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

# FORM 10-K

T **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 28, 2014**

**OR**

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

**For the transition period from _____ to _____**

**Commission file number 001-34166**

SUNPOWER®

## SunPower Corporation

(Exact Name of Registrant as Specified in Its Charter)

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

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

**Securities registered pursuant to Section 12(b) of the Act:**

| **Title of each class** | **Name of each exchange on which registered** |
|---|---|
| **Common Stock $0.001 par value** | **Nasdaq Global Select Market** |

**Securities registered pursuant to Section 12(g) of the Act:**

**None**
**(Title of Class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes T No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes T No o

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. T

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

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant on June 29, 2014 was $2,123 million. Such aggregate market value was computed by reference to the closing price of the common stock as reported on the Nasdaq Global Select Market on June 27, 2014. For purposes of determining this amount only, the registrant has defined affiliates as including Total Energies Nouvelles Activités USA, formerly known as Total Gas & Power USA, SAS and the executive officers and directors of registrant on June 27, 2014.

The total number of outstanding shares of the registrant's common stock as of February 17, 2015 was 131,480,382.

**DOCUMENTS INCORPORATED BY REFERENCE**

Parts of the registrant's definitive proxy statement for the registrant's 2015 annual meeting of stockholders are incorporated by reference in Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K.

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***Trademarks***

The following terms, among others, are our trademarks and may be used in this report: SunPower®, Maxeon®, Oasis®, PowerLight®, Tenesol®, Greenbotics®, Customer Cost of Energy™ ("CCOE™"), and SunPower Spectrum™. Other trademarks appearing in this report are the property of their respective owners.

***Unit of Power***

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

***Levelized Cost of Energy ("LCOE")***

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

***Customer Cost of Energy™ ("CCOE™")***

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

***Cautionary Statement Regarding Forward-Looking Statements***

*This Annual Report on Form 10-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not represent historical facts and the assumptions underlying such statements. We use words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "predict," "potential," "will," "would," "should," and similar expressions to identify forward-looking statements. Forward-looking statements in this Annual Report on Form 10-K include, but are not limited to, our plans and expectations regarding future financial results, expected operating results, business strategies, projected costs and cost reduction, development of new products and improvements to our existing products, our manufacturing capacity and manufacturing costs, the adequacy of our agreements with our suppliers, our ability to monetize utility projects, competitive positions, management's plans and objectives for future operations, the sufficiency of our cash and our liquidity, our ability to obtain financing, our ability to comply with debt covenants or cure any defaults, trends in average selling prices, the success of our joint ventures and acquisitions, expected capital expenditures, warranty matters, outcomes of litigation, our exposure to foreign exchange, interest and credit risk, general business and economic conditions in our markets, industry trends, the impact of changes in government incentives, expected restructuring charges, and the likelihood of any impairment of project assets and long-lived assets. These forward-looking statements are based on information available to us as of the date of this Annual Report on Form 10-K and current expectations, forecasts and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond our control. Please see "Item 1A. Risk Factors" herein and our other filings with the Securities and Exchange Commission ("SEC") for additional information on risks and uncertainties that could cause actual results to differ. These forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we are under no obligation to, and expressly disclaim any responsibility to, update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.*

*The following information should be read in conjunction with the Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in this Annual Report on Form 10-K. Our fiscal year ends on the Sunday closest to the end of the applicable calendar year. All references to fiscal periods apply to our fiscal quarter or year, which end on the Sunday closest to the calendar month end.*

***Recent Developments***

On February 23, 2015, we announced that we were in advanced negotiations with First Solar, Inc. ("First Solar") to form a joint YieldCo vehicle (the "YieldCo") into which we and First Solar each expect to contribute a portfolio of selected solar generation assets. Upon execution of a master formation agreement, we and First Solar intend to file a registration statement with the SEC for an initial public offering of limited partner interests in the YieldCo (the "YieldCo IPO"). Completion of the YieldCo IPO is subject to successful conclusion of negotiations with First Solar, each party's board approval, regulatory approval and market conditions. There is no assurance that the YieldCo IPO will occur on favorable terms or at all. See "Item 1A. Risk Factors—Risks Related to Our Sales Channels—We may be unable to successfully form the previously announced YieldCo vehicle; the proposed initial public offering of the YieldCo vehicle may not occur on favorable terms or at all; and even if the proposed initial public offering is completed, we may not achieve the expected benefits." In light of the uncertainty regarding the formation of the proposed YieldCo and the YieldCo IPO, the assumptions and forward-looking statements contained in this Annual Report on Form 10-K do not take into account the consummation of the proposed YieldCo or IPO transactions.

## PART I

### ITEM 1. *BUSINESS*

#### Corporate History

SunPower has been a leader in the solar industry for 30 years, originally incorporated in California in 1985 and reincorporated in Delaware during 2004 in connection with our initial public offering. In November 2011, our stockholders approved the reclassification of all outstanding former class A common stock and class B common stock into a single class of common stock listed on the Nasdaq Global Select Market under the symbol "SPWR." In fiscal 2011, we became a majority owned subsidiary of Total Energies Nouvelles Activités USA, formerly known as Total Gas & Power USA, SAS ("Total"), a subsidiary of Total S.A. ("Total S.A.").

#### Company Overview

We are a leading global energy company dedicated to changing the way our world is powered. We believe our solar module technology is unmatched in long-term reliability, efficiency and performance. Through design, manufacturing, installation, ongoing maintenance and monitoring and adjacent services to reduce CCOE, we provide our proprietary, high-performance solar technology to residential, commercial and utility customers worldwide. With industry-leading conversion efficiencies, we continuously improve our Maxeon solar cells and believe they perform better and are tested more extensively to deliver maximum return on investment when compared with the products of our competitors. We believe there are several factors that distinguish us from our competitors:

- A go-to-market approach that is broad and deep, reflecting our long-standing experience in rooftop and ground mount channels, including turn-key systems:
  - Cutting-edge systems designed to meet customer needs and reduce cost, including non-penetrating, fast roof installation technologies;
  - Expanded reach enhanced by Total S.A.'s long-standing presence in many countries where significant solar installation goals are being established; and
  - End-to-end solutions management capabilities, including operations and maintenance of some of the world's largest solar power systems and adjacent services to reduce CCOE.
- A technological advantage, as the leading manufacturer of back-contact, back-junction cells, enabling our panels to produce more electricity, last longer and resist degradation more effectively:
  - Superior performance, including the ability to generate up to 50% more power per unit area than conventional solar cells;
  - Superior aesthetics, with our uniformly black surface design that eliminates highly visible reflective grid lines and metal interconnection ribbons;
  - Superior reliability, as confirmed by multiple independent reports and internal reliability data;

- Superior energy production per rated watt of power, as confirmed by multiple independent reports;
- The ability to transport more KW per pound using less packaging, lowering distribution costs and reducing environmental waste; and
- More efficient use of silicon, a key raw material used in the manufacture of solar cells.

– Costs to our customers that are steadily decreasing as a result of an aggressive, but we believe achievable, cost reduction roadmap as well as value that benefits all customers:

- We offer a significantly lower area-related cost structure for our customers because our solar panels require a substantially smaller roof or land area than conventional solar technology and half or less of the roof or land area of many commercial solar thin film technologies;
- Our financing programs are designed to offer customers a variety of options for purchasing or leasing high efficiency solar products at competitive energy rates and in some cases, for no money down, and enhance our ability to provide individually-tailored solar solutions to a broad range of customers; and
- Our solar power systems are designed to generate electricity over a system life typically exceeding 25 years.

**Our Products and Services**

***Solar Power Components***

We sell our solar power components, including panels, balance of system components, and inverters to dealers, systems integrators, distributors, and directly to residential, commercial, and utility customers worldwide.

*Panels*

Solar panels are solar cells electrically connected together and encapsulated in a weatherproof panel. Solar cells are semiconductor devices that convert sunlight into direct current electricity. Our solar cells are designed without highly reflective metal contact grids or current collection ribbons on the front of the solar cell, which provides additional efficiency and allows our solar cells to be assembled into solar panels with a more uniform appearance. In fiscal 2013, we commercially launched our X-Series solar panels, made with our Maxeon Gen 3 solar cells, which have demonstrated average panel efficiencies exceeding 21.5%. We believe our X-Series solar panels are the highest efficiency solar panels available for the mass market, and we continue to focus on increasing cell efficiency, producing our first solar cells with over 25% efficiency in a lab setting during fiscal 2014. Because our solar cells are more efficient relative to conventional solar cells, when our solar cells are assembled into panels, the assembly cost per watt is less because more power can be incorporated into a given size panel. Higher solar panel efficiency allows installers to mount a solar power system with more power within a given roof or site area and can reduce per watt installation costs. Our suite of SunPower solar panels provides customers a variety of features to fit their needs, including the SunPower Signature™ Black design which allows the panels to blend seamlessly into the rooftop. We offer panels that can be used both with inverters that require transformers as well as with the highest performing transformer-less inverters to maximize output. Both our X-Series and E-Series panels have proven performance with low levels of degradation, as validated by third-party performance tests.

*Balance of System Components*

"Balance of system components" are components of a solar power system other than the solar panels, and include mounting structures, charge controllers, grid interconnection equipment, and other devices, depending on the specific requirements of a particular system and project. In fiscal 2014, we added advanced module-level control electronics to our technology portfolio that enable longer series strings and significant balance of system components cost reductions in large arrays.

*Inverters*

Every solar power system needs an inverter to transform the direct current electricity collected from the solar panels into utility-grade alternating current ("ac") power that is ready for use. We sell inverters manufactured by third parties, some of which are SunPower-branded. In fiscal 2014, we acquired SolarBridge Technologies, Inc. ("SolarBridge Technologies"), a

leader in integrated microinverter technologies for the solar industry. We are utilizing this technology, which converts dc generated by a single solar photovoltaic panel into ac directly on the panel, to develop next generation microinverters for use with our high efficiency solar panels. Panels with these factory-integrated microinverters perform better in shaded applications compared to conventional string inverters and allow for optimization and monitoring at the solar panel level, enabling maximum energy production by the solar system.

***Solar Power Systems***

We offer several types of rooftop- and ground-mounted solar systems that integrate a variety of our solar power products and solutions.

*Residential Systems*

In fiscal 2014 we developed complete residential solutions that deliver value to homeowners and our dealer partners. Our acquisition of SolarBridge Technologies gave us the capability to deliver ac panels with factory-integrated microinverters. Ac system architecture, as compared with dc systems, facilitates direct panel installation, eliminating the need to mount or assemble additional components on the roof or the side of a building, driving down systems costs, improving overall system reliability, and providing improved, cleaner design aesthetics.

We introduced and started installing our first residential mounting system, SunPower InvisiMount, in fiscal 2014. InvisiMount is designed specifically for use with our panels and reduces installation time through pre-assembled parts and integrated grounding. InvisiMount is well-suited for residential sloped roof applications and provides design flexibility and enhanced aesthetics by delivering a unique, "floating" appearance.

We are supporting our hardware development with investments in our proprietary set of advanced monitoring applications (the "SunPower Monitoring System") and our customer portal, which enable customers to gain visibility into their solar system production and household energy consumption. This software is available for use on the web or through the SunPower mobile application on smartphones and tablets. In fiscal 2014, we issued five software upgrades to our Customer Portal offering and, as a result, have experienced increases in customer traffic, engagement, and satisfaction.

*Commercial Roof and Ground Mounted Systems*

We offer a variety of commercial solutions designed to address a wide range of site requirements for commercial rooftop, parking lot and open space applications. Our commercial rooftop offering includes an all-in-one, non-penetrating system that combines solar panel, frame, and mounting system into one pre-engineered unit design for flat roof application. We also offer a portfolio of solutions utilizing framed panels and a variety of internally or externally developed mounting methods for flat roof and high tilt roof applications. Our commercial flat rooftop systems are designed to be lightweight and interlock, enhancing wind resistance and providing for secure, rapid installations.

We offer parking lot structures designed specifically for SunPower panels, balance of system components, and inverters. These systems are typically custom design-build projects that utilize standard templates and design best practices to create a solution tailored to unique site conditions. SunPower's highest efficiency panels are especially well suited to stand-alone structures, such as those found in parking lot applications, because our systems require less steel and other materials per unit of power or energy produced as compared with our competitors.

*Utility and Power Plant Systems*

We offer the industry's first modular solar power block ("SunPower Oasis" or "Oasis"), which combines SunPower solar panels and tracker technology into a scalable 1.5 MW solar power block, which streamlines the construction process while optimizing the use of available land by conforming to the contours of the production site. The power block kits are shipped pre-assembled to the job site for rapid field installation. The Oasis operating system is designed to support future grid interconnection requirements for large-scale solar power plants, such as voltage ride-through and power factor control. More than 1.5 GW of Oasis is installed or under contract worldwide. Oasis is currently being deployed at the 748 MW Solar Star Projects in California, formerly known as Antelope Valley Solar Projects, the world's largest solar power project under construction to date. In fiscal 2013, we acquired Greenbotics, Inc., the developer of a robotic solar power plant cleaning system. We are currently deploying this technology on many of the utility-scale solar power systems for which we provide operations and maintenance services. The robots may be configured for use with a variety of solar panels and mounting types, including fixed-tilt arrays and single access trackers and significantly reduce water use and improve system performance.

Our single axis tracking systems automatically pivot solar panels to track the sun's movement throughout the day. This tracking feature increases the amount of sunlight that is captured and converted into energy by up to 30% over flat or fixed-tilt systems, depending on geographic location and local climate conditions. A single motor and drive mechanism can control 10 to 20 rows, or more than 200 KW, of solar panels. This multi-row feature represents a cost advantage for our customers over dual axis tracking systems, as such systems require more motors, drives, land, and power to operate per KW of capacity.

Our solar concentrator ("SunPower C7 Tracker" or "C7") combines a horizontal single-axis tracker with rows of parabolic mirrors, reflecting light onto linear arrays of our high efficiency solar cells. The SunPower cell is uniquely suited for this application due to its extremely high efficiency under low levels of concentration. Similar to Oasis, SunPower C7 Tracker's components come factory preassembled, enabling rapid installation using standard tools and requiring no specialized field expertise.

*Utility-Scale Solar Power System Construction and Development*

Our global project teams have established a scalable, fully integrated, vertical approach to constructing and developing utility-scale photovoltaic power plants in a sustainable way. Our industry experienced power plant development and project finance teams evaluate sites for solar developments; obtain land rights through purchase and lease options; conduct environmental and grid transmission studies; and obtain building, construction and grid-interconnection permits, licenses, and regulatory approvals.

We enter into turnkey engineering, procurement and construction ("EPC") agreements with customers under which we design, engineer, construct, commission, and deliver functioning rooftop- and ground-mounted solar power systems. This includes the development, execution, and sale of solar power plants, which generally include the sale or lease of related real estate. Under such development projects, the plants and project development rights, initially owned by us, are later sold to third parties. In the United States, commercial and electric utility customers typically choose to purchase solar electricity under a power purchase agreement ("PPA") with an investor or financing company that buys the system from us. In other areas, such as the Middle East, Africa, and South America, projects are typically purchased by an investor or financing company and operated as central-station solar power plants.

***Solutions and Services***

*Operations and Maintenance*

Our solar power systems are designed to generate electricity over a system life typically exceeding 25 years. We offer operations and maintenance services, including remote monitoring services, preventative and corrective maintenance, as well as rapid-response outage restoration and inverter repair, with the objective of optimizing our customers' electrical energy production over the life of the system. We generally provide a warranty for the performance of the solar panels that we manufacture at certain levels of power output for 25 years. We pass through long-term warranties from the original equipment manufacturers of certain system components to customers for periods ranging from five to 20 years. In addition, we generally warrant our workmanship on installed systems for periods ranging up to 25 years.

