOE performance through enhancement of our existing products, development of new products and reduction of manufacturing cost and complexity in conjunction with our overall cost-control strategies. In fiscal 2014, we produced our first solar cells with over 25% efficiency in the lab and in fiscal 2015 we expect to reach production panel efficiencies of 23% using a simplified, lower cost manufacturing process.

We continue to see significant and increasing opportunities in technologies and capabilities adjacent to our core product offerings that can significantly reduce CCOE, including the integration of energy storage and energy management functionality into our systems, and have made investments to realize those opportunities, including our investment in Tendril Networks, our acquisition of SolarBridge Technologies, and our exclusive agreement with Sunverge Energy. In the fourth quarter of fiscal 2014, we licensed a data-driven Energy Services Management ("ESM") Platform from Tendril Networks, Inc. to power the development of new Smart Energy applications designed to deliver personalized energy services to our customers. In the first quarter of fiscal 2015, we entered into a strategic partnership with EnerNOC, a leading provider of energy intelligence software, to deploy EnerNOC's Software as a Service ("SaaS") solution to our commercial and power plant customers so they can make intelligent energy choices by addressing how they buy energy, how they use energy and when they use it. We have added advanced module-level control electronics to our portfolio of technology designed to enable longer series strings and significant balance of system components cost reductions in large arrays. We are developing next generation microinverters designed to eliminate the need to mount or assemble additional components on the roof or the side of a building and enable optimization and monitoring at the solar panel level to ensure maximum energy production by the solar system. We also expect to make combined solar and distributed energy storage solutions broadly commercially available to certain customers in the United States and Australia in fiscal 2015 through an exclusive agreement to offer Sunverge SIS energy solutions comprising batteries, power electronics, and multiple energy inputs controlled by software in the cloud.

In June 2015, 8point3 Energy Partners, our joint YieldCo vehicle formed to own, operate and acquire solar energy generation assets, completed its IPO. Through our investments in and involvement with the 8point3 Group, we anticipate that we will be able to reliably access a lower cost of capital, which will further enable the continued development of our project pipeline described below in our key U.S. market and in select, sustainable foreign markets. As part of this strategy, we plan to retain these development projects on our balance sheet for longer periods of time than in preceding periods in order to optimize the economic value we receive at the time of sale.

Projects Sold / Under Contract

The table below presents significant construction and development projects sold or under contract as of September 27, 2015:

Project	Location	Size (MW)	Third-Party Owner / Purchaser	Power Purchase Agreement(s)	Expected Substantial Completion of Project
Solar Star Projects	California, USA	748	MidAmerican Energy Holdings Company	Southern California Edison	2015
Quinto Solar Project	California, USA	135	8point3 Energy Partners	Southern California Edison	2015
Prieska Solar Project[1]	South Africa	86	Mulilo Prieska PV (RF) Proprietary Limited	Eskom Holdings Soc LTD	2016

[1] We have entered into an EPC agreement and a long-term fixed price O&M agreement with the owners of the Prieska Solar Project.

As of September 27, 2015, an aggregate of approximately $141 million of remaining revenue is expected to be recognized on projects reflected in the table above through the expected completion dates noted. Projects will be removed from the table above in the period in which substantially all of the revenue for such project has been recognized.

Projects with Executed Power Purchase Agreements - Not Sold / Not Under Contract

The table below presents significant construction and development projects with executed power purchase agreements, but not sold or under contract as of September 27, 2015:

Project	Location	Size (MW)	Power Purchase Agreement(s)	Expected Substantial Completion of Project
Henrietta Solar Project*	California, USA	128	PG&E	2016
Boulder Solar Project	Nevada, USA	125	NV Energy	2016
Stanford Solar Generating Station*	California, USA	68	Stanford University	2016
Hooper Solar Project*	Colorado, USA	60	Public Service Company of Colorado	2016
Rio Bravo Solar Projects	California, USA	50	Southern California Edison	2016

*ROFO Project—pursuant to a Right of First Offer Agreement between SunPower and OpCo, the 8point3 Group has rights of first offer on interests in these projects. For additional information on 8point3 Energy Partners and related transactions, please refer to the section titled "Note 3. 8point3 Energy Partners LP" in the Notes to the Consolidated Financial Statements in this Quarterly report on Form 10-Q.

Our project pipeline extends beyond the projects represented in the tables above. Significant projects with development and milestone activities in progress will be excluded from the table above until an associated power purchase agreement has been executed.

Results of Operations

Revenue

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Distributed Generation						
Residential	163,563	153,947	6%	471,092	474,799	(1)%
Commercial	84,983	94,830	(10)%	197,030	256,421	(23)%
Power Plant	131,672	413,957	(68)%	533,987	1,131,807	(53)%
Total revenue	$ 380,218	$ 662,734	(43)%	$ 1,202,109	$ 1,863,027	(35)%

Total Revenue: Our total revenue decreased 43% and 35% during the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily due to substantial completion of revenue recognition at the end of fiscal 2014 on certain large-scale solar power systems. A decline in sales of solar power systems and components to residential and commercial customers also contributed to the period-over-period decrease in total revenue. Additionally, during the second and third quarters of fiscal 2015, we deferred the recognition of any profit on the sale of projects involving real estate to 8point3 Energy Partners under the accounting treatment described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP." Furthermore, we do not expect to recognize any profit during the remainder of fiscal 2015 on sales to 8point3 Energy Partners of projects that involve real estate.

Concentrations: Sales for the Power Plant Segment as a percentage of total revenue recognized were approximately 35% and 44% during the three and nine months ended September 27, 2015 as compared to 62% and 61% during the three and nine months ended September 28, 2014, respectively. The decrease in the percentage of revenue for the Power Plant Segment was primarily driven by substantial completion of revenue recognition at the end of fiscal 2014 on certain large-scale solar power systems. Additionally, during the second and third quarters of fiscal 2015, we deferred the recognition of any profit on the sale of projects involving real estate to 8point3 Energy Partners under the accounting treatment described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP."

The table below represents our significant customers that accounted for greater than 10 percent of total revenue in each of the three and nine months ended September 27, 2015 and September 28, 2014.

		Three Months Ended		Nine Months Ended	
(As a percentage of total revenue)		**September 27, 2015**	**September 28, 2014**	**September 27, 2015**	**September 28, 2014**
Significant Customers:	**Business Segment**				
MidAmerican Energy Holdings Company	Power Plant	*	36%	18%	37%

*denotes less than 10% during the period

Residential Revenue: Residential revenue increased 6% during the three months ended September 27, 2015 as compared to the three months ended September 28, 2014 primarily due to an increase in residential component sales in North America driven by stronger sales through our dealer network and an increase in the number of leases placed in service under our residential leasing program within the United States. Residential revenue decreased 1% during the nine months ended September 27, 2015 as compared to the nine months ended September 28, 2014 primarily due to a decline in the sales of solar power components and systems to our residential customers, particularly in Japan, where a reduction in the country's feed-in tariff during the third quarter of fiscal 2015 reduced demand for solar power systems and the decline in the value of the Japanese Yen reduced demand for imported goods in general. The decrease in residential revenue was partially offset by an increase in residential component sales in North America driven by stronger sales through our dealer network and an increase in the number of leases placed in service under our residential leasing program within the United States.

Commercial Revenue: Commercial revenue decreased 10% and 23% during the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily due to the completion of certain commercial solar power system projects, and the associated revenue recognition, during fiscal 2015 and a decrease in commercial component sales across all geographies, particularly in Japan, where a reduction in the country's feed-in tariff during the third quarter of fiscal 2015 reduced demand for solar power systems and the decline in the value of the Japanese Yen reduced demand for imported goods in general. Additionally, during the second and third quarters of fiscal 2015, we deferred the recognition of any profit on the sale to 8point3 Energy Partners of projects involving real estate under the accounting treatment described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP." Furthermore, we do not expect to recognize any Commercial profit during the remainder of fiscal 2015 on sales to 8point3 Energy Partners of projects that involve real estate.

Power Plant Revenue: Power Plant revenue decreased 68% and 53% during the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily due to substantial completion of revenue recognition at the end of fiscal 2014 on certain large-scale solar power systems located within the United States. Additionally, during the second and third quarters of fiscal 2015, we deferred the recognition of any profit on the sale of projects involving real estate to 8point3 Energy Partners under the accounting treatment described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP." Furthermore, we do not expect to recognize any power Plant Plant profit during the remainder of fiscal 2015 on sales to 8point3 Energy Partners of projects that involve real estate.

Cost of Revenue

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Distributed Generation						
Residential	126,411	126,552	— %	366,162	384,241	(5)%
Commercial	72,337	81,231	(11)%	178,059	220,483	(19)%
Power Plant	118,826	346,437	(66)%	433,545	892,655	(51)%
Total cost of revenue	$ 317,574	$ 554,220	(43)%	$ 977,766	$ 1,497,379	(35)%
Total cost of revenue as a percentage of revenue	84%	84%		81%	80%	
Total gross margin percentage	16%	16%		19%	20%	

Total Cost of Revenue: Our total cost of revenue decreased 43% and 35% during the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, primarily as a result of the substantial completion at the end of fiscal 2014 of recognition of revenue and corresponding costs of certain large-scale solar power systems within the United States.

Gross Margin

	Three Months Ended			Nine Months Ended		
(As a percentage of revenue)	**September 27, 2015**	**September 28, 2014**	**Change**	**September 27, 2015**	**September 28, 2014**	**Change**
Distributed Generation						
Residential	23%	18%	5%	22%	19%	3%
Commercial	15%	14%	1%	10%	14%	(4)%
Power Plant	10%	16%	(6)%	19%	21%	(2)%

Residential Gross Margin: Gross margin for our Residential Segment increased 5 percentage points during both the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014 primarily as a result of increased volume of sales with favorable margins for residential leases and solar power systems and components in the United States, partially offset by lower margins on solar power components resulting from declines in average selling prices in Japan.

Commercial Gross Margin: Gross margin for our Commercial Segment decreased 1 percentage point and 4 percentage points during the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily as a result of higher than expected costs on and changes in the scope of certain commercial EPC projects in the United States. Additionally, during the second and third quarters of fiscal 2015, we deferred the recognition of any profit on the sale of projects involving real estate to 8point3 Energy Partners under the accounting treatment described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP." Furthermore, we do not expect to recognize any Commercial profit during the remainder of 2015 on sales to 8point3 Energy Partners of projects that involve real estate.

Power Plant Gross Margin: Gross margin for our Power Plant Segment decreased 6 percentage points and 2 percentage points during the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily as a result of the substantial completion of large-scale solar power systems with favorable margins at the end of fiscal 2014 within the United States. Additionally, during the second and third quarters of fiscal 2015, we deferred the recognition of any profit on the sale to 8point3 Energy Partners of projects involving real estate under the accounting treatment described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP." Furthermore, we do not expect to recognize any Power Plant profit during the remainder of 2015 on sales to 8point3 Energy Partners of projects that involve real estate.

Research and Development ("R&D")

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
R&D	$ 24,973	$ 17,291	44%	$ 66,701	$ 50,618	32%
As a percentage of revenue	7%	3%		6%	3%	

R&D expense increased $7.7 million and $16.1 million in the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily due to an increase in labor costs as a result of additional headcount and salary related expenses, as well as an increase in other net expenses such as consulting and outside services supporting programs related to our next generation solar technology, as well as amortization of intangible assets attributed to R&D activity. These increases were partially offset by contributions under the R&D Agreement with Total.

Sales, General and Administrative ("SG&A")

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
SG&A	$ 81,109	$ 68,394	19%	$ 239,843	$ 213,821	12%
As a percentage of revenue	21%	10%		20%	11%	

SG&A expense increased $12.7 million and $26.0 million in the three and nine months ended September 27, 2015 as compared to the three and nine months ended September 28, 2014, respectively, primarily due to costs related to the formation and IPO of 8point3 Energy Partners and increased marketing activity in North America and through digital media.

Restructuring Charges

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Restructuring charges	$ 726	$ 188	n.m.	$ 6,056	$ (990)	n.m.
As a percentage of revenue	—%	—%		1%	— %	

Restructuring charges in the three and nine months ended September 27, 2015 increased $0.5 million and $7.0 million as compared to the three and nine months ended September 28, 2014, respectively, primarily related to severance charges associated with our November 2014 restructuring plan. Remaining restructuring charges are associated with legacy restructuring plans approved in fiscal 2012 and 2011.

See "Item 1. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 9. Restructuring" for further information regarding our restructuring plans.

Other Income (Expense), Net

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Interest income	$ 448	$ 922	(51)%	$ 1,498	$ 1,908	(21)%
Interest expense	(8,796)	(17,170)	(49)%	(32,994)	(53,072)	(38)%
Other, net	(3,601)	882	(508)%	8,761	2,175	303 %
Other expense, net	$ (11,949)	$ (15,366)	22 %	$ (22,735)	$ (48,989)	54 %
As a percentage of revenue	(3)%	(2)%		(2)%	(3)%	

Other expense, net decreased $3.4 million in the three months ended September 27, 2015 as compared to the three months ended September 28, 2014 primarily driven by a decrease in interest expense due to the maturity of the 4.75% debentures in April of fiscal 2014, as well as favorable changes in the fair value of foreign currency derivatives and other net expenses. Other expense, net decreased $26.3 million in the nine months ended September 27, 2015 as compared to the nine months ended September 28, 2014 primarily driven by the gain recognized on the sale of a residential lease portfolio to 8point3 Energy Partners during the second quarter of fiscal 2015, a decrease in interest expense due to the maturity of the 4.75% debentures in April of fiscal 2014, as well as favorable changes in the fair value of foreign currency derivatives and other net expenses.

