UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

Current Report

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

Date of Report (Date of earliest event reported): **November 11, 2010**

SunPower Corporation

(Exact name of registrant as specified in its charter)

001-34166
(Commission File Number)

Delaware	**94-3008969**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

3939 North First Street, San Jose, California 95134
(Address of principal executive offices, with zip code)

(408) 240-5500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

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

Item 2.02. Results of Operations and Financial Condition.

On November 11, 2010, SunPower Corporation (“SunPower”) issued the press release attached as Exhibit 99.1 hereto announcing its results of operations for the third quarter of fiscal 2010.

On November 11, 2010, SunPower held its third-quarter earnings conference call at 1:30 p.m. Pacific Time. The transcript for the call is attached as Exhibit 99.2 hereto. An investor presentation and supplemental financial information were made available on SunPower's website prior to the call, and are attached as Exhibit 99.3 and Exhibit 99.4 hereto, respectively.

The information contained in Item 2.02 and Item 9.01 of this report on Form 8-K and Exhibits 99.1, 99.2, 99.3 and 99.4 hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On November 12, 2010, SunPower Philippines Manufacturing Ltd. (“SPML”), a wholly owned subsidiary of SunPower, borrowed $50 million under the Mortgage Loan Agreement with International Finance Corporation, which was previously disclosed on a SunPower Current Report on Form 8-K on May 10, 2010. A total of $25 million remains available for borrowing under the Mortgage Loan Agreement. SPML shall repay the amount borrowed, starting 2 years after the date of borrowing, in 10 equal semiannual installments over the following 5 years. SPML shall pay interest of LIBOR plus 3% per annum on outstanding borrowings, and 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. □ 60;SPML may prepay all or a part of the outstanding principal, subject to a 1% prepayment premium.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release dated November 11, 2010.
99.2 Transcript of earnings call November 11, 2010.
99.3 Investor presentation posted on SunPower website November 11, 2010.
99.4 Supplemental financial information posted on SunPower website November 11, 2010.

SIGNATURES

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

SUNPOWER CORPORATION

Date: November 12, 2010

By: /s/ Dennis V. Arriola
Name: Dennis V. Arriola
Title: Executive Vice President and Chief Financial Officer

Exhibits Index

- 99.1 Press release dated November 11, 2010.
- 99.2 Transcript of earnings call November 11, 2010.
- 99.3 Investor presentation posted on SunPower website November 11, 2010.
- 99.4 Supplemental financial information posted on SunPower website November 11, 2010.

Exhibit 99.1

FOR IMMEDIATE RELEASE

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SunPower Reports Third-Quarter 2010 Results

- Q3 2010 GAAP revenue of $551 million vs. $384 million in Q2 2010
- Q3 GAAP gross margin of 20.4%, Q3 Non-GAAP gross margin of 22.3%
- Q3 GAAP EPS of $0.21, Q3 non-GAAP EPS of $0.26

SAN JOSE, Calif., November 11, 2010 – SunPower Corp. (NASDAQ: SPWRA, SPWRB) today announced financial results for its 2010 third quarter which ended October 3, 2010.

($ Millions except per-share data)	3rd Quarter 2010	2nd Quarter 2010	3rd Quarter 2009
GAAP revenue	$ 550.6	$ 384.2	$ 465.4
GAAP gross margin	20.4%	22.9%	21.5%
GAAP net income (loss)	$ 20.1	$ (6.2)	$ 19.5
GAAP net income (loss) per share	$ 0.21	$ (0.07)	$ 0.20
Non-GAAP gross margin	22.3%	26.3%	23.1%
Non-GAAP net income per share	$ 0.26	$ 0.15	$ 0.46

*A reconciliation of Non-GAAP to GAAP results is included at the end of this press release

"Our third-quarter results reflect the continued success of our vertically integrated model and position us well to meet our 2010 financial goals," said Tom Werner, SunPower CEO. "Our strong execution, including our successful cost reduction efforts, and a stable ASP environment, enabled us to outperform our internal plan for the quarter. For 2011, we continue to see more demand than supply in our growing Utility and Power Plants (UPP) and Residential and Commercial (R&C) businesses. Operationally, our Fab 3 joint venture completed initial solar cell production tests, achieving conversion efficiencies of more than 22% and we remain on plan for our 2011 cost reduction programs across the value chain."

Major recent milestones include:

- Completed sale of 28 megawatts (MW) of Italian power plants
- Commenced marketing for approximately €200 million of project debt for final phases of the Montalto solar park
- Awarded 10-MW contract from LS Power to build largest solar plant in Delaware
- Announced the availability of the company's Oasis power plant block in Europe
- Announced more than 20 MW of federal government projects in Q3
- Awarded largest single roof top contract in the U.S. – 3.5 MW for Macy's in Arizona
- Completed initial cell production at company's 1,400 MW Fab 3 joint venture with AU Optronics

“In our R&C business, we expanded our global dealer footprint in the U.S., France and Italy, and added substantial 2011 visibility thanks to growth in our commercial customer pipeline,” continued Werner. “In our UPP business, we completed the €49 million sale of 28 MW of our Montalto solar projects in the third quarter, and we expect to finance and monetize the balance of our Italian projects by the end of the year. We recently initiated the marketing of approximately €200 million in the industry’s first solar bond offering for our Montalto 44-MW project and expect the equity portion of the project to be sold in December.

“Operationally, we were pleased with our Fab 1 and Fab 2 manufacturing execution as we had record performance in cell production, overall equipment effectiveness, average solar cell conversion efficiency, and yields. Looking forward, with the further ramp of Fab 3 and continued cost improvements, we expect to reach our efficiency-adjusted panel cost goal of $1.08 per watt by the fourth quarter of 2011. This value reflects our world-leading, high-efficiency solar panels and resulting lower BOS and tracking costs,” Werner concluded.

On a Generally Accepted Accounting Principles (GAAP) basis, third-quarter 2010 results include a $0.36 per share pre-tax gain related to our Fab 3 joint venture with AU Optronics. On a Non-GAAP basis, third-quarter 2010 results exclude this gain.

“In the third quarter, we repaid $143 million in convertible debentures and improved our liquidity position by executing a new $70 million revolving credit facility secured with our equity interests in Woongjin Energy,” said Dennis Arriola, SunPower CFO. “The Woongjin facility, along with the $75 million IFC loan agreement that we executed earlier this year, provides us with access to $145 million of incremental liquidity. The financing of our Italian power plants remains on track, and we continue to meet our power plant assembly commitments as we installed more than 70 MW of power plants, a new quarterly record. We have also substantially mitigated the risk of our expected Q4 2010 net Euro exposure, as 100% of that exposure is hedged at a U.S. dollar rate of 1.37 to one Euro.”

2010 Guidance

	Q4 2010	FY 2010
Revenue ($MM)	$ 870-970	$ 2,150-$2,250
Gross Margin (Non-GAAP)	20%-22%	22%-23%
Gross Margin (GAAP)	19%-21%	20%-21%
Net Income per diluted share (Non-GAAP)	$ 0.95-$1.15	$ 1.45-$1.65
Net Income per diluted share (GAAP)	$ 0.45-$0.60	$ 0.75-$0.90

*A reconciliation of Non-GAAP to GAAP guidance is included at the end of this press release

The company will provide guidance related to its 2011 fiscal year on November 18, 2010, SunPower’s Analyst Day. Interested investors can listen to the event through the company’s investor relations website beginning at 10:00 a.m. Eastern Time. All historical information included in the release reflects the company’s change in segment reporting that was instituted in the second quarter of 2010.

This press release contains both GAAP and non-GAAP financial information. Non-GAAP historical figures are reconciled to the closest GAAP equivalent categories in the financial attachment of this press release. Please note that the company has posted supplemental information and slides related to its third quarter 2010 performance on the Events and Presentations section of the SunPower Investor Relations page at http://investors.sunpowercorp.com/events.cfm. The capacity of power plants in this release is described in approximate megawatts on an alternating current (ac) basis unless otherwise noted.

About SunPower
Founded in 1985, SunPower Corp. (Nasdaq: SPWRA, SPWRB) designs, manufactures and delivers the planet's most powerful solar technology broadly available today. Residential, business, government and utility customers rely on the company's experience and proven results to maximize return on investment. With headquarters in San Jose, Calif., SunPower has offices in North America, Europe, Australia and Asia. For more information, visit www.sunpowercorp.com.

Forward-Looking Statements
This press release 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 may be based on underlying assumptions. The company uses words and phrases such as "continue," "position," "expect," "on plan," "marketing," "visibility," "growth," "on track," "will," "looking forward," "guidance" and similar expressions to identify forward-looking statements in this press release, including forward-looking statements regarding: (a) the continued success of the company's business model; (b) the company's ability to meet its 2010 financi al goals; (c) the company seeing more demand than supply in its UPP and R&C businesses for 2011; (d) the company meeting its cost reduction program for 2011 and further cost improvements; (e) the company's ability to execute, close and monetize (1) the 10 MW project with LS Power, and (2) the more than 20 MW of federal government projects; (f) the receipt of debt financing and sale of the equity portion of Montalto 44 in December 2010; (g) the company's visibility into its R&C pipeline and growth in its commercial customer pipeline; (h) the company's expectation that it will finance and monetize the balance of its Italian projects by the end of 2010; (i) the further ramp of production at Fab 3; (j) the company's expectation it will reach its efficiency adjusted panel cost goal of $1.08 per watt by the fourth quarter of 2011; (k) the company's ability to meet its power plant assembly commitments; and (l) revenue, GAAP and non-GAAP gross margin, and GAAP and non-GAAP net i ncome per diluted share guidance for the fourth fiscal quarter of 2010 and for the full fiscal year 2010. Such forward-looking statements are based on information available to the company as of the date of this release and involve a number of risks and uncertainties, some beyond the company's control, that could cause actual results to differ materially from those anticipated by these forward-looking statements, including risks and uncertainties such as: (i) potential difficulties associated with operating the joint venture with AUO and integrating the SunRay business, and the company's ability to achieve the anticipated synergies and manufacturing benefits from these transactions, including ramping Fab 3 according to plan; (ii) the company's ability to obtain and maintain an adequate supply of raw materials, components, and solar panels, as well as the price it pays for such items; (iii) general business and economic conditions, including seasonality of the industry; (iv) growth trends in the solar power industry; (v) the continuation of governmental and related economic incentives promoting the use of solar power, particularly such incentives affecting the markets in which the company sells solar panels and constructs commercial systems and power plants; (vi) the significant investment required to construct power plants and the company's ability to sell or otherwise monetize power plants, including Montalto 44; (vii) the improved availability of financing arrangements for the company's utilities projects and the company's customers; (viii) construction difficulties or potential delays, including obtaining land use rights, permits, license, other governmental approvals, and transmission access and upgrades; (ix) increasing competition in the industry and lower average selling prices; (x) manufacturing difficulties that could arise; (xi) the success of the company's ongoing research and development efforts and the acceptance of the company's new p roducts and services; (xii) the company's liquidity, substantial indebtedness, and its ability to obtain additional financing; (xiii) the company's ability to protect its intellectual property;(xiv) possible impairment of goodwill; (xv) possible consolidation of the joint venture AUO SunPower; and (xvi) other risks described in the company's Annual Report on Form 10-K for the year ended January 3, 2010 and Quarterly Report on Form 10-Q for the quarter ended July 4, 2010, and other filings with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the company's views as of any subsequent date, and the company is under no obligation to, and expressly disclaims any responsibility to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Segment Reporting Information

The UPP Segment refers to both our large-scale solar products and systems business including power plant project development and project sales, turn-key power plant EPC and O&M services, as well as components sales which includes large volume sales of solar panels and mounting systems to third parties. The R&C Segment refers to our solar equipment sales into the residential and small commercial market through our third-party global dealer network, as well as direct sales and EPC and O&M services installing rooftop and ground-mounted solar systems for the commercial and public sectors.

Non-GAAP Measures

To supplement the consolidated financial results prepared under GAAP, SunPower uses non-GAAP measures which are adjusted from the most directly comparable GAAP results to exclude non-cash charges related to amortization of intangible assets and promissory notes, stock-based compensation and interest expense as well as exclude non-cash net gains (losses) on mark-to-market derivative instruments, a gain on the change in our equity investment in a joint venture, a gain on deconsolidation of consolidated subsidiary, and the related tax effects of these adjustments. In addition, the presentation of non-GAAP gross margin and non-GAAP operating income includes the results of discontinued operations. Management does not consider these non-cash items in evaluating the core operational activities of SunPower. Manageme nt uses these non-GAAP measures internally to make strategic decisions, forecast future results and evaluate SunPower's current performance. Most analysts covering SunPower use the non-GAAP measures as well. Given management's use of these non-GAAP measures, SunPower believes these measures are important to investors in understanding SunPower's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in SunPower's core business across different time periods. These non-GAAP measures are not in accordance with or an alternative for GAAP financial data and may be different from non-GAAP measures used by other companies.

Fiscal Periods

The company reports on a fiscal-year basis and ends its quarters on the Sunday closest to the end of the applicable calendar quarter, except in a 53-week fiscal year, in which case the additional week falls into the fourth quarter of that fiscal year. Fiscal year 2010 consists of 52 weeks while fiscal year 2009 consists of 53 weeks. The third quarter of fiscal 2010 ended on October 3, 2010 and the third quarter of fiscal 2009 ended on September 27, 2009.

Montalto 44 Bond Offering

This press release is not an offer of securities for sale in the United States, and the securities referred to in this press release relating to Montalto 44 may not be offered or sold in the United States absent registration or an exemption from registration. The issuer of the securities does not intend to offer or sell these securities in the United States, and intends to conduct any offering of these securities outside the United States in reliance on Regulation S under the Securities Act of 1933.

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SUNPOWER CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

(Unaudited)

	Oct. 3, 2010	Jan. 3, 2010 (1)
ASSETS		
Cash and cash equivalents	$ 281,212	$ 615,879
Restricted cash and cash equivalents	156,532	310,658
Investments	172	172
Accounts receivable, net	265,832	248,833
Costs and estimated earnings in excess of billings	114,093	26,062
Inventories	285,805	202,301
Advances to suppliers	184,356	190,628
Prepaid expenses and other assets	426,705	181,264
Property, plant and equipment, net	589,690	682,344
Project assets - plants and land	182,263	15,617
Goodwill and other intangible assets, net	422,083	223,137
Total assets	$ 2,908,743	$ 2,696,895
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	$ 373,166	$ 234,692
Accrued and other liabilities	422,002	190,830
Billings in excess of costs and estimated earnings	16,451	17,346
Bank loans	-	248,953
Convertible debt	585,343	536,574
Customer advances	83,283	92,120
Total liabilities	1,480,245	1,320,515
Stockholders' equity	1,428,498	1,376,380
Total liabilities and stockholders' equity	$ 2,908,743	$ 2,696,895

(1) As adjusted to reflect the adoption of new accounting guidance for share lending arrangements that were executed in connection with the Company’s convertible debt offerings in fiscal 2007.