We incorporate leading information technology platforms to facilitate the management of our solar power systems operating worldwide. Real-time flow of data from our customers' sites is aggregated centrally where an engine applies advanced solar specific algorithms to detect and report potential performance issues. Our work management system routes any anomalies to the appropriate responders to ensure timely resolution. Our performance model, PVSim, was developed over the last 20 years and has been audited by independent engineers. Solar panel performance coefficients are established through independent third-party testing. When combined with our ability to monitor a system's production and meteorological conditions, SunPower is able to offer our customers system output performance warranties.

The SunPower Monitoring System provides customers real-time performance status of their solar power system, with access to historical or daily system performance data through our customer website (www.sunpowermonitor.com). The SunPower Monitoring System is available through applications on Apple® and Android™ devices. Some customers choose to install "digital signs" or kiosks to display system performance information from the lobby of their facility. We believe these displays enhance our brand and educate the public and prospective customers about solar power.

In fiscal 2014 we launched SunPower Spectrum, our comprehensive software solution for our indirect and direct sales channels that automates the sale, design, and proposal optimization of residential solar systems as well as the project management, installation, and ongoing operations and maintenance of those same systems. SunPower Spectrum enables our channel partners to deliver a premium customer experience that matches the technology underpinnings of SunPower panels.

*Smart Energy*

We see “Smart Energy” as a way to harness our world’s energy potential by connecting the most powerful and reliable solar systems on the market with an increasingly vast array of actionable data that can help our customers make smarter decisions about their energy use. Our Smart Energy initiative is designed to add layers of intelligent control to homes, buildings and grids—all personalized through easy-to-use customer interfaces. In order to enhance the portfolio of Smart Energy solutions we offer, throughout fiscal 2014 we invested in integrated technology solutions to help customers manage and optimize their CCOE.

In fiscal 2014, we invested in Tendril Networks, Inc. ("Tendril") and licensed its data-driven Energy Services Management ("ESM") Platform. We believe that this open, cloud-based software platform provides the infrastructure, analytics and understanding required to power the development of new Smart Energy applications that will deliver personalized energy services to our residential customers.

In fiscal 2014, we also announced an exclusive agreement with Sunverge Energy, Inc. ("Sunverge") to offer their advanced Solar Integration System ("SIS") energy storage solution to certain customers in the United States and Australia. The Sunverge SIS is a distributed energy storage solution comprising batteries, power electronics, and multiple energy inputs controlled by cloud-based software. Sunverge SIS energy storage solutions are designed to lower costs, ensure energy reliability, help strengthen the grid, and accelerate the integration of renewable energies. We expect to make combined solar and storage solutions broadly commercially available in 2015.

We are developing next generation microinverters for use with our high efficiency solar panels in order to enhance our portfolio of Smart Energy solutions. Panels with these factory-integrated microinverters can convert direct current generated by the solar panel into alternating current, enabling optimization and monitoring at the solar panel level to ensure maximum energy production by the solar system.

*Residential Leasing Program*

Our residential lease program, in partnership with third-party investors, provides U.S. customers SunPower systems under 20-year lease agreements that include system maintenance and warranty coverage. SunPower residential lease customers have the option to purchase their leased solar systems upon the sale or transfer of their home.

**Research and Development**

We engage in extensive research and development efforts to improve solar cell efficiency through enhancement of our existing products, development of new techniques such as concentrating photovoltaic power, and reducing manufacturing cost and complexity. Our research and development group works closely with our manufacturing facilities, our equipment suppliers and our customers to improve our solar cell design and to lower solar cell, solar panel and system product manufacturing and assembly costs. In addition, we have dedicated employees who work closely with our current and potential suppliers of crystalline silicon, a key raw material used in the manufacture of our solar cells, to develop specifications that meet our standards and ensure the high quality we require, while at the same time controlling costs. Under our Research & Collaboration Agreement with Total, our majority stockholder, we have established a joint committee to engage in long-term research and development projects with continued focus on maintaining and expanding our technology position in the crystalline silicon domain and ensuring our competitiveness.

**Supplier Relationships, Manufacturing, and Panel Assembly**

We purchase polysilicon, ingots, wafers, solar cells, balance of system components, and inverters from various manufacturers, including our joint venture AUO SunPower Sdn. Bhd. ("AUOSP"), on both a contracted and a purchase order basis. We have contracted with some of our suppliers for multi-year supply agreements. Under such agreements, we have annual minimum purchase obligations and in certain cases prepayment obligations. We have certain purchase obligations under our material supply agreement with our joint venture AUOSP, which is a supplier of our cells. This material supply contract has a remaining term of three years and does not contain prepayment obligations. Please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual Obligations" for further information regarding the amount of our purchase obligations in fiscal 2015 and beyond. Under other supply agreements, we are required to make prepayments to vendors over the terms of the arrangements. As of December 28, 2014, advances to suppliers totaled $409.7 million. We may be unable to recover such prepayments if the credit conditions of these suppliers materially deteriorate. For further information regarding our future prepayment obligations, please see "Item 8.

Financial Statements and Supplementary Data—Note 9. Commitments and Contingencies—Advances to Suppliers." We currently believe our supplier relationships and various short- and long-term contracts will afford us the volume of material and services required to meet our planned output. For more information about risks related to our supply chain, please see "Item 1A. Risk Factors—Risks Related to Our Supply Chain."

We are working with our suppliers and partners along all steps of the value chain to reduce costs by improving manufacturing technologies and expanding economies of scale. Crystalline silicon is the principal commercial material for solar cells and is used in several forms, including single-crystalline, or monocrystalline silicon, multicrystalline, or polycrystalline silicon, ribbon and sheet silicon, and thin-layer silicon. Our solar cell value chain starts with high purity silicon called polysilicon. Polysilicon is created by refining quartz or sand.

Polysilicon is melted and grown into crystalline ingots and sawed into wafers by business partners specializing in those processes. The wafers are processed into solar cells in our manufacturing facility located in the Philippines and by our joint venture, AUOSP, located in Malaysia. The solar cell manufacturing facility we own and operate in the Philippines has a total rated annual capacity of over 700 MW. AUOSP currently operates a solar cell manufacturing facility with a total rated annual capacity of over 800 MW. We also own a 215,000 square foot building in the Philippines that we are building out as an additional solar cell manufacturing facility with a planned annual capacity of 350 MW once fully operational, which is expected to occur in fiscal 2016, with initial production expected during fiscal 2015.

We use our solar cells to manufacture our solar panels at our solar panel assembly facilities located in the Philippines, Mexico and France. Our solar panel manufacturing facilities have a combined total rated annual capacity of close to 1.7 GW. Our solar panels are also assembled for us by third-party contract manufacturers in California and China.

We source the solar panels and balance of system components based on quality, performance, and cost considerations both internally and from third-party suppliers. We generally assemble proprietary components while we purchase generally available components from third-party suppliers. The balance of system components, along with the EPC cost to construct the project, can comprise as much as two-thirds of the cost of a solar power system. Therefore, we focus on standardizing our products with the goal of driving down installation costs, such as with our SunPower Oasis system.

**Customers**

We sell our products through our three regional segments: (i) the Americas Segment, (ii) the EMEA Segment, and (iii) the APAC Segment. Our scope and scale allow us to deliver solar solutions across all segments, ranging from consumer homeowners to the largest commercial and governmental entities in the world. Our customers typically include investors, financial institutions, project developers, electric utilities, independent power producers, commercial and governmental entities, production home builders, residential owners and small commercial building owners. We leverage a combination of direct sales as well as a broad partner ecosystem to efficiently reach our global segments.

We work with development, construction, system integration, and financing companies to deliver our solar power products and solutions to wholesale sellers, retail sellers, and retail users of electricity. In the United States, commercial and electric utility customers typically choose to purchase solar electricity under a PPA with an investor or financing company that buys the system from us. End-user customers typically pay the investors and financing companies over an extended period of time based on energy they consume from the solar power systems, rather than paying for the full capital cost of purchasing the solar power systems. Our utility-scale solar power systems are typically purchased by an investor or financing company and operated as central-station solar power plants. In addition, our third-party global dealer network and our new homes division have deployed thousands of SunPower rooftop solar power systems to residential customers.

**Competition**

The market for solar electric power technologies is competitive and continually evolving. We expect to face increased competition, which may result in price reductions, reduced margins, or loss of market share. Our solar power products and systems compete with many competitors in the solar power market, including, but not limited to:

- *Residential and Commercial:* Canadian Solar Inc., Hanwha Corporation, JA Solar Holdings Co., Kyocera Corporation, LG Corporation, Mitsubishi Corporation, NRG Energy, Inc., Panasonic Corporation, Recurrent Energy, Sharp Corporation, SolarCity Corporation, SolarWorld AG, SunEdison Inc., Sungevity, Inc., SunRun, Inc., Trina Solar Ltd., Vivint, Inc., and Yingli Green Energy Holding Co. Ltd.

- *Utility and Power Plant:* Abengoa Solar S.A., Acconia Energia S.A., AES Solar Energy Ltd., Chevron Energy Solutions (a subsidiary of Chevron Corporation), EDF Energy plc, First Solar Inc., NextEra Energy, Inc., NRG Energy, Inc., Sempra Energy, Silverado Power LLC., Skyline Solar, Inc., Solargen Energy, Inc., Solaria Corporation, SunEdison, and Tenaska, Inc.

We also face competition from resellers that have developed related offerings that compete with our product and service offerings, or have entered into strategic relationships with other existing solar power system providers. We compete for limited government funding for research and development contracts, customer tax rebates and other programs that promote the use of solar, and other renewable forms of energy with other renewable energy providers and customers.

In addition, universities, research institutions, and other companies have brought to market alternative technologies, such as thin films, which compete with our technology in certain applications. Furthermore, the solar power market in general competes with conventional fossil fuels supplied by utilities and other sources of renewable energy such as wind, hydro, biomass, solar thermal, and emerging distributed generation technologies such as micro-turbines, sterling engines and fuel cells.

In the large-scale on-grid solar power systems market, we face direct competition from a number of companies, including those that manufacture, distribute, or install solar power systems as well as construction companies that have expanded into the renewable sector. In addition, we will occasionally compete with distributed generation equipment suppliers.

We believe that the key competitive factors in the market for solar systems include:

- total system price;
- LCOE evaluation;
- CCOE evaluation;
- power efficiency and performance;
- aesthetic appearance of solar panels;
- strength of distribution relationships;
- availability of third-party financing and investments;
- timeliness of new product introductions;
- bankability, strength, and reputation of our company; and
- warranty protection, quality, and customer service.

We believe that we can compete favorably with respect to each of these elements, although we may be at a disadvantage in comparison to larger companies with broader product lines, greater technical service and support capabilities, and financial resources. For more information on risks related to our competition, please see the risk factors set forth under the caption "Item 1A. Risk Factors" including "Risks Related to Our Sales Channels—The increase in the global supply of solar cells and panels, and increasing competition, may cause substantial downward pressure on the prices of such products and cause us to lose sales or market share, resulting in lower revenues, earnings, and cash flows."

**Intellectual Property**

We rely on a combination of patent, copyright, trade secret, trademark, and contractual protections to establish and protect our proprietary rights. "SunPower" and the "SunPower" logo are our registered trademarks in countries throughout the world for use with solar cells, solar panels and mounting systems. We also hold registered trademarks for, among others, "Maxeon", "Oasis", "InvisiMount", "Serengeti", "Smarter Solar", "Smart Energy", "SunTile", "SunPower Electric", "SuPo Solar", "Tenesol", "Greenbotics", "More Energy. For Life.", "The Planet's Most Powerful Solar", "The World's Standard for Solar", and "Use More Sun" in certain countries. We are seeking and will continue to seek registration of the "SunPower" trademark and other trademarks in additional countries as we believe is appropriate. As of December 28, 2014, we held registrations for 27 trademarks in the United States, and had 8 trademark registration applications pending. We also held 141 trademark registrations and had over 24 trademark applications pending in foreign jurisdictions. We require our business

partners to enter into confidentiality and non-disclosure agreements before we disclose any sensitive aspects of our solar cells, technology, or business plans. We typically enter into proprietary information agreements with employees, consultants, vendors, customers, and joint venture partners.

We own multiple patents and patent applications that cover aspects of the technology in the solar cells, mounting products, and electrical and electronic systems that we currently manufacture and market. We continue to file for and receive new patent rights on a regular basis. The lifetime of a utility patent typically extends for 20 years from the date of filing with the relevant government authority. We assess appropriate opportunities for patent protection of those aspects of our technology, designs, methodologies, and processes that we believe provide significant competitive advantages to us, and for licensing opportunities of new technologies relevant to our business. As of December 28, 2014, we held 255 patents in the United States, which will expire at various times through 2033, and had 262 U.S. patent applications pending. We also held 206 patents and had 641 patent applications pending in foreign jurisdictions. While patents are an important element of our intellectual property strategy, our business as a whole is not dependent on any one patent or any single pending patent application. We additionally rely on trade secret rights to protect our proprietary information and know-how. We employ proprietary processes and customized equipment in our manufacturing facilities. We therefore require employees and consultants to enter into confidentiality agreements to protect them.

When appropriate, we enforce our IP rights against other parties. At present, we are in litigation in Germany against Knubix GmbH related to alleged violations of our patent rights. We are also currently in litigation in the District of Delaware against PanelClaw Inc. related to alleged violations of our patent rights.

For more information about risks related to our intellectual property, please see the risk factors set forth under the caption "Item 1A. Risk Factors" including "Risks Related to Our Intellectual Property—We depend on our intellectual property, and we may face intellectual property infringement claims that could be time-consuming and costly to defend and could result in the loss of significant rights," "Risks Related to Our Intellectual Property—We rely substantially upon trade secret laws and contractual restrictions to protect our proprietary rights, and, if these rights are not sufficiently protected, our ability to compete and generate revenue could suffer," and "Risks Related to Our Intellectual Property—We may not obtain sufficient patent protection on the technology embodied in the solar products we currently manufacture and market, which could harm our competitive position and increase our expenses."

**Backlog**

We believe that backlog is not a meaningful indicator of future business prospects. In the residential and commercial markets we often sell large volumes of solar panel, mounting systems, and other solar equipment to third parties, which are typically ordered by our third-party global dealer network and customers under standard purchase orders with relatively short delivery lead-times. We often require project financing for development and construction of our solar power plant projects, which require significant investments before the equity is later sold to investors. Our solar power system project backlog would therefore exclude sales contracts signed and completed in the same quarter and contracts still conditioned upon obtaining financing. Based on these reasons, we believe backlog at any particular date is not necessarily a meaningful indicator of future revenue for any particular period of time.

**Regulations**

***Public Policy Considerations***

Different policy mechanisms have been used by governments to accelerate the adoption of solar power. Examples of customer-focused financial mechanisms include capital cost rebates, performance-based incentives, feed-in tariffs, tax credits, and net metering. Some of these government mandates and economic incentives are scheduled to be reduced or to expire, or could be eliminated altogether. Capital cost rebates provide funds to customers based on the cost and size of a customer’s solar power system. Performance-based incentives provide funding to a customer based on the energy produced by their solar power system. Feed-in tariffs pay customers for solar power system generation based on energy produced, at a rate generally guaranteed for a period of time. Tax credits reduce a customer’s taxes at the time the taxes are due. In the United States and other countries, net metering has often been used as a supplemental program in conjunction with other policy mechanisms. Under net metering, a customer can generate more energy than is used, during which periods the electricity meter will run backwards. During these periods, the customer "lends" electricity to the grid, retrieving an equal amount of power at a later time.