Income Taxes

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Benefit from (provision for) income taxes	$ (36,224)	$ 8,320	(535)%	$ (37,916)	$ 2,868	(1,422)%
As a percentage of revenue	(10)%	1%		(3)%	—%	

In the three and nine months ended September 27, 2015, our income tax provision of $36.2 million and $37.9 million, respectively, on a loss before income taxes and equity in earnings of unconsolidated investees of $56.1 million and $111.0 million, respectively, was primarily due to projected tax expense resulting from forecasted taxable income for fiscal 2015, primarily driven by transactions with the 8point3 Group, book to tax differences, and accruals of unrecognized tax benefits in the current period, partially offset by utilization of net operating loss and credit carryforwards. The increase in our income tax provision was a result of an increase in forecasted taxable income and a change in the geographic mix of jurisdictions. In the three and nine months ended September 28, 2014, our income tax benefit of $8.3 million and $2.9 million, respectively, on an income before income taxes and equity in earnings of unconsolidated investees of $7.3 million and $53.2 million, respectively, was primarily due to an increase in forecasted profit before tax for the fiscal period, provision to return adjustments, and acquired deferred tax liabilities used to reduce the valuation allowance, partially offset by state taxes and the recognition of previously unrecognized tax benefits.

A material amount of our total revenue is generated from customers located outside of the United States, and a substantial portion of our assets and employees are located outside of the United States. U.S. income taxes and foreign withholding taxes have not been provided on the undistributed earnings of our non-U.S. subsidiaries as such earnings are intended to be indefinitely reinvested in operations outside the United States to the extent that such earnings have not been currently or previously subjected to taxation of the United States.

We record a valuation allowance to reduce our U.S. and French deferred tax assets to the amount that is more likely than not to be realized. In assessing the need for a valuation allowance, we consider historical levels of income, expectations and risks associated with the estimates of future taxable income and ongoing prudent and feasible tax planning strategies. In the event we determine that we would be able to realize additional deferred tax assets in the future in excess of the net recorded amount, or if we subsequently determine that realization of an amount previously recorded is unlikely, we would record an adjustment to the deferred tax asset valuation allowance, which would change income tax in the period of adjustment. As of September 27, 2015, we believe there is insufficient evidence to realize additional deferred tax assets.

Equity in Earnings of Unconsolidated Investees

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Equity in earnings of unconsolidated investees	$ 5,052	$ 1,689	199%	$ 9,107	$ 5,408	68%
As a percentage of revenue	1.3%	0.3%		0.8%	0.3%	

Our equity in earnings of unconsolidated investees increased $3.4 million and $3.7 million in the three and nine months ended September 27, 2015 compared to the three and nine months ended September 28, 2014, respectively, primarily due to activities at our AUOSP joint venture and the activities of the 8point3 Group that took place during the third quarter of fiscal 2015 as described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP."

Net Income (loss)

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Net income (loss)	$ (87,285)	$ 17,284	(605)%	$ (139,801)	$ 61,486	(327)%

In the three months ended September 27, 2015 our net income decreased $104.6 million and changed from a net income to a net loss as compared to the three months ended September 28, 2014. The decrease in net income (loss) was primarily driven by: (i) a $45.9 million decrease in gross margin, primarily due to the substantial completion of revenue recognition on various large-scale solar power systems at the end of fiscal 2014 and the deferral of all profits on transactions with the 8point3 Group involving real estate in the third quarter of fiscal 2015 as described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP," (ii) a $44.5 million increase in income taxes primarily due to an increase in forecasted taxable income and a change in the geographic mix of jurisdictions, and (iii) a $20.9 million increase in operating expenses due to increased headcount and marketing activities. The decrease in net income was partially offset by: (i) a $3.4 million decrease in other expense, net driven by a decrease in interest expense due to the maturity of the 4.75% debentures in April of fiscal 2014, as well as favorable changes in the fair value of foreign currency derivatives and other net expenses, and (ii) a $3.4 million increase in our equity in earnings of unconsolidated investees due to activities at our AUOSP joint venture and the activities of the 8point3 Group that took place during the third quarter of fiscal 2015 as described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP."

In the nine months ended September 27, 2015 our net income decreased by $201.3 million and changed from a net income to a net loss as compared to nine months ended September 28, 2014. The decrease in net income (loss) was primarily driven by: (i) a $141.3 million decrease in gross margin, primarily due to the substantial completion of revenue recognition on various large-scale solar power systems at the end of fiscal 2014 and the deferral of all profits on transactions with the 8point3 Group involving real estate in the second and third quarters of fiscal 2015 as described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP," (ii) a $49.2 million increase in operating expenses due to increased headcount, activities related to the formation and IPO of 8point3 Energy Partners and charges related to the November 2014 restructuring plan, and (iii) a $40.8 million increase in income tax primarily due to an increase in forecasted taxable income and a change in the geographic mix of jurisdictions. The decrease in net income was partially offset by: (i) a $26.3 million decrease in other expense, net driven by the gain recognized on the sale of a residential lease portfolio to 8point3 Energy Partners during the second quarter of fiscal 2015, a decrease in interest expense due to the maturity of the 4.75% debentures in April of fiscal 2014, as well as favorable changes in the fair value of foreign currency derivatives and other net expenses, and (ii) a $3.7 million increase in our equity in earnings of unconsolidated investees due to activities at our AUOSP joint venture and the activities of the 8point3 Group that took place during the third quarter of fiscal 2015 as described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 3. 8point3 Energy Partners LP."

Information about other significant variances in our results of operations is described above.

Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests

	Three Months Ended			Nine Months Ended		
(In thousands)	**September 27, 2015**	**September 28, 2014**	**% Change**	**September 27, 2015**	**September 28, 2014**	**% Change**
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	$ 30,959	$ 14,749	110%	$ 80,403	$ 49,693	62%

We have entered into facilities with third-party investors under which the parties invest in entities that hold SunPower solar power systems and leases with residential customers. We determined that we hold controlling interests in these less-than-wholly-owned entities and have fully consolidated these entities as a result. We apply the hypothetical liquidation value method in allocating recorded net income (loss) to each investor based on the change in the reporting period, of the amount of net assets of the entity to which each investor would be entitled to under the governing contractual arrangements in a liquidation scenario.

In the three months ended September 27, 2015 and September 28, 2014, we attributed $31.0 million and $14.7 million, respectively, of losses to the third-party investors primarily as a result of allocating certain assets, including tax credits and accelerated tax depreciation benefits, to the investors. The $16.3 million increase in loss attributable to these third-party investors is primarily the result of additional leases placed in service under existing and new facilities executed with third-party investors in the interim period.

In the nine months ended September 27, 2015 and September 28, 2014, we attributed $80.4 million and $49.7 million, respectively, of net losses primarily to the third-party investors as a result of allocating certain assets, including tax credits and accelerated tax depreciation benefits, to the investors. The $30.7 million increase in net loss attributable to noncontrolling interests and redeemable noncontrolling interests is primarily due to additional leases placed in service under existing and new facilities executed with third-party investors in the interim period.

Liquidity and Capital Resources

Cash Flows

A summary of the sources and uses of cash and cash equivalents is as follows:

	Nine Months Ended	
(In thousands)	**September 27, 2015**	**September 28, 2014**
Net cash used in operating activities	$ (429,360)	$ (113,989)
Net cash provided by (used in) investing activities	$ 62,977	$ (106,091)
Net cash provided by (used in) financing activities	$ (82,669)	$ 382,604

Operating Activities

Net cash used in operating activities in the nine months ended September 27, 2015 was $429.4 million and was primarily the result of: (i) a net loss of $139.8 million; (ii) a $499.8 million increase in project assets primarily related to our Quinto Solar Energy Project; (iii) a $187.2 million increase in inventories driven by project assets for construction of solar power systems for Commercial and Power Plant projects in North America and purchases of polysilicon; (iv) a $108.4 million increase in long-term financing receivables related to our net investment in sales-type leases; (v) a $59.8 million decrease in accounts payable and other accrued liabilities; (vi) a $27.9 million gain on the sale of a residential lease portfolio to 8point3 Energy Partners; (vii) a $25.1 million excess tax benefit from stock-based compensation; (viii) a $21.0 million decrease in customer advances; (ix) a $9.1 million increase in equity in earnings of unconsolidated investees; and (x) a $4.0 million decrease in billings in excess of costs and estimated earnings driven by a decrease related to Solar Star Projects. This was partially offset by: (i) a $292.1 million decrease in accounts receivable, primarily driven by the collection of retainage related to Solar Star Projects; (ii) a $148.0 million decrease in costs and estimated earnings in excess of billings driven by a decrease related to the Solar Star Projects; (iii) other net non-cash charges of $147.6 million related to depreciation, non-cash interest charges and stock-based compensation; (iv) a $29.8 million decrease in advance payment made to suppliers; (v) a $22.7 million net change in deferred income taxes and income tax liabilities and (vi) a $12.6 million decrease in prepaid expenses and other assets driven by an increase in deferred costs related to the Solar Star Projects.

Net cash used in operating activities in the nine months ended September 28, 2014 was $114.0 million and was primarily the result of: (i) a $77.1 million increase in long-term financing receivables related to an increase in leases placed in service; (ii) $147.4 million increase in prepaid expenses and other assets primarily related to unrealized gain on bond hedge activity; (iii) $33.3 million increase in project assets primarily related to our Quinto Solar Energy project and (iv) a $43.5 million net increase in other assets, net of liabilities. This was partially offset by: (i) $125.8 million in other net non-cash charges primarily related to depreciation, non-cash interest charges, and stock based compensation and (ii) net income of $61.5 million.

Investing Activities

Net cash provided by investing activities in the nine months ended September 27, 2015 was $63.0 million, which included $363.9 million in proceeds from 8point3 Energy Partners. This was partially offset by (i) $206.8 million in capital expenditures primarily related to the expansion of our solar cell manufacturing capacity and costs associated with solar power systems, leased and to be leased; (ii) $59.0 million paid for acquisitions; (iii) a $27.7 million increase in restricted cash; (iv) $4.1 million paid for investments in unconsolidated investees; and (v) $3.4 million paid for intangibles.

Net cash used in investing activities in the nine months ended September 28, 2014 was $106.1 million, which included: (i) $86.0 million in capital expenditures primarily related to the expansion of our solar cell manufacturing capacity and costs associated with solar power systems, leased and to be leased; (ii) a $9.6 million increase in restricted cash; (iii) $6.9 million paid for acquisitions; and (iv) $5.0 million paid for investments in unconsolidated investees. This was partially offset by $1.4 million proceeds from maturities of marketable securities.

Financing Activities

Net cash used in financing activities in the nine months ended September 27, 2015 was $82.7 million, which included: (i) a $249.6 million net payment to settle the 4.50% debentures due 2015 and the 4.50% Bond Hedge (defined below); (ii) $240.2 million in repayments of bank loans, project loans and other debt, primarily in the Quinto Credit Facility; (iii) $42.4 million in purchases of treasury stock for tax withholding obligations on vested restricted stock; and (iv) $37.8 million of net repayments of residential lease financing. This was partially offset by: (i) $211.8 million in net proceeds from the issuance of project loans; (ii) $126.9 million of net contributions from noncontrolling interests and redeemable noncontrolling interests related to the residential lease program; (iii) $79.4 million in net proceeds from the issuance of non-recourse debt financing, net of issuance costs; (iv) $29.3 million in proceeds from 8point3 Energy Partners; (v) $15.0 million in net proceeds from sale-leaseback financing; and (vi) $25.1 million in excess tax benefit from stock-based compensation.

Net cash provided by financing activities in the nine months ended September 28, 2014 was $382.6 million, which included: (i) $395.3 million in net proceeds from the issuance of our 0.875% convertible debentures due 2021; (ii) $74.8 million of proceeds from issuance of non-recourse debt financing to finance solar power systems and leases under our residential lease program; (iii) $75.3 million of contributions from noncontrolling interests and redeemable noncontrolling interests; and (iv) $23.6 million in proceeds from sale-leaseback financing arrangements. This was partially offset by: (i) $56.0 million in purchases of stock for tax withholding obligations on vested restricted stock; (ii) $42.2 million cash paid to repurchase convertible debt; (iii) a $40.7 million assumption of a project loan by a customer; (iv) $17.0 million of repayments of residential lease and sale-leaseback financing; (v) a $12.2 million net payment to settle the 4.75% Bond Hedge and Warrant; (vi) $16.5 million in repayments of bank loans, project loans and other debt; and (vii) $2.8 million of distributions to noncontrolling interests and redeemable noncontrolling interests.

Debt and Credit Sources

Convertible Debentures

As of September 27, 2015, an aggregate principal amount of $400.0 million of the 0.875% debentures due 2021 remained issued and outstanding. The 0.875% debentures due 2021 were issued on June 11, 2014. Interest on the 0.875% debentures due 2021 is payable on June 1 and December 1 of each year. Holders are able to exercise their right to convert the debentures at any time into shares of our common stock at an initial conversion price approximately equal to $48.76 per share, subject to adjustment in certain circumstances. If not earlier repurchased or converted, the 0.875% debentures due 2021 mature on June 1, 2021. Holders may require us to repurchase all or a portion of their 0.875% debentures due 2021, upon a fundamental change, as described in the related indenture, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. If we undergo a non-stock change of control fundamental change, as described in the related indenture, the 0.875% debentures due 2021 will be subject to redemption at our option, in whole but not in part, for a period of 30 calendar days following a repurchase date relating to the non-stock change of control fundamental change, at a cash redemption price equal to 100% of the principal amount plus accrued and unpaid interest. Otherwise, the 0.875% debentures due 2021 are not redeemable at our option prior to the maturity date. In the event of certain events of default, Wells Fargo Bank, National Association ("Wells Fargo"), the trustee, or the holders of a specified amount of then-outstanding 0.875% debentures due 2021 will have the right to declare all amounts then outstanding due and payable.