SUNPOWER CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

(Unaudited)

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	Oct. 3, 2010	Jul. 4, 2010	Sep. 27, 2009 (1)	Oct. 3, 2010	Sep. 27, 2009 (1)
Revenue:					
Utility and power plants	$ 257,803	$ 119,999	$ 195,117	$ 521,896	$ 428,668
Residential and commercial	292,842	264,239	270,244	760,261	547,677
Total revenue	550,645	384,238	465,361	1,282,157	976,345
Cost of revenue:					
Utility and power plants	212,526	97,224	142,999	421,178	353,611
Residential and commercial	225,534	199,163	222,532	588,800	449,991
Total cost of revenue	438,060	296,387	365,531	1,009,978	803,602
Gross margin	112,585	87,851	99,830	272,179	172,743
Operating expenses:					
Research and development	13,382	11,206	8,250	34,995	23,067
Selling, general and administrative	91,015	78,376	45,332	233,671	130,511
Total operating expenses	104,397	89,582	53,582	268,666	153,578
Operating income (loss)	8,188	(1,731)	46,248	3,513	19,165
Other income (expense):					
Gain on deconsolidation of consolidated subsidiary	36,849	-	-	36,849	-
Gain on change in equity interest in unconsolidated investee	-	28,348	-	28,348	-
Gain (loss) on mark-to-market derivatives	(2,967)	34,070	-	28,885	21,193
Interest and other income (expense), net	(25,973)	(29,837)	(9,407)	(72,068)	(27,842)
Other income (expense), net	7,909	32,581	(9,407)	22,014	(6,649)
Income from continuing operations before income taxes and equity in earnings of unconsolidated investees	16,097	30,850	36,841	25,527	12,516
Benefit from (provision for) income taxes	(3,376)	(46,992)	(19,962)	(19,493)	4,457
Equity in earnings of unconsolidated investees	5,825	2,030	2,627	10,973	7,005
Income (loss) from continuing operations	18,546	(14,112)	19,506	17,007	23,978
Income from discontinued operations, net of taxes	1,570	7,896	-	9,466	-
Net income (loss)	$ 20,116	$ (6,216)	$ 19,506	$ 26,473	$ 23,978
Net income (loss) per share of class A and class B common stock:					
Net income (loss) per share – basic:					
Continuing operations	$ 0.19	$ (0.15)	$ 0.21	$ 0.18	$ 0.27
Discontinued operations	0.02	0.08	-	0.10	-
Net income (loss) per share – basic	$ 0.21	$ (0.07)	$ 0.21	$ 0.28	$ 0.27
Net income (loss) per share – diluted:					
Continuing operations	$ 0.19	$ (0.15)	$ 0.20	$ 0.18	$ 0.26
Discontinued operations	0.02	0.08	-	0.09	-
Net income (loss) per share – diluted	$ 0.21	$ (0.07)	$ 0.20	$ 0.27	$ 0.26
Weighted-average shares:					
- Basic	95,840	95,564	94,668	95,519	89,764
- Diluted	105,648	95,564	105,031	96,741	91,513

(1) As adjusted to reflect the adoption of new accounting guidance for share lending arrangements that were executed in connection with the Company's convertible debt offerings in fiscal 2007.

SUNPOWER CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

(Unaudited)

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	Oct. 3, 2010	Jul. 4, 2010	Sep. 27, 2009 (1)	Oct. 3, 2010	Sep. 27, 2009 (1)
Cash flows from operating activities:					
Net income (loss)	$ 20,116	$ (6,216)	$ 19,506	$ 26,473	$ 23,978
Less: Income from discontinued operations, net of taxes	1,570	7,896	-	9,466	-
Income (loss) from continuing operations	18,546	(14,112)	19,506	17,007	23,978
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) operating activities of continuing operations:					
Stock-based compensation	15,665	11,591	13,074	38,064	34,204
Depreciation	26,407	24,558	21,414	75,680	60,348
Amortization of other intangible assets	11,578	11,702	4,146	28,039	12,296
Impairment (gain on sale) of investments	-	-	190	(1,572)	1,997
Loss (gain) on mark-to-market derivatives	2,967	(34,070)	-	(28,885)	(21,193)
Non-cash interest expense	6,407	9,378	5,388	22,175	16,709
Amortization of debt issuance costs	831	1,091	733	2,621	2,454
Amortization of promissory notes	6,022	2,919	-	8,941	-
Gain on change in equity interest in unconsolidated investee	-	(28,348)	-	(28,348)	-
Gain on deconsolidation of consolidated subsidiary	(36,849)	-	-	(36,849)	-
Equity in earnings of unconsolidated investees	(5,825)	(2,030)	(2,627)	(10,973)	(7,005)
Excess tax benefits from stock-based award activity	3,067	(3,828)	(7,127)	(761)	(7,127)
Deferred income taxes and other tax liabilities	6,489	47,939	15,025	18,708	(14,760)
Changes in operating assets and liabilities, net of effect of acquisition and divestiture:					
Accounts receivable	(45,541)	11,151	(18,794)	(3,879)	(43,285)
Costs and estimated earnings in excess of billings	(48,155)	(27,657)	(60,071)	(80,719)	(41,992)
Inventories	(11,962)	(21,163)	21,695	(84,210)	27,776
Project assets	(98,362)	(44,480)	-	(146,268)	-
Prepaid expenses and other assets	30,541	(92,623)	15,465	(76,774)	(6,615)
Advances to suppliers	(2,085)	579	3,435	1,672	25,174
Accounts payable and other accrued liabilities	98,351	93,909	93,380	219,133	(13,142)
Billings in excess of costs and estimated earnings	6,557	(16,903)	(33,479)	1,269	1,049
Customer advances	(8,912)	1,869	(5,553)	(7,961)	(13,639)
Net cash provided by (used in) operating activities of continuing operations	(24,263)	(68,528)	85,800	(73,890)	37,227
Net cash provided by (used in) operating activities of discontinued operations	(4,618)	649	-	(3,969)	-
Net cash provided by (used in) operating activities	(28,881)	(67,879)	85,800	(77,859)	37,227
Cash flows from investing activities:					
Decrease (increase) in restricted cash and cash equivalents	72,927	11,464	(103,247)	64,674	(145,583)
Purchases of property, plant and equipment	(4,331)	(56,634)	(37,957)	(104,623)	(149,624)
Proceeds from sale of equipment to third-party	2,409	-	1,976	5,284	9,878
Cash decrease due to deconsolidation of consolidated subsidiary	(12,879)	-	-	(12,879)	-
Proceeds from sales or maturities of available-for-sale securities	-	-	9,867	1,572	29,545
Cash paid for acquisitions, net of cash acquired	-	-	-	(272,699)	-
Cash paid for investments in joint ventures and other non-public companies	(2,180)	-	(1,500)	(3,798)	(1,500)
Net cash provided by (used in) investing activities of continuing operations	55,946	(45,170)	(130,861)	(322,469)	(257,284)
Net cash provided by (used in) investing activities of discontinued operations	51,658	(17,708)	-	33,950	-
Net cash provided by (used in) investing activities	107,604	(62,878)	(130,861)	(288,519)	(257,284)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt, net of issuance costs	(5,134)	3,595	54,701	-	137,735
Proceeds from issuance of convertible debt, net of issuance costs	-	29,320	-	244,241	225,018
Proceeds from offering of class A common stock, net of offering expenses	-	-	(114)	-	218,781
Repayment of bank loans	(33,646)	(30,000)	-	(63,646)	-
Cash paid for repurchased convertible debt	(143,804)	-	(7,687)	(143,804)	(75,636)
Cash paid for bond hedge	-	(9,024)	-	(75,200)	-
Cash paid for purchased options	-	-	-	-	(97,336)
Proceeds from warrant transactions	-	7,374	-	61,450	71,001
Proceeds from exercise of stock options	324	346	570	670	1,408
Excess tax benefits from stock-based award activity	(3,067)	3,828	7,127	761	7,127
Purchases of stock for tax withholding obligations on vested restricted stock	(562)	(797)	(586)	(2,539)	(3,708)
Net cash provided by (used in) financing activities of continuing operations	(185,889)	4,642	54,011	21,933	484,390
Net cash provided by financing activities of discontinued operations	-	17,059	-	17,059	-
Net cash provided by (used in) financing activities	(185,889)	21,701	54,011	38,992	484,390
Effect of exchange rate changes on cash and cash equivalents	5,410	(7,130)	6,341	(7,281)	5,462
Net increase (decrease) in cash and cash equivalents	(101,756)	(116,186)	15,291	(334,667)	269,795
Cash and cash equivalents at beginning of period	382,968	499,154	456,835	615,879	202,331

Cash and cash equivalents at end of period		281,212		382,968		472,126		281,212		472,126
Less: Cash and cash equivalents of discontinued operations		-		-		-		-		-
Cash and cash equivalents of continuing operations, end of period	$	281,212	$	382,968	$	472,126	$	281,212	$	472,126
Non-cash transactions:										
Property, plant and equipment acquisitions funded by liabilities	$	4,382	$	113,008	$	21,594	$	4,382	$	21,594
Non-cash interest expense capitalized and added to the cost of qualified assets		1,856		560		873		2,951		4,456
Issuance of common stock for purchase acquisition		-		-		-		-		1,471

(1) As adjusted to reflect the adoption of new accounting guidance for share lending arrangements that were executed in connection with the Company's convertible debt offerings in fiscal 2007.

(In thousands, except per share data)

	THREE MONTHS ENDED			NINE MONTHS ENDED		THREE MONTHS ENDED			NINE MONTHS ENDED	
	Oct. 3, 2010	Jul. 4, 2010	Sep. 27, 2009	Oct. 3, 2010	Sep. 27, 2009	Oct. 3, 2010	Jul. 4, 2010	Sep. 27, 2009	Oct. 3, 2010	Sep. 27, 2009
	(Presented on a GAAP Basis)					(Presented on a non-GAAP Basis)				
Gross margin	$ 112,585	$ 87,851	$ 99,830	$ 272,179	$ 172,743	$ 123,398	$ 103,282	$ 107,299	$ 304,821	$ 192,993
Operating income (loss)	$ 8,188	$ (1,731)	$ 46,248	$ 3,513	$ 19,165	$ 45,192	$ 33,032	$ 63,833	$ 91,750	$ 67,770
Net income (loss) per share of class A and class B common stock:										
-Basic	$ 0.21	$ (0.07)	$ 0.21	$ 0.28	$ 0.27	$ 0.27	$ 0.15	$ 0.50	$ 0.48	$ 0.53
-Diluted	$ 0.21	$ (0.07)	$ 0.20	$ 0.27	$ 0.26	$ 0.26	$ 0.15	$ 0.46	$ 0.47	$ 0.52

About SunPower's Non-GAAP Financial Measures

To supplement its consolidated financial results presented in accordance with GAAP, SunPower uses non-GAAP measures which are adjusted from the most directly comparable GAAP results to exclude non-cash charges related to amortization of intangible assets and promissory notes, stock-based compensation and interest expense as well as exclude non-cash net gains (losses) on mark-to-market derivative instruments, a gain on the change in our equity investment in a joint venture, a gain on deconsolidation of consolidated subsidiary, and the related tax effects of these adjustments. In addition, the presentation of non-GAAP gross margin and non-GAAP operating income includes the results of discontinued operations. The specific non-GAAP measures listed below are gross margin, operating income and net income per share. Management be lieves that each of these non-GAAP measures (gross margin, operating income and net income per share) are useful to investors by enabling them to better assess changes in each of these key elements of SunPower's results of operations across different reporting periods on a consistent basis, independent of these non-cash items. Thus, each of these non-GAAP financial measures provides investors with another method for assessing SunPower's operating results in a manner that is focused on its ongoing core operating performance, absent the effects of amortization of intangible assets and promissory notes, stock-based compensation, interest expense, net gains (losses) on mark-to-market derivative instruments, a gain on the change in our equity investment in a joint venture, a gain on deconsolidation of consolidated subsidiary, and the presentation of the results of discontinued operations. Management also uses these non-GAAP measures internally to assess the business and financial performance of current and historical results, for strategic decision making, forecasting future results and evaluating the company's current performance. Many of the analysts covering SunPower also use these non-GAAP measures in their analyses. These non-GAAP measures are not in accordance with or an alternative for GAAP financial data, the non-GAAP results should be reviewed together with the GAAP results and are not intended to serve as a substitute for results under GAAP, and may be different from non-GAAP measures used by other companies.

o Non-GAAP gross margin. The use of this non-GAAP financial measure allows management to evaluate the gross margin of the company's core businesses and trends across different reporting periods on a consistent basis, independent of non-cash charges including amortization of intangible assets, stock-based compensation and interest expense. In addition, the presentation of non-GAAP gross margin includes the results of discontinued operations. This non-GAAP financial measure is an important component of management's internal performance measurement process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents this non-GAAP financial measure to enable investors and analysts to evaluate SunPower's revenue generation performance relative to the direct costs of revenue of its core businesses.

o Non-GAAP operating income. The use of this non-GAAP financial measure allows management to evaluate the operating results of the company's core businesses and trends across different reporting periods on a consistent basis, independent of non-cash charges including amortization of intangible assets and promissory notes, stock-based compensation and interest expense. In addition, the presentation of non-GAAP operating income includes the results of discontinued operations. Non-GAAP operating income is an important component of management's internal performance measurement process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents this non-GAAP financial measure to enable investors and analysts to understand the results of operations of the company's core businesses and to compare results of operations on a more consistent basis against that of other companies in the industry.

o Non-GAAP net income per share. Management presents this non-GAAP financial measure to enable investors and analysts to assess the company's operating results and trends across different reporting periods on a consistent basis, independent of non-cash items including amortization of intangible assets and promissory notes, stock-based compensation, interest expense, net gains (losses) on mark-to-market derivative instruments, a gain on the change in our equity investment in a joint venture, a gain on deconsolidation of consolidated subsidiary, and the tax effects of these non-GAAP adjustments. In addition, investors and analysts can compare SunPower's operating results on a more consistent basis against that of other companies in the industry. It should be noted that diluted weighted-average shares are determined on a GAAP basis and the resulting share count is used for computing both GAAP and Non-GAAP diluted net income per share.

Non-Cash Items

o Amortization of intangible assets. SunPower incurs amortization of intangible assets as a result of acquisitions, which includes in-process research and development, patents, project assets, purchased technology and trade names. SunPower excludes these items because these expenses are not reflective of ongoing operating results in the period incurred. These amounts arise from prior acquisitions and have no direct correlation to the operation of SunPower’s core businesses.

o Stock-based compensation. Stock-based compensation relates primarily to SunPower stock awards such as stock options and restricted stock. Stock-based compensation is a non-cash expense that varies in amount from period to period and is dependent on market forces that are difficult to predict. As a result of this unpredictability, management excludes this item from its internal operating forecasts and models. Management believes that non-GAAP measures adjusted for stock-based compensation provide investors with a basis to measure the company’s core performance against the performance of other companies without the variability created by stock-based compensation.

o Amortization of promissory notes. Included in the total consideration for the acquisition of SunRay completed on March 26, 2010 is $14 million in promissory notes to SunRay’s management shareholders issued by SunPower. Since the vesting and payment of the promissory notes are contingent on future employment, the promissory notes are considered deferred compensation and therefore are not included in the purchase price allocated to the net assets acquired. SunPower excludes this non-cash charge over the service period required under the terms of the promissory notes because these expenses are not reflective of ongoing operating results in the period incurred. These amounts arise from prior acquisitions and have no direct correlation to the operation of SunPower’s core businesses.

o Non-cash interest expense. SunPower separately accounted for the liability and equity components of its convertible debt issued in 2007 in a manner that reflected interest expense equal to its non-convertible debt borrowing rate. Under new accounting guidance effective in the first quarter of 2010, SunPower measured the two existing share lending arrangements entered into in connection with its convertible debt issued in 2007 at fair value and amortized the imputed share lending costs in current and prior periods. As a result, SunPower incurs interest expense that is substantially higher than interest payable on its 1.25% senior convertible debentures and 0.75% senior convertible debentures.