In addition to the mechanisms described above, new market development mechanisms to encourage the use of renewable energy sources continue to emerge. For example, many states in the United States have adopted renewable portfolio

standards which mandate that a certain portion of electricity delivered to customers come from eligible renewable energy resources. In certain developing countries, governments are establishing initiatives to expand access to electricity, including initiatives to support off-grid rural electrification using solar power. For more information about how we avail ourselves of the benefits of public policies and the risks related to public policies, please see the risk factors set forth under the caption "Item 1A. Risk Factors" including "Risks Related to Our Sales Channels—The reduction, modification or elimination of government incentives could cause our revenue to decline and harm our financial results," and "Risks Related to Our Sales Channels—Existing regulations and policies and changes to these regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services."

***Environmental Regulations***

We use, generate, and discharge toxic, volatile, or otherwise hazardous chemicals and wastes in our research and development, manufacturing, and construction activities. We are subject to a variety of foreign, U.S. federal and state, and local governmental laws and regulations related to the purchase, storage, use, and disposal of hazardous materials. We believe that we have all environmental permits necessary to conduct our business and expect to obtain all necessary environmental permits for future activities. We believe that we have properly handled our hazardous materials and wastes and have appropriately remediated any contamination at any of our premises. For more information about risks related to environmental regulations, please see the risk factors set forth under the caption "Item 1A. Risk Factors" including "Risks Related to Our Operations—Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines."

***The Iran Threat Reduction and Syria Human Rights Act of 2012***

Section 13(r) to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires us to disclose whether Total S.A. or any of its affiliates (collectively, the “Total Group”) engaged during the 2014 calendar year in certain Iran-related activities. While the Total Group has not engaged in any activity that would be required to be disclosed pursuant to subparagraphs (A), (B) or (C) of Section 13(r)(1), affiliates of Total S.A. may be deemed to have engaged in certain transactions or dealings with the government of Iran that would require disclosure pursuant to Section 13(r)(1)(D)(iii), as discussed below. All foreign currency translations to USD are made using exchange rates as of December 28, 2014.

*Upstream*

The Total Group has no exploration and production activities in Iran and maintains a local office in Iran solely for non-operational functions. Some payments are yet to be reimbursed to the Total Group with respect to past expenditures and remuneration under buyback contracts entered into between 1997 and 1999 with the National Iranian Oil Company (“NIOC”) for the development of the South Pars 2&3 and Dorood fields. With respect to these contracts, development operations were completed in 2010 and the Total Group is no longer involved in the operation of these fields. In 2014, Total E&P Iran (100%), Elf Petroleum Iran (99.8%), Total Sirri (100%) and Total South Pars (99.8%) collectively made payments of less than €0.5 million (approximately $0.6 million) to (i) the Iranian government for taxes and social security contributions concerning the personnel of the aforementioned local office and residual buyback contract-related obligations, and (ii) Iranian public entities for payments with respect to the maintenance of the aforementioned local office (*e.g.*, utilities, telecommunications). Total S.A. expects similar payments to be made by these affiliates in 2015. Neither revenues nor profits were recognized from the aforementioned activities in 2014.

Total E&P UK Limited (“TEP UK”), a wholly-owned affiliate of Total S.A., holds a 43.25% interest in a joint venture at the Bruce field in the United Kingdom with BP (37.5%, operator), BHP Billiton Petroleum Great Britain Ltd (16%) and Marubeni Oil & Gas (North Sea) Limited (3.75%). This joint venture and TEP UK’s Frigg UK Association pipeline (100%) are parties to agreements (the "Rhum Agreements") governing certain transportation, processing and operation services provided to a joint venture at the Rhum field in the United Kingdom that is co-owned by BP (50%, operator) and the Iranian Oil Company UK Ltd ("IOC"), a subsidiary of NIOC (50%). To Total S.A.’s knowledge, no provision of all services under the Rhum Agreements were initially suspended in November 2010, when the Rhum field stopped production following the adoption of EU sanctions, other than critical safety-related services (i.e., monitoring and marine inspection of the Rhum facilities), which are permitted by EU sanctions regulations. On October 22, 2013, the UK government notified IOC of its decision to apply a temporary management scheme to IOC’s interest in the Rhum field within the meaning of UK Regulations 3 and 5 of the Hydrocarbons (Temporary Management Scheme) Regulations 2013 (the “Hydrocarbons Regulations”). Since that date all correspondence in respect of the IOC's interest in the Rhum Agreements has been with the UK government in its capacity as temporary manager of IOC's interests and TEP UK has no contact with IOC in 2014 regarding the Rhum Agreements. On December 6, 2013, the UK government authorized TEP UK, among others, under Article 43a of EU Regulation 267/2012, as

amended by 1263/2012 and under Regulation 9 of the Hydrocarbons Regulations, to carry out activities in relation to the operation and production of the Rhum field. In addition, on September 4, 2013, the U.S. Treasury Department issued a license to BP authorizing BP and certain others to engage in various activities relating to the operation and production of the Rhum field. Following receipt of all necessary authorizations, the Rhum field resumed production on October 26, 2014 with IOC's interest in the Rhum field and the Rhum Agreements subject to the UK government's temporary management pursuant to the Hydrocarbons Regulations. Services have been provided by TEP UK under the Rhum Agreements since that date and TEP UK has received tariff income from BP and the UK government (in its capacity as temporary manager of IOC's interest in the Rhum field) in accordance with the terms of the Rhum Agreements. In 2014, these activities generated for TEP UK gross revenue of approximately £1.7 million (approximately $2.6 million) and net profit of approximately £670,000 (approximately $1.0 million). TEP UK intends to continue such activities so long as they continue to be permissible under UK and EU law and not violate applicable international economic sanctions.

*Downstream*

The Total Group does not purchase Iranian hydrocarbons or own or operate any refineries or chemicals plants in Iran.

Until December 2012, at which time it sold its entire interest, the Total Group held a 50% interest in the company Beh Total (now named Beh Tam) along with Behran Oil (50%), a company controlled by entities with ties to the government of Iran. As part of the sale of the Total Group’s interest in Beh Tam, Total S.A. agreed to license the trademark “Total” to Beh Tam for an initial three-year period for the sale by Beh Tam of lubricants to domestic consumers in Iran. Total E&P Iran (“TEPI”), a wholly-owned affiliate of Total S.A., received, on behalf of Total S.A., royalty payments of approximately IRR 24 billion (approximately $0.9 million) from Beh Tam in 2014 for such license. These payments were based on Beh Tam’s sales of lubricants during the previous calendar year. Representatives of the Total Group and Beh Tam met several times in 2014 to discuss the local lubricants market and further discussions are expected to take place in the future. Similar payments are expected to be received from Beh Tam in 2015.

Total Marketing Middle East FZE (“TMME”), a wholly-owned affiliate of the Total Group, sold lubricants to Beh Tam in 2014. The sale in 2014 of approximately 4,805 tons of lubricants generated gross revenue of approximately AED 47.6 million (approximately $13.0 million) and a net profit of approximately AED 9.3 million (approximately $2.5 million). TMME expects to continue such activity in 2015.

Total Ethiopia Ltd (“TEL”), an Ethiopian company held 99.99% by the Total Group and the rest by three Total Group employees, paid approximately ETB 154,000 (approximately $7,500 in 2014 to Merific Iran Gas Co, an Ethiopian company majority-owned by entities affiliated with the government of Iran, pursuant to a contract for the transport and storage of LPG in Ethiopia purchased by TEL from international markets. TEL stopped pursuing this activity in May 2014.

Total Deutschland GmbH ("Total Deutschland"), a German company wholly-owned by the Total Group, provided in 2014 fuel payment cards to Iranian diplomatic missions in Germany for use in the Total Group's service stations. In 2014, these activities generated gross revenue of approximately €2,350 (approximately $2,850) and a net profit of less than €50 (less than $60). Total Deutschland terminated these arrangements effective April 30, 2014.

Total Marketing Services ("TMS"), a French company wholly-owned by Total S.A. and six Total Group employees, provided in 2014 fuel payment cards to the Iranian embassy in France for use in the Total Group's service stations. In 2014, these activities generated gross revenues of approximately €30,200 (approximately $36,800) and net income of approximately €1,100 (approximately $1,350). TMS expects to continue this activity in 2015.

Caldeo, a French company wholly-owned by TMS, sold in 2014 domestic heating oil to the Iranian embassy in France, which generated gross revenue of approximately €6,300 (approximately $7,700) and net income of approximately €300 (approximately $365). Caldeo expects to continue this activity in 2015.

**Employees**

As of December 28, 2014, we had approximately 7,188 full-time employees worldwide, of which 31% were located in the Americas Segment, 6% were located in the EMEA Segment, and 63% were located in the APAC Segment. Of these employees, 5,227 were engaged in manufacturing, 615 in construction projects, 377 in research and development, 503 in sales and marketing, and 466 in general and administrative services. Although in certain countries we have works councils and statutory employee representation obligations, our employees are generally not represented by labor unions on an ongoing basis. We have never experienced a work stoppage, and we believe our relations with our employees are good.

**Geographic Information**

Information regarding financial data by segment and geographic area is available in Note 5 and Note 17 under "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements."

**Available Information**

We make available our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") free of charge on our website at www.sunpower.com, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC. The contents of our website are not incorporated into, or otherwise to be regarded as part of this Annual Report on Form 10-K. Copies of such material may be obtained, free of charge, upon written request submitted to our corporate headquarters: SunPower Corporation, Attn: Investor Relations, 77 Rio Robles, San Jose, California, 95134. Copies of materials we file with the SEC may also be accessed at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C., or at the SEC's website at www.sec.gov. The public may obtain additional information on the operation of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330.

## ITEM 1A. *RISK FACTORS*

***Our business is subject to various risks and uncertainties, including those described below and elsewhere in this Annual Report on Form 10-K, which could adversely affect our business, results of operations, and financial condition. Although we believe that we have identified and discussed below certain key risk factors affecting our business, there may be additional risks and uncertainties that are not currently known to us or that are not currently believed by us to be material that may also harm our business, results of operations and financial condition.***

### Risks Related to Our Sales Channels

***The increase in the global supply of solar cells and panels, and increasing competition, may cause substantial downward pressure on the prices of such products and cause us to lose sales or market share, resulting in lower revenues, earnings, and cash flows.***

Global solar cell and panel production capacity has been materially increasing, and solar cell and solar panel manufacturers continue to have excess capacity, particularly in China. Excess capacity and industry competition have resulted, and we expect will continue to result, in substantial downward pressure on the price of solar cells and panels, including SunPower products. Intensifying competition could also cause us to lose sales or market share. Such price reductions or loss of sales or market share could have a negative impact on our revenue and earnings, and could materially adversely affect our business, financial condition and cash flows. In addition, our internal pricing forecasts may not be accurate in the current market environment, which could cause our financial results to be different than forecasted. See also "Risks Related to Our Sales Channels—If we fail to successfully execute our cost reduction roadmap, or fail to develop and introduce new and enhanced products and services, we may be unable to compete effectively, and our ability to generate revenues would suffer."

***Our operating results are subject to significant fluctuations and are inherently unpredictable.***

We do not know whether our revenue will continue to grow, or if it will continue to grow sufficiently to outpace our expenses. We may not be profitable on a quarterly basis. Our quarterly revenue and operating results are difficult to predict and have in the past fluctuated significantly from quarter to quarter. Revenue from our large commercial and utilities and power plant customers (for example, our Solar Star Projects) is particularly susceptible to large fluctuations. The amount, timing and mix of sales to our large commercial, utilities and power plant customers, often for a single medium or large-scale project, may cause large fluctuations in our revenue and other financial results as, at any given time, a single large-scale project can account for a material portion of our total revenue in a given quarter. Our inability to monetize our projects as planned, or any delay in obtaining the required government support or initial payments to begin recognizing revenue under the relevant recognition criteria, and the corresponding revenue impact under the percentage-of-completion method of recognizing revenue, may similarly cause large fluctuations in our revenue and other financial results. In the event a project is subsequently canceled, abandoned, or is deemed unlikely to occur, we will charge all prior capital costs as an operating expense in the quarter in which such determination is made, which could materially adversely affect operating results. A delayed disposition of a project could require us to recognize a gain on the sale of assets instead of recognizing revenue. Further, our revenue mix of materials sales versus project sales can fluctuate dramatically from quarter to quarter, which may adversely affect our margins and financial results in any given period. Any decrease in revenue from our large commercial, utilities and power plant customers, whether due to a loss or delay of projects or an inability to collect, could have a significant negative impact on our business. See also "Item 7A. Quantitative and Qualitative Disclosures About Market Risk." Our agreements with these customers may be canceled if we fail to meet certain product specifications or materially breach the agreement. In the event of a customer bankruptcy, our customers may seek to renegotiate the terms of current agreements or renewals. In addition, the failure by any significant customer to pay for orders, whether due to liquidity issues or otherwise, could materially and adversely affect our results of operations. Sales to our residential and light commercial customers are similarly susceptible to fluctuations in volumes and revenue. In addition, demand from our commercial and residential customers may fluctuate based on the perceived cost-effectiveness of the electricity generated by our solar power systems as compared to conventional energy sources, such as natural gas and coal (which fuel sources are subject to significant price swings from time to time), and other non-solar renewable energy sources, such as wind. Declining average selling prices immediately affect our residential and light commercial sales volumes, and therefore lead to large fluctuations in revenue. Any of the foregoing may cause us to miss our financial guidance for a given period and negatively affect our liquidity.

We base our planned operating expenses in part on our expectations of future revenue and a significant portion of our expenses is fixed in the short term. If revenue for a particular quarter is lower than we expect, we likely will be unable to proportionately reduce our operating expenses for that quarter, which would materially adversely affect our operating results for that quarter. See also "—Risks Related to Our Sales Channels—Our business could be adversely affected by seasonal trends and construction cycles."

***The execution of our growth strategy is dependent upon the continued availability of third-party financing arrangements for our solar power plants, our residential lease program and our customers, and is affected by general economic conditions.***

Global economic conditions, including the limited availability of credit and liquidity, could materially and adversely affect our business and results of operations. We often require project financing for development and construction of our solar power plant projects, which require significant investments before the equity is later sold to investors. Many purchasers of our systems projects have entered into third-party arrangements to finance their systems over an extended period of time, while many end-customers have chosen to purchase solar electricity under a PPA with an investor or financing company that purchases the system from us or our authorized dealers. In addition, under our power purchase business model, we often execute PPAs directly with the end-user, with the expectation that we will later assign the PPA to a financier. Under such arrangements, the financier separately contracts with us to acquire and build the solar power system, and then sells the electricity to the end-user under the assigned PPA. When executing PPAs with end-users, we seek to mitigate the risk that financing will not be available for the project by allowing termination of the PPA in such event without penalty. However, we may not always be successful in negotiating for penalty-free termination rights for failure to obtain financing, and certain end-users have required substantial financial penalties in exchange for such rights. These structured finance arrangements are complex and may not be feasible in many situations.