As of September 27, 2015, an aggregate principal amount of $300.0 million of the 0.75% debentures due 2018 remained issued and outstanding. The 0.75% debentures due 2018 were issued on May 29, 2013. Interest on the 0.75% debentures due 2018 is payable on June 1 and December 1 of each year. Holders are able to exercise their right to convert the debentures at any time into shares of our common stock at an initial conversion price equal to $24.95 per share. The applicable conversion rate may be subject to adjustment in certain circumstances. If not earlier converted, the 0.75% debentures due 2018 mature on June 1, 2018. Holders may require us to repurchase all or a portion of their 0.75% debentures due 2018, upon a fundamental change, as described in the related indenture, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. If we undergo a non-stock change of control fundamental change, as described in the related indenture, the 0.75% debentures due 2018 will be subject to redemption at our option, in whole but not in part, for a period of 30 calendar days following a repurchase date relating to the non-stock change of control fundamental change, at a cash redemption price equal to 100% of the principal amount plus accrued and unpaid interest. Otherwise, the 0.75% debentures due 2018 are not redeemable at our option prior to the maturity date. In the event of certain events of default, Wells Fargo, the trustee, or the holders of a specified amount of then-outstanding 0.75% debentures due 2018 will have the right to declare all amounts then outstanding due and payable.

For more information, please see "Part I. Item 1A. Risk Factors-Risks Related to our Debt and Equity Securities-Conversion of our outstanding 0.75% debentures, 0.875% debentures, our warrants related to our outstanding 4.50%

debentures, and future substantial issuances or dispositions of our common stock or other securities, could dilute ownership and earnings per share or cause the market price of our stock to decrease" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014.

Mortgage Loan Agreement with IFC

On May 6, 2010, we entered into a mortgage loan agreement with IFC. Under the loan agreement, we borrowed $75.0 million and are required to repay the amount borrowed starting two years after the date of borrowing, in 10 equal semiannual installments over the following 5 years. We are required to pay interest of LIBOR plus 3% per annum on outstanding borrowings; a front-end fee of 1% on the principal amount of borrowings at the time of borrowing; and a commitment fee of 0.5% per annum on funds available for borrowing and not borrowed. We may prepay all or a part of the outstanding principal, subject to a 1% prepayment premium. We have pledged certain assets as collateral supporting repayment obligations.

As of September 27, 2015, we had $32.5 million outstanding under the mortgage loan agreement. Additionally, in accordance with the terms of the mortgage loan agreement, we are required to establish a debt service reserve account which shall contain the amount, as determined by IFC, equal to the aggregate principal and interest due on the next succeeding interest payment date after such date. As of September 27, 2015, we had restricted cash and cash equivalents of $9.2 million related to the IFC debt service reserve.

Loan Agreement with California Enterprise Development Authority ("CEDA")

On December 29, 2010, we borrowed from CEDA the proceeds of the $30.0 million aggregate principal amount of CEDA's tax-exempt Recovery Zone Facility Revenue Bonds (SunPower Corporation - Headquarters Project) Series 2010 (the "Bonds") maturing April 1, 2031 under a loan agreement with CEDA. Certain of our obligations under the loan agreement were contained in a promissory note dated December 29, 2010 issued by us to CEDA, which assigned the promissory note, along with all right, title and interest in the loan agreement, to Wells Fargo, as trustee, with respect to the Bonds for the benefit of the holders of the Bonds. The Bonds bear interest at a fixed-rate of 8.50% per annum.

As of September 27, 2015, the $30.0 million aggregate principal amount of the Bonds was classified as "Long-term debt" in our Consolidated Balance Sheets.

Revolving Credit Facility with Credit Agricole

On July 3, 2013, we entered into a revolving credit agreement with Credit Agricole, as administrative agent, and certain financial institutions ("the revolving credit facility"), under which we may borrow up to $250.0 million. On August 26, 2014, we entered into an amendment to the revolving credit facility that extends, among other things, the maturity date of the facility from July 3, 2016 to August 26, 2019 (the "Maturity Date"). Amounts borrowed may be repaid and reborrowed until the Maturity Date. The revolving credit facility allows us to request increases to the available capacity of the revolving credit facility to an aggregate of $300.0 million, subject to the satisfaction of certain conditions. The revolving credit facility includes representations, covenants, and events of default customary for financing transactions of this type. The revolving credit facility was entered into in conjunction with the delivery by Total S.A. of a guarantee of our obligations under the facility. On January 31, 2014, (i) our obligations under the revolving credit facility became secured by a pledge of certain accounts receivable and inventory, (ii) certain of our subsidiaries entered into guaranties of the revolving credit facility, and (iii) Total S.A.'s guarantee of our obligations under the revolving credit facility expired (collectively, the "Restructuring").

We are required to pay interest on outstanding borrowings under the facility and fees of (a) with respect to any LIBOR rate loan, an amount ranging from 1.50% to 2.00% (depending on our leverage ratio from time to time) plus the LIBOR rate divided by a percentage equal to one minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency liabilities" as specified in Regulation D; (b) with respect to any alternate base rate loan, an amount ranging from 0.50% to 1.00% (depending on our leverage ratio from time to time) plus the greater of (1) the prime rate, (2) the Federal Funds rate plus 0.50%, and (3) the one-month LIBOR rate plus 1%; and (c) a commitment fee ranging from 0.25% to 0.35% (depending on our leverage ratio from time to time) per annum on funds available for borrowing and not borrowed.

As of September 27, 2015, we had no outstanding borrowings under the revolving credit facility.

August 2011 Letter of Credit Facility with Deutsche Bank

On August 9, 2011, we entered into a letter of credit facility agreement with Deutsche Bank, as issuing bank and as administrative agent, and certain financial institutions. Payment of obligations under the letter of credit facility is guaranteed by Total S.A. pursuant to the Credit Support Agreement between us and Total S.A. The letter of credit facility provides for the issuance, upon our request, of letters of credit by the issuing banks thereunder in order to support certain of our obligations, in an aggregate amount not to exceed $878.0 million for the period from January 1, 2014 through December 31, 2014. Aggregate letter of credit amounts may be increased upon the agreement of the parties but, otherwise, may not exceed (i) $936.0 million for the period from January 1, 2015 through December 31, 2015, and (ii) $1.0 billion for the period from January 1, 2016 through June 28, 2016. Each letter of credit issued under the letter of credit facility must have an expiration date no later than the second anniversary of the issuance of that letter of credit, provided that up to 15% of the outstanding value of the letters of credit may have an expiration date of between two and three years from the date of issuance.

As of September 27, 2015, letters of credit issued under the August 2011 letter of credit facility with Deutsche Bank totaled $461.8 million.

September 2011 Letter of Credit Facility with Deutsche Bank and Deutsche Bank Trust Company Americas (together, "Deutsche Bank Trust")

On September 27, 2011, we entered into a letter of credit facility with Deutsche Bank Trust which provides for the issuance, upon request by us, of letters of credit to support our obligations in an aggregate amount not to exceed $200.0 million. Each letter of credit issued under the facility is fully cash-collateralized and we have entered into a security agreement with Deutsche Bank Trust, granting them a security interest in a cash collateral account established for this purpose.

As of September 27, 2015 letters of credit issued under the Deutsche Bank Trust facility amounted to $13.4 million, which were fully collateralized with restricted cash as classified on the Consolidated Balance Sheets.

Project Debt

On October 17, 2014, we, through a wholly-owned subsidiary (the "Project Company"), entered into an approximately $377.0 million credit facility with Santander Bank, N.A., Mizuho Bank, Ltd. and Credit Agricole (the "Quinto Credit Facility") in connection with the planned construction of the approximately 135 MW Quinto Solar Energy Project, located in Merced County, California (the "Quinto Project").

On June 24, 2015, in connection with the closing of 8point3 Energy Partners' IPO and the concurrent transfer of the Quinto Project to an affiliate of 8point3 Energy Partners, the Quinto Project Company repaid the full amount outstanding under the Quinto Credit Facility and terminated the agreement early. Immediately before termination, there were outstanding borrowings of $224.3 million under the Quinto Credit Facility. The Quinto Project Company did not incur any material penalties for early repayment of the Quinto Credit Facility.

Liquidity

As of September 27, 2015, we had unrestricted cash and cash equivalents of $502.9 million as compared to $956.2 million as of December 28, 2014. Our cash balances are held in numerous locations throughout the world and as of September 27, 2015, we had approximately $127.2 million held outside of the United States. This offshore cash is used to fund operations of our business in the Europe and Asia Pacific regions as well as non-U.S. manufacturing operations, which require local payment for product materials and other expenses. The amounts held outside of the United States represent the earnings of our foreign subsidiaries which, if repatriated to the United States under current law, would be subject to United States federal and state tax less applicable foreign tax credits. Repatriation of earnings that have not been subjected to U.S. or foreign withholding tax and that have been indefinitely reinvested outside the U.S. could result in additional United States federal income tax or foreign withholding tax payments in future years.

On July 5, 2010, we formed AUP SunPower Sdn. Bhd. ("AUOSP"), our joint venture with AU Optronics Singapore Pte. Ltd. ("AUO"). Under the terms of the joint venture agreement, we and AUO each own 50% of AUOSP. We are each obligated to provide additional funding to AUOSP in the future. Under the joint venture agreement, each shareholder agreed to contribute additional amounts to the joint venture through 2015 amounting to $169.0 million, or such lesser amount as the parties may mutually agree (see the Contractual Obligations table below). In addition, if AUOSP, or either shareholder requests additional equity financing to AUOSP, then the shareholders will each be required to make additional cash contributions of up to $50.0 million in the aggregate. See also "Part I. Item 1A. Risk Factors—Risks Related to Our Operations—If we experience interruptions in the operation of our solar cell production lines, or we are not successful in operating our joint venture AUOSP, our revenue and results of operations may be materially and adversely affected" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014.

We expect total capital expenditures related to purchases of property, plant and equipment in the range of $250 million to $300 million in fiscal 2015 in order to increase our manufacturing capacity, improve our current and next generation solar cell manufacturing technology, and other projects. In addition, we expect to invest a significant amount of capital to develop solar power systems and plants for sale to customers. The development of solar power plants can require long periods of time and substantial initial investments. Our efforts in this area may consist of all stages of development, including land acquisition, permitting, financing, construction, operation and the eventual sale of the projects. We often choose to bear the costs of such efforts prior to the final sale to a customer, which involves significant upfront investments of resources (including, for example, large transmission deposits or other payments, which may be non-refundable), land acquisition, permitting, legal and other costs, and in some cases the actual costs of constructing a project, in advance of the signing of PPAs and EPC contracts and the receipt of any revenue, much of which is not recognized for several additional months or years following contract signing. Any delays in disposition of one or more projects could have a negative impact on our liquidity.

Certain of our customers also require performance bonds issued by a bonding agency or letters of credit issued by financial institutions, which are returned to us upon satisfaction of contractual requirements. If there is a contractual dispute with the customer, the customer may withhold the security or make a draw under such security, which could have an adverse impact on our liquidity. Obtaining letters of credit may require adequate collateral. All letters of credit issued under our August 2011 Deutsche Bank facility are guaranteed by Total S.A. pursuant to the Credit Support Agreement. Our September 2011 letter of credit facility with Deutsche Bank Trust is fully collateralized by restricted cash, which reduces the amount of cash available for operations. As of September 27, 2015, letters of credit issued under the Deutsche Bank Trust facility amounted to $13.4 million which were fully collateralized with restricted cash on the Consolidated Balance Sheets.

In fiscal 2011, we launched our residential lease program with dealers in the United States, in partnership with a third-party financial institution, which allows customers to obtain SunPower systems under lease agreements up to 20 years, subject to financing availability. We have entered into facilities with financial institutions that will provide financing to support additional residential solar lease projects. Under the terms of certain programs we receive upfront payments for periods under which the third-party financial institution has agreed to assume collection risk for certain residential leases. Changes in the amount or timing of upfront payments received from the financial institutions may have an impact on our cash position within the next twelve months. The normal collection of monthly rent payments for leases placed in service is not expected to have a material impact on our cash position within the next twelve months. We have entered into multiple facilities with third-party investors under which both parties will invest in entities that hold SunPower solar power systems and leases with residential customers. We determined that we hold a controlling interest in these less-than-wholly-owned entities and have fully consolidated these entities as a result (see "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 7. Leasing"). As of September 27, 2015, we received $334.4 million in contributions from investors under the related facility agreements. Additionally, during fiscal 2014 and 2015, we entered into three long-term non-recourse loans to finance solar power systems and leases under our residential lease program. In fiscal 2015, we drew down $80.4 million of proceeds, net of issuance costs, under the loan agreements. The loans have 17-year terms and as of September 27, 2015, the short-term and long-term balances of the loans were $3.6 million and $156.8 million, respectively. We are actively arranging additional third-party financing for our residential lease program; however, the credit markets are unpredictable, and if they become challenging, we may be unable to arrange additional financing partners for our residential lease program in future periods, which could have a negative impact on our sales. In the unlikely event that we enter into a material number of additional leases without promptly obtaining corresponding third-party financing, our cash and working capital could be negatively affected.

We believe that our current cash, cash equivalents and cash expected to be generated from operations will be sufficient to meet our working capital and fund our committed capital expenditures over the next 12 months, including the development and construction of solar power systems and plants. We are able to supplement this short-term liquidity, if necessary, with broad access to capital markets and credit facilities, including non-recourse debt, made available by various domestic and foreign financial institutions. For example, we have $250 million available to us under our revolving credit facility with Credit Agricole. However, there can be no assurance that our liquidity will be adequate over time. A significant portion of our revenue is generated from a limited number of customers and large projects and our inability to execute these projects, or to collect from these customers or for these projects, would have a significant negative impact on our business. Our capital expenditures and use of working capital may be greater than we expect if we decide to make additional investments in the development and construction of solar power plants and sales of power plants and associated cash proceeds are delayed, or if we decide to accelerate increases in our manufacturing capacity internally or through capital contributions to joint ventures. We require project financing in connection with the construction of solar power plants, which financing may not be available on terms acceptable to us. In addition, we could in the future make additional investments in our joint ventures or guarantee certain financial obligations of our joint ventures, which could reduce our cash flows, increase our indebtedness and expose us to the credit risk of our joint ventures. See also "Risks Related to Our Sales Channels—A limited number of customers and large projects are expected to continue to comprise a significant portion of our revenues and any decrease in revenues from those customers or projects, payment of liquidated damages, or an increase in related expenses, could have a material adverse effect on our business, results of operations and financial condition," and "Risks Related to Our Liquidity—We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments as planned due to the general economic environment and the continued market pressure driving down the average selling prices of our solar power products, among other factors" in "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014.