In addition, SunPower separately accounted for the fair value liabilities of the embedded cash conversion option and the over-allotment option on its 4.5% senior cash convertible debentures issued in April 2010 as an original issue discount and a corresponding derivative conversion liability. As a result, SunPower incurs interest expense that is substantially higher than interest payable on its 4.5% senior cash convertible debentures. SunPower excludes non-cash interest expense because the expense is not reflective of its ongoing financial results in the period incurred. Excluding this data provides investors with a basis to compare the company’s performance against the performance of other companies without non-cash interest expense.

o Gain on deconsolidation of consolidated subsidiary. SunPower’s joint venture transaction with AU Optronics Singapore Pte. Ltd. closed on July 5, 2010, the first day of the third quarter of 2010. Under the joint venture agreement SunPower’s equity interest in SunPower Malaysia Manufacturing Sdn. Bhd., formerly a wholly-owned subsidiary, was reduced to 50% and the entity was renamed AUO SunPower Sdn. Bhd. (“AUOSP”). Each investor has a 50% equity ownership in the joint venture. As a result of the shared power arrangement SunPower deconsolidated AUOSP. SunPower recognized a $36.8 million non-cash gain from the deconsolidation of the consolidated subsidiary in the third quarter of 2010. SunPower excluded the non-cash gain from its non-GAAP results because it was not realized in cash and it is no t reflective of the Company’s ongoing financial results. Excluding this data provides investors with a basis to compare the Company’s performance against the performance of other companies without non-cash income from a gain on deconsolidation and fair value recognition of the equity interest in AUOSP.

o Gain on change in equity interest in unconsolidated investee. On June 30, 2010, Woongjin Energy Co., Ltd completed its initial public offering and the sale of 15.9 million new shares of common stock. SunPower did not participate in this common stock issuance by Woongjin Energy. As a result of the new common stock issuance by Woongjin Energy in the IPO, SunPower’s percentage equity interest in Woongjin Energy decreased from 42.1% to 31.3% of Woongjin Energy’s issued and outstanding shares of common stock. In connection with the IPO, SunPower recognized a non-cash gain of $28.3 million representing the excess of the IPO price over SunPower’s per share carrying value of its shares. SunPower excluded the $28.3 million gain in the second quarter 2010 from its non-GAAP results because it was not realized in cash a nd it is not reflective of the company’s ongoing financial results. Excluding this data provides investors with a basis to compare the company’s performance against the performance of other companies without non-cash income from a gain on change in the company’s equity interest in Woongjin Energy.

o Gain (loss) on mark-to-market derivative instruments. In connection with the issuance of its 4.5% senior cash convertible debentures in April 2010, SunPower entered into certain convertible debenture hedge and warrant transactions with respect to its class A common stock intended to reduce the potential cash payments that would occur upon conversion of the debentures. The convertible debenture hedge and warrant transactions consisting of call option instruments are deemed to be mark-to-market derivatives during the period in which the cash convertible debt remains outstanding. In addition, the embedded cash conversion option of the debt is deemed to be a mark-to-market derivative instrument during the period in which the cash convertible debt remains outstanding. Finally, the over-allotment option in favor of the debenture und erwriters is deemed a mark-to-market derivative instrument during the period the over-allotment option remained unexercised. SunPower excluded the $3.0 million net loss in the third quarter 2010, $34.1 million net gain in the second quarter 2010, and $2.2 million net loss in the first quarter 2010 relating to the above mentioned derivative instruments from its non-GAAP results because it was not realized in cash and it is not reflective of the company’s ongoing financial results. Excluding this data provides investors with a basis to compare the company’s performance against the performance of other companies without a net non-cash gain or loss on mark-to-market derivative instruments.

In connection with the issuance of its 4.75% senior convertible debentures in May 2009, SunPower entered into certain convertible debenture hedge transactions with respect to its class A common stock intended to reduce the potential dilution that would occur upon conversion of the debentures. The convertible debenture hedge transactions consisting of call option instruments are deemed to be a mark-to-market derivative during the period in which the over-allotment option in favor of the debenture underwriters was unexercised. During the one-day period that the underwriters’ over-allotment option was outstanding, SunPower’s class A common stock price increased substantially. SunPower excluded the $21.2 million gain in the second quarter 2009 relating to the purchased options from its non-GAAP results because it was not realized in cash and it is not reflective of the company’s ongoing financial results. Excluding this data provides investors with a basis to compare the company’s performance against the performance of other companies without non-cash income from a gain on purchased options.

o Tax effect. This amount is used to present each of the amounts described above on an after-tax basis with the presentation of non-GAAP net income per share.

o Income from discontinued operations, net of taxes. In connection with SunPower’s acquisition of SunRay on March 26, 2010, it acquired an already completed and operating solar power plant owned by SunRay. In the period in which an asset of SunPower is classified as held-for-sale, it is required to present the related assets, liabilities and results of operations associated with that asset as discontinued operations in its financial statements in accordance with GAAP. During the second and third quarter 2010, SunPower generated electricity revenue and incurred costs and expenses associated with this owned asset. In the third quarter of 2010, SunPower recognized a pre-tax gain of $ 7.9 million for the sale of the asset on August 5, 2010. The presentation of SunPower’s Condensed Consolidated Statements of Operations discloses the results of operations of the solar power plant as a one line item classification as discontinued operations in accordance with GAAP. As such, the presentation of GAAP gross margin and GAAP operating income in the second and third quarter 2010 excludes the results of these discontinued operations. SunPower reclassified the results of the solar power plant operations from the one line discontinued operations classification for GAAP purposes to the natural account classifications (revenue, etc.) within non-GAAP gross margin and non-GAAP operating income. SunPower believes this reclassification of the solar power plants results of operations provides an appropriate representation of the results of SunPower's operations during the quarter in operating a solar power plant.

For more information on these non-GAAP financial measures, please see the tables captioned "Reconciliations of GAAP Measures to Non-GAAP Measures" set forth at the end of this release and which should be read together with the preceding financial statements prepared in accordance with GAAP.

SUNPOWER CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES
(Unaudited)
(In thousands, except per share data)

STATEMENT OF OPERATIONS DATA:

	THREE MONTHS ENDED						NINE MONTHS ENDED			
	Oct. 3, 2010		Jul. 4, 2010		Sep. 27, 2009		Oct. 3, 2010		Sep. 27, 2009	
GAAP utility and power plants gross margin	$ 45,277	18%	$ 22,775	19%	$ 52,118	27%	$ 100,718	19%	$ 75,057	18%
Amortization of intangible assets	946		774		683		2,409		2,049	
Stock-based compensation expense	2,442		1,632		1,530		5,265		4,090	
Non-cash interest expense	293		275		130		969		974	
Discontinued operations	3,176		7,905		-		11,081		-	
Non-GAAP utility and power plants gross margin	$ 52,134	20%	$ 33,361	26%	$ 54,461	28%	$ 120,442	23%	$ 82,170	19%
GAAP residential and commercial gross margin	$ 67,308	23%	$ 65,076	25%	$ 47,712	18%	$ 171,461	23%	$ 97,686	18%
Amortization of intangible assets	1,745		2,125		2,119		5,994		6,341	
Stock-based compensation expense	1,941		2,327		2,772		5,759		5,665	
Non-cash interest expense	270		393		235		1,165		1,131	
Non-GAAP residential and commercial gross margin	$ 71,264	24%	$ 69,921	26%	$ 52,838	20%	$ 184,379	24%	$ 110,823	20%
GAAP total gross margin	$ 112,585	20%	$ 87,851	23%	$ 99,830	21%	$ 272,179	21%	$ 172,743	18%
Amortization of intangible assets	2,691		2,899		2,802		8,403		8,390	
Stock-based compensation expense	4,383		3,959		4,302		11,024		9,755	
Non-cash interest expense	563		668		365		2,134		2,105	
Discontinued operations	3,176		7,905		-		11,081		-	
Non-GAAP total gross margin	$ 123,398	22%	$ 103,282	26%	$ 107,299	23%	$ 304,821	24%	$ 192,993	20%
GAAP operating income (loss)	$ 8,188		$ (1,731)		$ 46,248		$ 3,513		$ 19,165	
Amortization of intangible assets	11,578		11,702		4,146		28,039		12,296	
Stock-based compensation expense	15,665		11,591		13,074		38,064		34,204	
Amortization of promissory notes	6,022		2,919		-		8,941		-	
Non-cash interest expense	563		668		365		2,134		2,105	
Discontinued operations	3,176		7,883		-		11,059		-	
Non-GAAP operating income	$ 45,192		$ 33,032		$ 63,833		$ 91,750		$ 67,770	

NET INCOME (LOSS) PER SHARE:

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	Oct. 3, 2010	Jul. 4, 2010	Sep. 27, 2009	Oct. 3, 2010	Sep. 27, 2009
Basic:					
GAAP net income (loss) per share	$ 0.21	$ (0.07)	$ 0.21	$ 0.28	$ 0.27
Reconciling items:					
Amortization of intangible assets	0.12	0.12	0.04	0.29	0.14
Stock-based compensation expense	0.16	0.12	0.14	0.40	0.38
Amortization of promissory notes	0.06	0.03	-	0.09	-
Non-cash interest expense	0.07	0.10	0.06	0.23	0.19
Mark-to-market derivatives	0.03	(0.35)	-	(0.30)	(0.25)
Gain on deconsolidation of consolidated subsidiary	(0.38)	-	-	(0.38)	-
Gain on change in equity interest in unconsolidated investee	-	(0.30)	-	(0.30)	-
Tax effect	-	0.50	0.05	0.17	(0.20)
Non-GAAP net income per share	$ 0.27	$ 0.15	$ 0.50	$ 0.48	$ 0.53
Diluted:					
GAAP net income (loss) per share	$ 0.21	$ (0.07)	$ 0.20	$ 0.27	$ 0.26
Reconciling items:					
Amortization of intangible assets	0.11	0.12	0.04	0.29	0.14
Stock-based compensation expense	0.15	0.12	0.12	0.39	0.37
Amortization of promissory notes	0.06	0.03	-	0.09	-
Non-cash interest expense	0.06	0.10	0.05	0.23	0.18
Mark-to-market derivatives	0.03	(0.35)	-	(0.30)	(0.23)
Gain on deconsolidation of consolidated subsidiary	(0.36)	-	-	(0.38)	-
Gain on change in equity interest in unconsolidated investee	-	(0.30)	-	(0.29)	-
Tax effect	-	0.50	0.05	0.17	(0.20)

Non-GAAP net income per share	$ 0.26	$ 0.15	$ 0.46	$ 0.47	$ 0.52
Weighted-average shares:					
GAAP net income (loss) per share:					
- Basic	95,840	95,564	94,668	95,519	89,764
- Diluted	105,648	95,564	105,031	96,741	91,513
Non-GAAP net income per share:					
- Basic	95,840	95,564	94,668	95,519	89,764
- Diluted	105,648	96,816	105,031	96,741	91,513

2010 GUIDANCE:	**Q4 2010 (a)**	**FY2010 (b)**
Revenue	$870,000-$970,000	$2,150,000-$2,250,000
Gross margin (Non-GAAP)	20%-22%	22%-23%
Gross margin (GAAP)	19%-21%	20%-21%
Net income per diluted share (Non-GAAP)	$0.95-$1.15	$1.45-$1.65
Net income per diluted share (GAAP)	$0.45-$0.60	$0.75-$0.90

(a) Estimated non-GAAP amounts above for Q4 2010 reflect adjustments that exclude the estimated amortization of intangible assets of approximately $10-$11 million, estimated stock-based compensation expense of approximately $16-$17 million, estimated non-cash interest expense of approximately $5-$8 million and amortization of promissory notes of approximately $2 million.

(b) Estimated non-GAAP amounts above for FY 2010 reflect adjustments that exclude the estimated amortization of intangible assets of approximately $38-$39 million, estimated stock-based compensation expense of approximately $54-$55 million, estimated non-cash interest expense of approximately $28-$31 million, amortization of promissory notes of approximately $11 million, mark-to-market derivatives of approximately $29 million, gain related to our Fab 3 joint venture of approximately $37 million and gain related to our investment in Woongjin Energy of approximately $28 million.

The following supplemental data represents the individual charges and credits that are excluded from SunPower's non-GAAP financial measures for each period presented in the Condensed Consolidated Statements of Operations contained herein.

SUPPLEMENTAL DATA
(In thousands)

THREE MONTHS ENDED

October 3, 2010

	Revenue: Utility and power plants	Revenue: Residential and commercial	Cost of revenue: Utility and power plants	Cost of revenue: Residential and commercial	Operating expenses: Research and development	Operating expenses: Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 946	$ 1,745	$ -	$ 8,887	$ -	$ -	$ -
Stock-based compensation expense	-	-	2,442	1,941	1,886	9,396	-	-	-
Amortization of promissory notes	-	-	-	-	-	6,022	-	-	-
Non-cash interest expense	-	-	293	270	-	-	5,844	-	-
Mark-to-market derivatives	-	-	-	-	-	-	2,967	-	-
Gain on deconsolidation of consolidated subsidiary	-	-	-	-	-	-	(36,849)	-	-
Tax effect	-	-	-	-	-	-	-	377	-
Discontinued operations	3,176	-	-	-	-	-	(887)	(719)	(1,570)
	$ 3,176	$ -	$ 3,681	$ 3,956	$ 1,886	$ 24,305	$ (28,925)	$ (342)	$ (1,570)

July 4, 2010

	Revenue: Utility and power plants	Revenue: Residential and commercial	Cost of revenue: Utility and power plants	Cost of revenue: Residential and commercial	Operating expenses: Research and development	Operating expenses: Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 774	$ 2,125	$ -	$ 8,803	$ -	$ -	$ -
Stock-based compensation expense	-	-	1,632	2,327	2,253	5,379	-	-	-
Amortization of promissory notes	-	-	-	-	-	2,919	-	-	-
Non-cash interest expense	-	-	275	393	-	-	8,710	-	-
Mark-to-market derivatives	-	-	-	-	-	-	(34,070)	-	-
Gain on change in equity interest in unconsolidated investee	-	-	-	-	-	-	(28,348)	-	-
Tax effect	-	-	-	-	-	-	-	47,457	-
Discontinued operations	7,905	-	-	-	-	(22)	3,627	(3,614)	(7,896)
	$ 7,905	$ -	$ 2,681	$ 4,845	$ 2,253	$ 17,079	$ (50,081)	$ 43,843	$ (7,896)

September 27, 2009

	Revenue: Utility and power plants	Revenue: Residential and commercial	Cost of revenue: Utility and power plants	Cost of revenue: Residential and commercial	Operating expenses: Research and development	Operating expenses: Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 683	$ 2,119	$ -	$ 1,344	$ -	$ -	$ -
Stock-based compensation expense	-	-	1,530	2,772	1,736	7,036	-	-	-
Non-cash interest expense	-	-	130	235	-	-	5,023	-	-
Tax effect	-	-	-	-	-	-	-	4,928	-
	$ -	$ -	$ 2,343	$ 5,126	$ 1,736	$ 8,380	$ 5,023	$ 4,928	$ -

NINE MONTHS ENDED

October 3, 2010

	Revenue		Cost of revenue		Operating expenses				
	Utility and power plants	Residential and commercial	Utility and power plants	Residential and commercial	Research and development	Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 2,409	$ 5,994	$ -	$ 19,636	$ -	$ -	$ -
Stock-based compensation expense	-	-	5,265	5,759	5,822	21,218	-	-	-
Amortization of promissory notes	-	-	-	-	-	8,941	-	-	-
Non-cash interest expense	-	-	969	1,165	-	-	20,041	-	-
Mark-to-market derivatives	-	-	-	-	-	-	(28,885)	-	-
Gain on deconsolidation of consolidated subsidiary	-	-	-	-	-	-	(36,849)	-	-
Gain on change in equity interest in unconsolidated investee	-	-	-	-	-	-	(28,348)	-	-
Tax effect	-	-	-	-	-	-	-	16,245	-
Discontinued operations	11,081	-	-	-	-	(22)	2,740	(4,333)	(9,466)
	$ 11,081	$ -	$ 8,643	$ 12,918	$ 5,822	$ 49,773	$ (71,301)	$ 11,912	$ (9,466)

September 27, 2009

	Revenue		Cost of revenue		Operating expenses				
	Utility and power plants	Residential and commercial	Utility and power plants	Residential and commercial	Research and development	Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 2,049	$ 6,341	$ -	$ 3,906	$ -	$ -	$ -
Stock-based compensation expense	-	-	4,090	5,665	4,649	19,800	-	-	-
Non-cash interest expense	-	-	974	1,131	-	-	14,604	-	-
Mark-to-market derivatives	-	-	-	-	-	-	(21,193)	-	-
Tax effect	-	-	-	-	-	-	-	(18,242)	-
	$ -	$ -	$ 7,113	$ 13,137	$ 4,649	$ 23,706	$ (6,589)	$ (18,242)	$ -

Thomson StreetEvents

Conference Call Transcript

SPWRA - Q3 2010 SunPower Corporation Earnings Conference Call

Event Date/Time: Nov 11, 2010 / 09:30PM GMT

CORPORATE PARTICIPANTS

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SunPower Corporation - Director of Investment Relations

Tom Werner
SunPower Corporation - CEO

Dennis Arriola
SunPower Corporation - CFO

Howard Wenger
SunPower Corporation - President of Utilities and Power Plants

Jim Pape
SunPower Corporation - President of Residential and Commercial

CONFERENCE CALL PARTICIPANTS

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Kelly Dockery
Macquarie Research Equities - Analyst

Satya Kumar
Credit Suisse - Analyst

Sanjay Shrestha
Lazard Capital Markets - Analyst

Rob Stone
Cowen and Company - Analyst

Jesse Pichel
Jefferies & Co. - Analyst

Unidentified Analyst
Analyst

Ben Kayla
Robert W. Baird & Co. - Analyst

Steven Chin
UBS - Analyst

PRESENTATION

Operator

Good afternoon, and welcome to SunPower Corporation's third quarter 2010 earnings conference call. I would now like to turn the call over to Mr. Bob Okunski, Senior Director of Investor Relations at SunPower Corporation. Sir, you may begin.