Credit markets are unpredictable and if they become more challenging, we may be unable to obtain project financing for our projects, customers may be unable or unwilling to finance the cost of our products, we may have difficulties in reaching agreements with financiers to finance the construction of our solar power systems, or the parties that have historically provided this financing may cease to do so, or only do so on terms that are substantially less favorable for us or our customers, any of which could materially and adversely affect our revenue and growth in all segments of our business. Our plans to continue to grow our residential lease program may be delayed if credit conditions prevent us from obtaining or maintaining arrangements to finance the program. We are actively arranging additional third-party financing for our residential lease program; however, if we encounter challenging credit markets, we may be unable to arrange additional financing partners for our residential lease program in future periods, which could have a negative impact on our sales. In the event we enter into a material number of additional leases without obtaining corresponding third-party financing, our cash, working capital and financial results could be negatively impacted. In addition, in the United States, with the expiration of the Treasury Grant under Section 1603 of the American Recovery and Reinvestment Act program, we will need to identify in the near term interested financiers with sufficient taxable income to monetize the tax incentives created by our solar systems. In the long term, as we look towards incentive-less markets, we will continue to need to identify financiers willing to finance residential solar systems. The lack of project financing could delay the development and construction of our solar power plant projects, thus reducing our revenues from the sale of such projects. We may in some cases seek to pursue partnership arrangements with financing entities to assist residential and other customers to obtain financing for the purchase or lease of our systems, which would expose us to credit or other risks. We face competition for financing partners and if we are unable to continue to offer a competitive investment profile, we may lose access to financing partners or they may offer financing on less favorable terms than our competitors. In addition, a rise in interest rates would likely increase our customers' cost of financing or leasing our products and could reduce their profits and expected returns on investment in our products. The general reduction in available credit to would-be borrowers or lessees, worldwide economic uncertainty, and the condition of worldwide housing markets could delay or reduce our sales of products to new homebuilders and authorized resellers.

***We may be unable to successfully form the previously announced YieldCo vehicle; the proposed initial public offering of the YieldCo vehicle may not occur on favorable terms or at all; and even if the proposed initial public offering is completed, we may not achieve the expected benefits.***

On February 23, 2015, we announced that we were in advanced negotiations with First Solar, Inc. ("First Solar") to form a joint YieldCo vehicle (the “YieldCo”) into which we and First Solar each expect to contribute a portfolio of selected solar generation assets. Upon execution of a master formation agreement, we and First Solar intend to file a registration statement with the SEC for an initial public offering of limited partner interests in the YieldCo (the “IPO”). We and First Solar may not successfully form the YieldCo, which is subject to each party’s board and regulatory approval, and execution of definitive documentation as well as the completion of the proposed IPO. In addition, the completion of the proposed IPO is itself subject to numerous conditions, including market conditions, and may not occur on favorable terms or at all.

Our stock price could fluctuate significantly in response to developments relating to the proposed IPO or other action or market speculation regarding the proposed IPO. In addition, the IPO process will divert the attention of management and will result in a substantial increase in general and administrative expense for third-party consultants and advisors (including legal counsel and accountants). If the proposed IPO is not completed, we will have expended management's time and incurred significant expenses for which we will not receive any benefit. Furthermore, some of our strategic business plans, including

certain of our project structuring arrangements and related economics, are designed around entering into a YieldCo or similar arrangements. If we fail to form the YieldCo or if we fail to complete the proposed IPO, we will not realize the strategic or economic benefits of these business plans and our business, financial condition and results of operations could be materially adversely affected. Even if the proposed IPO is completed, we may not be able to achieve the benefits we expect on a timely basis or at all.

If the proposed IPO is completed, we may not be able to achieve the full strategic and financial benefits expected to result from the proposed YieldCo, on a timely basis or at all. We believe that the viability of the YieldCo strategy will depend, among other things, on our ability to continue to develop revenue-generating solar assets, which is subject to the same project-level, business, and industry risks described in this "Risk Factors" section and elsewhere in this Annual Report on Form 10-K. Furthermore, if the IPO is completed, the value of our investment in the YieldCo will fluctuate and may decline. As a result, we may never recover the value of the assets we expect to contribute to the YieldCo, and we may realize less of a return on such contribution than if we had retained or operated these assets. If we are unable to complete the proposed IPO or if we are unable to achieve the strategic and financial benefits expected to result from the proposed IPO, our business, financial condition and results of operations could be materially adversely affected.

***If we fail to successfully execute our cost reduction roadmap, or fail to develop and introduce new and enhanced products and services, we may be unable to compete effectively, and our ability to generate revenues would suffer.***

Our solar panels are currently competitive in the market compared with lower cost conventional solar cells, such as thin-film, due to our products' higher efficiency. A principal component of our business strategy is reducing our costs to manufacture our products. We also focus on standardizing our products with the goal of driving down installation costs. If our competitors are able to drive down their manufacturing and installation costs faster than us or increase the efficiency of their products, our products may become less competitive even when adjusted for efficiency. Further, if raw materials costs and other third-party component costs were to increase, we may not meet our cost reduction targets. If we cannot effectively execute our cost reduction roadmap, our competitive position would suffer, and we could lose market share and our margins would be adversely affected as we face downward pricing pressure.

The solar power market is characterized by continually changing technology and improving features, such as increased efficiency, higher power output and enhanced aesthetics. Technologies developed by our direct competitors, including thin-film solar panels, concentrating solar cells, solar thermal electric and other solar technologies, may provide power at lower costs than our products. We also face competition in some markets from other power generation sources, including conventional fossil fuels, wind, biomass, and hydro. In addition, other companies could potentially develop a highly reliable renewable energy system that mitigates the intermittent power production drawback of many renewable energy systems. Companies could also offer other value-added improvements from the perspective of utilities and other system owners, in which case such companies could compete with us even if the cost of electricity associated with any such new system is higher than that of our systems.

Our failure to further refine our technology, reduce cost in our manufacturing process, and develop and introduce new solar power products could cause our products or our manufacturing facilities to become less competitive or obsolete, which could reduce our market share, cause our sales to decline, and cause the impairment of our assets. This risk requires us to continuously develop new solar power products and enhancements for existing solar power products to keep pace with evolving industry standards, competitive pricing and changing customer preferences, expectations, and requirements. It is difficult to successfully predict the products and services our customers will demand. If we cannot continually improve the efficiency of our solar panels as compared with those of our competitors, our pricing will become less competitive, we could lose market share and our margins would be adversely affected. We have new products such as our C7 Tracker, that have not been mass deployed in the market. We need to prove their reliability in the field as well as drive down their cost in order to gain market acceptance. We also compete with traditional utilities that supply energy to our potential customers. Such utilities have greater financial, technical, operational and other resources than we do. If electricity rates decrease and our products become less competitive by comparison, our operating results and financial condition will be adversely affected. As we introduce new or enhanced products or integrate new technology into our products, we will face risks relating to such transitions including, among other things, the incurrence of high fixed costs, technical challenges, acceptance of products by our customers, disruption in customers' ordering patterns, insufficient supplies of new products to meet customers' demand, possible product and technology defects arising from the integration of new technology and a potentially different sales and support environment relating to any new technology. Our failure to manage the transition to newer products or the integration of newer technology into our products could adversely affect our business's operating results and financial condition.

***Our long-term, firm commitment supply agreements could result in excess or insufficient inventory, place us at a competitive disadvantage on pricing, or lead to disputes, each of which could impair our ability to meet our cost reduction roadmap.***

If our supply agreements provide insufficient inventory to meet customer demand, or if our suppliers are unable or unwilling to provide us with the contracted quantities, we may be forced to purchase additional supply at market prices, which could be greater than expected and could materially and adversely affect our results of operations. Due to the industry-wide shortage of polysilicon experienced before 2011, we purchased polysilicon that we resold to third-party ingot and wafer manufacturers who deliver wafers to us that we then use in the manufacturing of our solar cells. Without sufficient polysilicon, some of those ingot and wafer manufacturers would not have been able to produce the wafers on which we rely. We have historically entered into multiple long-term fixed supply agreements for periods of up to 10 years to match our estimated customer demand forecasts and growth strategy for the next several years. The long-term nature of these agreements, which often provide for fixed or inflation-adjusted pricing, may prevent us from benefiting from decreasing polysilicon costs, may cause us to pay more at unfavorable payment terms than the current market prices and payment terms available to our competitors, and could cause us to record an impairment. Additionally, because certain of these agreements are "take or pay," if our demand for polysilicon from these suppliers were to decrease in the future, we could be required to purchase polysilicon that we do not need, resulting in either storage costs or payment for polysilicon we nevertheless choose not to accept from such suppliers. Further, we face significant, specific counterparty risk under long-term supply agreements when dealing with suppliers without a long, stable production and financial history. In the event any such supplier experiences financial difficulties or goes into bankruptcy, it could be difficult or impossible, or may require substantial time and expense, for us to recover any or all of our prepayments. Any of the foregoing could materially harm our financial condition and results of operations.

***The reduction, modification or elimination of government incentives could cause our revenue to decline and harm our financial results.***

The market for on-grid applications, where solar power is used to supplement a customer's electricity purchased from the utility network or sold to a utility under tariff, depends in large part on the availability and size of government mandates and economic incentives because, at present, the cost of solar power generally exceeds retail electric rates in many locations and wholesale peak power rates in some locations. In addition, on-grid applications depend on access to the grid, which is also regulated by government entities. Incentives and mandates vary by geographic market. Various government bodies in most of the countries where we do business have provided incentives in the form of feed-in tariffs, rebates, and tax credits and other incentives and mandates, such as renewable portfolio standards, to end-users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. In 2011, some of these government mandates and economic incentives were reduced or fundamentally restructured, including the feed-in tariffs in Germany and incentives offered by other European countries, which has had a materially negative effect on the market size and price of solar systems in Europe, caused our earnings in fiscal 2014, 2013, and 2012 to decline in Europe, to the detriment of our financial results. Governmental decisions regarding the provision of economic incentives often depend on political and economic factors that we cannot predict and that are beyond our control. Because our sales are into the on-grid market, the reduction, modification or elimination of grid access, government mandates or economic incentives in one or more of our customer markets would materially and adversely affect the growth of such markets or result in increased price competition, either of which could cause our revenue to decline and materially adversely affect our financial results.

***Existing regulations and policies and changes to these regulations and policies may present technical, regulatory, and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products and services.***

The market for electric generation products is heavily influenced by federal, state and local government laws, regulations and policies concerning the electric utility industry in the United States and abroad, as well as policies promulgated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation, and could deter further investment in the research and development of alternative energy sources as well as customer purchases of solar power technology, which could result in a significant reduction in the demand for our solar power products. The market for electric generation equipment is also influenced by trade and local content laws, regulations and policies that can discourage growth and competition in the solar industry and create economic barriers to the purchase of solar power products, thus reducing demand for our solar products. We anticipate that our solar power products and their installation will continue to be subject to oversight and regulation in accordance with federal, state, local and foreign regulations relating to construction, safety, environmental protection, utility interconnection and metering, trade, and related

matters. It is difficult to track the requirements of individual states or local jurisdictions and design equipment to comply with the varying standards. In addition, the U.S., European Union and Chinese governments, among others, have imposed tariffs or are in the process of evaluating the imposition of tariffs on solar panels, solar cells, polysilicon and potentially other components. These tariffs may increase the price of our solar products and adversely affect our cost reduction roadmap, which could harm our results of operations and financial condition. Any new regulations or policies pertaining to our solar power products may result in significant additional expenses to us, our resellers and our resellers' customers, which could cause a significant reduction in demand for our solar power products.

***As our sales to residential customers have continued to grow, we have increasingly become subject to substantial financing and consumer protection laws and regulations.***

As we evolve to become a more customer-facing company, our activities with customers, and in particular, our financing activities with our residential customers, are subject to federal truth-in-lending, consumer leasing, and equal credit opportunity laws and regulations, as well as state and local finance laws and regulations. Claims arising out of actual or alleged violations of law may be asserted against us by individuals or governmental entities and may expose us to significant damages or other penalties, including fines.

Similarly, as we engage more customers, our operations are increasingly subject to consumer protection laws. Possible penalties for violation of any of these laws or regulations include civil or criminal fines and penalties. In addition, many laws may give customers a private cause of action. Violation of these laws, the cost of compliance with these laws, or changes in these laws could have a material adverse effect on our business and results of operations.

***We may incur unexpected warranty and product liability claims that could materially and adversely affect our financial condition and results of operations.***

Our current standard product warranty for our solar panels includes a 25-year warranty period for defects in materials and workmanship and for declines in power performance. We believe our warranty offering exceeds industry practice. We perform accelerated lifecycle testing that exposes our solar panels to extreme stress and climate conditions in both environmental simulation chambers and in actual field deployments in order to highlight potential failures that could occur over the 25-year warranty period. This long warranty period creates a risk of extensive warranty claims long after we have shipped product and recognized revenue. Although we conduct accelerated testing of our solar panels and have several years of experience with our all-back-contact solar cell architecture, our solar panels have not and cannot be tested in an environment that exactly simulates the 25-year warranty period and it is difficult to test for all conditions that may occur in the field. Although we have not faced any material warranty claims to date, we have sold solar panels under warranty since the early 2000s and have therefore not experienced the full warranty cycle.

In our project installations, our current standard warranty for our solar power systems differs by geography and end-customer application and usually includes a limited warranty of 10 years for defects in workmanship, after which the customer may typically extend the period covered by its warranty for an additional fee. This long warranty period creates a risk of extensive warranty claims long after we have completed a project and recognized revenues. Warranty and product liability claims may also result from defects or quality issues in certain third party technology and components that our business incorporates into its solar power systems, particularly solar cells and panels, over which we have little or no control. See also “—Risks Related to Our Supply Chain—We will continue to be dependent on a limited number of third-party suppliers for certain raw materials and components for our products, which could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments and loss of market share.” While we generally pass through to our customers manufacturer warranties we receive from our suppliers, in some circumstances, we may be responsible for repairing or replacing defective parts during our warranty period, often including those covered by manufacturers' warranties, or incur other non-warranty costs. If a manufacturer disputes or otherwise fails to honor its warranty obligations, we may be required to incur substantial costs before we are compensated, if at all, by the manufacturer. Furthermore, our warranties may exceed the period of any warranties from our suppliers covering components, such as third-party solar cells, third-party panels and third-party inverters, included in our systems. In addition, manufacturer warranties may not fully compensate us for losses associated with third-party claims caused by defects or quality issues in their products. For example, most manufacturer warranties exclude certain losses that may result from a system component's failure or defect, such as the cost of de-installation, re-installation, shipping, lost electricity, lost renewable energy credits or other solar incentives, personal injury, property damage, and other losses. In certain cases the direct warranty coverage we provide to our customers, and therefore our financial exposure, may exceed our recourse available against cell, panel or other manufacturers for defects in their products. In addition, in the event we seek recourse through warranties, we will also be dependent on the creditworthiness and continued existence of the suppliers to our business. In the past, certain of our suppliers have entered bankruptcy and our likelihood of a successful warranty claim against such suppliers is minimal.

Increases in the defect rate of SunPower or third-party products could cause us to increase the amount of warranty reserves and have a corresponding material, negative impact on our results of operations. Further, potential future product failures could cause us to incur substantial expense to repair or replace defective products, and we have agreed in some circumstances to indemnify our customers and our distributors against liability from some defects in our solar products. A successful indemnification claim against us could require us to make significant damage payments. Repair and replacement costs, as well as successful indemnification claims, could materially and negatively impact our financial condition and results of operations.