As of September 27, 2015, we have $250.0 million available to us under our revolving credit facility with Credit Agricole and may request increases to the available capacity of the revolving credit facility to an aggregate of $300.0 million, subject to the satisfaction of certain conditions. Proceeds from our revolving credit facility with Credit Agricole may be used for general corporate purposes. However, there are no assurances that we will have sufficient available cash to repay our indebtedness or we will be able to refinance such indebtedness on similar terms to the expiring indebtedness. If our capital resources are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity securities or debt securities or obtain other debt financing. The current economic environment, however, could limit our ability to raise capital by issuing new equity or debt securities on acceptable terms, and lenders may be unwilling to lend funds on acceptable terms that would be required to supplement cash flows to support operations. The sale of additional equity securities or convertible debt securities would result in additional dilution to our stockholders (and potential for further dilution upon the exercise of warrants or the conversion of convertible debt) and may not be available on favorable terms or at all, particularly in light of the current conditions in the financial and credit markets. Additional debt would result in increased expenses and would likely impose new restrictive covenants which may be similar or different than those restrictions contained in the covenants under our current loan agreements and debentures. In addition, financing arrangements, including project financing for our solar power plants and letters of credit facilities, may not be available to us, or may not be available in amounts or on terms acceptable to us.

Contractual Obligations

The following table summarizes our contractual obligations as of September 27, 2015:

		Payments Due by Fiscal Period			
(In thousands)	**Total**	**2015 (remaining three months)**	**2016-2017**	**2018-2019**	**Beyond 2019**
Convertible debt, including interest[1]	$ 725,840	$ 1,438	$ 11,500	$ 307,944	$ 404,958
IFC mortgage loan, including interest[2]	33,762	295	30,964	2,503	—
CEDA loan, including interest[3]	69,526	638	5,100	5,100	58,688
Other debt, including interest[4]	353,798	4,580	35,975	38,321	274,922
Future financing commitments[5]	179,817	179,817	—	—	—
Operating lease commitments[6]	138,035	5,559	29,498	26,477	76,501
Sale-leaseback financing[7]	108,026	4,074	16,031	15,241	72,680
Capital lease commitments[8]	6,191	556	2,143	1,521	1,971
Non-cancellable purchase orders[9]	264,330	264,330	—	—	—
Purchase commitments under agreements	1,594,711	400,511	671,441	357,912	164,847
Liabilities associated with uncertain tax positions	997	—	997	—	—
Total	$ 3,475,033	$ 861,798	$ 803,649	$ 755,019	$ 1,054,567

[1] Convertible debt, including interest, relates to the aggregate of $700.0 million in outstanding principal amount of our senior convertible debentures as of September 27, 2015. For the purpose of the table above, we assume that all holders of the outstanding debentures will hold the debentures through the date of maturity, and upon conversion, the values of the senior convertible debentures will be equal to the aggregate principal amount with no premiums.

[2] IFC mortgage loan, including interest, relates to the $32.5 million borrowed as of September 27, 2015. Under the loan agreement, we are required to repay the amount borrowed, starting 2 years after the date of borrowing, in 10 equal semiannual installments over the following 5 years. We are required to pay interest of LIBOR plus 3% per annum on outstanding borrowings; a front-end fee of 1% on the principal amount of borrowings at the time of borrowing; and a commitment fee of 0.5% per annum on funds available for borrowing and not borrowed.

[3] CEDA loan, including interest, relates to the proceeds of the $30.0 million aggregate principal amount of the Bonds. The Bonds mature on April 1, 2031 and bear interest at a fixed rate of 8.50% per annum through maturity.

[4] Other debt, including interest, primarily relates to non-recourse finance projects and solar power systems and leases under our residential lease program as described in "Item 1. Financial Statements—Notes to Consolidated Financial Statements—Note 10. Commitments and Contingencies."

[5] We and AUO agreed in the joint venture agreement to contribute additional amounts to AUOSP through 2015 amounting to $169.0 million by each shareholder, or such lesser amount as the parties may mutually agree. Further, in connection with a purchase agreement with a non-public company we will be required to provide additional financing to such party of up to $2.9 million, subject to certain conditions.

[6] Operating lease commitments primarily relate to certain solar power systems leased from unaffiliated third parties over minimum lease terms of up to 20 years and various facility lease agreements.

[7] Sale-leaseback financing relates to future minimum lease obligations for solar power systems under sale-leaseback arrangements which were determined to include integral equipment and accounted for under the financing method.

[8] Capital lease commitments primarily relate to certain buildings, manufacturing and equipment under capital leases in Europe for terms of up to 12 years.

[9] Non-cancellable purchase orders relate to purchases of raw materials for inventory and manufacturing equipment from a variety of vendors.

Liabilities Associated with Uncertain Tax Positions

Due to the complexity and uncertainty associated with our tax positions, we cannot make a reasonably reliable estimate of the period in which cash settlement will be made for our liabilities associated with uncertain tax positions. Therefore, long-term liabilities associated with uncertain tax positions of $27.9 million included in "Other long-term liabilities" in the Company's Consolidated Balance Sheets as of September 27, 2015 have been excluded from the table above. Short-term liabilities associated with transfer-pricing uncertain tax positions of $1.0 million included in "Accrued liabilities" in our Consolidated Balance Sheets as of September 27, 2015 have been included in the table above as they are reasonably possible to be paid within the next 12 months as a result of settlement.

Off-Balance-Sheet Arrangements

As of September 27, 2015, we did not have any significant off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

ITEM 3: *QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK*

Foreign Currency Exchange Risk

Our exposure to movements in foreign currency exchange rates is primarily related to sales to European customers that are denominated in Euros. Revenue generated from European customers represented 5% and 8% of our total revenue in the three and nine months ended September 27, 2015, respectively, and 7% and 13% of our total revenue in the three and nine months ended September 28, 2014, respectively. A 10% change in the Euro exchange rate would have impacted our revenue by approximately $1.8 million and $9.0 million in the three and nine months ended September 27, 2015, respectively, and $4.5 million and $23.6 million in the three and nine months ended September 28, 2014, respectively.

In the past, we have experienced an adverse impact on our revenue, gross margin and profitability as a result of foreign currency fluctuations. When foreign currencies appreciate against the U.S. dollar, inventories and expenses denominated in foreign currencies become more expensive. Strengthening of the Malaysian Ringgit against the U.S. dollar would increase AUOSP's liability under the facility agreement with the Malaysian government which in turn would negatively impact our equity in earnings (loss) of the unconsolidated investee. An increase in the value of the U.S. dollar relative to foreign currencies could make our solar power products more expensive for international customers, thus potentially leading to a reduction in demand, our sales and profitability. Furthermore, many of our competitors are foreign companies that could benefit from such a currency fluctuation, making it more difficult for us to compete with those companies.

We currently conduct hedging activities which involve the use of option and forward currency contracts that are designed to address our exposure to changes in the foreign exchange rate between the U.S. dollar and other currencies. As of September 27, 2015, we had outstanding hedge option currency contracts and forward currency contracts with aggregate notional values of zero and $61.0 million, respectively. As of December 28, 2014, we held option and forward contracts totaling $26.6 million and $134.7 million, respectively, in notional value. Because we hedge some of our expected future foreign exchange exposure, if associated revenues do not materialize we could experience a reclassification of ineffective gains or losses into earnings. Such a reclassification could adversely impact our revenue, margins and results of operations. We cannot predict the impact of future exchange rate fluctuations on our business and operating results.

Credit Risk

We have certain financial and derivative instruments that subject us to credit risk. These consist primarily of cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, advances to suppliers, foreign currency option contracts, foreign currency forward contracts, bond hedge and warrant transactions. We are exposed to credit losses in the event of nonperformance by the counterparties to our financial and derivative instruments. Our investment policy requires cash and cash equivalents, restricted cash and cash equivalents, and investments to be placed with high-quality financial institutions and limits the amount of credit risk from any one issuer. We additionally perform ongoing credit evaluations of our customers' financial condition whenever deemed necessary and generally do not require collateral.

We enter into agreements with vendors that specify future quantities and pricing of polysilicon to be supplied for periods up to 10 years. Under certain agreements, we are required to make prepayments to the vendors over the terms of the arrangements. As of September 27, 2015 and December 28, 2014, advances to suppliers totaled $379.9 million and $409.7 million, respectively. Two suppliers accounted for 84% and 16% of total advances to suppliers as of September 27, 2015, and 82% and 17% as of December 28, 2014.

We enter into foreign currency derivative contracts and convertible debenture hedge transactions with high-quality financial institutions and limit the amount of credit exposure to any single counterparty. The foreign currency derivative contracts are limited to a time period of 15 months or less. We regularly evaluate the credit standing of our counterparty financial institutions.

Interest Rate Risk

We are exposed to interest rate risk because many of our customers depend on debt financing to purchase our solar power systems. An increase in interest rates could make it difficult for our customers to obtain the financing necessary to purchase our solar power systems on favorable terms, or at all, and thus lower demand for our solar power products, reduce revenue and adversely impact our operating results. An increase in interest rates could lower a customer's return on investment in a system or make alternative investments more attractive relative to solar power systems, which, in each case, could cause our customers to seek alternative investments that promise higher returns or demand higher returns from our solar power systems, reduce gross margin and adversely impact our operating results. This risk is significant to our business because our sales model is highly sensitive to interest rate fluctuations and the availability of credit, and would be adversely affected by increases in interest rates or liquidity constraints.

Our interest expense would increase to the extent interest rates rise in connection with our variable interest rate borrowings. As of September 27, 2015, the outstanding principal balance of our variable interest borrowings was $32.5 million. We do not believe that an immediate 10% increase in interest rates would have a material effect on our financial statements. In addition, lower interest rates would have an adverse impact on our interest income. Our investment portfolio primarily consists of $225.0 million in money market funds as of September 27, 2015 which exposes us to interest rate risk. Due to the relatively short-term nature of our investment portfolio, we do not believe that an immediate 10% increase in interest rates would have a material effect on the fair market value of our money market funds. Since we believe we have the ability to liquidate substantially all of this portfolio, we do not expect our operating results or cash flows to be materially affected to any significant degree by a sudden change in market interest rates on our investment portfolio.

Equity Price Risk Involving Minority Investments in Joint Ventures and Other Companies

Our investments held in joint ventures and other companies expose us to equity price risk. As of September 27, 2015 and December 28, 2014, investments of $283.2 million and $210.9 million, respectively, are accounted for using the equity method, and $36.4 million and $32.3 million, respectively, are accounted for using the cost method. These strategic investments in third parties are subject to risk of changes in market value, which if determined to be other-than-temporary, could result in realized impairment losses. We generally do not attempt to reduce or eliminate our market exposure in equity and cost method investments. We monitor these investments for impairment and record reductions in the carrying values when necessary. Circumstances that indicate an other-than-temporary decline include the valuation ascribed to the issuing company in subsequent financing rounds, decreases in quoted market prices and declines in operations of the issuer. There can be no assurance that our equity and cost method investments will not face risks of loss in the future. See also "Risks Related to Our Operations—We have significant international activities and customers, and plan to continue these efforts, which subject us to additional business risks, including logistical complexity and political instability" and "Acquisitions of other companies or investments in joint ventures with other companies could materially and adversely affect our financial condition and results of operations, and dilute our stockholders' equity" in "Part I. Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014 and “Part II - Item 1A. Risk Factors - We may not realize the expected benefits of our YieldCo strategy.” in this Quarterly Report on Form 10-Q.

Interest Rate Risk and Market Price Risk Involving Convertible Debt

The fair market value of our outstanding convertible debentures is subject to interest rate risk, market price risk and other factors due to the convertible feature of the debentures. The fair market value of the debentures will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair market value of the debentures will generally increase as the market price of our common stock increases and decrease as the market price of our common stock falls. The interest and market value changes affect the fair market value of the debentures, but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligations. The aggregate estimated fair value of our outstanding convertible debentures was $666.6 million as of September 27, 2015. The aggregate estimated fair value of our outstanding convertible debentures was $1,019.4 million as of December 28, 2014. Estimated fair values are based on quoted market prices as reported by an independent pricing source. A 10% increase in quoted market prices would increase the estimated fair value of our then-outstanding debentures to $733.3 million and $1,121.4 million as of September 27, 2015 and December 28, 2014, respectively, and a 10% decrease in the quoted market prices would decrease the estimated fair value of our then-outstanding debentures to $600.0 million and $917.5 million as of September 27, 2015 and December 28, 2014, respectively.

ITEM 4: *CONTROLS AND PROCEDURES*

Evaluation of Disclosure Controls and Procedures

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

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 27, 2015 at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes.

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II

ITEM 1. *LEGAL PROCEEDINGS*

The disclosure under "Note 10. Commitments and Contingencies—Legal Matters" in "Notes to Condensed Consolidated Financial Statements" contained in this Quarterly Report on Form 10-Q is incorporated herein by reference.

ITEM 1A. *RISK FACTORS*

There have been no material changes to the risk factors we previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014, except for the risk factors described and included below.

Because 8point3 Energy Partners has completed the IPO of its Class A shares, we updated the risk factor entitled "*Risks Related to Our Sales Channels-We may be unable to successfully form the previously announced YieldCo vehicle; the proposed initial public offering of the YieldCo vehicle may not occur on favorable terms or at all; and even if the proposed initial public offering is completed, we may not achieve the expected benefits*" and replaced it with a risk factor entitled "*We may fail to realize the expected benefits of our YieldCo strategy.*" that is set forth below.