Bob Okunski - ***SunPower Corporation - Director of Investment Relations***

Thank you, Ed. I would like to welcome everyone to our third quarter 2010 earnings conference call. On the call today we'll start off with the third quarter overview from Tom Werner, SunPower CEO, followed by Dennis Arriola, our CFO, who will go into greater financial details on the quarter. Tom will then discuss our outlook for 2010 before opening up the call for questions. We have allocated 60 minutes for today's call, and a replay will be available later today on the Investor Relations page of our website.

During today's call we will make forward-looking statements subject to various risks and uncertainties that are described in our 2009 10-K, second quarter 2010 10-Q as well as today's press release. Please see those documents for additional information regarding those factors that may impact this forward-looking statements. To enhance this call we have posted a set of power points slides which we will reference during the call, on the presentations page of our Investor Relations website. In the same location, we have posted a supplemental date a sheet details some of our historical metrics.

On slide 2 of the PowerPoint presentation, you will find our Safe Harbor Statement. Our prepared remarks will run approximately 30 minutes which will allow time for questions. Finally, I want to remind everyone that we'll be holding our 2010 analyst day next week on November 18, in New York City, starting at 10 a.m. Eastern Time. The event will be webcast on our Investor Relations page of our website. With that, I would like to turn the call over to Tom Werner, CEO of SunPower, who will begin on slide 3. Tom.

Tom Werner - ***SunPower Corporation - CEO***

Thanks, Bob, and thank you for joining us today. In this call, we will cover our Q3 results and outlook for 2010, our cost reduction progress and we will preview the drivers for our 2011 guidance which we will offer at our analyst day next week. Please turn to slide 3.

Our third quarter results significantly beat our forecast, due to strong execution from our manufacturing, construction, and sales teams. Revenues were up 41% and non-GAAP EPS was up 78% quarter -on-quarter. Our cost declined in line with plan in both the Fab and in the field. For 2011, our revenue and gross margin visibility has increased as we added to our backlog both of our business segments.

Demand is greater than supply, and we are entering 2011 with record backlog levels. Specifically in Fabs 1 and 2 in the Philippines, we had record performance in sale production, overall equipment effectiveness, average solar cell conversion efficiency, and yields. In fact, 3 in Malaysia, our first production run of generation 2 solar cells, exceeded 22% conversion efficiency, beating our plan. In the field, we installed a record 70 megawatts of power plants in Q3, and met our balance system, or BOS, cost targets. In Europe, our finance team closed the sale of the first two phases of the Montalto Solar Park, totaling 28 megawatts.

Turning to slide 4, we are confident in our Q4 forecast. Our Residential and Commercial, or R&C, segment is sold out for the quarter. In our Utility and Power Plants, or UPP segment, we are on track to complete the construction, financing, and sales of two additional Italian power plants.

Let's turn to our business segment, both of which provide volume and price visibility for 2011. Our commercial sales team signs contracts for several quarters into the future while our UPP business signs multi-year contracts. In the North American commercial business, we are approximately 70% booked for 2011, and have built a pipeline to record levels. Similarly, in North American UPP, we are approximately 95% booked for 2011. And in our EMEA UPP channel, we have identified projects for our entire 2011 panel allocation. We expect to increase our Italian power plant construction volume in 2011, versus 2010 and plan to begin building the California Valley Solar Ranch, our 250 megawatts Central Station power plant in San Luis Obispo county.

On the cost side, we're on track to achieve our Q4 2011 plan of $1.08 per watt, efficiency-adjusted panel costs relative to conventional crystalline silicon technology. Please turn to slide 5 to review our vertical integration strategy. SunPower's upstream manufacturing operations serve our two downstream channels, UPP, and R&C. We manufacture the highest efficiency panels in the world, up to 50% more efficient than conventional technology, and two to four times more efficient than thin built.

We believe this differentiated position is sustainable over the long term, and we will scale our manufacturing operations consistent with this advantage. We also plan to scale our upstream capabilities through joint ventures, partnerships, and in-house growth, to minimize cash outlays while continuing to reduce costs. Our two downstream segments provide channels to market for our unique panel technology.

We're integrated toward the customer so we can adjust rapidly (inaudible) market conditions, reduce installed systems costs, and establish a premium brand through superior service. Our ability to capture margins both upstream and downstream, which we refer to as, "margin stacking", meaningfully increases our gross profit per watt.

Let's turn to slide 6 to review the advantages of our down stream investment. In the UPP segment, one of our key advantages is the ability to develop large-scale projects through all stages of completion. This capability has resulted in strong market positions in Italy, the US, and several other emerging markets. Our system design and integrated down stream supply chain allow us to reduce installed costs, while providing our customers with a turnkey solution, and ongoing service consistent with the premium brand. The bottom line is, if this continues to be a winning strategy, we have the tools and people to execute on it.

In the R&C business, we succeeded by virtue of our highly skilled direct sales force and our global dealer network. As a result, we are number one in the North American commercial market, and have built the leading global dealer network. Similar to UPP, our downstream channel reach and R&C allows us to reduce costs through systems design innovation, and an integrated downstream supply chain.

Our R&C strategy is clearly working for us. We have more demand than we can meet in our dealer channel, and the strongest market conditions we have seen in the commercial business. Please turn to slide 7 for a brief review of our market position as a result of our downstream investments. Within our R&C segment, a residential global footprint continues to grow, and we remain number one in install base in the US.

In the third quarter we added more than 100 dealers to our global network, primarily in the US, Italy, and France. This year we have expanded our dealer network by more than 50%, serving eight countries. In our North American commercial business, we continue to add to our US market leadership as customers continue to recognize that SunPower's world leading, high efficiency solar technology offers the best net present value per roof.

For example, we were recently awarded a 3.5-megawatt project for Macy's, which is the largest single rooftop system in the US, and our 33rd Macy's facility. Macy's win was directly related to the use of our T5 roof tile, the most cost effective roof top product in the industry. And in honor of Veteran's Day, we would like to announce a 7.5-megawatt agreement with the Veterans Administration for three systems in Florida and California.

These sites will include our industry leading solar, parking canopy system. UPP, our pipeline is maturing as we move through the development process on projects in EMEA and the US. We have increased our global pipeline from 4 gigawatts to 5 gigawatts over the last year, with approximately one third of that positioned in EMEA.

We also recently announced 40 megawatts of power plants in Delaware and Colorado including our 30-megawatt announcement with Iberdrola in Alamosa, Colorado. Both our commercial and UPP customers value our experience, technology, proven performance, as well as our competitive levelized cost of energy. With our high-energy density systems and integrated value chain, we offer customers very competitive levelized cost of energy, while also achieving our revenue, gross profit per watt, and demand visibility goals.

Turning to slide 8, let me provide a brief update on our 2010 Italian solar parks. As I mentioned earlier, we are remaining on track to meet our 2010 goals in Italy . This slide provides details on the timing of our four major self-developed 2010 Italian solar parks. As we announced, the first two phases of our Montalto Solar Park were sold in Q3. We expect to complete construction and sell our Phase 3 and 4 Montalto Solar Park this quarter, along with our 13 megawatts Solera Roma project.

As you can see, project development can be a multi-year process requiring resource commitment by the company from initial development through financing and final acceptance. The Companies that are most successful in the development process are those that have significant experience in executing projects on time, and on budget. With a cumulative total of more than 400 megawatts of ground mount power plants in operation by the end of this year. SunPower is the most experienced solar power plant developer and system provider in the world today.

We designed our UPP model with this advantage in mind and expanded our footprint to Europe with the acquisition of Sun Ray earlier this year. By combining our project expertise with Sun Ray's development capabilities, we have rapidly penetrated the Italian utility scale market. We're also leveraging our development and experience to open new power plant markets in EMEA, and countries such as the UK, France, Greece, and Israel.

Moving to slide 9, let me focus on US power plant economics. We continue to win power plants in the ultra-competitive US market, because we are competitive on a levelized cost of energy basis. Our customers buy energy delivered from our power plants, not panels on a dollar per watt peak basis. To understand this difference, and our high efficiency leverage, let's look at our energy density in comparison to the most efficient thin film on fixed film.

By using SunPower's world leading high-efficiency solar panels on our T0 trackers, the same 100 gigawatt hour-per-year power plant can be built with fewer megawatts. In this case, you would need approximately 25% more megawatts for thin film to deliver the same number of gigawatt hours annually. More thin film megawatts require more land; in this case approximately 85% more acres to deliver the same gigawatts hours. More acres will drive substantially more POS costs including more seal, cabling, foundation, converters, and land mitigation requirements. Also, more inverters and more space will increase O&M costs in the thin film case for the same energy delivered.

Turning to slide 10, you see that the same amount of delivered energy, the total cost of energy for the two power plants, is the same. However, since fewer megawatts from SunPower requires the same energy delivery, the price per watt, in this case the DC rating of the panels, is economically equivalent to the customer. Combining these advantages from our technology with our bankability, we offer our customers the best levelized cost of energy in the industry.

Now, looking at SunPower's panel costs, let's turn to slide 11. As I mentioned earlier, our cost reduction programs remain on track which will allow to us compete with conventional wholesale electricity. As we discussed last quarter, you can convert the benefits just discussed on levelized cost of energy to a panel-level efficiency-adjusted cost per watt. For Q4 2010, SunPower's efficiency adjusted cost per watt will be $0.92 per watt, when compared to thin film.

By Q4 2011, with a ramp of Fab 3 in our cost reduction program, SunPower's efficiency-adjusted cost per watt will be $0.71 when compared to the best thin film. When compared with conventional lower efficiency crystalline technology, we will achieve an efficiency-adjusted cost per watt of $1.36 in Q4. We are on target to achieve an efficiency-adjusted cost per watt of $1.08 by the fourth quarter of next year. We will be providing additional detail on our cost road map, including update on our Fab 3 JV at our analyst day next week. With that, I would like to turn the call over to Dennis to go over financials in greater detail.

Dennis Arriola - ***SunPower Corporation - CFO***

Thanks, Tom. Please turn to slide 12. In the third quarter, SunPower had strong financial results, and our execution positions us solidly to deliver on our 2010 full year goals. Non-GAAP revenue in the third quarter was $554 million, up 41% over the second quarter of 2010, and an increase of 19% compared to the third quarter in 2009. Our non-GAAP revenues in Q3 and Q2 in 2010 included electricity revenue of $3.2 million, and $7.9 million respectively, from our Montalto 20 megawatts Solar Park. These electricity revenues were classified as income from discontinued operations in our GAAP results.

In the third quarter, we successfully monetized 28 megawatts of the first two solar projects in our Montalto di Castro Solar Park in Italy. The sale and transfer of debt related to 20 megawatts was treated as a return of capital, while the 8 megawatts project did provide a planned increase to the utility and power plant segment revenue and gross margin.

In cases like the Montalto Project, where we are the developers of the solar parks, we apply real estate accounting, which requires us to defer revenue recognition on any module sales and related construction expenses until the projects are financed and monetized to third party owners. In the third quarter, we recognized revenue from the sale and installation of 146 megawatts, up 39% from the 105 megawatts recognized in the second quarter. So majority of the megawatt growth was attributable to our UPP business segment.

Geographically our top three markets were Italy, the US, and Germany, and in terms of both megawatts and revenues. The utility and power plants revenue more than doubled in the third quarter to $261 million, compared to $128 million in the second quarter of 2010. The strong performance was primarily driven by our successful execution in Italy, and the buildout of projects in the US.

Our Residential and Commercial business also had a solid quarter, with revenues of $293 million in Q3, versus $264 million in the second quarter. Our continued penetration in Italy was also the major factor behind our third quarter growth, and we continued to maintain our number one market leadership position in the residential and light commercial segments in North America.

Total non-GAAP gross margin for the condition was 22.3%, compared to $26.3 in Q2 2010, and was better than our plan of 18% to 20% for the third quarter. On a segment basis, R&C's gross margin was 24.3%, compared to 26.5% in Q2 2010 as we implemented our previously announced price reductions in certain markets. Blended ASPs in our R&C business were down slightly quarter-over-quarter, but less than what we had originally expected.

In the UPP segment, gross margin was 20% in the third quarter, compared to 26.1% in the second quarter. The decline in gross margin is due primarily to lower electricity revenues quarter-over-quarter, and the completion of some lower margin EPC contracts in Europe. In the fourth quarter of 2010, we expect our consolidated gross profit dollars to increase significantly from the third quarter, and our gross margin percent to be in line with our Q3 performance.

Operating expenses for the quarter on a non-GAAP basis were $78 million, compared to $70 million in the second quarter. This quarter's operating expenses included costs related to the sale of our Montalto Solar Park, and expenses for bad debt allowance. Other income and expenses was a net expense of $21 million in Q3, compared to an expense of $17.5 million in the second quarter. The increase was primarily due to our foreign exchange hedging costs.

Profit before tax on a non-GAAP basis improved 56% to $24.2 million, from $15.5 million in the second quarter of 2010. As a result of our increased profits from our European activities, our non-GAAP effective tax rate for the quarter declined to 15.4% from 20.3% in the second quarter. We expect our fourth quarter non-GAAP tax rate to be in the 12% to 14% range, and for the full year 2010 to be 13% to 16%.

Earnings per share on a non-GAAP basis grew 78% to $0.26 per diluted share in the third quarter, from $0.15 per share in the second quarter of 2010. As a result of our improved profitability, the weighted average number of shares used to calculate third quarter earnings increased to 105.6 million shares from 96.8 million shares in the prior quarter, as we were required to use the if-converted methodology for calculating earnings per share.

In Q4, we also expect to use the if-converted calculation methodology. We have included a chart in our supplementary slides that illustrates the impact of the share count methodology to both GAAP and non-GAAP earnings per share for Q3. Overall, it was a very strong financial performance by the company, and with three quarters behind us, we continue to be on track to meet our guidance for full year 2010. Given that we experienced more demand in the quarter for our product than we can supply, we were able to accelerate revenues that were previously planned for the fourth quarter into the third quarter.

Let me turn to our GAAP operating results for a moment. For the quarter GAAP earnings per share was $0.21 per diluted share, and benefited from a $36.8 million noncash pretax gain related to the deconsolidation of our Malaysian Fab 3 subsidiary into our new joint venture with Au electronics. As you recall, our second quarter GAAP results were a loss of $0.07 per diluted share, and that included a $28.3 million noncash gain related to our investment in Woongjin Energy, a $34.1 million noncash market to market gain, related to our 4.5% cash convertible to ventures, and a tax provision for $47 million. We continue to believe that our non-GAAP results more closely align with the economic operating performance of our company.

Now let me turn to our balance sheet and liquidity on slide 13. At the end of the third quarter, SunPower had $438 million in cash and investments on the balance sheet. In the third quarter, we repaid $144 million in convertible debentures, and $34 million in bank loans. In addition, as a result of our Fab 3 JV in Malaysia, we were able to deconsolidate $233 million in debt.