Like other retailers, distributors and manufacturers of products that are used by customers, we face an inherent risk of exposure to product liability claims in the event that the use of the solar power products into which solar cells and solar panels are incorporated results in injury, property damage or other damages. We may be subject to warranty and product liability claims in the event that our solar power systems fail to perform as expected or if a failure of our solar power systems results, or is alleged to result, in bodily injury, property damage or other damages. Since our solar power products are electricity-producing devices, it is possible that our systems could result in injury, whether by product malfunctions, defects, improper installation or other causes. In addition, since we only began selling our solar cells and solar panels in the early 2000s and the products we are developing incorporate new technologies and use new installation methods, we cannot predict the extent to which product liability claims may be brought against us in the future or the effect of any resulting negative publicity on our business. Moreover, we may not have adequate resources to satisfy a successful claim against us. We rely on our general liability insurance to cover product liability claims. A successful warranty or product liability claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages. In addition, quality issues can have various other ramifications, including delays in the recognition of revenue, loss of revenue, loss of future sales opportunities, increased costs associated with repairing or replacing products, and a negative impact on our goodwill and reputation, any of which could adversely affect our business, operating results and financial condition.

***A limited number of customers and large projects are expected to continue to comprise a significant portion of our revenues and any decrease in revenues from those customers or projects, payment of liquidated damages, or an increase in related expenses, could have a material adverse effect on our business, results of operations and financial condition.***

Even though we expect our customer base and number of large projects to expand and our revenue streams to diversify, a substantial portion of our revenues will continue to depend on sales to a limited number of customers as well as construction of a limited number of large projects (for example, the Solar Star Projects), and the loss of sales to, or construction of, or inability to collect from those customers or for those projects, or an increase in expenses (such as financing costs) related to any such large projects, would have a significant negative impact on our business. In fiscal 2014, our top customer accounted for 49% of our total revenue. These larger projects create concentrated operating and financial risks. The effect of recognizing revenue or other financial measures on the sale of a larger project, or the failure to recognize revenue or other financial measures as anticipated in a given reporting period because a project is not yet completed under applicable accounting rules by period end, may materially affect our financial results. In addition, if construction, warranty or operational challenges arise on a larger project, or if the timing of such a project unexpectedly changes for other reasons, our financial results could be materially, adversely affected. Our agreements for such projects may be cancelled or we may incur large liquidated damages if we fail to execute the projects as planned, obtain certain approvals or consents by a specified time, meet certain product and project specifications, or if we materially breach the governing agreements, or in the event of a customer's or project entity's bankruptcy, our customers may seek to cancel or renegotiate the terms of current agreements or renewals. In addition, the failure by any significant customer to make payments when due, whether due to liquidity issues, failure of anticipated government support or otherwise, could materially adversely affect our business, results of operations and financial condition.

***We do not typically maintain long-term agreements with our customers and accordingly we could lose customers without warning, which could adversely affect our operating results.***

Our product sales to residential dealers and components customers are frequently not made under long-term agreements. We often contract to construct or sell large projects with no assurance of repeat business from the same customers in the future. Although we believe that cancellations on our purchase orders to date have been infrequent, our customers may cancel or reschedule purchase orders with us on relatively short notice. Cancellations or rescheduling of customer orders could result in the delay or loss of anticipated sales without allowing us sufficient time to reduce, or delay the incurrence of, our corresponding inventory and operating expenses. In addition, changes in forecasts or the timing of orders from these or other customers expose us to the risks of inventory shortages or excess inventory. These circumstances, in addition to the completion and non-repetition of large projects, declining average selling prices, changes in the relative mix of sales of solar equipment versus solar project installations, and the fact that our supply agreements are generally long-term in nature and many of our other operating

costs are fixed, could cause our operating results to fluctuate and may result in a material adverse effect in our business, results of operations, and financial condition. In addition, since we rely partly on our network of international dealers for marketing and other promotional programs, if our dealers fail to perform up to our standards, our operating results could be adversely affected.

***Our business could be adversely affected by seasonal trends and construction cycles.***

Our business is subject to significant industry-specific seasonal fluctuations. Our sales have historically reflected these seasonal trends, with the largest percentage of our total revenues realized during the last two calendar quarters. There are various reasons for this seasonality, mostly related to economic incentives and weather patterns. For example, in European countries with feed-in tariffs, the construction of solar power systems may be concentrated during the second half of the calendar year, largely due to the annual reduction of the applicable minimum feed-in tariff and the fact that the coldest winter months in the Northern Hemisphere are January through March. In the United States, many customers make purchasing decisions towards the end of the year in order to take advantage of tax credits. In addition, sales in the new home development market are often tied to construction market demands, which tend to follow national trends in construction, including declining sales during cold weather months.

***The competitive environment in which we operate often requires us to undertake customer obligations, which may turn out to be more costly than anticipated and, in turn, materially and adversely affect our business, results of operations and financial condition.***

We are often required, as a condition of financing or at the request of our end customer, to undertake certain obligations such as:

- system output performance warranties;
- system maintenance;
- penalty payments or customer termination rights if the system we are constructing is not commissioned within specified timeframes or other construction milestones are not achieved;
- guarantees of certain minimum residual value of the system at specified future dates;
- system put-rights whereby we could be required to buy back a customer's system at fair value on a future date if certain minimum performance thresholds are not met; and
- indemnification against losses they may suffer as a result of reductions in benefits received under the ITC and Treasury Cash Grant programs.

Such financing arrangements and customer obligations involve complex accounting analyses and judgments regarding the timing of revenue and expense recognition, and in certain situations these factors may require us to defer revenue recognition until projects are completed, which could adversely affect our revenues and profits in a particular period.

**Risks Related to Our Liquidity**

***We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments as planned due to the general economic environment and the continued market pressure driving down the average selling prices of our solar power products, among other factors.***

We expect total capital expenditures related to purchases of property, plant and equipment in the range of $300 million to $350 million in fiscal 2015. To develop new products, support future growth, achieve operating efficiencies, and maintain product quality, we must make significant capital investments in manufacturing technology, facilities and capital equipment, research and development, and product and process technology. We also anticipate increased costs as we make advance payments for raw materials or pay to procure such materials, especially polysilicon, increase our sales and marketing efforts, invest in joint ventures and acquisitions, invest in our residential lease business, and continue our research and development. Our manufacturing and assembly activities have required and will continue to require significant investment of capital and substantial engineering expenditures. In addition, we expect to invest a significant amount of capital to develop solar power systems and plants for sale to customers. Developing and constructing solar power plants requires significant time and substantial initial investments. The delayed disposition of such projects could have a negative impact on our liquidity. See "—Risks Related to Our Operations—

Project development or construction activities may not be successful and we may make significant investments without first obtaining project financing, which could increase our costs and impair our ability to recover our investments." See also "—Risks Related to Our Sales Channels—A limited number of customers and large projects are expected to continue to comprise a significant portion of our revenues and any decrease in revenues from those customers or projects, payment of liquidated damages, or an increase in related expenses, could have a material adverse effect on our business, results of operations and financial condition."

Our capital expenditures and use of working capital may be greater than we anticipate if we decide to make additional investments in the development and construction of solar power plants, or if sales of power plants and associated receipt of cash proceeds is delayed, or if we decide to accelerate increases in our manufacturing capacity internally or through capital contributions to joint ventures. In addition, we could in the future make additional investments in certain of our joint ventures or could guarantee certain financial obligations of our joint ventures, which could reduce our cash flows, increase our indebtedness and expose us to the credit risk of our joint venture partners. In addition, if our financial results or operating plans deviate from our current assumptions, we may not have sufficient resources to support our business plan. See "—We have a significant amount of debt outstanding. Our substantial indebtedness and other contractual commitments could adversely affect our business, financial condition and results of operations, as well as our ability to meet our payment obligations under our debentures and our other debt."

Certain of our customers also require performance bonds issued by a bonding agency, or bank guarantees or letters of credit issued by financial institutions, which are returned to SunPower upon satisfaction of contractual requirements. If there is a contractual dispute with the customer, the customer may withhold the security or make a draw under such security, which could have an adverse impact on our liquidity. Our uncollateralized letter of credit facility with Deutsche Bank, which as of December 28, 2014 had an outstanding amount of $654.7 million, is guaranteed by Total S.A. pursuant to the Credit Support Agreement between us and Total S.A (the "Credit Support Agreement"). Any draws under this uncollateralized facility would require SunPower to immediately reimburse the bank for the drawn amount. A default under the Credit Support Agreement or the guaranteed letter of credit facility, or if our other indebtedness greater than $25 million becomes accelerated, could cause Total S.A. to declare all amounts due and payable to Total S.A. and direct the bank to cease issuing additional letters of credit on behalf of SunPower, which could have a material adverse effect on our operations.

We believe that our current cash and cash equivalents, cash generated from operations, and funds available under our revolving credit facility with Credit Agricole Corporate and Investment Bank ("Credit Agricole") will be sufficient to meet our working capital requirements and fund our committed capital expenditures over the next 12 months, including the development and construction of our planned solar power plants. As of December 28, 2014, we had $250.0 million available under our revolving credit facility with Credit Agricole.

The lenders under our credit facilities and holders of our debentures may also require us to repay our indebtedness to them in the event that our obligations under other indebtedness or contracts in excess of the applicable threshold amount, are accelerated and we fail to discharge such obligations. If our capital resources are insufficient to satisfy our liquidity requirements, for example, due to cross acceleration of indebtedness, we may seek to sell additional equity securities or debt securities or obtain other debt financings. Market conditions, however, could limit our ability to raise capital by issuing new equity or debt securities on acceptable terms, and lenders may be unwilling to lend funds on acceptable terms. The sale of additional equity securities or convertible debt securities may result in additional dilution to our stockholders. Additional debt would result in increased expenses and could impose new restrictive covenants that may be different from those restrictions contained in the covenants under certain of our current debt agreements and debentures. Financing arrangements, including project financing for our solar power plants and letters of credit facilities, may not be available to us, or may not be available in amounts or on terms acceptable to us. If additional financing is not available, we may be forced to seek to sell assets or reduce or delay capital investments, any of which could adversely affect our business, results of operations and financial condition.

Our $250 million of 4.50% debentures due 2015 are classified as short-term debt on our Consolidated Balance Sheet. We are evaluating options to repay or refinance such indebtedness during fiscal 2015, but there are no assurances that we will be able to refinance such indebtedness on similar or superior terms to the expiring indebtedness. Finally, if we cannot generate sufficient cash flows, find other sources of capital to fund our operations and solar power plant projects, make adequate capital investments to remain technologically and price competitive, or provide bonding or letters of credit required by our projects, we may need to sell additional equity securities or debt securities, or obtain other debt financings. If adequate funds and other resources are not available on acceptable terms, our ability to fund our operations, develop and construct solar power plants, develop and expand our manufacturing operations and distribution network, maintain our research and development efforts, provide collateral for our projects, meet our debt service obligations, or otherwise respond to competitive pressures would be significantly impaired. Our inability to do any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

***We have a significant amount of debt outstanding. Our substantial indebtedness and other contractual commitments could adversely affect our business, financial condition and results of operations, as well as our ability to meet our payment obligations under our debentures and our other debt.***

We currently have a significant amount of debt and debt service requirements. As of December 28, 2014, we had approximately $1.2 billion of outstanding debt for borrowed money.

This level of debt could have material consequences on our future operations, including:

- making it more difficult for us to meet our payment and other obligations under our debentures and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements (with certain covenants becoming more restrictive over time), which event of default could result in all or a significant portion of our debt becoming immediately due and payable;
- reducing the availability of our cash flows to fund working capital, capital expenditures, project development, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our credit agreement with Credit Agricole;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared with our competitors that have less debt or are less leveraged.

In the event—expected or unexpected—that any of our joint ventures is consolidated with our financial statements, such consolidation could significantly increase our indebtedness. See also "—Risks Related to Our Operations—We may in the future be required to consolidate the assets, liabilities and financial results of certain of our existing or future joint ventures, which could have an adverse impact on our financial position, gross margin and operating results."

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flows, which, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flows from operations, or that future borrowings will be available to us under our existing or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under our debentures and our other debt and to fund other liquidity needs. If we are unable to generate sufficient cash flows to service our debt obligations, we may need to refinance or restructure our debt, including our debentures, sell assets, reduce or delay capital investments, or seek to raise additional capital.

***Our current tax holidays in the Philippines and Switzerland have expired or will expire within the next several years.***

We benefit from income tax holiday incentives in the Philippines in accordance with our subsidiary's registration with the Philippine Economic Zone Authority ("PEZA"), which provide that we pay no income tax in the Philippines for those operations subject to the ruling. Tax savings associated with the Philippines tax holidays were approximately $8.3 million, $11.7 million, and $9.5 million in fiscal 2014, 2013, and 2012, respectively. Our income tax holidays were granted as manufacturing lines were placed in service and have expired within this fiscal year. We have applied for extensions and renewals upon expiration; however, while we expect all approvals to be granted, we can offer no assurance that they will be. We believe that if our Philippine tax holidays are not extended or renewed, (a) gross income attributable to activities covered by our PEZA registrations will be taxed at a 5% preferential rate, and (b) our Philippine net income attributable to all other activities will be taxed at the statutory Philippine corporate income tax rate, currently 30%. An increase in our tax liability could materially and adversely affect our business, financial condition and results of operations.

We have an auxiliary company ruling in Switzerland where we sell our solar power products. The auxiliary company ruling results in a reduced effective Swiss tax rate of approximately 11.5%. Tax savings associated with this ruling were approximately $3.5 million, $1.5 million, and $1.8 million in fiscal 2014, 2013, and 2012, respectively. The current ruling

expires in 2019. If the ruling is not renewed in 2019, Swiss income would be taxable at the full Swiss tax rate of approximately 24.2%.

Our joint venture AUOSP benefits from a tax holiday granted by the Malaysian government subject to certain hiring, capital spending, and manufacturing requirements. The joint venture partners of AUOSP have decided to postpone the construction of an additional manufacturing facility ("Fab 3B"), which fails to meet certain conditions required to continue to benefit from the tax ruling. Our joint venture is currently in discussions with the Malaysian government to extend the period by which buildout has to be completed. Should AUOSP be unable to renegotiate the tax ruling, they could be retroactively and prospectively subject to statutory tax rates and repayment of certain incentives which could negatively impact our share of equity earnings reported in our Consolidated Statements of Operations.

***A change in our effective tax rate can have a significant adverse impact on our business, and an adverse outcome resulting from examination of our income or other tax returns could adversely affect our results.***

A number of factors may adversely affect our future effective tax rates, such as the jurisdictions in which our profits are determined to be earned and taxed; changes in the valuation of our deferred tax assets and liabilities; adjustments to estimated taxes upon finalization of various tax returns; adjustments to our interpretation of transfer pricing standards, changes in available tax credits, grants and other incentives; changes in stock-based compensation expense; changes in tax laws or the interpretation of such tax laws (for example, proposals for fundamental U.S. international tax reform); changes in U.S. generally accepted accounting principles; expiration or the inability to renew tax rulings or tax holiday incentives; and the repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes. A change in our effective tax rate due to any of these factors may adversely affect our future results from operations.

Significant judgment is required to determine the recognition and measurement attribute prescribed in the accounting guidance for uncertainty in income taxes. The accounting guidance for uncertainty in income taxes applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely affect our provision for income taxes. In addition, we are subject to examination of our income tax returns by various tax authorities. We regularly assess the likelihood of adverse outcomes resulting from any examination to determine the adequacy of our provision for income taxes. An adverse determination of an examination could have an adverse effect on our operating results and financial condition. See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 12. Derivative Financial Instruments."

***Our credit agreements contain covenant restrictions that may limit our ability to operate our business.***

We may be unable to respond to changes in business and economic conditions, engage in transactions that might otherwise be beneficial to us, or obtain additional financing, because our debt agreements, our Credit Support Agreement with Total S.A., our Affiliation Agreement with Total, foreign exchange hedging agreements and equity derivative agreements contain, and any of our other future similar agreements may contain, covenant restrictions that limit our ability to, among other things:

- incur additional debt, assume obligations in connection with letters of credit, or issue guarantees;
- create liens;
- make certain investments or acquisitions;
- enter into transactions with our affiliates;
- sell certain assets;
- redeem capital stock or make other restricted payments;
- declare or pay dividends or make other distributions to stockholders; and
- merge or consolidate with any person.

Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions. In addition, our failure to comply with these covenants could result in a default under our other debt instruments, which could permit the holders to accelerate

such debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt, which could materially and negatively affect our financial condition and results of operation.

## Risks Related to Our Supply Chain

***We will continue to be dependent on a limited number of third-party suppliers for certain raw materials and components for our products, which could prevent us from delivering our products to our customers within required timeframes and could in turn result in sales and installation delays, cancellations, penalty payments and loss of market share.***

We rely on a limited number of third-party suppliers, including our joint ventures, for certain raw materials and components for our solar cells, panels and power systems such as polysilicon, inverters and module material. If we fail to maintain our relationships with our suppliers, or if suppliers are unable to meet demand through industry consolidation, we may be unable to manufacture our products or our products may be available only at a higher cost or after a long delay. Such delays could prevent us from delivering our products to our customers within required timeframes and cause order cancellations and loss of market share. To the extent the processes that our suppliers use to manufacture components are proprietary, we may be unable to obtain comparable components from alternative suppliers. In addition, the financial markets could limit our suppliers' ability to raise capital if required to expand their production or satisfy their operating capital requirements. As a result, they could be unable to supply necessary raw materials, inventory and capital equipment to us which we would require to support our planned sales operations which would in turn negatively impact our sales volumes profitability and cash flows. The failure of a supplier to supply raw materials or components in a timely manner, or to supply raw materials or components that meet our quality, quantity and cost requirements, could impair our ability to manufacture our products or increase the cost of production. If we cannot obtain substitute materials or components on a timely basis or on acceptable terms, we could be prevented from delivering our products to our customers within required timeframes, which could result in sales and installation delays, cancellations, penalty payments or loss of market share, any of which could have a material adverse effect on our business, results of operations, and financial condition.

***We may utilize construction loans, term loans, sale-leaseback, preferred equity and other financing structures to fund acquisition, development, construction and expansion of photovoltaic power plant projects in the future, and such funds may or may not be available to further our plans. Furthermore, such project financing could increase our consolidated debt and may be structurally senior to other debt such as our Credit Agricole revolving credit facility and outstanding convertible debentures.***

Certain of our subsidiaries and other affiliates are separate and distinct legal entities and, except in limited circumstances, have no obligation to pay any amounts due with respect to our indebtedness or indebtedness of other subsidiaries or affiliates, and do not guarantee the payment of interest on or principal of such indebtedness. Any such subsidiary financing would be added to our current consolidated debt levels and would likely be structurally senior to our corporate debt. In the event of a default under a project financing which we do not cure, the lenders or lessors would generally have rights to the power plant project and related assets. In the event of foreclosure after a default, we may not be able to retain any interest in the power plant project or other collateral supporting such financing. In addition, any such default or foreclosure may trigger cross default provisions in our other financing agreements, including our corporate debt obligations, which could materially and adversely affect our results of operations. In the event of our bankruptcy, liquidation or reorganization (or the bankruptcy, liquidation or reorganization of a subsidiary or affiliate), such subsidiaries' or other affiliates' creditors, including trade creditors and holders of debt issued by such subsidiaries or affiliates, will generally be entitled to payment of their claims from the assets of those subsidiaries or affiliates before any assets are made available for distribution to us or the holders of our indebtedness. As a result, holders of our corporate indebtedness will be effectively subordinated to all present and future debts and other liabilities (including trade payables) of certain of our subsidiaries. As of December 28, 2014, our subsidiaries had approximately $152.8 million in subsidiary project financing, which is effectively senior to our corporate debt, such as our Credit Agricole revolving credit facility, our 0.875% debentures due 2021, our 0.75% debentures due 2018, our 4.5% debentures due 2015, and our 0.75% debentures due 2027.

## Risks Related to Our Operations

***We have significant international activities and customers, and plan to continue these efforts, which subject us to additional business risks, including logistical complexity and political instability.***

A substantial portion of our sales are made to customers outside of the United States, and a substantial portion of our supply agreements are with supply and equipment vendors located outside of the United States. We have solar cell and module production lines located at our manufacturing facilities in the Philippines, Mexico, and France, and our joint venture's manufacturing facility in Malaysia.

Risks we face in conducting business internationally include:

- multiple, conflicting and changing laws and regulations, export and import restrictions, employment laws, environmental protection, regulatory requirements and other government approvals, permits and licenses;
- difficulties and costs in staffing and managing foreign operations as well as cultural differences;
- potentially adverse tax consequences associated with our permanent establishment of operations in more countries;
- relatively uncertain legal systems, including potentially limited protection for intellectual property rights, and laws, changes in the governmental incentives we rely on, regulations and policies which impose additional restrictions on the ability of foreign companies to conduct business in certain countries or otherwise place them at a competitive disadvantage in relation to domestic companies;
- repatriation of non-U.S. earnings taxed at rates lower than the U.S. statutory effective tax rate;
- inadequate local infrastructure and developing telecommunications infrastructures;
- financial risks, such as longer sales and payment cycles and greater difficulty collecting accounts receivable;
- currency fluctuations and government-fixed foreign exchange rates and the effects of currency hedging activity or inability to hedge currency fluctuations;
- political and economic instability, including wars, acts of terrorism, political unrest, boycotts, curtailments of trade and other business restrictions;
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries; and
- liabilities associated with compliance with laws (for example, the Foreign Corrupt Practices Act ("FCPA") and similar laws outside of the United States).

In addition, we need to manage our international operations with an efficient and scalable organization. If we are unable to effectively manage our international inventory and warehouses, for example, our shipping movements may not map with product demand and flow. If we are unable to successfully manage any such risks, any one or more could materially and negatively affect our business, financial condition and results of operations.

***If we experience interruptions in the operation of our solar cell production lines, or we are not successful in operating our joint venture AUOSP, our revenue and results of operations may be materially and adversely affected.***

If our solar cell or module production lines suffer problems that cause downtime, we might be unable to meet our production targets, which would adversely affect our business. Our manufacturing activities require significant management attention, a significant capital investment and substantial engineering expenditures.

We and AU Optronics Corporation ("AUO") are parties to a joint venture agreement pursuant to which we jointly own and manage AUO SunPower Sdn. Bhd. ("AUOSP"), our joint venture that has constructed a manufacturing facility in Malaysia, which we call Fab 3A. The success of our manufacturing joint venture is subject to significant risks including:

- cost overruns, delays, supply shortages, equipment problems and other operating difficulties;
- custom-built equipment may take longer or cost more to engineer than planned and may never operate as designed;
- incorporating first-time equipment designs and technology improvements, which we expect to lower unit capital and operating costs, but this new technology may not be successful;
- problems managing the joint venture with AUO, whom we do not control and whose business objectives may be different from ours and may be inconsistent with our best interests;

- either party's inability to maintain compliance with the contractual terms of the joint venture agreement and challenges we could face enforcing such terms;
- the joint venture's ability to obtain or maintain third party financing to fund its capital requirements;
- difficulties in maintaining or improving our historical yields and manufacturing efficiencies;
- difficulties in protecting our intellectual property and obtaining rights to intellectual property developed by the joint venture;
- difficulties in hiring key technical, management, and other personnel;
- difficulties in integration, implementing IT infrastructure and an effective control environment; and
- potential inability to obtain, or obtain in a timely manner, financing, or approvals from governmental authorities for operations.

Any of these or similar difficulties may unexpectedly delay or increase costs of our supply of solar cells from AUOSP. In 2012, we and AUO decided to postpone construction of a second manufacturing facility (Fab 3B) that was contemplated under the AUOSP joint venture agreement and, accordingly, postponed further equity injections into AUOSP. AUOSP has a $300 million secured loan facility. The loan facility contains covenants that, among other things, require that we and AUO make scheduled equity injections into AUOSP. In connection with the decision to postpone construction of Fab 3B, AUOSP obtained a waiver from the lenders under the facility that modified and extended the equity injection schedule through December 31, 2014. As of December 31, 2014, AUOSP was in compliance with the equity injection covenant of its secured loan facility. If AUOSP violates this or any other covenant in the facility, however, absent further modification or waiver, AUOSP would be in technical breach of the loan agreement. Any such breach would not create a cross-default under our consolidated debt agreements so long as AUOSP remains unconsolidated, is not a "significant subsidiary" as defined by Reg S-X of the Exchange Act, and our ownership in AUOSP remains no higher than 50%. Nevertheless, if the lenders were to accelerate payment on the loan or foreclose on their secured collateral, our supply of solar cells could be interrupted. If we are unable to utilize our expected capacity at our AUOSP manufacturing joint venture, or the operation of our existing production lines is interrupted, our per-unit manufacturing costs would increase, which could have a material adverse effect on our business, results of operations and financial condition.

***If we do not achieve satisfactory yields or quality in manufacturing our solar products, our sales could decrease and our relationships with our customers and our reputation may be harmed.***

The manufacture of solar cells is a highly complex process. Minor deviations in the manufacturing process can cause substantial decreases in yield and in some cases, cause production to be suspended or yield no output. We have from time to time experienced lower than anticipated manufacturing yields. As we expand our manufacturing capacity and qualify additional suppliers, we may initially experience lower yields. If we do not achieve planned yields, our product costs could increase, and product availability would decrease resulting in lower revenues than expected. In addition, in the process of transforming polysilicon into ingots, a significant portion of the polysilicon is removed in the process. In circumstances where we provide the polysilicon, if our suppliers do not have very strong controls in place to ensure maximum recovery and utilization, our economic yield can be less than anticipated, which would increase the cost of raw materials to us.

Additionally, products as complex as ours may contain undetected errors or defects, especially when first introduced. For example, our solar cells or solar panels may contain defects that are not detected until after they are shipped or are installed because we cannot test for all possible scenarios. These defects could cause us to incur significant warranty, non-warranty and re-engineering costs, divert the attention of our engineering personnel from product development efforts and significantly affect our customer relations and business reputation. If we deliver solar products with errors or defects, including cells or panels of third-party manufacturers, or if there is a perception that such solar products contain errors or defects, our credibility and the market acceptance and sales of our products could be harmed. In addition, some of our arrangements with customers include termination or put rights for non-performance. In certain limited cases, we could incur liquidated damages or even be required to buy back a customer's system at fair value on specified future dates if certain minimum performance thresholds are not met.

***A change in our anticipated 1603 Treasury cash grant proceeds or solar investment tax credits could adversely affect our business, revenues, margins, results of operations and cash flows.***

We have incorporated into our financial planning and agreements with our customers certain assumptions regarding the future level of U.S. tax incentives, including the §48(c) solar commercial investment tax credit ("ITC") and the Treasury grant

under Section 1603 of the American Recovery and Reinvestment Act (the "Cash Grant") program, which is administered by the U.S. Treasury Department ("Treasury") and provides Cash Grant payments in lieu of the ITC. The ITC and Cash Grant allow qualified applicants to claim an amount equal to 30% of the eligible cost basis for qualifying solar energy property. We hold projects and have sold projects to certain customers based on certain underlying assumptions regarding the ITC and Cash Grant, including for CVSR and Solar Star. We have also accounted for certain projects and programs in our business using the same assumptions.

Owners of our qualifying projects and our residential lease program have applied or will apply for the ITC, and have applied for the Cash Grant. We have structured the tax incentive applications, both in timing and amount, to be in accordance with the guidance provided by Treasury and Internal Revenue Service ("IRS"). Any changes to the Treasury or IRS guidance which we relied upon in structuring our projects, failure to comply with the requirements, including the safe harbor protocols, lower levels of incentives granted, or changes in assumptions including the estimated residual values and the estimated fair market value of financed and installed systems for the purposes of Cash Grant and ITC applications, could materially and adversely affect our business and results of operations. While we have received notification that certain applications related to our projects will be fully paid by Treasury, if the IRS or Treasury disagrees, as a result of any future review or audit, with the fair market value of, or other assumptions concerning, our solar projects or systems that we have constructed or that we construct in the future, including any systems for which tax incentives have already been paid, it could have a material adverse effect on our business and financial condition. We also have obligations to indemnify certain of our customers for the loss of tax incentives to such customers. We may have to recognize impairments or lower margins than initially anticipated for certain of our projects, including Solar Star, CVSR, other projects and our residential lease program. Additionally, if the amount or timing of the Cash Grant or ITC payments received varies from what we have projected, our revenues, margins and cash flows could be adversely affected and we may have to recognize losses, which would have a material adverse effect on our business, results of operations and financial condition.

Pursuant to the Budget Control Act of 2011, Cash Grants were subject to sequestration beginning in 2013. The federal government reduced spending for the Cash Grant, with resulting decreases in Cash Grant received by us. Authorities may continue to adjust or decrease incentives from time to time or include provisions for minimum domestic content requirements or imposition of other requirements to qualify for these incentives. Any such reduction or additional requirements could adversely affect our results of operations.

There are continuing developments in the interpretation and application of how companies should calculate their eligibility and level of Cash Grant and ITC incentives. There have been recent cases in the U.S. district courts that challenge the criteria for a true lease, which could impact whether the structure of our residential lease program qualifies under the Cash Grant and ITC. Additionally, the Office of the Inspector General of the Treasury has issued subpoenas to a number of significant participants in the rooftop solar energy installation industry. The Inspector General is working with the Civil Division of the U.S. Department of Justice to investigate the administration and implementation of the Cash Grant program, including potential misrepresentations concerning the fair market value of certain solar power systems submitted for Cash Grant. While we have not received a subpoena, we could be asked to participate in the information gathering process. The results of the current investigation could affect the underlying assumption used by the solar industry, including us, in our Cash Grant and ITC applications, which could reduce eligibility and level of incentives and could adversely affect our results of operations and cash flows.

***We obtain certain of our capital equipment used in our manufacturing process from sole suppliers and if this equipment is damaged or otherwise unavailable, our ability to deliver products on time will suffer, which in turn could result in order cancellations and loss of revenue.***

Some of the capital equipment used in the manufacture of our solar power products has been developed and made specifically for us, is not readily available from multiple vendors and would be difficult to repair or replace if it were to become damaged or stop working. If any of these suppliers were to experience financial difficulties or go out of business, or if there were any damage to or a breakdown of our manufacturing equipment, our business would suffer. In addition, a supplier's failure to supply this equipment in a timely manner, with adequate quality and on terms acceptable to us, could delay our future capacity expansion or manufacturing process improvements and otherwise disrupt our production schedule or increase our costs of production.

***Project development or construction activities may not be successful and we may make significant investments without first obtaining project financing, which could increase our costs and impair our ability to recover our investments.***

The development and construction of solar power electric generation facilities and other energy infrastructure projects involve numerous risks. We may be required to spend significant sums for preliminary engineering, permitting, legal, and other

expenses before we can determine whether a project is feasible, economically attractive or capable of being built. In addition, we will often choose to bear the costs of such efforts prior to obtaining project financing, prior to getting final regulatory approval, and prior to our final sale to a customer, if any.

Successful completion of a particular project may be adversely affected by numerous factors, including:

- failures or delays in obtaining desired or necessary land rights, including ownership, leases and/or easements;
- failures or delays in obtaining necessary permits, licenses or other governmental support or approvals, or in overcoming objections from members of the public or adjoining land owners;
- uncertainties relating to land costs for projects;
- unforeseen engineering problems;
- access to available transmission for electricity generated by our solar power plants;
- construction delays and contractor performance shortfalls;
- work stoppages or labor disruptions;
- cost over-runs;
- availability of products and components from suppliers;
- adverse weather conditions;
- environmental, archaeological and geological conditions; and
- availability of construction and permanent financing.