Additionally, we have updated the risk factor entitled "*Risks Related to Our Operations-Acquisitions of other companies or investments in joint ventures with other companies could materially and adversely affect our financial condition and results of operations, and dilute our stockholders' equity*" to reflect the consummation of the 8point3 Energy Partners IPO on June 24, 2015.

We may fail to realize the expected benefits of our YieldCo strategy.

In June 2015, 8point3 Energy Partners, a joint YieldCo vehicle formed by us and First Solar, Inc. to own, operate and acquire solar energy generation assets, launched an initial public offering of Class A shares representing its limited partner interests. The IPO was consummated on June 24, 2015, whereupon the Class A shares were listed on the NASDAQ Global Select Market under the trading symbol "CAFD."

Immediately after the IPO, we contributed a portfolio of 170 MW of our solar generation assets (the "SPWR Contributed Assets") to 8point3 Operating Company, LLC ("OpCo"), 8point3 Energy Partners' primary operating subsidiary. In exchange for the SPWR Contributed Assets, we received cash proceeds of $371 million as well as equity interests in several 8point3 Energy Partners affiliated entities: primarily common and subordinated units representing a 40.7% stake in OpCo and a 50.0% economic and management stake in 8point3 Holding Company, LLC ("Holdings"), the parent company of the general partner of 8point3 Energy Partners and the owner of incentive distribution rights ("IDRs") in OpCo. We refer to Holdings, OpCo, 8point3 Energy Partners and their respective subsidiaries as the "8point3 Group."

We may be unable to fully realize our expected strategic and financial benefits from the 8point3 Group on a timely basis or at all. The operations of the 8point3 Group are not consolidated with ours. Instead, we account for our investments in the 8point3 Group using the equity method, whereby the book value of our investments is recorded as a non-current asset and our portion of their earnings is recorded in the Consolidated Statements of Operations under the caption "Equity in earnings (loss) of unconsolidated investees." For more information about our accounting treatment of the 8point3 Group, please refer to Notes 3 and 11 to the Consolidated Financial Statements.

There is no assurance that we will realize a return on our equity investments in the 8point3 Group. The ability of the 8point3 Group to make cash distributions will depend primarily upon its cash flow, which is not solely a function of 8point3 Energy Partners' profitability. There is no assurance that we will receive any such cash distributions. Accordingly, we may never recover the value of the SPWR Contributed Assets, and we may realize less of a return on such contribution than if we had retained or operated these assets.

We believe that the viability of our YieldCo strategy will depend, among other things, upon our ability to continue to develop revenue-generating solar assets and to productively manage our relationship with First Solar, which are subject to the project-level, joint venture relationship, business and industry risks described in our Annual Report on Form 10-K for the fiscal year ended December 28, 2014 under the caption "Risk Factors," our other filings with the SEC, and the additional risk factors disclosed below. If we are unable to realize the strategic and financial benefits that we expect to derive from our YieldCo strategy and 8point3 Energy Partners in particular, our business, financial condition and results of operations could be materially adversely affected.

Acquisitions of other companies, project development pipelines and other assets, or investments in joint ventures with other companies could materially and adversely affect our financial condition and results of operations, and dilute our stockholders' equity.

To expand our business and maintain our competitive position, we have acquired a number of other companies, project development pipelines and other assets, and entered into several joint ventures over the past several years. In the future we may acquire additional companies, project pipelines, products or technologies or enter into joint ventures or other strategic initiatives.

Acquisitions and joint ventures involve a number of risks that could harm our business and result in the acquired business or joint venture not performing as expected, including:

- insufficient experience with technologies and markets in which the acquired business or joint venture is involved, which may be necessary to successfully operate and/or integrate the business or the joint venture;
- problems integrating the acquired operations, personnel, IT infrastructure, technologies or products with the existing business and products;
- diversion of management time and attention from the core business to the acquired business or joint venture;
- potential failure to retain or hire key technical, management, sales and other personnel of the acquired business or joint venture;
- difficulties in retaining or building relationships with suppliers and customers of the acquired business or joint venture, particularly where such customers or suppliers compete with us;
- potential failure of the due diligence processes to identify significant issues with product quality and development or legal and financial liabilities, among other things;

- potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities or work councils, which could delay or prevent acquisitions, delay our ability to achieve synergies, or our successful operation of acquired companies or joint ventures;

- potential necessity to re-apply for permits of acquired projects;

- problems managing joint ventures with our partners, meeting capital requirements for expansion, potential litigation with joint venture partners and reliance upon joint ventures which we do not control; for example, our ability to effectively manage our joint venture with AUO and our ability to effectively manage 8point3 Energy Partners with First Solar;

- differences in philosophy, strategy or goals with our joint venture partners;

- subsequent impairment of the acquired assets, including intangible assets;

- assumption of liabilities including, but not limited to, lawsuits, tax examinations, warranty issues, and liabilities associated with compliance with laws (for example, the FCPA); and

- the success of our joint venture 8point3 Energy Partners is subject to additional risks described under the risk factor "—We may not realize the expected benefits of our YieldCo strategy."

Additionally, we may decide that it is in our best interests to enter into acquisitions or joint ventures that are dilutive to earnings per share or that negatively impact margins as a whole. In an effort to reduce our cost of goods sold, we have and may continue to enter into acquisitions or joint ventures involving suppliers or manufacturing partners, which would expose us to additional supply chain risks. Acquisitions or joint ventures could also require investment of significant financial resources and require us to obtain additional equity financing, which may dilute our stockholders' equity, or require us to incur additional indebtedness. Such equity or debt financing may not be available on terms acceptable to us. In addition, we could in the future make additional investments in our joint ventures or guarantee certain financial obligations of our joint ventures, which could reduce our cash flows, increase our indebtedness and expose us to the credit risk of our joint ventures.

To the extent that we invest in upstream suppliers or downstream channel capabilities, we may experience competition or channel conflict with certain of our existing and potential suppliers and customers. Specifically, existing and potential suppliers and customers may perceive that we are competing directly with them by virtue of such investments and may decide to reduce or eliminate their supply volume to us or order volume from us. In particular, any supply reductions from our polysilicon, ingot or wafer suppliers could materially reduce manufacturing volume.

ITEM 2: *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

Issuer Purchases of Equity Securities

The following table sets forth all purchases made by or on behalf of us or any "affiliated purchaser," as defined in Rule 10b-18(a)(3) under the Exchange Act, of shares of our common stock during each of the indicated periods.

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plans or Programs
June 29, 2015 through July 26, 2015	3,525	$ 27.17	—	—
July 27, 2015 through August 23, 2015	52,702	$ 25.09	—	—
August 24, 2015 through September 27, 2015	28,301	$ 23.45	—	—
	84,528	$ 24.63	—	—

[1] The shares purchased represent shares surrendered to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees.

ITEM 6: ***EXHIBITS***

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

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 thereto duly authorized.

	SUNPOWER CORPORATION
Date: October 28, 2015	By: /s/ CHARLES D. BOYNTON
	Charles D. Boynton **Executive Vice President and** **Chief Financial Officer**

Index to Exhibits

Exhibit Number	Description
10.1*	SunPower Corporation Outside Director Compensation Policy, as amended on July 22, 2015.
10.2*	2015 Management Career Transition Plan, dated August 10, 2015.
10.3*	Fifth Amendment to Letter of Credit Facility Agreement, dated October 7, 2015, by and among SunPower Corporation, SunPower Corporation, Systems, Total S.A., Deutsche Bank AG New York Branch.
31.1*	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a).
31.2*	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a).
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document.
101.SCH*	XBRL Taxonomy Schema Document.
101.CAL*	XBRL Taxonomy Calculation Linkbase Document.
101.LAB*	XBRL Taxonomy Label Linkbase Document.
101.PRE*	XBRL Taxonomy Presentation Linkbase Document.
101.DEF*	XBRL Taxonomy Definition Linkbase Document.

Exhibits marked with an asterisk (*) are filed herewith.

Exhibits marked with two asterisks (**) are furnished and not filed herewith.

Exhibit 10.1

SUNPOWER CORPORATION

OUTSIDE DIRECTOR

Compensation Policy

Effective August 6, 2009; amended December 11, 2009; amended April 1, 2010; amended May 3, 2011; amended June 15, 2011; amended July 22, 2015

1. General. This Outside Director Compensation Policy (the "Policy"), which is adopted by the Board of Directors (the "Board") of SunPower Corporation, a Delaware corporation (the "Company"), sets forth the cash and equity-based compensation that shall be payable to eligible non- employee members of the Board who are not nominated representatives of Total S.A. or its corporate affiliates ("Outside Directors") commencing with the fiscal quarter ending September 27, 2015. This Policy is intended to replace and supersede in its entirety the compensation program applicable to Outside Directors that is in effect as of the effective date of this Policy, including, without limitation, the (i) cash compensation in effect as of the date hereof and (ii) the automatic equity-based awards that would otherwise in the future be granted to Outside Directors pursuant to Section 4(b) of the Second Amended and Restated SunPower Corporation 2005 Stock Incentive Plan, as amended from time to time (the "Stock Plan"). On June 3, 2015, the Stock Plan was superseded and replaced in its entirety by the SunPower Corporation 2015 Omnibus Plan (the "Omnibus Plan"). The cash and equity-based compensation described in this Policy shall be paid or be made, as applicable, automatically and without further action of the Board, to each Outside Director who may be eligible to receive such compensation. This Policy shall remain in effect until it is revised or rescinded by further action of the Board. The equity-based compensation shall consist of Restricted Stock Units (as defined in the Omnibus Plan), which shall be settled upon vesting in shares of Common Stock of the Company, par value $0.001 per share (the "Common Stock"), that are granted pursuant to and subject to the provisions of the Omnibus Plan.

2. Annual Fees. Each Outside Director shall be eligible to receive an annual fee, payable on a quarterly basis as set forth below, for services performed for the Board in accordance with the following provisions (the "Annual Fees"):

(i) Outside Directors. Each Outside Director (other than Chairs of Board committees) shall be eligible to receive an Annual Fee for the Company's fiscal year equal to $400,000 for service on the Board.

(ii) Chairs. Each Outside Director who also serves as Chair of one or more Committees of the Board shall be eligible to receive an Annual Fee for the Company's fiscal year equal to $400,000 for service on the Board and for service as a Chair of a Committee. As used in this Policy, "Committee" refers any of the Audit Committee, the Compensation Committee, or the Nominating and Corporate Governance Committee of the Board.

(iii) Chairman. The Chairman of the Board, if he or she qualifies as an Outside Director, shall be eligible to receive an Annual Fee for the Company's fiscal year equal to $450,000 for service as the Chairman of the Board and for service, if any, as a Chair of a Committee.

(iv) Lead Director. In addition to any other applicable compensation provided under the foregoing provisions of this Section 2, an Outside Director who also serves as the "lead director" appointed by the Board shall be eligible to receive an Annual Fee for the Company's fiscal year equal to $25,000 for service as the lead director.

Any Outside Director first appointed or elected to the Board shall, upon such appointment or election, be eligible to receive a prorated portion of the applicable Annual Fee based on the number of fiscal quarters (including partial fiscal quarters) that the Outside Director was in service.

Any Outside Director terminating from the Board shall, upon such termination, be eligible to receive a prorated portion of the applicable Annual Fee based on the number of fiscal quarters (including partial fiscal quarters) that the Outside Director was in service.

3. Timing of Payment. The Annual Fees shall be paid in the form set forth in Section 4 hereof on a quarterly basis (i) with respect to the cash compensation described in Section 4(i), on or about the date of the quarterly Board meeting of the applicable fiscal quarter with respect to which the Outside Director is serving as a member of the Board and to which the compensation relates, and (ii) with respect to the Restricted Stock Units described in Section 4(ii), on the 11th day of the second month of the applicable fiscal quarter with respect to which the Outside Director is serving as a member of the Board and to which the compensation relates, or, if no publicly traded sale of Common Stock occurred on such date, on the first trading date immediately after such date during which a sale occurred.

4. Form of Payment of Annual Fees. The Annual Fees set forth in Section 2 hereof shall be paid to the eligible Outside Directors in the form of cash and Awards of Restricted Stock Units in the following percentages:

(i) Cash: Twenty-five percent (25%) of the total Annual Fee payable to each eligible Outside Director other than the Chairman and other than pursuant to Section 2(iv) shall be paid in the form of cash. One-hundred percent (100%) of the Annual Fee payable to the lead director pursuant to Section 2(iv) shall be paid in cash. The cash payment shall be reduced by any taxes or social security contributions due on the income.

(ii) Restricted Stock Units: Seventy-five percent (75%) of the total Annual Fee payable to each eligible Outside Director other than the Chairman and other than pursuant to Section 2(iv) shall be paid in the form of an Award of Restricted Stock Units made under the Omnibus Plan. One-hundred percent

(100%) of the total Annual Fee payable to the Chairman shall be paid in the form of an Award of Restricted Stock Units made under the Omnibus Plan.

(A) The number of Restricted Stock Units subject to the Award that shall be granted for the applicable fiscal quarter shall be calculated by dividing the amount payable for the quarter in the form of Restricted Stock Units by the Fair Market Value of a share of Common Stock, less any taxes or social security contributions due on the income, which may be withheld by the Company. "Fair Market Value" for purposes of this Section 4 shall mean the closing price of the Common Stock on the Nasdaq Global Select Market on the payment date set forth in Section 3, or if no publicly traded sale of Common Stock occurred on such date, the first trading date immediately after such date during which a sale occurred. Any fractional shares resulting from this calculation shall be rounded up to a full share.

(B) The grant date for purpose of the Award of Restricted Stock Units shall be the date of payment.

(C) The Award of Restricted Stock Units shall be fully vested as of the date of grant.