Since the end of the third quarter, we entered into a new $70 million revolving credit facility that uses our equity position in Woongjin Energy as collateral. As of this afternoon, our equity holdings in the Woongjin Energy had a market value of approximately $360 million, and has carried on our balance sheet at $73 million.

As part of the loan agreement, we have the ability to increase the borrowing capacity on that credit facility from $70 million to $100 million. This new revolving credit facility, coupled with our previously completed $75 million loan agreement with the International Finance Corporation provides SunPower with an incremental $145 million of liquidity.

Capital expenditures in the third quarter were $4.3 million, and should be in the range of $125 million to $150 million for the full year. During the third quarter, we contributed $2 million in capital to our Fab 3 JV. Aided by the sale of the 28 megawatts in Italy, SunPower generated $78 million free cash flow in the quarter. We expect to generate additional free cash flow in the fourth quarter, after we monetize another 57 megawatts of projects in Italy.

Given the increased revenue we are recording in euros, we continue to manage our foreign exchange positions very closely. In the third quarter, we hedged 93% of our euro exposure at $1.37 per euro. In Q4, our revenues are fully hedged for our forecasted euro exposure at a rate of $1.37 per euro. With the recent strengthening in the euro, and our visibility into 2011 revenues in Europe, we continue to actively manage our hedging program. I will provide some more details on our 2011 hedging program next week at our analyst conference.

During the quarter, we produced 152 megawatts, and we're on track to exceed our plan of 550 megawatts for full year 2010, including our share of output from our Malaysian JV in the fourth quarter. Please turn to slide 14. As Tom mentioned earlier, we're continuing to make great progress in the financing and monetization of over 57 megawatts of Italian projects, and we're on schedule to recognizes the revenue from these solar parks in Q4. On our Montalto 44 project, we're in the market with what we believe is the industry's first listed and publicly-rated solar bond. This financing is expected to raise approximately EUR200 million through the sale of two tranches of bonds.

The first tranche will be sold to institutional investors, and the second tranche directly to the European investment bank. The first tranche, which benefits from a credit enhancement feature, has been provisionally rated AA2 by Moody's, and the other tranche has a provisional credit rating of BAA3. Both tranches have investment-grade ratings. When the solar park is monetized in Q4, the project, along with the debt, will transfer to the new equity owner and will not encumber SunPower's balance sheet at the end of Q4.

With the completion of this financing structure and our expanded relationships with project finance banks and institutional investors in the US and Europe, we are well positioned to continue financing our pipeline of projects in 2011 and beyond. In fact, we have already started working on the financing of projects for next year. Our success in this area is a testament to the bankability of SunPower's technology, and the credibility and expertise of our project development and financing teams. I will spend some more time next week at our analyst conference on how these project financings work.

On the equity side of Montalto 44, we continue to work closely with a group of experienced investors, and are on track to finalize the sale of this project in December. In addition, assembly of the solar park is proceeding as planned, as we already completed 38 megawatts of the project, and we're on schedule for connection to the grid by mid-december. We're also on schedule to complete the assembly connection and sale of our Solari Roma 13-megawatt project in December.

As a result of our continued progress on the construction, financing, and monetization of our Italian projects, as well as the strength of our R&C in North America UPP businesses, I remain very confident that we will meet our 2010 revenue and earnings guidance. I look forward to seeing many of you next week at our analyst day in New York to go over our 2011 plans in more detail. With that, I will turn it back to Tom.

Tom Werner - ***SunPower Corporation - CEO***

Thanks, Dennis. Now I would like to turn to our guidance on slide 15. As I mentioned in my opening remarks, we remain capacity constrained for the balance of the year, with a great level of visibility for 2011, as we see more demand for our product next year than we can supply. For the fourth quarter, we expect revenue of $870 million to $970 million and non-GAAP earnings per share in the range of $0.95 to $1.15. For the full year, revenue will be in the range of $2.15 billion to $2.25 billion.

Given our strong performance in Q3, we are raising the lower end of our 2010 non-GAAP earnings per share guidance by $0.10, to $1.45 to $1.65. Our gross margin forecast for Q4 2010 remains unchanged at 20% to 22%, with the full year in the range of 22% to 23%. As a reminder, we will be providing our 2011 guidance at our analyst day next Thursday. With that, I will open the call to questions.

In addition to Dennis, I also have with me Howard Langer, President of our Utility and Power Plants Group, Jim Pape, President of our Residential and Commercial Segment, Julie Blunden, our EVP of Public Policy and Corporate Communications, Chuck Boynton, Vice President of Finance and Corporate Development, and Bob Okunski, our Senior Director of Investor Relations, so they may provide some of our answers. To provide ample time to address all of your questions, we ask that you limit yourself to one question and a followup, and we would invite those of you who would like then, to jump back in the queue, to do so. First question, please.

QUESTION AND ANSWER

Operator

Thank you. Our first question comes from Vishal. Vishal, your line is open. State your association, please.

Vishal Shah - ***Barclays Capital - Analyst***

Thanks, Barclays Capital. Congratulations. Tom, you mentioned demand exceeds available supply for next year. Can you provide some color on which markets are really driving demand for next year? And also, can you talk about some of the pricing trends that you are seeing in the markets, particularly in Europe? Thank you.

Tom Werner - ***SunPower Corporation - CEO***

Sure. So, Vishal, I think we're a little different in terms of the way we go to market. We're vertically integrated in our down stream channels, so we see the 2011 market, perhaps, differently. Our UPP business is completely booked for the year, with a small percentage yet to book. And the demand there, as you would expect, is largely Italian demand, and some US -- significant amount of US next year.

In the Residential and Commercial segment, we don't have a lot of exposure to Germany. We see that as a good thing. We're very, very strong in Italy, where our value proposition is nearing parody to conventional electricity. We have strong new entry into France, and we're number one in California, so we go into the year in a residential and commercial segment, and the commercial portion of it nearly booked for the year.

In the residential side of things, having to manage effectively with our dealers in a way that will allow us to grow together, and as you see on our data sheet we're growing the number of megawatts next year by 65% of SunPower supplied material. To we're working with other dealers to match their growth profile to our growth profile, and if anything they want to grow faster with our product. So, that would be the demand side, be happy to have either the Presidents elaborate if you'd like.

On the pricing side, the UPP business, or Howard's business, is booked for the year so pricing is established. The Commercial business pricing is largely established, not completely. And with the Residential business, we see first half pricing changes of in the single digits, mid-single digits. I think you find that to be consistent with the balance and midpoint of all the analysts that are this call and listening to this call.

Vishal Shah - ***Barclays Capital - Analyst***

Thank you. One other. Yes, just with respect to your A and B shares, can you talk about your strategy there, and when you (inaudible) those. Thank you.

Dennis Arriola - ***SunPower Corporation - CFO***

Sure. Vishal, this is Dennis. As you know, it has been just over two years since the (inaudible) semiconductor dividended out the B shares, so now we do have the opportunity to plan on what we want to be doing with both the A&B shares. And our current thoughts are that we are looking to find the most effective way to consolidate those so we have one class of shares out there. We're working with Cypress, because given the tax indemnification agreement we have, we have to be able to provide them with a legal opinion that satisfies them. So we're going to start working with them and you should expect that probably in the first half of 2011, we'll take the actions necessary collapse them.

Vishal Shah - ***Barclays Capital - Analyst***

Great. Thanks very much.

Operator

Next question will be from Kelly Dockey. Your line is open, state your affiliation.

Kelly Dockery - *Macquarie Research Equities - Analyst*

Hi, Kelly Dockery with Macquarie. Congratulations, everybody. Thanks for taking the question. Just to follow up on Vishal's question about being constrained, maybe can you walk us through your thoughts about Serengeti for next year? And whether you expect to increase your sourcing of external cells to maybe satisfy some of that demand that you can't satisfy with on power modules?

Tom Werner - *SunPower Corporation - CEO*

Sure, Kelly. I will take that question. So the other element to think about is, we're ramping a whole new third Fab, and so that means the profile's at 65% of extra megawatt creates a strong back-ended loaded supply curve, just by virtue of the fact you're bringing on line throughout the year and they have to ramp. And so, we find ourselves with a view on third party supply that, let's say, we want to be flexible throughout the year because of our increasing internal supply. We do intend on having supplemental Serengeti supply through next year, and for that matter, the next several years.

We're close to announcing, I would say, a couple of relationships that will support that strategy, and we think we have at least one or if not one, maybe two, partners that we think we'll work with over the long-term. And so, we have spent a lot of time, because as you know, most suppliers have plenty of demand, and at least the bankable suppliers do, and we want somebody that's going to be strategic and work with us over the long haul. So it's been a lot of work put into this, and I guess the short version of that is, we will have Serengeti throughout the year, more probably in the first half than the second half, with at least a couple providers. And we think those couple providers will have a longer term agreement with us eventually. Any follow-up, Kelly?

Kelly Dockery - *Macquarie Research Equities - Analyst*

Just a quick follow-up on the Serengeti. You're talking about 50 to 100 megawatt, I think, in 2010. Do you think that number will be more next year?

Tom Werner - *SunPower Corporation - CEO*

The answer to your question is yes, and I will give you a rough idea, and then the team will make sure that I am accurate. I think it is on the order of up to 50% more.

Dennis Arriola - *SunPower Corporation - CFO*

That's correct.

Kelly Dockery - *Macquarie Research Equities - Analyst*

Great, thanks. Can I ask one quick question about the cost? I know you guys have a pretty aggressive cost improvement road map, and just wondering if that was largely set before AUO? So we might think there could be upside once Fab 3 gets up and running, and you really kind of get a good sense of what you can do with them?

Tom Werner - *SunPower Corporation - CEO*

Just to prove my competence in evaluating our cost road map, that was your third question. I had to say that, Kelly. I think the perspective I would have on AUO is going to be outside beyond 2011. I think what it gives us confidence in, is the pace that we have committed to in '11 is the pace we think we can maintain, because AUO, as you know, very large scale manufacturer and thinks big.

And so, I think AUO, which by the way is going great, I think of that as giving us greater confidence in '11 and then giving us a lot of confidence we can maintain that pace beyond 2011, and let me just be very precise. Think about levels of automation that, as you automate further, that's not something you implement in six months. It is more like implementation of up to a year. And there are other things that they bring, but I give you that as an example.

Operator

Next question comes from Satya Kumar. Your line is open. State your affiliation.

Satya Kumar - ***Credit Suisse - Analyst***

Thanks. Credit Suisse. Tom, I was wondering if you could clarify what you mean when you say the utility business is fully booked. I mean, can you over-book the utility business, for example, to cover for any shortfall if that were to occur, say, in the residential side of things? What exactly do you mean by the percentage booked?

Howard Wenger - ***SunPower Corporation - President of Utilities and Power Plants***

This is Howard Wenger. I will answer the question. So what that means, is for North America, which we talked about in Tom's earnings script, is that we have 95% of the allocated PV for that business for 2011. Is fully booked meaning it is in backlog, and we'll build it in the coming year. So, it is a combination of bookings against the allocated PV we have by market channel.

Tom Werner - ***SunPower Corporation - CEO***

Satya, I would add onto that that, yes. There is flexibility to over book and then, because of our vertical integration in our self developed projects, and on what I would call the mainstream of our project finance team, we have increasing levels of flexibility. And as you know, the timing of when you sell a project matters in terms of the rates of return of your buyers. So, important that you do have that flexibility, and I think you identify a very key point in the strategy of the company, and that that will be to have the UPV business be fully booked, if not over booked, so that we have flexibility in the balance of our business.

Operator

Next question will come from Sanjay Shrestha. Your line is open. State your affiliation.

Sanjay Shrestha - ***Lazard Capital Markets - Analyst***

Lazard Capital Markets. Good afternoon, guys, and congratulations on the quarter and the outlook. Quick question first. When do you guys expect to close on this $200 million debt? It is a great news, not just for you guys, but for the entire industry. But when exactly do you expect to close it?

Tom Werner - ***SunPower Corporation - CEO***

Sure. Dennis, when you answer that question, can you just elaborate on my comment on the timing of the project ?

Dennis Arriola - ***SunPower Corporation - CFO***

Sure. Let me finish with that. On the UPP projects, I think one of the nice features of the way we structure the contract is that in some cases, we actually have the ability to accelerate business as well. So not just, "Can we find you business?" But in certain contracts, the utilities would like to have megawatts constructed sooner than later. So, that gives us optionality there. On your question on the $200 million euro bond financing, we are in the market right now. So I don't want to go into a lot of details on that, other than to say that it will get done in the very near term.

Tom Werner - ***SunPower Corporation - CEO***

Do you have a follow-up?

Sanjay Shrestha - ***Lazard Capital Markets - Analyst***

I do actually. Tom, this industry is full of fluff noise and somewhat annoying at times. So you guys are pretty close to the dynamics in Italy, so one of the concerns nowadays is Q4 Italy is very strong, so there is a chance it might not have a nice growth into 2011. Can you share your view on that? How do you see the growth opportunity in Italy for '11?

Tom Werner - ***SunPower Corporation - CEO***

I think we have good clarity in Italy in 2011. I think -- I know we have feed and tariff clarity for the year. That's absolutely critical. In our case, since we self-develop in Italy, and as we'll articulate at our analyst day, we can identify the projects for the year, which specific projects. And I will mention that while there still will be a profile of next year consistent with the ramp of our third Fab, that there are no single large projects to drive our Italian business next year.

On the UPP side, if UPP is doing what we want it to do, is giving us clear visibility and clear visibility on economics, on the Residential and Commercial side, maybe it is because our product is such a good fit for that market that feed and tariff markets are really good for SunPower, because the more kilowatt hours you can produce, the higher your NPV. And so customers are really motivated to have a high-efficiency product.

You have a lot of sunshine and high conventional electricity costs, so Jim's team is expanding as rapidly as they can, and that business commercial, I would say really great visibility. And residential, and I don't know, Jim, if you want to add anything. That's a quarterly business. Right now it is on fire. I think you go into the year still very strong in Italy as well.

Jim Pape - ***SunPower Corporation - President of Residential and Commercial***

Yeah, I'd say we're going to add another 125/150 dealers through the year through 2011 in Italy, and we have an almost insatiable desire on the ground there for rights to our dealership to the product. So that's continuing to bode well for demand into the next year.

Sanjay Shrestha - ***Lazard Capital Markets - Analyst***

Thank you so much, guys.

Operator

Rob Stone, your line is open. State your affiliation.

Rob Stone - ***Cowen and Company - Analyst***

Cowen & Co. Hi, guys and Julie.

Tom Werner - ***SunPower Corporation - CEO***

Hey, Rob.

Rob Stone - *Cowen and Company - Analyst*

A question on the equity piece of the Montalto 44. Am I correct to assume that the sequencing is that you have to get the bond deal done first, and then you can do the equity? Can you give us any comments on where you are, how many potential buyers are circling, and do you expect to finish interconnect? Can you sell the project ahead of that in parallel? Just to give us a sequence from here, please?

Dennis Arriola - *SunPower Corporation - CFO*

Sure, Rob. This is Dennis. The debt financing and the equity sale process are actually happening in parallel. So you should more than likely expect that the debt financing, just given the timing, will be completed first. But as far as the equity buyer, it is actually more than likely going to be a small group of investors that are very interested, and they have been working together, and we're in the process of finalizing that. So I think that will all come together very nicely by early December.

Tom Werner - *SunPower Corporation - CEO*

Rob, this is Tom. I would just comment to give you a little more color. The process is that you generate interest, and we had multiple parties interested, and then, at least the way we're evolving, is we then sign an exclusivity agreement with one or more buyers and then focus the list. Dennis made comments about in preparing for 2011. I think the success of the first two projects in Montalto, plus the next two, has increased a number of equity buyers such that we have a larger group of people to work with than to reduce down to an exclusive, buyer or set of buyers. So we're past that point. The other color I would give you.