If we are unable to complete the development of a solar power plant, or fail to meet one or more agreed target construction milestone dates, we may be subject to liquidated damages and/or penalties under the EPC agreement or other agreements relating to the power plant, and we typically will not be able to recover our investment in the project. We expect to invest a significant amount of capital to develop projects initially owned by us or ultimately owned by third parties. If we are unable to complete the development of a solar power project, we may write-down or write-off some or all of these capitalized investments, which would have an adverse impact on our net income in the period in which the loss is recognized.

***If we cannot offer residential lease customers an attractive value proposition due to an inability to continue to monetize tax benefits in connection with our residential lease arrangements, an inability to obtain financing for our residential lease program, challenges implementing our third-party ownership model in new jurisdictions, declining costs of retail electricity or otherwise, we may be unable to continue to increase the size of our residential lease program, which could have a material, adverse effect on our business, results of operations, and financial condition.***

Our residential lease program has been eligible for the ITC and Cash Grant. We have relied on, and expect to continue to rely on, financing structures that monetize a substantial portion of those benefits. If we were unable to continue to monetize the tax benefits in our financing structures or such tax benefits were reduced or eliminated, we might be unable to provide financing or pricing that is attractive to our customers. Under current law, the ITC will be reduced from approximately 30% of the cost of the solar system to approximately 10% for solar systems placed into service after December 31, 2016. In addition, Cash Grants are no longer available for new solar systems. Changes in existing law and interpretations by the IRS, Treasury and the courts could reduce the willingness of financing partners to invest in funds associated with our residential lease program. Additionally, benefits under the Cash Grant and ITC programs are tied, in part, to the fair market value of our systems, as ultimately determined by the federal agency administering the benefit program. This means that, in connection with implementing financing structures that monetize such benefits, we need to, among other things, assess the fair market value of our systems in order to arrive at an estimate of the amount of tax benefit expected to be derived from the benefit programs. We incorporate third-party valuation reports that we believe to be reliable into our methodology for assessing the fair market value of our systems, but these reports or other elements of our methodology may cause our fair market value estimates to differ from those ultimately determined by the federal agency administering the applicable benefit program. If the amount or timing of Cash Grant payments or ITC received in connection with our residential lease program varies from what

we have projected, due to discrepancies in our fair value assessments or otherwise, our revenues, cash flows and margins could be adversely affected. Additionally, if any of our financing partners that currently provide financing for our solar systems decide not to continue to provide financing due to general market conditions, changes in tax benefits associated with our solar systems, concerns about our business or prospects or any other reason, or if they materially change the terms under which they are willing to provide future financing, we will need to identify new financing partners and negotiate new financing terms.

See also "—A change in our anticipated 1603 Treasury cash grant proceeds or solar investment tax credit could adversely affect our business, revenues, margins, results of operations and cash flows."

We have to quickly build infrastructure to support the residential lease program, and any failure or delay in implementing the necessary processes and infrastructure could adversely affect our financial results. We establish credit approval limits based on the credit quality of our customers. We may be unable to collect rent payments from our residential lease customers in the event they enter into bankruptcy or otherwise fail to make payments when due. If we experience higher customer default rates than we currently experience or if we lower credit rating requirements for new customers, it could be more difficult or costly to attract future financing. See also "—Risks Related to Our Sales Channels—The execution of our growth strategy is dependent upon the continued availability of third-party financing arrangements for our solar power plants, our residential lease program and our customers, and is affected by general economic conditions." We make certain assumptions in accounting for our residential lease program, including, among others, assumptions in accounting for our residual value of the leased systems. As our residential lease program grows, if the residual value of leased systems does not materialize as assumed, it will adversely affect our results of operations. At the end of the term of the lease, our customers have the option to extend the lease and certain of those customers may either purchase the leased systems at fair market value or return them to us. Should there be a large number of returns, we may incur de-installation costs in excess of amounts reserved.

We believe that, as with our other customers, retail electricity prices factor significantly into the value proposition of our products for our residential lease customers. If prices for retail electricity or electricity from other renewable sources decrease, our ability to offer competitive pricing in our residential lease program could be jeopardized because such decreases would make the purchase of our solar systems or the purchase of energy under our lease and power purchase agreements less economically attractive.

Our leases are third-party ownership arrangements. Sales of electricity by third parties face regulatory challenges in some states and jurisdictions. Other challenges pertain to whether third-party owned systems qualify for the same levels of rebates or other non-tax incentives available for customer-owned solar energy systems. Reductions in, or eliminations of, this treatment of these third-party arrangements could reduce demand for our residential lease program. As we look to extend the third party ownership model outside of the United States, we will be faced with the same risks and uncertainties we have in the United States. Our growth outside of the United States could depend on our ability to expand the third party ownership model, and our failure to successfully implement a third-party ownership model globally could adversely affect our financial results.

***We act as the general contractor for many of our customers in connection with the installations of our solar power systems and are subject to risks associated with construction, cost overruns, delays and other contingencies tied to performance bonds and letters of credit, or other required credit and liquidity support guarantees, any of which could have a material adverse effect on our business and results of operations.***

We act as the general contractor for many of our customers in connection with the installation of our solar power systems. Some customers require performance bonds issued by a bonding agency or letters of credit issued by financial institutions, or may require other forms of liquidity support. Due to the general performance risk inherent in construction activities, it has become increasingly difficult recently to attain suitable bonding agencies willing to provide performance bonding. Obtaining letters of credit may require collateral. In the event we are unable to obtain bonding or sufficient letters of credit or other liquidity support, we will be unable to bid on, or enter into, sales contracts requiring such bonding.

Almost all of our EPC contracts are fixed price contracts. We attempt to estimate all essential costs at the time of entering into the EPC contract for a particular project, and these are reflected in the overall price that we charge our customers for the project. These cost estimates are preliminary and may or may not be covered by contracts between us or the subcontractors, suppliers, and any other parties that may become necessary to complete the project. In addition, we require qualified, licensed subcontractors to install most of our systems. Thus, if the cost of materials or skilled labor were to rise dramatically, or if financing costs were to increase, our operating results could be adversely affected.

In addition, the contracts with some of our larger customers require that we would be obligated to pay substantial penalty payments for each day or other period a solar installation for any such customer is not completed beyond an agreed target date, up to and including the return of the entire project sale price. This is particularly true in Europe, where long-term, fixed feed-in

tariffs available to investors are typically set during a prescribed period of project completion, but the fixed amount declines over time for projects completed in subsequent periods. We face material financial penalties in the event we fail to meet the completion deadlines, including but not limited a full refund of the contract price paid by the customers. In certain cases we do not control all of the events which could give rise to these penalties, such as reliance on the local utility to timely complete electrical substation construction.

Furthermore, investors often require that the solar power system generate specified levels of electricity in order to maintain their investment returns, allocating substantial risk and financial penalties to us if those levels are not achieved, up to and including the return of the entire project sale price. Also, our customers often require protections in the form of conditional payments, payment retentions or holdbacks, and similar arrangements that condition its future payments on performance. Delays in solar panel or other supply shipments, other construction delays, unexpected performance problems in electricity generation or other events could cause us to fail to meet these performance criteria, resulting in unanticipated and severe revenue and earnings losses and financial penalties. Construction delays are often caused by inclement weather, failure to timely receive necessary approvals and permits, or delays in obtaining necessary solar panels, inverters or other materials. Additionally, we sometimes purchase land in connection with project development and assume the risk of project completion. All such risks could have a material adverse effect on our business and results of operations.

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

To expand our business and maintain our competitive position, we have acquired a number of other companies and entered into several joint ventures over the past several years. For example, in July 2010, we formed AUOSP as a joint venture with AUO. In January 2012, we acquired Tenesol, and in November 2013, we acquired Greenbotics, Inc. In November 2014, we acquired SolarBridge Technologies, a developer of integrated microinverter technologies for the solar industry. In the future we may acquire additional companies, project pipelines, products or technologies or enter into joint ventures or other strategic initiatives, such as the potential joint venture YieldCo transaction described under "—Risks Related to Our Sales Channels—We may be unable to successfully form the previously announced YieldCo vehicle; the proposed initial public offering of the YieldCo vehicle may not occur on favorable terms or at all; and even if the proposed initial public offering is completed, we may not achieve the expected benefits."

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

- insufficient experience with technologies and markets in which the acquired business or joint venture is involved, which may be necessary to successfully operate and/or integrate the business or the joint venture;
- problems integrating the acquired operations, personnel, IT infrastructure, technologies or products with the existing business and products;
- diversion of management time and attention from the core business to the acquired business or joint venture;
- potential failure to retain or hire key technical, management, sales and other personnel of the acquired business or joint venture;
- difficulties in retaining or building relationships with suppliers and customers of the acquired business or joint venture, particularly where such customers or suppliers compete with us;
- potential failure of the due diligence processes to identify significant issues with product quality and development or legal and financial liabilities, among other things;
- potential inability to obtain, or obtain in a timely manner, approvals from governmental authorities or work councils, which could delay or prevent acquisitions, delay our ability to achieve synergies, or our successful operation of acquired companies or joint ventures;
- potential necessity to re-apply for permits of acquired projects;
- problems managing joint ventures with our partners, meeting capital requirements for expansion, potential litigation with joint venture partners and reliance upon joint ventures which we do not control; for example, our ability to effectively manage our joint venture with AUO;

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

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

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

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

***We may in the future be required to consolidate the assets, liabilities and financial results of certain of our existing or future joint ventures, which could have an adverse impact on our financial position, gross margin and operating results.***

The Financial Accounting Standards Board has issued accounting guidance regarding variable interest entities ("VIEs") that affects our accounting treatment of our existing and future joint ventures. We have variable interests in AUOSP, our joint venture with AUO. To ascertain whether we are required to consolidate this entity, we determine whether it is a VIE and if we are the primary beneficiary in accordance with the accounting guidance. Factors we consider in determining whether we are the VIE's primary beneficiary include the decision making authority of each partner, which partner manages the day-to-day operations of the joint venture and each partner's obligation to absorb losses or right to receive benefits from the joint venture in relation to that of the other partner. Changes in the financial accounting guidance, or changes in circumstances at each of these joint ventures, could lead us to determine that we have to consolidate the assets, liabilities and financial results of such joint ventures. The consolidation of AUOSP would significantly increase our indebtedness. Consolidation of our VIEs could have a material adverse impact on our financial position, gross margin and operating results. In addition, we may enter into future joint ventures or make other equity investments, which could have an adverse impact on us because of the financial accounting guidance regarding VIEs.

***We may not be able to increase or sustain our recent growth rate, and we may not be able to manage our future growth effectively.***

We may not be able to continue to expand our business or manage future growth. We plan to continue to improve our manufacturing processes and build additional cell manufacturing production over the next five years, beginning with an expected $300 million to $350 million in capital expenditures in fiscal 2015, which will require successful execution of:

- expanding our existing manufacturing facilities and developing new manufacturing facilities, which would increase our fixed costs and, if such facilities are underutilized, would negatively impact our results of operations;

- ensuring delivery of adequate polysilicon and ingots;

- enhancing our customer resource management and manufacturing management systems;

- implementing and improving additional and existing administrative, financial and operations systems, procedures and controls, including the need to centralize, update and integrate our global financial internal control;

- hiring additional employees;

- expanding and upgrading our technological capabilities;

- managing multiple relationships with our customers, suppliers and other third parties;

- maintaining adequate liquidity and financial resources; and

- continuing to increase our revenues from operations.

Improving our manufacturing processes, expanding our manufacturing facilities or developing new facilities may be delayed by difficulties such as unavailability of equipment or supplies or equipment malfunction. Ensuring delivery of adequate polysilicon and ingots is subject to many market risks including scarcity, significant price fluctuations and competition. Maintaining adequate liquidity is dependent upon a variety of factors including continued revenues from operations, working capital improvements, and compliance with our indentures and credit agreements. If we are unsuccessful in any of these areas, we may not be able to achieve our growth strategy and increase production capacity as planned during the foreseeable future. In addition, we need to manage our organizational growth, including rationalizing reporting structures, support teams, and enabling efficient decision making. For example, the administration of the residential lease program requires processes and systems to support this business model. If we are not successful or if we delay our continuing implementation of such systems and processes, we may adversely affect the anticipated volumes in our residential lease business. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, develop new solar cells and other products, satisfy customer requirements, execute our business plan or respond to competitive pressures.

***Fluctuations in the demand for our products may cause impairment of our project assets and other long-lived assets or cause us to write off equipment or inventory, and each of these events would adversely affect our financial results.***

We have tangible project assets on our Consolidated Balance Sheets related to capitalized costs incurred in connection with the development of solar power systems. Project assets consist primarily of capitalized costs relating to solar power system projects in various stages of development that we incur prior to the sale of the solar power system to a third party. These costs include costs for land and costs for developing and constructing a solar power system. These project assets could become impaired if there are changes in the fair value of these capitalized costs. If these project assets become impaired, we may write-off some or all of the capitalized project assets, which would have an adverse impact on our financial results in the period in which the loss is recognized.

In addition, if the demand for our solar products decreases, our manufacturing capacity could be underutilized, and we may be required to record an impairment of our long-lived assets, including facilities and equipment, which would increase our expenses. In improving our manufacturing processes consistent with our cost reduction roadmap, we could write off equipment that is removed from the manufacturing process. In addition, if product demand decreases or we fail to forecast demand accurately, we could be required to write off inventory or record excess capacity charges, which would have a negative impact on our gross margin. Factory-planning decisions may shorten the useful lives of long-lived assets, including facilities and equipment, and cause us to accelerate depreciation. Each of the above events would adversely affect our future financial results.

***Fluctuations in foreign currency exchange rates and interest rates could adversely affect our business and results of operations.***

We have significant sales globally, and we are exposed to movements in foreign exchange rates, primarily related to sales to European customers that are denominated in Euros. A depreciation of the Euro would adversely affect our margins on sales to European customers. When foreign currencies appreciate against the U.S. dollar, inventories and expenses denominated in foreign currencies become more expensive. An increase in the value of the U.S. dollar relative to foreign currencies could make our solar power products more expensive for international customers, thus potentially leading to a reduction in demand, our sales and profitability. As a result, substantial unfavorable changes in foreign currency exchange rates could have a substantial adverse effect on our financial condition and results of operations. Although we seek to reduce our currency exposure by engaging in hedging transactions where we deem it appropriate, we do not know whether our efforts will be successful. Because we hedge some of our expected future foreign exchange exposure, if associated revenues do not materialize, we could experience losses. In the past, we have experienced an adverse impact on our revenue, gross margin, cash position and profitability as a result of foreign currency fluctuations. In addition, any break-up of the Eurozone would disrupt our sales and supply chain, expose us to financial counterparty risk, and materially and adversely affect our results of operations and financial condition.

We are exposed to interest rate risk because many of our customers depend on debt financing to purchase our solar power systems. An increase in interest rates could make it difficult for our customers to obtain the financing necessary to purchase our solar power systems on favorable terms, or at all, and thus lower demand for our solar power products, reduce revenue and adversely affect our operating results. An increase in interest rates could lower a customer's return on investment in a system or make alternative investments more attractive relative to solar power systems, which, in each case, could cause our

customers to seek alternative investments that promise higher returns or demand higher returns from our solar power systems, which could reduce our revenue and gross margin and adversely affect our operating results. Our interest expense would increase to the extent interest rates rise in connection with our variable interest rate borrowings. In addition, lower interest rates have an adverse impact on our interest income. See also "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" and "Risks Related to Our Sales Channels—The execution of our growth strategy is dependent upon the continued availability of third-party financing arrangements for our solar power plants, our residential lease program and our customers, and is affected by general economic conditions."