(D) The Restricted Stock Units shall be settled as soon as practicably possible, but in any event within seven (7) days, following the date of grant (vesting date) in the form of shares of Common Stock.

(E) All applicable terms of the Omnibus Plan apply to this Policy as if fully set forth herein, and all Awards of Restricted Stock Units under this Policy are subject in all respects to the terms of the Omnibus Plan.

(F) All share numbers set forth in this Policy shall be adjusted in accordance with the capitalization adjustment provision set forth in Section 11(a) of the Omnibus Plan.

(G) The grant of any Award under this Policy shall be made solely by and subject to the terms set forth in a written Restricted Stock Unit agreement in a form, consistent with the terms of the Omnibus Plan, approved by Board (or the Compensation Committee thereof) and duly executed by an executive officer of the Company.

5. Policy Subject to Amendment, Modification and Termination. This Policy may be amended, modified or terminated by the Board in the future at its sole discretion, provided that no such action that would materially and adversely impact the rights with respect to Annual Fees payable in the fiscal quarter during which the Outside Director is then performing services shall be effective without the consent of the affected Outside Director.

6. Effectiveness. This Policy shall become effective as of July 22, 2015.

Exhibit 10.2

SUNPOWER CORPORATION

2016 MANAGEMENT CAREER TRANSITION PLAN

Preamble

The Board of Directors of SunPower Corporation and its Compensation Committee believe that it is in the best interest of the Company and its wholly-owned subsidiaries (collectively, the "Company") to provide additional security to (a) the Chief Executive Officer of SunPower Corporation and those employees who have been employed by the Company for at least six (6) months and who report directly to the Chief Executive Officer ("Executives") and (b) other key employees within the Company who are provided with written notice from the Chief Executive Officer of the Company that they are Plan Participants ("Key Managers" and, collectively with the Executives, "Plan Participants").

Accordingly, in order to (a) induce the Plan Participants to remain in the employ of the Company and (b) facilitate the hiring of new executive officers and key employees, the Company adopts the plan hereinafter set forth (the "Plan") for the payment of certain benefits in the event that any Plan Participant's employment is terminated by the Company without Cause.

The Plan is an employee welfare benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). This Plan document is also the summary plan description of the Plan.

Plan Provisions

1. **Termination of Employment**.

1.1 **Participation in Plan**. A Plan Participant shall be entitled to participate in this Plan on the termination of his or her employment (a) by reason of death or Disability or (b) by the Company without Cause, but only to the extent such Plan Participant is not eligible to receive severance payments under any employment agreement between the Plan Participant and the Company. In the event a Plan Participant's employment agreement, if any, is not renewed (i.e. terminated) on the expiration of its term, under no circumstances shall such non-renewal/termination qualify as a termination of employment for purposes of triggering the compensation payable under Section 2 below; provided, however, that if such a Plan Participant's employment is terminated on or after the expiration of its term, such Plan Participant shall be entitled to the compensation and benefits payable under Section 2 below if the Plan Participant otherwise qualifies for benefits under the terms and conditions of this Plan.

1.2 **Compensation**. The compensation payable under the circumstances set forth in Section 1.1 shall be as described in Section 2.

2. **Payments on Termination**. Provided that the Plan Participant has executed (and not revoked within any applicable period) a release of claims against the Company in a form prescribed by the Company and submitted such release of claims to the Company within forty-five (45) days of the date that such release was provided to the Plan Participant, and does not thereafter revoke such release of claims, on a termination under the circumstances stated in Section 1.1, the Plan Participant shall be paid as follows (notwithstanding the foregoing, payments of any amounts the Company otherwise is required to pay under applicable law shall not be subject to this release requirement):

2.1 **Termination by Death or Disability**. In the event a Plan Participant's termination of employment occurs as a result of his or her death or Disability, the Company shall pay such Plan Participant or his or her estate within sixty (60) days following the Date of Termination an amount equal to the sum of (a) the Plan Participant's accrued and unpaid Base Salary through the Date of Termination and (b) any accrued and unpaid paid time off ("PTO") earned by such Plan Participant through the Date of Termination. For this purpose, this Plan shall be enforceable by the Plan Participant's personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees, and legatees. The Company's payment obligations under this Section 2.1 shall supersede the Company's obligations set forth in Sections 2.2 and 2.3 in the event of a Plan Participant's death or Disability.

2.2 **Key Managers**.

(a) **Termination**. In the event a Key Manager's employment is terminated by the Company or its successors without Cause and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code (applying the default rules thereunder), the Company shall pay such Key Manager an amount equal to the sum of:

(i) ***Accrued Base Salary***. Such Key Manager's accrued and unpaid Base Salary through the Date of Termination (this amount will be paid without regard to whether such Executive complies with the release requirements described in Section 2); plus

(ii) ***Accrued Bonus***. In the event the Date of Termination follows a completed fiscal year for which such Key Manager's annual bonus relating to such prior completed fiscal year has not been paid as of the Date of Termination, a payment equal to the actual bonus that would have been paid for such completed fiscal year; plus

(iii) ***Paid Time Off***. Any accrued and unpaid PTO earned by such Key Manager through the Date of Termination; plus

(iv) ***Additional Base Salary***. Such Key Manager's monthly Base Salary in effect on the Determination Date multiplied by six (6); plus

(v) ***Pro Rata Bonus***. An amount equal to the actual annual bonus, if any, that such Key Manager would have received had the Key Manager remained employed to the end of the then current fiscal year (or the date required by the applicable bonus plan to earn such annual bonus, if later) multiplied by a fraction, the numerator of which is the number of whole calendar months between the commencement of the then current fiscal year and the Date of Termination and the denominator of which is twelve (12); plus

(vi) ***Medical, Dental, and Vision Benefits***. Continuation coverage for such Key Manager and his or her eligible dependents under the Company's Benefit Plans for a period of six (6) months following the Date of Termination paid for by the Company (provided that notwithstanding the foregoing clause relating to the Company paying for such coverage, such Key Manager validly elects to continue coverage under applicable law and assumes the cost, on an after-tax basis to the extent required to avoid adverse tax consequences under Section 105(h) of the Code or adverse consequences under the Affordable Care Act, as determined by the Plan Administrator in its sole discretion, for such continuation coverage), or, if earlier, until such Key Manager is eligible for similar benefits from another employer;

(vii) ***Benefit Plans Make-Up Payment***. Except as provided in Section 3.4, on or about January 31 of the year following the year in which the Date of Termination occurs and continuing on or about January 31 of the next succeeding year, if necessary, the Company will make a payment to the Key Manager (the "Benefit Plans Make-Up Payment") such that after payment of all taxes incurred by the Key Manager with respect to such Benefit Plans Make-Up Payment, the Key Manager receives an amount equal to the amount the Key Manager paid during the immediately preceding calendar year for the Benefit Plans' coverage described in this Section, but only to the extent the Executive paid for such Benefit Plan coverage on an after-tax basis; plus

(viii) ***Outplacement***. Reimbursement of up to $15,000 for the services of an outplacement firm mutually acceptable to the Company and the Key Manager, provided that Key Manager incurs such outplacement services no later than the last day of the second year following the year in which Key Manager's Date of Termination occurs and Key Manager submits a reimbursement request and supporting documentation in accordance with the Company's normal business expense reimbursement policy within 90 days of incurring such expense. Reimbursement shall be made within 60 days of a complete and timely reimbursement request.

(b) ***COBRA Coverage***. The continuation of the Key Manager's coverage under the Company's Benefit Plans under Section 2.2(a)(vi) shall not in any manner extend the applicable coverage period for the Key Manager under the Consolidated Omnibus Reconciliation Act of 1985, as amended and any applicable similar state law ("COBRA").

2.3 **Executives**.

(a) **Termination**. In the event an Executive's employment is terminated by the Company or its successors without Cause and such termination constitutes a "separation from service" within the meaning of Section 409A of the Code (applying the default rules thereunder), the Company shall pay such Executive an amount equal to the sum of:

(i) ***Accrued Base Salary***. Such Executive's accrued and unpaid Base Salary through the Date of Termination (this amount will be paid without regard to whether such Executive complies with the release requirements described in Section 2); plus

(ii) ***Accrued Bonus***. In the event the Date of Termination follows a completed fiscal year for which such Executive's annual bonus relating to such prior completed fiscal year has not been paid as of the Date of Termination, a payment equal to the actual bonus that would have been paid for such completed fiscal year; plus

(iii) ***Paid Time Off***. Any accrued and unpaid PTO earned by such Executive through the Date of Termination; plus

(iv) ***Additional Base Salary***. Such Executive's monthly Base Salary in effect on the Determination Date multiplied by (i) twenty-four (24) if the Executive is the Chief Executive Officer of the Company and (ii) twelve (12) for each Executive other than the Chief Executive Officer of the Company; plus

(v) ***Pro Rata Bonus***. An amount equal to the actual annual bonus, if any, that such Executive would have received had the Executive remained employed to the end of the then current fiscal year (or the date required by the applicable bonus plan to earn such annual bonus, if later) multiplied by a fraction, the numerator of which is the number of whole calendar months between the commencement of the then current fiscal year and the Date of Termination and the denominator of which is twelve (12); plus

(vi) ***Medical, Dental, and Vision Benefits***. Continuation coverage for such Executive and such Executive's eligible dependents under the Company's Benefit Plans for a period of (i) twenty-four (24) months following the Date of Termination if such Executive is the Chief Executive Officer of the Company and (ii) twelve (12) months following the Date of Termination if such Executive is not the Chief Executive Officer of the Company, paid for by the Company (provided that notwithstanding the foregoing clause relating to the Company paying for such coverage, such Executive validly elects to continue coverage under applicable law and assumes the cost, on an after-tax basis to the extent required to avoid adverse tax consequences under Section 105 (h) of the Code or adverse consequences under the Affordable Care Act, as determined by the Plan Administrator in its sole discretion, for such continuation coverage), or, if earlier, until such Executive is eligible for similar benefits from another employer;

(vii) ***Benefit Plans Make-Up Payment***. Except as provided in Section 3.4, on or about January 31 of the year following the year in which the Date of Termination occurs and continuing on or about each January 31 until the year following the last year of Executive's Benefit Plans' coverage pursuant to this Section, the Company will make a payment to Executive (the "Benefit Plans Make-Up Payment") such that after payment of all taxes incurred by Executive with respect to such Benefit Plans Make-Up Payment, Executive receives an amount equal to the amount Executive paid during the immediately preceding calendar year for the Benefit Plans' coverage described in this Section, but only to the extent the Executive paid for such Benefit Plan coverage on an after-tax basis; plus

(viii) ***Outplacement***. Reimbursement of up to $15,000 for the services of an outplacement firm mutually acceptable to the Company and the Executive, provided that Executive incurs such outplacement services no later than the last day of the second year following the year in which Executive's Date of Termination occurs and Executive submits a reimbursement request and supporting documentation in accordance with the Company's normal business expense reimbursement policy within 90 days of incurring such expense. Reimbursement shall be made within 60 days of a complete and timely reimbursement request.

(b) **COBRA Coverage**. The continuation of Executive's coverage under Section 2.3(a)(vi) shall not in any manner extend the applicable coverage period for the Executive under COBRA.

3. **Payment Mechanics**.

3.1 Except as otherwise required by applicable law and as provided in Section 3.4, the Plan Participant shall receive the aggregate payments identified in Section 2.1, 2.2, or 2.3 (as applicable) in a single lump sum payment on the sixtieth (60th) day following the Date of Termination, subject to the execution and non-revocation of a release pursuant to Section 2, and subject to the provisions of Sections 3.3 and 3.4; provided, however, that the Plan Participant shall receive the payment identified in Section 2.2(a)(v) or 2.3(a)(v), as the case may be, at the same time that the actual bonus for the then current fiscal year would have been received and the Plan Participant shall receive the payments or benefits identified in Section 2.2(a)(vi), (vii), and (viii) and 2.3(vi), (vii), and (viii) at the times described in such Sections.

3.2 The Plan Participant shall not be required to mitigate the amount of any payment provided for in Sections 2.2 or 2.3 by seeking other employment or otherwise, nor shall the amount of any such payment be reduced by any compensation earned by the Plan Participant as the result of employment by another employer after the Date of Termination (except as described in Sections 2.2 (a)(vi) and 2.3(a)(vi)), or otherwise.

3.3 All amounts payable under this Plan shall be subject to (and reduced by) any applicable required tax withholdings.

3.4 **Timing of Payments**. To the extent necessary to avoid taxes and penalties under Section 409A of the Code, if, as of the Date of Termination, Plan Participant is a "specified employee," within the meaning of Treasury Regulation § 1.409A and using the identification methodology selected by the Company from time to time, the lump-sum payments and other benefits or payments specified in Sections 2.2 and 2.3, if they otherwise would be paid before the first business day of the seventh month after the Date of Termination, shall be paid on the first business day of the seventh month after the Date of Termination, or, if earlier, on Plan Participant's death. Any payments that are deferred pursuant to this Section 3.4 shall be credited with interest at the short-term Applicable Federal Rate with annual compounding, as announced by the Internal Revenue Service for the month in which the Date of Termination occurs.

4. **Duration and Amendment**.

4.1 This Plan shall become effective on May 1, 2016 and shall terminate on the third anniversary thereof unless, prior thereto, a Change of Control shall have occurred, in which case the Plan shall terminate immediately after the consummation of the Change of Control.

4.2 The Company reserves the right at any time, and without prior or other approval of any employee or former employee, and without prior notice, to change, modify, amend, terminate, or discontinue this Plan for any or no reason, except that no such action shall reduce an employee's benefits under the Plan that already have accrued by reason of the employee's prior termination of employment.