Dennis Arriola - *SunPower Corporation - CFO*

The other thing that's probably worth mentioning is that the interest in the Italian project is not limited to European investors, but there is actually interest from US investors which is great because we're really are broadening the field of investors for the future.

Tom Werner - *SunPower Corporation - CEO*

Rob, a follow-on?

Rob Stone - *Cowen and Company - Analyst*

My follow on is on California (inaudible). I think you said in your prepared remarks you expect to start construction. Can you just give us what the next milestones are the timeline are for that, please?

Tom Werner - *SunPower Corporation - CEO*

California Valley Solar Ranch is progressing largely on plan. The only hesitation with largely is there is a lot of planned elements, so I can't say that all 35 of them are exactly on plan, but the project overall is largely on plan. Things are going as large scale California projects go. As you know, I think you all know we're in the comment period of the environmental permit, and that we see a very rational process consistent with expectations, and that a set of variables that we think we can work with. And that would be a broad comment. Howard, I will let you give more detail.

Howard Wenger - *SunPower Corporation - President of Utilities and Power Plants*

Sure. I will take the opportunity, Rob, to -- you asked about the construction progress on the Montalto Italy project. I am pleased to report that it is over 75% completed. Meaning we've got 38 megawatts fully interconnected to the grid, and producing electricity, qualify for the feed and tariff, and so getting paid on that electricity, and we're ahead of schedule to get it completed. That was 38 megawatts DC converted to AC is roughly .8 of that number.

So, we're ahead of schedule there on that project. On the CVSR, what we call the California Valley Solar Ranch, just to add a little bit to what Tom said, all of the major elements are tracking, in terms of getting the permit, getting the interconnection in time, and getting the financing lined up for the project. We're -- everything is tracking, and to be completed in time to begin construction in 2011, as Tom mentioned in his remarks.

Rob Stone - *Cowen and Company - Analyst*

When would you expect the ultimate environmental permit decision? Is that likely sometime in middle of Q1?

Howard Wenger - *SunPower Corporation - President of Utilities and Power Plants*

Yes. That should be end of Q1, beginning of Q2.

Rob Stone - *Cowen and Company - Analyst*

Thank you.

Operator

Next question comes from Jesse Pichel. Your line is open. State your affiliation.

Jesse Pichel - *Jefferies & Co. - Analyst*
Jesse Pichel from Jefferies. Hello, Tom, Dennis and the team. Congrats on your progress and the Montalto bond, which has interesting implications there on the industry. Tom, can you tell us, do you think this financing vehicle can be used in other markets? And are there implication there for retail investors to participate in these types of instruments?

Tom Werner - *SunPower Corporation - CEO*

I will comment really quickly and then turn to Dennis. He and his team are the experts. The answer to your question, your insight is right on. The thing that I like about what we're doing here is that it is scalable. Scalable, as you point out not only in Europe, but worldwide, and also expands the investor base that can participate in -- I think it also said something about the credibility and bankability of our projects that we would be the first ones doing this. So, yes, it is an answer to your question but, Dennis, maybe you can elaborate just a little.

Dennis Arriola - *SunPower Corporation - CFO*

Jesse, as far as the utility scale, I think it is definitely something that we can replicate, not just in Europe again, but also in the United States now that we've got the structure and the model together. As it pertains to the Residential business, I mean, as we see the markets continuing to grow, we're talking about billions of dollars of product -- residential loans and/or leases over the next several years. so it is a matter of looking to see how we can best finance that. And more than likely, the banks are not going to be able to do that amount going forward, so -- I am sorry, I have been told retail investors.

Jesse Pichel - *Jefferies & Co. - Analyst*

Yes.

Dennis Arriola - *SunPower Corporation - CFO*

I thought we were talking about the residential side. Excuse me. On retail investors right now, these bonds are being sold to institutional investors, so it is unlikely at this point that this type of product would be sold, at least in Europe, to retail investors. We haven't really explored whether in the United States this is something that could be brought to the retail markets, but we are looking at whether residential loans could be potentially brought to institutional and retail investors down the road.

Jesse Pichel - ***Jefferies & Co. - Analyst***

And for my follow-up question, Tom, you know, given your project expertise there, I would like to know what discussions have you had with utilities in certain markets with respect to voltage regulations on some of your large projects? And do you think that the utility pushback around this issue could disrupt the adoption of solar projects in certain markets? And how do you feel about this issue?

Tom Werner - ***SunPower Corporation - CEO***

Thanks for the question. So grid integration is increasingly relevant in high -penetration markets, and that interestingly would be Hawaii, which we have a great deal of experience with, and have built systems -- and I will let Howard talk more about that deal with integration issues. And I think in Germany, we hear some dialog of grid integration concerns, and I would say that because of our level of power plant installation that we're well positioned to solve that for our customers as we are in Hawaii. So, yes, I think it is relevant. Yes, I think it potentially could affect market dynamics, but I believe we'll have solutions. And Howard do you want to comment?

Howard Wenger - ***SunPower Corporation - President of Utilities and Power Plants***

Sure. Hi, Jesse.

Jesse Pichel - ***Jefferies & Co. - Analyst***

Hello there.

Howard Wenger - ***SunPower Corporation - President of Utilities and Power Plants***

At a macro level, SunPower, well, the industry, is not facing this as a limiting factor right now, nor do we see it as an industry-limiting factor in the very near term, but certainly something we have to be mindful of in the medium term, meaning three years and out. So we're doing things to be prepared for that. Selectively, we have incorporated grid integration features into our power plants such as reactive power control, and voltage ridethrough, selectively where necessary. But in general it is not a limiting factor.

And one thing I want to point out is, there are certain markets, such as in Spain and Germany, where the penetration is in the double-digits as a percentage of overall peak demand. You have penetrations, 10%, 15%, 20% of that peak demand being served by PV, and so that we've got a live demonstration that the grid operators can deal with relatively high penetration of this technology.

Tom Werner - ***SunPower Corporation - CEO***

Jesse, we'll cover that a bit more next Thursday as well.

Jesse Pichel - ***Jefferies & Co. - Analyst***

Thank you very much.

Tom Werner - ***SunPower Corporation - CEO***

Thanks for your question.

Operator

The next question will come from (Inaudible), your line is open.

Unidentified Analyst *Analyst*

It is (Inaudible) from Morgan Stanley. Just wanted to follow up on the what you're hearing from investors regarding the yield they're demanding for investing in projects both in Europe and the US.

Dennis Arriola - *SunPower Corporation - CFO*

This is Dennis, Smithy. Everybody wants to just buy our product, so they're willing to almost give us whatever we want. Very low yields, what can I tell you? Honestly, It is very competitive. The more investors that are coming in we're seeing that it is very competitive, and it differs from project to project, because we have some projects that are levered, that lend themselves more to your traditional infrastructure or insurance investors. And we have others that are looking at some of our projects where they're going to just buy the entire project with their own equity and levered on their own balance sheet. But I would say what we're seeing is below double-digit unlevered returns.

Tom Werner - *SunPower Corporation - CEO*

And I would say to you that we comment on this in previous quarters. If anything, it is the same or a little bit better, and you would expect that, of course, when we have more investors coming to finance projects. But same or a little bit better.

Dennis Arriola - *SunPower Corporation - CFO*

The other thing I would tell you, is especially in jurisdiction where is there are feed-in tariffs. In the case of Italy, you're basically buying Italian risk at a premium, so investors are basically looking to buy an enhanced bond, if you will, at a discount. So that's why something below the 7% to 8% on unlevered basis looks very attractive, relative to the sovereign risk.

Tom Werner - *SunPower Corporation - CEO*

Do you have a follow up?

Unidentified Analyst *Analyst*

Yes. Just on the same topic, Dennis. I believe on the last call you mentioned in Italy, investors were demanding sort of IRRs -- of unlevered IRRs of 9%, and now you're saying 7% to 8%. So have the yields that investors have been demanding, have they fallen 1% to 2% over the past three months?

Dennis Arriola - *SunPower Corporation - CFO*

I would say that since we announced our other Montalto projects, there's been more investors coming in, and competition is good.

Tom Werner - *SunPower Corporation - CEO*

We're going to take two more questions and then hope to seeing everybody next Thursday. Next question, please.

Operator

Next question is from Ben Kayla. Your line is open.

Ben Kayla - *Robert W. Baird & Co. - Analyst*

Hi, this is Ben from Robert W. Baird. Just getting back to Montalto. What kind of risk is there for monetizing this in Q4? Does it actually have to be connected to the grid before you can take the equity for the project, or can you do that beforehand?

Tom Werner - *SunPower Corporation - CEO*

So I will comment briefly and if you need -- anyone need to elaborate you can take it. We are connecting to the grid. I think Howard's number was 75% complete, so we are energizing and producing on this project now. We expect to be 100% connected to the grid prior to the equity financing being complete, so the expectation is that it will be fully built, and as Howard mentioned, we're ahead of schedule and quite comfortable with that occurring well within the quarter. So I think the answer to your question is yes.

Ben Kayla - *Robert W. Baird & Co. - Analyst*

Okay. And then looking ahead to 2011, and sounds like, for the most part you're sold out, and you know your pricing there. As you look at risks, what would you categorize as your biggest risk? Is it ramping up production? Is it cutting your costs? Or is it slippage and monetizing your projects out there, your UPP projects. And on the flip side, where is the upside as you look out into 2011?

Tom Werner - *SunPower Corporation - CEO*

Why don't I do this? I will take the upside and Dennis or someone else can take the rest because -- That's right in character. I think without being too cute, Dan, we're feeling better and better about 2011, and I will tell you we also feel better about our differentiation with our product and how sustainable that is. So we go into 2011 aggressively investing. We also feel good about the investment we've made in the last year in cost reduction, and that specifically means we have taken new resources from engineering and put them from our R&D team on cost reduction projects. So broadly speaking, I feel really good about the de-risking that we've done for the year.

Our operations in R&D teams are all over this cost reduction road map, and there is no line item that isn't completely action item and spoken for. So I think we feel quite confident about that, and the upside is, the factory over performed last quarter rather meaningfully, and now we have two factories or two Fabs, and we have a third one. So if our third fab can come online and we can over perform consistently, I think we can see an upside in megawatts. And of course the economics of vertical integrated megawatts are substantially better, at least in today's market, than internal product. So I would look to that.

I would say that it is Dennis' team. What I would like to characterize as (inaudible) the solar project financing main stream, I think you will see a consistent rate of return and improving rate of return there, and as you I am sure are well aware, that's a huge lever for the company. I hesitate to say it, but I wouldn't say there is a dominant risk going into the year and, Dennis, do you want to comment?

Dennis Arriola - *SunPower Corporation - CFO*

I think, Ben, there is not one thing that I am extremely worried about. I think the financing markets are cooperating. They're starting to get better than where we are even six months ago. If this were a change there, that could obviously have an impact but we don't see that happening. We're seeing more and more US banks getting back into the tax equity markets here in the United States, which helps us from a Residential, light Commercial and Utility scale. So as banks become more profitable, they need to figure out new ways to make money so they have tax equity.

Obviously our industry focuses a lot on what's going on within regulations within every country. There is no big hammer out there that we're looking at today, and as Tom mentioned, we're not overly exposed to Germany, so there are changes there, that's not a huge risk to us. But I think it is, for us, it is continuing to focus and execute. Those are the things that are going to make us successful and that we look at day in and day out.

Ben Kayla - *Robert W. Baird & Co. - Analyst*

Congrats, guys. Take care.

Operator

Our last question comes from Steven Chin. Your line is open. State your affiliation, please.

Steven Chin - *UBS - Analyst*

Thank you. It is UBS. Hi, Tom. Nice quarter. Just a follow-up question, Tom, on the panel cost per watt. It looks like your module production in the third quarter increased pretty nicely at about 10% sequentially, so were you pretty close to the $1.71 cost per watt goal in this third quarter? And what helped this increased production?

Tom Werner - *SunPower Corporation - CEO*

The answer to your question is yes. Close or better, and the increased volume did matter, and allowed us to use the word, "better", and that increased production is where do you want it, and that is essentially from yields. So, yes, it is kind of a long-winded yes.

Steven Chin - *UBS - Analyst*

And just a quick follow-up question. On the 5 gigawatt pipeline you built up, can you share any color about how much of that 5 gigawatt pipeline has been contracted so far?

Tom Werner - *SunPower Corporation - CEO*

I think I will take that just because we're over time, and Howard is presenting next week at analyst day. And the questions that we're asked -- the question elaborate next Thursday. So, you can think of the extra gigawatt adds being largely North American, not exclusively, and you can also think of it as having land positions that we think are in the right place for the variables that you would expect, which is transmission, permitting, and then financeability which has a lot to do with those other two elements.

I would say those are the primary determinants, and then there is -- each particular project has different variables that are accomplished, and again Howard will elaborate on that next Thursday. So, with that, I think we're going to call the call to a close. Thank you very much for joining us today. We appreciate your support, and all of our shareholders support. We look forward to seeing you next Thursday at our analyst day, and at various investor relations meetings over the next few weeks. Thank you very much.

Operator

At this time that concludes today's conference. You may disconnect. Thank you for your attendance.

Montalto 44 Bond Offering

Exhibit 99.3

SUNPOWER™

Third Quarter 2010 Earnings Supplementary Slides

November 11, 2010

Safe Harbor Statement

This presentation 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 may be based on underlying assumptions. Forward-looking statements are made in this presentation regarding: (a) execution of Q4 2010 plan; (b) visibility into 2011, including volume and price established, and current bookings for commercial and UPP, and reaching efficiency adjusted panel cost goal by Q4 2011; (c) execution of vertical integration strategy, such as drive for scale and cost reduction; (d) ability to monetize 5GW of UPP pipeline; (e) finance and execution of the sale of Italian power plants in 2010, including the Mantalto 44 bond offering, sale of Mantalto 44 and Solare Roma; (f) the company's low LCOE compared to thin-film technology; (g) efficiency adjusted cost/watt expectations for 2011 and drivers of cost reduction, including benefits of the JV/Fab3 and achieving manufacturing efficiency; (h) expected capital expenditures, tax rates, share count and production for 2010; and (i) revenue, GAAP and non-GAAP gross margin, and GAAP and non-GAAP net income/diluted share guidance for Q4 2010 and FY 2010. Such forward-looking statements are based on information available to the company as of the date of this presentation and involve a number of risks and uncertainties, some beyond the company's control, that could cause actual results to differ materially from those anticipated by these forward-looking statements, including risks and uncertainties such as: (i) potential difficulties associated with operating the JV with AUO and integrating the SunRay business, and the company's ability to achieve the anticipated synergies and manufacturing benefits from these transactions; (ii) the company's ability to obtain and maintain an adequate supply of raw materials, components, and solar panels, as well as the price it pays for such items; (iii) general business and economic conditions, including seasonality of the industry; (iv) growth trends in the solar power industry; (v) the continuation of governmental and related economic incentives promoting the use of solar power, particularly such incentives affecting the markets in which the company sells solar panels and constructs commercial systems and power plants; (vi) the significant investment required to construct power plants and the company's ability to sell or otherwise monetize power plants; (vii) the improved availability of financing arrangements for the company's utilities projects and the company's customers; (viii) construction difficulties or potential delays, including obtaining land use rights, permits, license, other governmental approvals, and transmission access and upgrades; (ix) increasing competition in the industry and lower average selling prices; (x) the JV's ability to ramp new production lines in Fab 3 and the company's ability to realize expected manufacturing efficiencies throughout its manufacturing operations; (xi) manufacturing difficulties that could arise; (xii) the success of the company's ongoing R&D efforts and the acceptance of the company's new products and services; (xiii) the company's international operations; (xiv) the company's liquidity, substantial indebtedness, and its ability to obtain additional financing; (xv) the company's ability to protect its intellectual property; (xvi) evolving regional permitting, financing, grid interconnection, technical, and other customer or regulatory requirements, and the company's ability to satisfy such requirements; (xvii) the potential lack of investor interest in the bond offering for Montalto 44; (xviii) the potential lack of interest in the sale of Montalto 44 and Solare Roma and the company's ability to execute their sales on the expected timeline; (xix) possible impairment of goodwill; (xx) possible consolidation of the joint venture AUO SunPower; and (xxi) other risks described in the company's Annual Report on Form 10-K for the year ended January 3, 2010 and Quarterly Report on Form 10-Q for the quarter ended July 4, 2010, and other filings with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the company's views as of any subsequent date, and the company is under no obligation to, and expressly disclaims any responsibility to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation is not an offer of securities for sale in the United States, and the securities referred to in this presentation relating to Montalto 44 may not be offered or sold in the United States absent registration or an exemption from registration. The issuer of the securities does not intend to offer or sell these securities in the United States, and intends to conduct any offering of these securities outside the United States in reliance on Regulation S under the Securities Act of 1933.

Strong Business Performance

- Beat Q3 forecast in both segments
- Met cost reduction plan in fab and field
- Demand greater than supply - record backlog
- Strong Q3 Execution
  - Record cell outs, OEE, average efficiency and yields in Fabs 1 and 2
  - 22+% Gen 2 cells on first production run in Fab 3
  - Installed more than 70 MW* of power plants
  - Closed sale of Montalto 28 MW ac solar park

* Power plant capacity in MW ac

Q4 Confidence / 2011 Visibility

- High confidence in Q4 execution
  - R&C: Fully booked
  - UPP: On plan to monetize Italian solar parks

- Strong growth and high visibility for 2011
  - Volume and price established for Commercial business and UPP
  - ~70% booked in Commercial for 2011
  - 95% booked in North American UPP for 2011
  - On plan for $1.08/W Q4 11 efficiency adjusted panel cost v. 14% panels

Vertical Integration Strategy

Upstream

Poly → **Ingot** → **Wafer** → **Cell** → **Panel**

- World's highest efficiency panels
- Sustainable differentiated advantage
- Drive for scale and cost reduction

Downstream

BOS → **Sales** → **Install** → **Services**

- Adjust rapidly to market conditions
- Integrated cost reduction
- Premium brand / superior service

SPWR Downstream Strategy

Upstream

Poly → Ingot → Wafer → Cell → Panel

- World’s highest efficiency panels
- Sustainable differentiated advantage
- Drive for scale and cost reduction

UPP Segment

BOS → Proj. Dev. → EPC → Services

- Multi-year fixed price contracts
- NA, EMEA, emerging markets
- Integrated cost reduction

R&C Segment

BOS → Dist. → Sales/ Install → Services

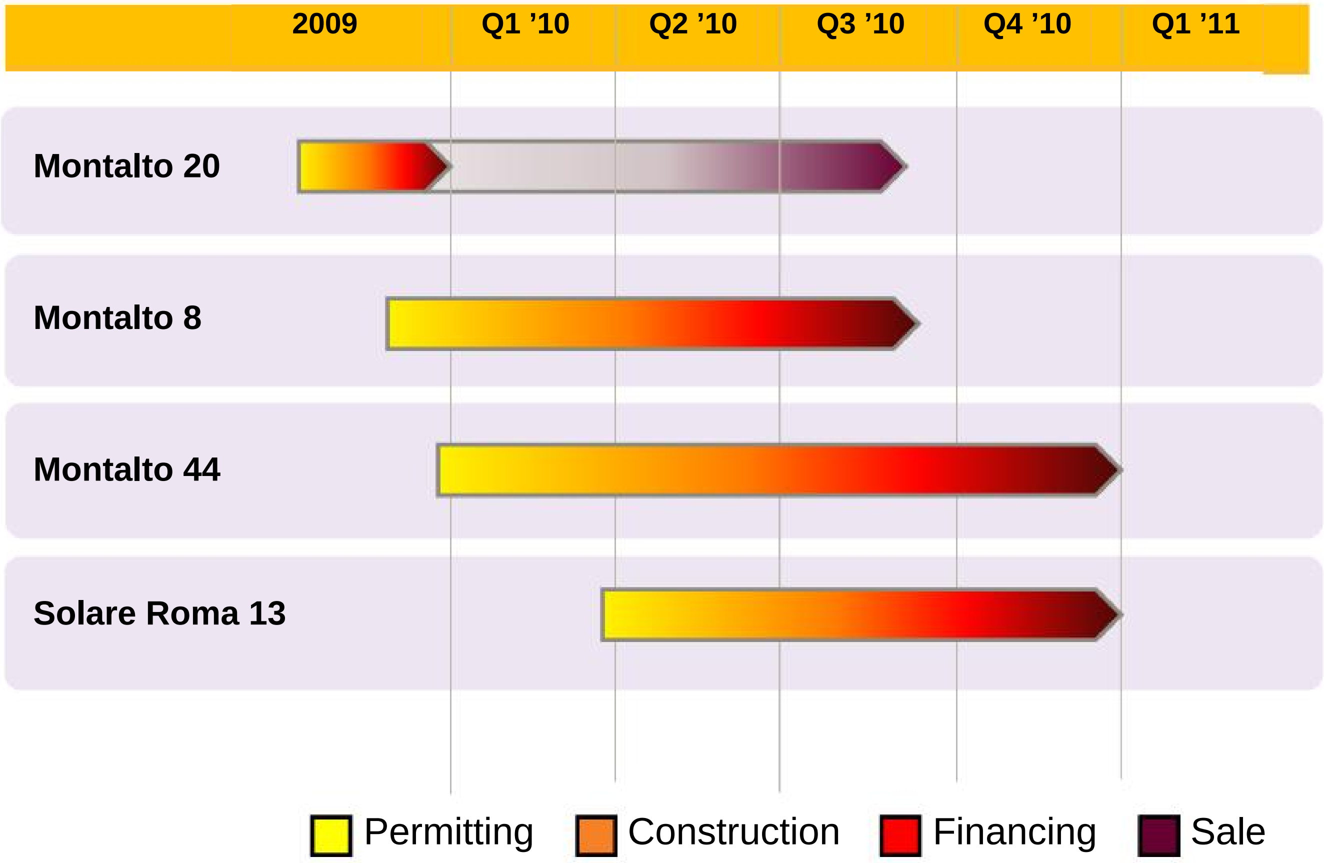
- NAC: Multi-Qtr fixed price contracts
- RLC: global dealer/partner network
- Integrated cost reduction

Diversified Channel / Portfolio

- R&C Market Position
  - Global footprint, #1 in US
  - Residential: 8 countries
  - Commercial: Direct sales force
    - #1 in NA, expanding to EU
    - T5 driving wins: 3.5 MW Macy’s

- UPP Market Position
  - Global reach / direct sales force
  - 5 GW pipeline (~1/3 in EMEA)
  - Customers buy energy (¢/kWh)
  - High energy density = low LCOE

Italy Project Overview

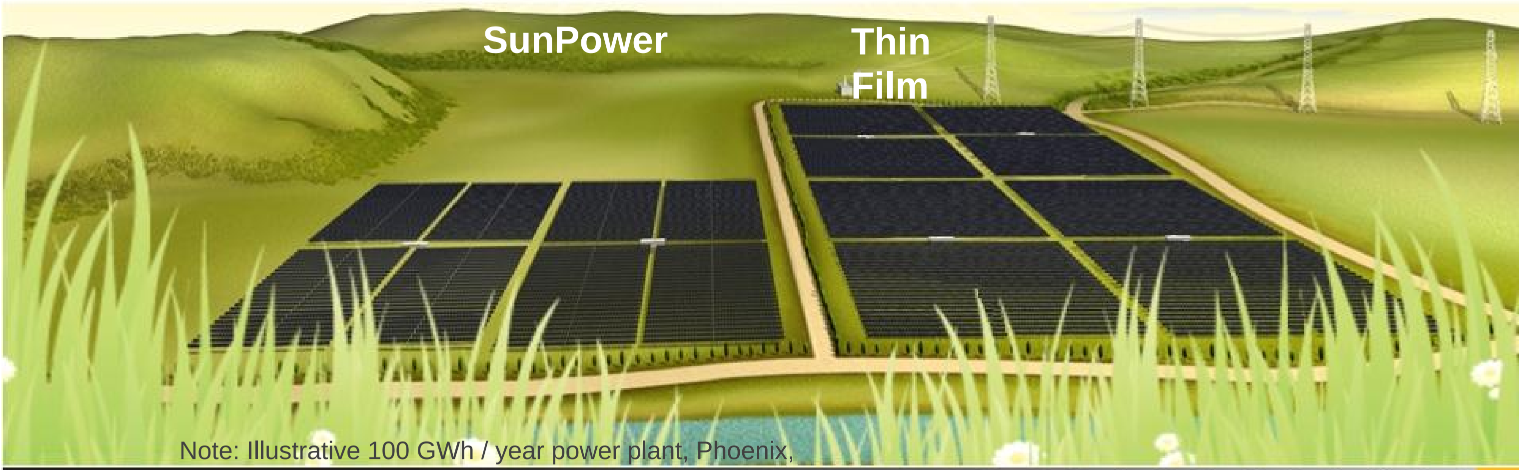


* MW’s in chart are listed in ac

SunPower LCOE Advantages

	SunPower	11% TF Fixed
GWh/yr	100	100
MW	37	46
Acres	191	351
Inverters	74	92

SunPower delivers the same GWh using far fewer acres and less BOS leading to lower O&M costs



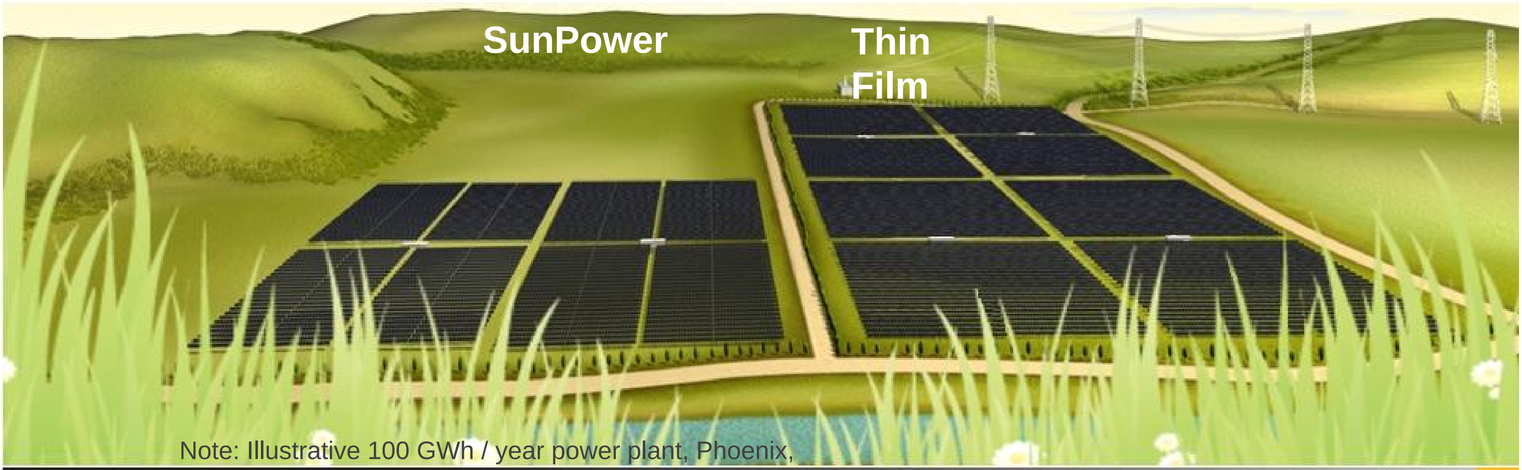
Note: Illustrative 100 GWh / year power plant, Phoenix, AZ

SunPower LCOE Advantages

	SunPower	11% TF Fixed
GWh/yr	100	100
Total $	$200 MM	$200 MM
$/Wp DC	$4.37	$3.50

SunPower delivers the same LCOE with a 25% $/Wp price premium

Economically equivalent to customer



Note: Illustrative 100 GWh / year power plant, Phoenix, AZ

Efficiency Adjusted Cost/Watt*

	Q4'09	Q4'10	Q4'11
SunPower 19% Panel Cost / Watt**	$1.91	$1.71	$1.48
Efficiency Adjusted (vs. 14%)	$1.47	$1.36	$1.08
Efficiency Adjusted (vs. 11%)	$1.01	$0.92	$0.71

- Cost reduction drivers
  - Fab 3 JV with AUO
  - Leveraging R+D investments
  - Improved manufacturing efficiency
  - Increased ramp, yield and OEE

*Efficiency adjustments consider the BOS/tracking benefits of high efficiency panels.
**Base Cost/Watt excludes freight and pre-op expenses.
Comparison: 14% panel on T20 tracking system, 11% panel on fixed tilt.

Financial Results

($ Millions except per share data)	Quarter Ending 10/3/10	Quarter Ending 9/27/09	Quarter Ending 7/4/10
Non-GAAP Revenues	**$553.8**	**$465.4**	**$392.1**
R+C	*$292.8*	*$270.2*	*$264.2*
UPP	*$261.0*	*$195.1*	*$127.9*
Gross Margin % (Non-GAAP)	**22.3%**	**23.1%**	**26.3%**
R+C	*24.3%*	*19.6%*	*26.5%*
UPP	*20.0%*	*27.9%*	*26.1%*
Tax Rate (non-GAAP)	15.4%	25.3%	20.3%
Net Income (Loss) (GAAP)	$20.1	$19.5	($6.2)
Net Income (Loss) (Non-GAAP)	$26.3	$47.0	$14.4
Diluted Wtg. Avg. Shares Out.	*105.6*****	*105.0*****	*96.8**
EPS (GAAP)	**$0.21**	**$0.21**	**($0.07)**
EPS (Non-GAAP)	**$0.26**	**$0.46**	**$0.15**

SUNPOWER

Note: Non-GAAP figures are reconciled to comparable GAAP figures in appendix on company website
*not converted method **if converted method
Current and historical figures reflect Q2'10 change to new business unit segmentation

Balance Sheet and Financial Outlook

- Liquidity
  - Ended Q310 with $438 million in cash and investments
  - Repaid $177 million in convertible debt and bank loans
  - $145 million of additional liquidity available
  - Shares in Woongjin Energy ~$360 million market value
- Capital Expenditures of $4.3 million in Q3; 2010 plan of $125-$150 million
- Q3 Free Cash Flow* of $78 million
- Q4 FX exposure fully hedged at $1.37 to 1 Euro
- Q3 production of 152 MW; 2010 on track to exceed 550 MW

*Free Cash Flow is net cash provided by (used in) operating activities less net cash provided by (used in) investing activities.