4.3 The Chief Executive Officer may terminate a Key Employee's participation in the Plan on written notice.

5. **Section 280G Limitation**. If any payment or benefit a Plan Participant would receive pursuant to the Plan (collectively, the "Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties payable with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then Plan Participant's benefits under this Plan shall be either: (1) delivered in full, or (2) delivered as to such lesser extent that would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state, and local income taxes and the Excise Tax, results in the receipt by Plan Participant on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be taxable under Section 4999 of the Code. Any reduction under this Section 5 shall be applied first to Payments that constitute "deferred compensation" (within the meaning of Section 409A of the Code and the regulations thereunder). If there is more than one such Payment, then such reduction shall be applied on a pro rata basis to all such Payments. Notwithstanding the foregoing, if such reduction would result in the imposition of additional taxes under Section 409A of the Code and a different order of reduction would not result in the imposition of such additional taxes,

the Payments shall instead be reduced in such a manner as to not result in the imposition of such additional taxes.

The accounting firm engaged by the Company for general audit purposes as of the day prior to the effective date of the change of control giving rise to the potential need for such reduction shall perform the foregoing calculations. If the accounting firm so engaged by the Company is also serving as accountant or auditor for the individual, entity, or group that will control the Company on the occurrence of such a change of control, the Company shall appoint a nationally recognized accounting firm other than the accounting firm engaged by the Company for general audit purposes to make the determinations required hereunder. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Plan Participant within thirty (30) calendar days after the date on which such accounting firm has been engaged to make such determinations or such other time as requested by the Company or Plan Participant. Any good faith determinations of the accounting firm made hereunder shall be final, binding, and conclusive on the Company and Plan Participant.

6. **Benefits Implications**. All benefits to be provided hereunder shall be in addition to any pension, disability, worker's compensation, or other Company benefit plan distribution that the Plan Participant has accrued at his or her Date of Termination. The receipt of severance pay under this Plan shall have no effect on the Plan Participant's right, if any, to benefits under any other employee pension or welfare benefit plan, except that this Plan supersedes and replaces all prior negotiations and agreements, proposed or otherwise, whether written or oral, concerning severance payments and benefits in the event of the termination of employment of a Plan Participant, other than pursuant to a written employment agreement between the Plan Participant and the Company.

7. **Definitions**. The capitalized terms used in this Plan have the following meanings for purposes of the Plan:

7.1 "Base Salary" means the base salary of a Plan Participant for the applicable period, without regard to bonus, car allowance, incentive payments, equity incentives, or commission payments.

7.2 "Benefit Plans" means plans, policies, or arrangements that the Company sponsors (or participates in) and that, immediately prior to Plan Participant's termination of employment, provide medical, dental, or vision benefits for Plan Participants and their eligible dependents. Benefit Plans do not include any other type of benefit (including, but not by way of limitation, financial counseling, disability, life insurance, or retirement benefits). A requirement that the Company provide Plan Participant and Plan Participant's eligible dependents with (or reimburse for) coverage under the Benefit Plans will not be satisfied unless the coverage is no less favorable than that provided to Plan Participant and Plan Participant's eligible dependents immediately prior to Plan

Participant's termination of employment; provided, however, that the Company may reduce coverage under the Benefit Plans if such reduction is applicable to all other senior executives of SunPower Corporation. Subject to the immediately preceding sentence, the Company may, at its option, satisfy any requirement that the Company provide (or reimburse for) coverage under any Benefit Plan by instead providing (or reimbursing for) coverage under a separate plan or plans providing coverage that is no less favorable.

7.3 "Cause" means the occurrence of any of the following, as determined by the Company in good faith: (i) acts or omissions constituting gross negligence or willful misconduct on the part of Plan Participant with respect to Plan Participant's obligations or otherwise relating to the business of Company, (ii) Plan Participant's (A) felony conviction of, or felony plea of nolo contendere to, crimes involving fraud, misappropriation, or embezzlement, or a felony crime of moral turpitude, or (B) conviction of crimes involving fraud, misappropriation, or embezzlement, (iii) Plan Participant's violation or breach of any fiduciary duty (whether or not involving personal profit) to the Company, or willful violation of a published policy of the Company governing the conduct of its executives or other employees, or (iv) Plan Participant's violation or breach of any contractual duty to the Company, which duty is material to the performance of the Plan Participant's duties or results in material damage to the Company or its business; provided that if any of the foregoing events is capable of being cured, the Company will provide notice to Plan Participant describing the nature of such event and Plan Participant will thereafter have thirty (30) days to cure such event.

7.4 "Change of Control" means (i) a sale of all or substantially all of the assets of the Company, (ii) any merger, consolidation, or other business combination transaction of the Company with or into another corporation, entity, or person, other than a transaction in which the holders of at least a majority of the shares of voting capital stock of the Company outstanding immediately prior to such transaction continue to hold (either by such shares remaining outstanding or by their being converted into shares of voting capital stock of the surviving entity) a majority of the total voting power represented by the shares of voting capital stock of the Company (or the respective surviving entity) outstanding immediately after such transaction, (iii) the direct or indirect acquisition (including by way of a tender or exchange offer) by any person, or persons acting as a group, of beneficial ownership or a right to acquire beneficial ownership of shares representing a majority of the voting power of the then outstanding shares of capital stock of the Company, (iv) a contested election of directors, as a result of which or in connection with which the persons who were directors before such election or their nominees cease to constitute a majority of the Board, or (v) a dissolution or liquidation of the Company.

7.5 "Code" means the Internal Revenue Code of 1986, as amended.

7.6 "Date of Termination" means the date on which Plan Participant incurs a "separation from service" within the meaning of Section 409A of the Code (applying the default rules thereunder).

7.7 "Determination Date" means the date during the twelve (12) month period preceding the Date of Termination on which the sum of Plan Participant's annual Base Salary plus his annual target bonus was highest.

7.8 "Disability" shall have the same defined meaning as in the Company's long-term disability plan.

8. **General**.

8.1 **Time Limits**. All time limits refer to calendar days. If the expiration of any time limit falls on a weekend or a holiday observed by the Company, the time limit will be deemed to end on the next workday.

8.2 **Source of Benefits**. The Plan is unfunded. The benefits provided under the Plan are payable solely from the Company's general assets.

8.3 **Expenses**. The expenses of operating and administering the Plan shall be borne entirely by the Company.

8.4 **Plan Sponsor and Administrator**. The Company is the "Plan Sponsor" and the "Administrator" of the Plan, as such terms are defined in ERISA, unless the Company designates a fiduciary to serve as the Administrator of the Plan in Exhibit B (the entity or individual serving as Administrator of the Plan shall be referred to herein as the "Plan Administrator"). The Company shall appoint a Claims Fiduciary (as such term is defined in Exhibit A) to review adverse benefit determinations as described in Exhibit A.

The Plan Administrator shall make any and all determinations required to be made in connection with the operation and administration of the Plan, including (without limitation) the determination of all questions relating to eligibility for benefits and the amount of any benefits payable hereunder. The Plan shall be interpreted in accordance with its terms and their intended meanings. However, the Plan Administrator shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion it deems to be appropriate in its sole discretion, and to make any findings of fact needed in the administration of the Plan. The validity of any such interpretation, construction, decision, or finding of fact shall not be subject to de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious.

8.5 **Errors in Drafting**. If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Plan Administrator in its sole discretion, the provision shall be considered ambiguous and shall be interpreted by the Plan Administrator in a fashion consistent with its intent, as determined in the sole discretion of the Plan Administrator. The Company shall amend the Plan retroactively to cure any such ambiguity.

8.6 **Named Fiduciary**. The Plan Administrator is the "named fiduciary" of the Plan within the meaning of ERISA, including the "named fiduciary" with the power to act with respect to the review of initial claims for benefits under the Plan.

8.7 **Allocation and Delegation of Responsibilities**. The Plan Administrator may allocate any of its responsibilities for the operation and administration of the Plan to any officer or other employee of the Company. It may also delegate any of its responsibilities under the Plan by designating, in writing, another person to carry out such responsibilities. Any such written designation shall become effective when executed by an officer of the Company, and the designated person shall then be responsible for carrying out the responsibilities described in such writing. Any such person to whom such responsibilities are allocated or delegated shall be considered the Plan Administrator for all purposes when carrying out such responsibilities.

8.8 **No Individual Liability**. It is the express purpose of the Company that no individual liability whatsoever shall attach to, or be incurred by, any director, officer, employee, representative, or agent of the Company under, or by reason of, the operation of the Plan.

8.9 **This Plan Supersedes Other Severance Pay Arrangements**. This Plan constitutes and contains the entire agreement and understanding between the Company and Plan Participants and supersedes and replaces all prior negotiations and agreements, proposed or otherwise, whether written or oral, concerning severance payments and benefits in the event of the termination of employment of a Plan Participant, except that it does not supersede or replace any severance payments or benefits payable under a written employment agreement between the Plan Participant and the Company.

8.10 **Claims and Review Procedures**. Any Plan participant (or his or her authorized representative) who believes he or she has not received the proper benefit under the Plan (a "Claimant") may file a formal claim, in writing, with the Plan Administrator. Any such formal claim must be filed within ninety (90) days after the date the Claimant first knew or should have known of the facts on which the claim is based and in no event later than 180 days following the Plan Participant's Date of Termination, unless the Company in writing consents otherwise. The Company has adopted procedures for considering claims (which are set forth in Exhibit A), which it may amend from time to time, provided that the Company shall notify Plan Participants of any such amendment. These procedures shall comply with all applicable legal requirements. The right to receive benefits under this Plan is contingent on a Claimant using the prescribed claims process to resolve any claim. On request, the Company shall provide a Claimant with a copy of the then current claims procedures.

8.11 **Notices**. For the purposes of this Plan, notices and all other communications provided for in the Plan shall be in writing and shall be deemed to have been duly given when delivered or mailed by certified or registered mail, return receipt requested, postage prepaid, addressed: (a) if to a Plan Participant, to his or her latest address as reflected on the Company's employment records, or to him at his or her place of employment, if known; and (b) if to the Company, to SunPower Corporation, 77 Rio

Robles, San Jose, California 95134, Attention: Executive Vice President, Administration, or to such other address as the Company may furnish to each Plan Participant in writing with specific reference to the Plan and the importance of the notice, except that notice of change of address shall be effective only on receipt.

8.12 **Governing Law**. This Plan is designed to be an "employee welfare benefit plan," as defined in Section 3(1) of ERISA, and it shall be interpreted, administered, and enforced in accordance with that law. This Plan also is designed to be a "top hat" welfare benefit plan under Section 104(a)(3) of ERISA and, if ever considered a "pension plan," it shall be a top hat pension plan.

8.13 **Invalid or Unenforceable Provisions**. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect. If a court or arbitrator concludes that there is an invalid or unenforceable provision, it, he, or she shall replace that provision with one that is valid and enforceable and that, as closely as possible, achieves the same result as the invalid or unenforceable provision.

8.14 **409A Compliance**. Each payment and the provision of each benefit under this Plan will be considered a separate payment and not one of a series of payments for purposes of Section 409A of the Code. It is intended that this Plan comply with the provisions of Section 409A of the Code. This Plan will be administered in a manner consistent with such intent. No Participant shall ever have a legally binding right to receive payment of any benefit that would result in the imposition of additional taxes under Section 409A of the Code. The Company shall not be liable to any Plan Participant for any additional taxes or other liabilities imposed on a Plan Participant by Section 409A of the Code or any similar tax law.

WHEREFORE, SunPower Corporation has caused this plan to be executed by its undersigned duly authorized representative on August 10, 2015.

SUNPOWER CORPORATION

/s/ Christopher Jaap

Name: Christopher Jaap

Its: Vice President, Deputy General Counsel & Assistant Secretary

Exhibit A

DETAILED CLAIMS PROCEDURES

1. Initial Claims.

Any Plan Participant (or his or her authorized representative) who believes he or she has not received the proper benefit under the Plan must file a written claim with the Plan Administrator. The Plan Administrator will review the claim and notify the employee of its decision in writing within a reasonable period of time, but no later than 90 days after receiving the claim. Notwithstanding the foregoing, if the Plan Administrator determines that special circumstances require an additional period of time for processing the claim, the Plan Administrator may extend the determination period for up to an additional 90 days by giving the Claimant written notice prior to the end of the initial 90-day period, which notice shall indicate the special circumstances requiring the extension and the date by which the Plan expects to render the benefit determination. Any claim that the Claimant does not pursue in good faith through the initial claims stage shall be treated as having been irrevocably waived.

If the claim is granted in full, the benefits or relief the Claimant seeks shall be provided. If the Plan Administrator makes an adverse benefit determination, in whole or in part, the Plan Administrator shall provide the Claimant with written notice of the adverse benefit determination, setting forth, in a manner calculated to be understood by the Claimant: (1) the specific reason or reasons for the adverse benefit determination; (2) specific references to the provisions of the Plan on which the adverse benefit determination is based; (3) a description of any additional material or information necessary for the Claimant to perfect the claim, together with an explanation of why the material or information is necessary; and (4) an explanation of the procedures for appealing the adverse benefit determination and the time limits applicable to such procedure, including a statement of the Claimant's right to bring a civil action under ERISA following an adverse benefit determination on review.

An "adverse benefit determination" is a denial, reduction, termination of, or failure to make payment of a benefit (in whole or in part), including any such denial, reduction, termination of, or failure to make payment of a benefit that is based on a determination of a Claimant's eligibility to participate in the Plan.

2. Reviews of Adverse Benefit Determinations.

If the Claimant believes the adverse benefit determination is improper, the Claimant (or the Claimant's authorized representative) may file a written request for a full review of the claim by a review official appointed by the Company (which official may be a person, committee, or other entity) (such official, the "Claims Fiduciary"). A request for review must be filed with the Claims Fiduciary within 60 days after the employee receives the notice of adverse benefit determination. The request for review should set forth all of the grounds on which it is based, all facts in support of the request, and any other matters the Claimant (or the Claimant's authorized representative) deems pertinent.

The Claimant (or the Claimant's authorized representative) may submit written comments, documents, records, or other information relating to the claim and such information will be taken into account on review without regard to whether such information was submitted or considered in the initial benefit determination. The Claimant (or the Claimant's authorized representative) will be provided, on request, and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claim. Any claim the Claimant does not pursue in good faith through the review stage, such as by failing to file a timely request for review, shall be treated as having been irrevocably waived.

The Claims Fiduciary will notify the Claimant in writing of the final decision within a reasonable period of time, but no later than 60 days after receipt of the written request for review. Notwithstanding the foregoing, if the Claims Fiduciary determines that special circumstances require an additional period of time for processing the claim, the Claims Fiduciary may extend the review period for up to an additional 60 days by giving the Claimant written notice prior to the end of the initial 60-day period, which notice shall indicate the special circumstances requiring the extension and the date by which the Plan expects to render the determination on review. If the Claims Fiduciary denies the appeal, in whole or in part, the decision shall be set forth in a manner calculated to be understood by the Claimant, and shall include specific reasons for the decision, specific references to the provisions on which the decision is based, if applicable, a statement that the Claimant is entitled to receive, on request and free of charge, reasonable access to, and copies of, all documents records and other information relevant to the claim, and a statement of the Claimant's right to bring a civil action under ERISA.

Exhibit B

ADDITIONAL INFORMATION

RIGHTS UNDER ERISA

Each Plan Participant is entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants will be entitled to:

Receive Information About the Plan and Plan Benefits

1. Examine, without charge, at the Plan Administrator's office and at certain Company offices, all documents governing the Plan, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series), if any, filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration ("EBSA").

2. Obtain, on written request to the Plan Administrator, copies of documents governing the operation of the Plan, including collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series), if any, and an updated summary plan description, if any. The Plan Administrator may make a reasonable charge for the copies.

3. Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Plan Participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties on the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of all Plan Participants and beneficiaries. No one, including the Company or any other person, may fire or otherwise discriminate against any Plan Participant to prevent a Plan Participant from obtaining a benefit or exercising any right under ERISA.

Enforcing Plan Participants' Rights

1. If a Plan Participant's claim for benefits is denied or ignored, in whole or in part, the Plan Participant has a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

2. Under ERISA, there are steps a Plan Participant can take to enforce the above rights. For instance, if a Plan Participant requests a copy of the Plan documents or the latest annual report from the Plan and does not receive them within 30 days, the Plan Participant may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay up to $110 a day until the Plan Participant receives them, unless the materials were not sent because of reasons beyond the control

of the Plan Administrator. If a Plan Participant's claim for benefits under the Plan is denied or ignored, in whole or in part, the Plan Participant may file suit in state or federal court.

3. A Plan Participant who believes he or she has been discriminated against for asserting rights under ERISA may seek assistance from the U.S. Department of Labor or may file suit in federal court. The court will decide who should pay court costs and legal fees. If a Plan Participant is successful, the court may order the person sued by the Plan Participant to pay these costs and fees. If the Plan Participant loses, the court may order the Plan Participant to pay these costs and fees, for example, if the court finds a claim is frivolous.

Assistance with Plan Participants' Questions

A Plan Participant with questions about the Plan or its application should contact the Plan Administrator.

A Plan Participant with questions about this statement or about his/her rights under ERISA, or who needs assistance in obtaining documents from the Plan Administrator, should contact the nearest office of the EBSA, United States Department of Labor, listed in the telephone directory and at the EBSA website, or the Division of Technical Assistance and Inquires, EBSA, United States Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. The Plan Participant may also obtain certain publications about rights and responsibilities under ERISA by calling the publications hotline of the EBSA.

ADMINISTRATIVE INFORMATION

Name of Plan:	SunPower Corporation 2016 Management Career Transition Plan
Plan Identification Number	602
Plan Sponsor	SunPower Corporation 77 Rio Robles San Jose, California 95134
Plan Administrator:	Executive Vice President, Administration SunPower Corporation 77 Rio Robles San Jose, California 95134
Type of Administration:	Self-Administered
Type of Plan:	Welfare Benefit Plan that provides for severance pay and certain fringe benefits,

	including subsidized health benefit coverage
Federal Employer Identification Number:	94-3008969
Direct Questions Regarding the Plan to:	Executive Vice President, Administration SunPower Corporation 77 Rio Robles San Jose, CA 95134
Agent for Service of Legal Process:	General Counsel SunPower Corporation 77 Rio Robles San Jose, CA 95134
Plan Year:	SunPower Corporation’s Fiscal Year

Exhibit 10.3

FIFTH AMENDMENT TO LETTER OF CREDIT FACILITY AGREEMENT

This Fifth Amendment to Letter of Credit Facility Agreement (this "Amendment"), is entered into as of October 7, 2015, by and among SunPower Corporation, a Delaware corporation (the "Company"), SunPower Corporation, Systems, a Delaware corporation (the "Subsidiary Applicant" and, together with the Company, the "Credit Parties" and individually, each a "Credit Party"), Total S.A., a société anonyme organized under the laws of the Republic of France (the "Parent Guarantor"), Deutsche Bank AG New York Branch, as issuing bank and as administrative agent for the Banks (as defined below) (in such capacity, the "Administrative Agent"), and the Required Banks (as defined below).

BACKGROUND

A. The Credit Parties and the Parent Guarantor entered into that certain Letter of Credit Facility Agreement, dated as of August 9, 2011 (as amended by the First Amendment dated as of December 20, 2011, the Second Amendment dated as of December 19, 2012, the Third Amendment dated as of December 23, 2013, and the Fourth Amendment dated as of December 23, 2014, as may be further amended, modified, supplemented, extended or restated from time to time, the "Credit Agreement"), with the Administrative Agent and the several financial institutions from time to time a party thereto (the "Banks"). Each capitalized term used herein, that is not defined herein, shall have the meaning ascribed thereto in the Credit Agreement.

B. The Credit Parties have requested that the Administrative Agent, the Required Banks and the Parent Guarantor amend the Credit Agreement to limit DB's obligation to issue LOCs under the Facility to LOCs in an aggregate amount outstanding at any time not to exceed $250,000,000 to be effective as of the Fifth Amendment Effective Date.

C. Although the Administrative Agent, the Parent Guarantor and those certain Banks defined as "Required Banks" under the Credit Agreement (the "Required Banks") are under no obligation to do so, the Administrative Agent, the Parent Guarantor and the Required Banks are willing to amend the Credit Agreement in accordance with the terms, and subject to the conditions, set forth herein.

AGREEMENT

The parties to this Amendment, intending to be legally bound, hereby agree as follows pursuant to Section 8.01 of the Credit Agreement:

1. Incorporation of Recitals. Each of the above recitals is incorporated herein as true and correct and is relied upon by the Administrative Agent and each Required Bank in agreeing to the terms of this Amendment.

2. Amendment to Credit Agreement. The reference to "$778,000,000" set forth in clause (z) of Section 2.01(a)(v) of the Credit Agreement is hereby replaced with a reference to "$250,000,000."

3. Confirmation of Guaranty. The Parent Guarantor ratifies and reaffirms its obligations under the Parent Guaranty and each and every term, condition, and provision of the Parent Guaranty. The Parent Guarantor further represents and warrants that it has no defenses or claims against the Administrative Agent or any Bank that would or might affect the enforceability of the Parent Guaranty and that the Parent Guaranty remains in full force and effect.

4. Ratification and Confirmation of Loan Documents. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not alter, modify, amend, or in any

way affect any of the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement or any other Loan Document, and shall not operate as a waiver of any right, power, or remedy of the Administrative Agent or any Bank under the Credit Agreement or any other Loan Document. Except as expressly set forth herein, the Credit Agreement and all other instruments, documents and agreements entered into in connection with the Credit Agreement and each other Loan Document shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed by each Credit Party in all respects.

5. Representations and Warranties. The Parent Guarantor and each Credit Party hereby represents and warrants that:

a. the representations and warranties contained in each Loan Document to which the Parent Guarantor or such Credit Party is a party are true and correct in all material respects (except to the extent already qualified by materiality which such representations and warranties shall be true and correct in all respects) on and as of the date hereof;

b. no Block Notice is in effect;

c. on and as of the date hereof, no Change in Law has occurred, no order, judgment or decree of any Governmental Authority has been issued, and no litigation is pending or threatened, which enjoins, prohibits, or restrains (or with respect to any litigation seeks to enjoin, prohibit, or restrain), the reimbursement of LOC Disbursements, the issuance of any LOC or any participation therein, the consummation of any of the other transactions contemplated hereby, or the use of proceeds of the Facility; and

d. no Event of Default, or event or condition that would constitute an Event of Default described in Section 6.01(a), Section 6.01(f), or Section 6.01(g) of the Credit Agreement but for the requirement that notice be given or time elapse or both, has occurred and is continuing or would result immediately after giving effect to this Amendment and the transactions contemplated hereby.

6. Fifth Amendment Effective Date. The amendment set forth in Section 2 of this Amendment shall become effective on the date hereof (the "Fifth Amendment Effective Date") if each of the following conditions shall have been satisfied on or before such date:

a. The Administrative Agent shall have received from the Parent Guarantor, each Credit Party, the Administrative Agent, and the Required Banks either (i) a counterpart of this Amendment signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of this Amendment) that such party has signed a counterpart of this Amendment.

b. The Administrative Agent shall have received documents and certificates relating to the organization, existence, and good standing of each Credit Party, and the authorization of the transactions contemplated hereby, all in form reasonably satisfactory to the Administrative Agent, including (i) certified copies of the resolutions (or comparable evidence of authority) of each Credit Party approving the transactions contemplated by this Amendment and (ii) a certification as to the names and true signatures of the officers of each Credit Party that are authorized to sign this Amendment.

7. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by facsimile or e-mail (in a pdf or similar file) shall be as effective as delivery of an original executed counterpart of this Amendment.

8. Effect on Loan Documents. From and after the Fifth Amendment Effective Date, all references in any Loan Document to the Credit Agreement or any other Loan Document shall be deemed to be references to the Credit Agreement or such other Loan Document as amended by this Amendment and as the same may be further amended, supplemented or otherwise modified from time to time. This Amendment shall constitute a Loan Document for all purposes under the Credit Agreement and the other Loan Documents.

9. Governing Law. This Amendment shall be construed in accordance with and governed by the law of the State of New York.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Company, the Subsidiary Applicant, the Parent Guarantor, the Administrative Agent and the Required Banks have caused this Fifth Amendment to be executed as of the date first written above.

The "Company"
SUNPOWER CORPORATION

By: /s/ Charles D. Boynton
Name: Charles D. Boynton
Title: Executive Vice President and Chief Financial Officer

The "Subsidiary Applicant"
SUNPOWER CORPORATION, SYSTEMS

By: /s/ Charles D. Boynton
Name: Charles D. Boynton
Title: Chief Financial Officer

The "Parent Guarantor"
TOTAL, S.A.

By: /s/ Patrick de La Chevardiér
Name: Patrick de La Chevardiér
Title: Chief Financial Officer

[Signature Page to Fifth Amendment to Letter of Credit Facility Agreement]

The “Administrative Agent”, an “Issuing Bank”, and a “Bank”

DEUTSCHE BANK AG NEW YORK BRANCH, individually, as Administrative Agent, and as an Issuing Bank

By:	/s/ Eric So
Name:	Eric So
Title:	Vice President

By:	/s/ Christopher J. Shaw
Name:	Christopher J. Shaw
Title:	Vice President

[Signature Page to Fifth Amendment to Letter of Credit Facility Agreement]

BANCO SANTANDER, S.A., NEW YORK BRANCH, as a Bank

By: /s/ Rita Walz-Cuccioli
Name: Rita Walz-Cuccioli
Title: Executive Director
Banco Santander, S.A., New York Branch

By: /s/ Terence Corcoran
Name: Terence Corcoran
Title: Senior Vice President
Banco Santander, S.A., New York Branch

[Signature Page to Fifth Amendment to Letter of Credit Facility Agreement]

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, individually and as an Issuing Bank

By: /s/ Frederic Bambuck
Name: Frederic Bambuck
Title: Director

By: /s/ Ghislain Descamps
Name: Ghislain Descamps
Title: Managing Director
Credit Agricole CIB

[Signature Page to Fifth Amendment to Letter of Credit Facility Agreement]

HSBC BANK USA, NATIONAL
ASSOCIATION, individually and as an Issuing
Bank

By: /s/ Thomas Lo
Name: Thomas Lo
Title: Director

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LLOYDS BANK PLC, as a Bank

By:	/s/ Daven Popat
Name:	Daven Popat
Title:	Senior Vice President - P003

By:	/s/ Dennis McClellan
Name:	Dennis McClellan
Title:	Assistant Vice President - M040

[Signature Page to Fifth Amendment to Letter of Credit Facility Agreement]

THE BANK OF TOKYO - MITSUBISHI UFJ, LTD., PARIS BRANCH, individually and as an Issuing Bank

By: /s/ Ko Takigawa
Name: Ko TAKIGAWA
Title: General Manager

[Signature Page to Fifth Amendment to Letter of Credit Facility Agreement]

UNICREDIT BANK AG, as a Bank

By: ____
Name:
Title:

By: ____
Name:
Title:

EXHIBIT 31.1

CERTIFICATIONS

I, Thomas H. Werner, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of SunPower 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying 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: October 28, 2015

/S/ THOMAS H. WERNER

Thomas H. Werner

President, Chief Executive Officer and Director

(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATIONS

I, Charles D. Boynton, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of SunPower 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5 The registrant's other certifying 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: October 28, 2015

/S/ CHARLES D. BOYNTON

Charles D. Boynton
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER 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 SunPower Corporation (the "Company") on Form 10-Q for the period ended September 27, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of Thomas H. Werner and Charles D. Boynton certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(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.

Dated: October 28, 2015

/S/ THOMAS H. WERNER

Thomas H. Werner
President, Chief Executive Officer and Director
(Principal Executive Officer)

/S/ CHARLES D. BOYNTON

Charles D. Boynton
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure statement.