Italian Projects Update

- On track to assemble, finance and monetize Italian projects in Q4
  - Expect to complete and sell more than 80 MW in 2010
- Montalto 44 MW
  - Currently marketing €200 million in debt financing
  - Industry's first solar bond
  - Provisional investment grade rating on both tranches of debt
  - Debt transfers to new owner on sale
  - Equity sale in negotiation for Q4 close
  - On schedule for connection to grid in mid-December 2010
- Solare Roma - 13 MW
  - On schedule to connect and monetize project in December 2010

2010 Guidance

	Q4	FY 2010
Revenue $MM	$870-$970	$2,150-2,250
Gross Margin (Non-GAAP)	20-22%	22-23%
EPS $/Share (Non-GAAP)	$0.95-$1.15	$1.45-$1.65
EPS $/Share (GAAP)	$0.45-$0.60	$0.75-$0.90

Third Quarter 2010 Earnings Supplementary Slides

November 11, 2010

GAAP to Non-GAAP Reconciliation

SUNPOWER CORPORATION
RECONCILIATIONS OF GAAP MEASURES TO NON-GAAP MEASURES
(Unaudited)
(In thousands, except per share data)

STATEMENT OF OPERATIONS DATA:

	THREE MONTHS ENDED									
	Oct. 3, 2010		Jul. 4, 2010		Apr. 4, 2010		Jan. 3, 2010		Sep. 27, 2009	
GAAP utility and power plants revenue	$257,803		$119,999		$144,094		$ 224,863		$ 195,117	
Discontinued operations	3,176		7,905		-		-		-	
Non-GAAP utility and power plants revenue	$260,979		$127,904		$144,094		$ 224,863		$ 195,117	
GAAP total revenue	$550,645		$384,238		$347,274		$ 547,938		$ 465,361	
Discontinued operations	3,176		7,905		-		-		-	
Non-GAAP total revenue	$553,821		$392,143		$347,274		$ 547,938		$ 465,361	
GAAP utility and power plants gross margin	$ 45,277	18%	$ 22,775	19%	$ 32,666	23%	$ 51,624	23%	$ 52,118	27%
Amortization of intangible assets	946		774		689		683		683	
Stock-based compensation expense	2,442		1,632		1,191		1,718		1,530	
Non-cash interest expense	293		275		401		257		130	
Discontinued operations	3,176		7,905		-		-		-	
Non-GAAP utility and power plants gross margin	$ 52,134	20%	$ 33,361	26%	$ 34,947	24%	$ 54,282	24%	$ 54,461	28%
GAAP residential and commercial gross margin	$ 67,308	23%	$ 65,076	25%	$ 39,077	19%	$ 59,353	18%	$ 47,712	18%
Amortization of intangible assets	1,745		2,125		2,124		2,124		2,119	
Stock-based compensation expense	1,941		2,327		1,491		2,525		2,772	
Non-cash interest expense	270		393		502		377		235	
Non-GAAP residential and commercial gross margin	$ 71,264	24%	$ 69,921	26%	$ 43,194	21%	$ 64,379	20%	$ 52,838	20%
GAAP total gross margin	$112,585	20%	$ 87,851	23%	$ 71,743	21%	$ 110,977	20%	$ 99,830	21%
Amortization of intangible assets	2,691		2,899		2,813		2,807		2,802	
Stock-based compensation expense	4,383		3,959		2,682		4,243		4,302	
Non-cash interest expense	563		668		903		634		365	
Discontinued operations	3,176		7,905		-		-		-	
Non-GAAP total gross margin	$123,398	22%	$103,282	26%	$ 78,141	23%	$ 118,661	22%	$ 107,299	23%
GAAP operating income (loss)	$ 8,188		$ (1,731)		$ (2,944)		$ 42,669		$ 46,248	
Amortization of intangible assets	11,578		11,702		4,759		4,178		4,146	
Stock-based compensation expense	15,665		11,591		10,808		12,790		13,074	
Amortization of promissory notes	6,022		2,919		-		-		-	
Non-cash interest expense	563		668		903		634		365	
Discontinued operations	3,176		7,883		-		-		-	
Non-GAAP operating income	$ 45,192		$ 33,032		$ 13,526		$ 60,271		$ 63,833	
GAAP net income (loss)	$ 20,116		$ (6,216)		$ 12,573		$ 8,543		$ 19,506	
Amortization of intangible assets	11,578		11,702		4,759		4,178		4,146	
Stock-based compensation expense	15,665		11,591		10,808		12,790		13,074	
Amortization of promissory notes	6,022		2,919		-		-		-	
Non-cash interest expense	6,407		9,378		6,390		5,873		5,388	
Mark-to-market derivatives	2,967		(34,070)		2,218		-		-	
Gain on deconsolidation of consolidated subsidiary	(36,849)		-		-		-		-	
Gain on change in equity interest in unconsolidated investee	-		(28,348)		-		-		-	
Tax effect	377		47,457		(31,589)		14,540		4,928	
Non-GAAP net income	$ 26,283		$ 14,413		$ 5,159		$ 45,924		$ 47,042	

NET INCOME (LOSS) PER SHARE:

	THREE MONTHS ENDED				
	Oct. 3, 2010	Jul. 4, 2010	Apr. 4, 2010	Jan. 4, 2010	Sep. 27, 2009
Basic:					
GAAP net income (loss) per share	$ 0.21	$ (0.07)	$ 0.13	$ 0.09	$ 0.21
Reconciling items:					
Amortization of intangible assets	0.12	0.12	0.05	0.04	0.04
Stock-based compensation expense	0.16	0.12	0.11	0.13	0.14
Amortization of promissory notes	0.06	0.03	-	-	-
Non-cash interest expense	0.07	0.10	0.07	0.06	0.06
Mark-to-market derivatives	0.03	(0.35)	0.02	-	-
Gain on deconsolidation of consolidated subsidiary	(0.38)	-	-	-	-
Gain on change in equity interest in unconsolidated investee	-	(0.30)	-	-	-
Tax effect	0.00	0.50	(0.33)	0.16	0.05
Non-GAAP net income per share	$0.27	$0.15	$ 0.05	$ 0.48	$ 0.50
Diluted:					
GAAP net income (loss) per share	$ 0.21	$ (0.07)	$ 0.13	$ 0.09	$ 0.20
Reconciling items:					
Amortization of intangible assets	0.11	0.12	0.05	0.04	0.04
Stock-based compensation expense	0.15	0.12	0.11	0.13	0.12
Amortization of promissory notes	0.06	0.03	-	-	-
Non-cash interest expense	0.06	0.10	0.07	0.06	0.05
Mark-to-market derivatives	0.03	(0.35)	0.02	-	-
Gain on deconsolidation of consolidated subsidiary	(0.36)	-	-	-	-
Gain on change in equity interest in unconsolidated investee	-	(0.30)	-	-	-
Tax effect	0.00	0.50	(0.33)	0.15	0.05
Non-GAAP net income per share	$0.26	$ 0.15	$ 0.05	$ 0.47	$ 0.46
Weighted-average shares:					
GAAP net income (loss) per share:					
- Basic	95,840	95,564	95,154	94,910	94,668
- Diluted	105,648	95,564	96,472	96,447	105,031
Non-GAAP net income per share:					
- Basic	95,840	95,564	95,154	94,910	94,668
- Diluted	105,648	96,816	96,472	96,447	105,031

GAAP to Non-GAAP Reconciliation

SUPPLEMENTAL DATA
(In thousands)

THREE MONTHS ENDED

October 3, 2010

	Revenue		Cost of revenue		Operating expenses				
	Utility and power plants	Residential and commercial	Utility and power plants	Residential and commercial	Research and development	Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 946	$ 1,745	$ -	$ 8,887	$ -	$ -	$ -
Stock-based compensation expense	-	-	2,442	1,941	1,886	9,396	-	-	-
Amortization of promissory notes	-	-	-	-	-	6,022	-	-	-
Non-cash interest expense	-	-	293	270	-	-	5,844	-	-
Mark-to-market derivatives	-	-	-	-	-	-	2,967	-	-
Gain on deconsolidation of consolidated subsidiary	-	-	-	-	-	-	(36,849)	-	-
Tax effect	-	-	-	-	-	-	-	377	-
Discontinued operations	3,176	-	-	-	-	-	(887)	(719)	(1,570)
	$ 3,176	$ -	$ 3,681	$ 3,956	$ 1,886	$ 24,305	$ (28,925)	$ (342)	$ (1,570)

July 4, 2010

	Revenue		Cost of revenue		Operating expenses				
	Utility and power plants	Residential and commercial	Utility and power plants	Residential and commercial	Research and development	Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 774	$ 2,125	$ -	$ 8,803	$ -	$ -	$ -
Stock-based compensation expense	-	-	1,632	2,327	2,253	5,379	-	-	-
Amortization of promissory notes	-	-	-	-	-	2,919	-	-	-
Non-cash interest expense	-	-	275	393	-	-	8,710	-	-
Mark-to-market derivatives	-	-	-	-	-	-	(34,070)	-	-
Gain on change in equity interest in unconsolidated investee	-	-	-	-	-	-	(28,348)	-	-
Tax effect	-	-	-	-	-	-	-	47,457	-
Discontinued operations	7,905	-	-	-	-	(22)	3,627	(3,614)	(7,896)
	$ 7,905	$ -	$ 2,681	$ 4,845	$ 2,253	$ 17,079	$ (50,081)	$ 43,843	$ (7,896)

September 27, 2009

	Revenue		Cost of revenue		Operating expenses				
	Utility and power plants	Residential and commercial	Utility and power plants	Residential and commercial	Research and development	Selling, general and administrative	Other income (expense), net	Benefit from (provision for) income taxes	Income from discontinued operations, net of taxes
Amortization of intangible assets	$ -	$ -	$ 683	$ 2,119	$ -	$ 1,344	$ -	$ -	$ -
Stock-based compensation expense	-	-	1,530	2,772	1,736	7,036	-	-	-
Non-cash interest expense	-	-	130	235	-	-	5,023	-	-
Tax effect	-	-	-	-	-	-	-	4,928	-
	$ -	$ -	$ 2,343	$ 5,126	$ 1,736	$ 8,380	$ 5,023	$ 4,928	$ -

Earnings Per Share Calculation

(in thousands)	Three Months Ended October 3, 2010			
	GAAP		Non-GAAP	
	If Converted Method	Not Converted Method	If Converted Method	Not Converted Method
Net income	$ 20,116	$ 20,116	$ 26,283	$ 26,283
Net income allocated to unvested restricted stock awards	(24)	(24)	(31)	(31)
Net income allocated to class A and class B common stock	20,092	20,092	26,252	26,252
Basic weighted-average shares	95,840	95,840	95,840	95,840
Net income per share - basic	$ 0.21	$ 0.21	$ 0.27	$ 0.27
Net income	$ 20,116	$ 20,116	$ 26,283	$ 26,283
(A) Interest expense on 4.75% debentures, net of tax	1,666	-	1,666	-
Net income allocated to unvested restricted stock awards	(23)	(24)	(30)	(31)
Net income allocated to class A and class B common stock	21,759	20,092	27,919	26,252
Diluted weighted-average shares before consideration of 4.5% debentures	96,936	96,936	96,936	96,936
Shares issued if 100% of 4.5% Debentures are converted to equity	8,712	-	8,712	-
Diluted weighted-average shares	105,648	96,936	105,648	96,936
Net income per share - diluted	$ 0.21	$ 0.21	$ 0.26	$ 0.27

(A) Under the "If Converted Method" we calculated diluted earnings per share using the more dilutive of the following two methods:

Method One:

Numerator = Income Available to Common Shareholders + Interest on 4.5% Debentures, Net of Tax

Denominator = Stock Outstanding + Common Shares Issued if 100% Coversion of 4.5% Debentures

Method Two:

Numerator = Income Available to Common Shareholders

Denominator = Stock Outstanding

Exhibit 99.4

Supplemental Operating Performance and Manufacturing Ramp Information
November 11, 2010

Please Note:

All data in millions of dollars except earnings per share and as noted
Guidance is as of November 11, 2010 and the company assumes no responsibility to update guidance in the future.
Non-GAAP to GAAP reconcilliations for each quarterly period is available in each respective quarters' earnings release and investor presentation issued concurrently which can be found by clicking the links provided below the posting of this document

GAAP (in millions $ except EPS)	**Q3 2010**	**Q2 2010**	**Q1 2010**	**Q4 2009**	**Q3 2009**
Revenue	$ 550.6	$ 384.2	$ 347.3	$ 547.9	$ 465.4
Gross Margin	20.4%	22.9%	20.7%	20.3%	21.5%
Operating Income	$ 8.2	$ (1.7)	$ (2.9)	$ 42.7	$ 46.2
EPS (diluted)	$ 0.21	$ (0.07)	$ 0.13	$ 0.09	$ 0.20
Tax rate	21.0%	152.3%	-144.1%	81.9%	54.2%
Share Count (m)	105.6	95.6	96.5	96.4	105.0

Non-GAAP (in millions $ except EPS)	**Q3 2010**	**Q2 2010**	**Q1 2010**	**Q4 2009**	**Q3 2009**
Revenue	$ 553.8	$ 392.1	$ 347.3	$ 547.9	$ 465.4
Gross Margin	22.3%	26.3%	22.5%	21.7%	23.1%
Operating Income	$ 45.2	$ 33.0	$ 13.5	$ 60.3	$ 63.8
EPS (diluted)	$ 0.26	$ 0.15	$ 0.05	$ 0.47	$ 0.46
Tax rate	15.4%	20.3%	25.9%	20.3%	25.3%
Share Count (m)	105.6	96.8	96.5	96.4	105.0

Business Units (Non-GAAP, in millions $)*	**Q3 2010**	**Q2 2010**	**Q1 2010**	**Q4 2009**	**Q3 2009**
Revenue					
UPP	$ 261.0	$ 127.9	$ 144.1	$ 224.9	$ 195.1
R&C	$ 292.8	$ 264.2	$ 203.2	$ 323.1	$ 270.2
GM					
UPP	20.0%	26.1%	24.3%	24.1%	27.9%
R&C	24.3%	26.5%	21.3%	19.9%	19.6%
Capex	$ 4.3	$ 62.0	$ 43.7	$ 18.2	$ 38.0

(All financial data reflects restated financial results)
(*Business Units information reflects change in segmentation initiated in Q2 2010)

Guidance ** (in millions $ except EPS)		
GAAP	**Q4 2010**	**FY2010**
Revenue	$ 870-970	$ 2.15 - $2.25B
Gross Margin	19-21%	20-21%
EPS (diluted)	$ 0.45-$0.60	$ 0.75-$0.90
Tax rate	24-28%	34-42%
Share Count (m)	106	106
Non-GAAP		
Revenue	$ 870-970	$ 2.15 - $2.25B
Gross Margin	20-22%	22-23%
EPS (diluted)	$ 0.95-$1.15	$ 1.45 - $1.65
Tax rate	12-14%	13-16%
Share Count (m)	106	106
Capex		$ 125-$150

Fab Manufacturing Ramp (Capacity)

	Line	**MW**	**Fab MW**	**Year**	**MW CAP**
Fab 1	1	25		2004	25
	2	25		2005	50
	3	25			
	4	33	108	2006	108
Fab 2	5	33			
	6	33			
	7	40			
2007 Total		106		2007	214
	8	40			
	9	40			
	10	40			
	11	40			
	12	40			
2008 Total		200		2008	414
	13	40			
	14	40			
	15	40			
	16	40			
2009 Total		160	466	2009	574

Fab 3				
2010	5	5	2010	580
2011	350	355	2011	930
2012	650	1,000	2012	1,580
2013	355	1,355	2013	1,935
2014	40	1,400	2014	1,975
Total				1,975

Geographies	**Q3 2010**	**Q2 2010**	**Q1 2010**	**Q4 2009**	**Q3 2009**
US	32%	34%	30%	37%	32%
EU	61%	56%	60%	57%	63%
ROW	7%	10%	10%	6%	5%
Balance Sheet	**Q3 2010**	**Q2 2010**	**Q1 2010**	**Q4 2009**	**Q3 2009**
Cash**	$ 438	$ 737	$ 877	$ 927	$ 802
Depreciation	$ 26.4	$ 24.6	$ 24.7	$ 24.3	$ 21.4
DSO	44	46	58	41	48
Inv Days	60	84	83	43	58
Headcount	5,573	5,358	5,264	5,178	5,160
Manufacturing Metrics	**Q3 2010**	**Q2 2010**	**Q1 2010**	**Q4 2009**	**Q3 2009**
Grams / Watt	5.3	5.3	5.5	5.5	5.6
MW Produced	152.1	137.9	135.4	130.2	110.0

**Cash includes Cash, Cash Equivilents, Restricted Cash and Investments

** This supplementary information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.
Such forward-looking statements, which do not represent historical facts, include statements regarding (a) expected GAAP and non-GAAP revenue, gross margins, earnings per share, tax rate, share count and capital expenditures, and (b) expected ramp up of manufacturing capacity. Such forward-looking statements are based on information available to the company as of the date of this presentation and involve a number of risks and uncertainties, some beyond the company's control that could cause actual results to differ materially from those anticipated by these forward-looking statements, including risks and uncertainties described in the company's investor presentation of 11/11/2010, earnings release dated 11/11/2010 and Annual Report for the year ended 1/3/2010, and Quarterly Report for the quarter ended 7/4/2010, and other filin gs with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the company's views as of any subsequent date, and the company is under no obligation to, and expressly disclaims any responsibility to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.