***We depend on third-party contract manufacturers to assemble a portion of our solar cells into solar panels and any failure to obtain sufficient assembly and test capacity could significantly delay our ability to ship our solar panels and damage our customer relationships.***

We outsource a portion of module manufacturing to contract manufacturers in the United States and China. As a result of outsourcing this final step in our production, we face several significant risks, including limited control over assembly and testing capacity, delivery schedules, quality assurance, manufacturing yields and production costs. If the operations of our third-party contract manufacturers were disrupted or their financial stability impaired, or if they were unable or unwilling to devote capacity to our solar panels in a timely manner, our business could suffer as we might be unable to produce finished solar panels on a timely basis. We also risk customer delays resulting from an inability to move module production to an alternate provider or to complete production internationally, and it may not be possible to obtain sufficient capacity or comparable production costs at another facility in a timely manner. In addition, migrating our design methodology to third-party contract manufacturers or to a captive panel assembly facility could involve increased costs, resources and development time, and utilizing additional third-party contract manufacturers could expose us to further risk of losing control over our intellectual property and the quality of our solar panels. Any reduction in the supply of solar panels could impair our revenue by significantly delaying our ability to ship products and potentially damage our relationships with new and existing customers, any of which could have a material and adverse effect on our financial condition and results of operation.

***While we believe we currently have effective internal control over financial reporting, we may identify a material weakness in our internal control over financial reporting that could cause investors to lose confidence in the reliability of our financial statements and result in a decrease in the value of our common stock.***

Our management is responsible for maintaining internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Management concluded that as of the end of each of fiscal 2014, 2013, and 2012, our internal control over financial reporting and our disclosure controls and procedures were effective.

We need to continuously maintain our internal control processes and systems and adapt them as our business grows and changes. This process is expensive, time-consuming and requires significant management attention. We cannot be certain that our internal control measures will continue to provide adequate control over our financial processes and reporting and ensure compliance with Section 404 of the Sarbanes-Oxley Act. Furthermore, as we grow our business or acquire other businesses, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. Failure to implement required new or improved controls, or difficulties encountered in their implementation, either in our existing business or in businesses that we may acquire, could harm our operating results or cause us to fail to meet our reporting obligations. If we or our independent registered public accounting firm identify material weaknesses in our internal controls, the disclosure of that fact, even if quickly remedied, may cause investors to lose confidence in our financial statements and the trading price of our common stock may decline.

Remediation of a material weakness could require us to incur significant expense and if we fail to remedy any material weakness, our financial statements may be inaccurate, our ability to report our financial results on a timely and accurate basis may be adversely affected, our access to the capital markets may be restricted, the trading price of our common stock may decline, and we may be subject to sanctions or investigation by regulatory authorities, including the SEC or The Nasdaq Global Select Market. We may also be required to restate our financial statements from prior periods.

***Our agreements with Cypress Semiconductor Corporation ("Cypress") require us to indemnify Cypress for certain tax liabilities. These indemnification obligations and related contractual restrictions may limit our ability to pursue certain business initiatives.***

On October 6, 2005, while a subsidiary of Cypress, our former parent company, we entered into a tax sharing agreement with Cypress providing for each party's obligations concerning various tax liabilities. The tax sharing agreement is structured such that Cypress would pay all federal, state, local and foreign taxes that are calculated on a consolidated or combined basis

while we were a member of Cypress's consolidated or combined group for federal, state, local and foreign tax purposes. Our portion of tax liabilities or benefits was determined based upon our separate return tax liability as defined under the tax sharing agreement. These tax liabilities or benefits were based on a pro forma calculation as if we were filing a separate income tax return in each jurisdiction, rather than on a combined or consolidated basis, subject to adjustments as set forth in the tax sharing agreement.

On June 6, 2006, we ceased to be a member of Cypress's consolidated group for federal income tax purposes and certain state income tax purposes. On September 29, 2008, we ceased to be a member of Cypress's combined group for all state income tax purposes. To the extent that we become entitled to utilize our separate portion of any tax credit or loss carryforwards existing as of such date, we will distribute to Cypress the tax effect, estimated to be 40% for federal and state income tax purposes, of the amount of such tax loss carryforwards so utilized, and the amount of any credit carryforwards so utilized. We will distribute these amounts to Cypress in cash or in our shares, at Cypress's option. During fiscal 2013, we recorded an estimated $3.3 million of liabilities due under this arrangement and the actual amount payable to Cypress based upon filing of the 2013 California tax return was approximately $0.2 million. Related to fiscal 2014, we recorded an estimated liability to Cypress of $0.7 million. As of December 28, 2014, we have a potential future liability of approximately $3.7 million.

We are jointly and severally liable for any tax liability during all periods in which we were deemed to be a member of the Cypress consolidated or combined group. Accordingly, although the tax sharing agreement allocates tax liabilities between Cypress and all its consolidated subsidiaries, for any period in which we were included in Cypress's consolidated or combined group, we could be liable in the event that any federal or state tax liability was incurred, but not discharged, by any other member of the group.

We will continue to be jointly and severally liable to Cypress until the statute of limitations runs or all appeal options are exercised for all years in which we joined in the filing of tax returns with Cypress. If Cypress experiences adjustments to their tax liability pursuant to tax examinations, we may incur an incremental liability.

We would also be liable to Cypress for taxes that might arise from the distribution by Cypress of our former class B common stock to Cypress's stockholders on September 29, 2008, or "spin-off." In connection with Cypress's spin-off of our former class B common stock, we and Cypress, on August 12, 2008, entered into an amendment to our tax sharing agreement ("Amended Tax Sharing Agreement") to address certain transactions that may affect the tax treatment of the spin-off and certain other matters.

Subject to certain caveats, Cypress obtained a ruling from the IRS to the effect that the distribution by Cypress of our former class B common stock to Cypress's stockholders qualified as a tax-free distribution under Section 355 of the Internal Revenue Code ("Code"). Despite such ruling, the distribution may nonetheless be taxable to Cypress under Section 355(e) of the Code if 50% or more of the voting power or value of our stock was or is later acquired as part of a plan or series of related transactions that included the distribution of our stock. The Amended Tax Sharing Agreement requires us to indemnify Cypress for any liability incurred as a result of issuances or dispositions of our stock after the distribution, other than liability attributable to certain dispositions of our stock by Cypress, that cause Cypress's distribution of shares of our stock to its stockholders to be taxable to Cypress under Section 355(e) of the Code.

Under the Amended Tax Sharing Agreement, we also agreed that, until October 29, 2010, we would not effect a conversion of any or all of our former class B common stock to former class A common stock or any similar recapitalization transaction or series of related transactions (a "Recapitalization"). On November 16, 2011, we reclassified our former class A common stock and class B common stock into a single class of common stock. In the event this reclassification does result in the spin-off being treated as taxable, we could face substantial liabilities as a result of our obligations under the Amended Tax Sharing Agreement.

***Any future agreements with Total S.A. regarding tax indemnification and certain tax liabilities may adversely affect our financial position.***

We currently believe that we will not join in tax filings on a consolidated, combined or unitary basis with Total S.A. Accordingly, no tax sharing arrangement is currently in place. If we and Total join in a tax filing in the future, a tax sharing agreement will be required, which would allocate the tax liabilities among the parties and may adversely affect our financial position.

***Our headquarters and manufacturing facilities, as well as the facilities of certain subcontractors and suppliers, are located in regions that are subject to earthquakes, floods, and other natural disasters, and climate change and climate change regulation could have an adverse effect on our operations.***

Our headquarters and research and development operations are located in California, and our manufacturing facilities are located in the Philippines, France, South Africa and Mexico. The facilities of our joint venture for manufacturing are located in Malaysia. Any significant earthquake, flood or other natural disaster in these countries or countries where our suppliers are located could materially disrupt our management operations and/or our production capabilities, and could result in our experiencing a significant delay in delivery, or substantial shortage, of our products and services.

In addition, legislators, regulators, and non-governmental organizations, as well as companies in many business sectors, are considering ways to reduce green-house gas emissions. Further regulation could be forthcoming at the federal or state level with respect to green-house gas emissions. Such regulation or similar regulations in other countries could result in regulatory or product standard requirements for our global business, including our manufacturing operations. Furthermore, the potential physical impacts of climate change on our operations may include changes in weather patterns (including floods, tsunamis, drought and rainfall levels), water availability, storm patterns and intensities, and temperature levels. These potential physical effects may adversely affect the cost, production, sales and financial performance of our operations.

***We could be adversely affected by any violations of the U.S. FCPA and foreign anti-bribery laws.***

The U.S. FCPA generally prohibits companies and their intermediaries from making improper payments to non-U.S. government officials for the purpose of obtaining or retaining business. Other countries in which we operate also have anti-bribery laws, some of which prohibit improper payments to government and non-government persons and entities. Our policies mandate compliance with these anti-bribery laws. We continue to acquire businesses outside of the United States and operate in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. In addition, due to the level of regulation in our industry, our entry into new jurisdictions through internal growth or acquisitions requires substantial government contact where norms can differ from U.S. standards. While we implement policies and procedures and conduct training designed to facilitate compliance with these anti-bribery laws, thereby mitigating the risk of violations of such laws, our employees, subcontractors and agents may take actions in violation of our policies and anti-bribery laws. Any such violation, even if prohibited by our policies, could subject us to criminal or civil penalties or other sanctions, which could have a material adverse effect on our business, financial condition, cash flows and reputation.

***We sell our solar products to agencies of the U.S. government, and as a result, we are subject to a number of procurement rules and regulations, and our business could be adversely affected by an audit by the U.S. government if it were to identify errors or a failure to comply with regulations.***

We have sold and continue to sell our solar power systems to various U.S. government agencies. In connection with these contracts, we must comply with and are affected by laws and regulations relating to the award, administration, and performance of U.S. government contracts, which may impose added costs on our business. We are expected to perform in compliance with a vast array of federal laws and regulations, including, without limitation, the Federal Acquisition Regulation, the Truth in Negotiations Act, the Federal False Claims Act, the Anti-Kickback Act of 1986, the Trade Agreements Act, the Buy American Act, the Procurement Integrity Act, and the Davis Bacon Act. A violation of specific laws and regulations, even if prohibited by our policies, could result in the imposition of fines and penalties, reductions of the value of our contracts, contract modifications or termination, or suspension or debarment from government contracting for a period of time.

In some instances, these laws and regulations impose terms or rights that are more favorable to the government than those typically available to commercial parties in negotiated transactions. For example, the U.S. government may terminate any of our government contracts either at its convenience or for default based on performance. A termination arising out of our default may expose us to liability and have a material adverse effect on our ability to compete for future contracts.

U.S. government agencies may audit and investigate government contractors. These agencies review a contractor's performance under its contracts, cost structure, and compliance with applicable laws, regulations, and standards. If an audit or investigation uncovers improper or illegal activities, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the U.S. government. In addition, we could suffer reputational harm if allegations of impropriety were made against us.

***Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines.***

We are required to comply with all foreign, U.S. federal, state and local laws and regulations regarding pollution control and protection of the environment. In addition, under some statutes and regulations, a government agency, or other parties, may seek recovery and response costs from operators of property where releases of hazardous substances have occurred or are ongoing, even if the operator was not responsible for such release or otherwise at fault. We use, generate and discharge toxic, volatile and otherwise hazardous chemicals and wastes in our research and development and manufacturing activities. Any failure by us to control the use of, or to restrict adequately the discharge of, hazardous substances could subject us to potentially significant monetary damages and fines or suspensions in our business operations. In addition, if more stringent laws and regulations are adopted in the future, the costs of compliance with these new laws and regulations could be substantial. To date such laws and regulations have not had a significant impact on our operations, and we believe that we have all necessary permits to conduct operations as they are presently conducted. If we fail to comply with present or future environmental laws and regulations, however, we may be required to pay substantial fines, suspend production or cease operations.

In addition, new U.S. legislation includes disclosure requirements regarding the use of "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer's efforts to prevent the sourcing of such "conflict" minerals. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of solar products. As a result, there may only be a limited pool of suppliers who provide conflict free minerals, and we cannot be certain that we will be able to obtain products in sufficient quantities or at competitive prices. Also, since our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins for all minerals used in our products.

***Our success depends on the continuing contributions of our key personnel.***

We rely heavily on the services of our key executive officers and the loss of services of any principal member of our management team could adversely affect our operations. In addition, we anticipate that we will need to hire a number of highly skilled technical, manufacturing, sales, marketing, administrative and accounting personnel. Due to the current economic environment, we have conducted several restructurings, which may negatively affect our ability to execute our strategy and business model. The competition for qualified personnel is intense in our industry. We may not be successful in attracting and retaining sufficient numbers of qualified personnel to support our anticipated growth. We cannot guarantee that any employee will remain employed with us for any definite period of time since all of our employees, including our key executive officers, serve at-will and may terminate their employment at any time for any reason.

***Our insurance for certain indemnities we have made to our officers and directors may be inadequate, and potential claims could materially and negatively impact our financial condition and results of operations.***

Pursuant to our certificate of incorporation, by-laws and certain indemnification agreements, we indemnify our officers and directors for certain liabilities that may arise in the course of their service to us. Although we currently maintain directors and officers liability insurance for certain potential third-party claims for which we are legally or financially unable to indemnify them, such insurance may be inadequate to cover certain claims. In addition, in previous years, we have primarily self-insured with respect to potential third-party claims. If we were required to pay a significant amount on account of these liabilities for which we self-insured, our business, financial condition and results of operations could be materially harmed.

## Risks Related to Our Intellectual Property

***We depend on our intellectual property, and we may face intellectual property infringement claims that could be time-consuming and costly to defend and could result in the loss of significant rights.***

From time to time, we, our respective customers, or third parties with whom we work may receive letters, including letters from various industry participants, alleging infringement of their patents. At present, we face a third-party complaint alleging patent infringement which was filed, but not served, against SolarBridge Technology LLC. our wholly owned subsidiary, in October 2014. Additionally, we are required by contract to indemnify some of our customers and our third-party intellectual property providers for certain costs and damages of patent infringement in circumstances where our products are a factor creating the customer's or these third-party providers' infringement liability. This practice may subject us to significant indemnification claims by our customers and our third-party providers. We cannot assure investors that indemnification claims will not be made or that these claims will not harm our business, operating results or financial condition. Intellectual property litigation is very expensive and time-consuming and could divert management's attention from our business and could have a material adverse effect on our business, operating results or financial condition. If there is a successful claim of infringement against us, our customers or our third-party intellectual property providers, we may be required to pay substantial damages to the party claiming infringement, stop selling products or using technology that contains the allegedly infringing intellectual property, or enter into royalty or license agreements that may not be available on acceptable terms, if at all. Parties making

infringement claims may also be able to bring an action before the International Trade Commission that could result in an order stopping the importation into the United States of our solar products. Any of these judgments could materially damage our business. We may have to develop non-infringing technology, and our failure in doing so or in obtaining licenses to the proprietary rights on a timely basis could have a material adverse effect on our business.

***We have filed, and may continue to file, claims against other parties for infringing our intellectual property that may be very costly and may not be resolved in our favor.***

To protect our intellectual property rights and to maintain our competitive advantage, we have filed and may continue to file suits against parties who we believe infringe our intellectual property. Intellectual property litigation is expensive and time consuming and could divert management's attention from our business and could have a material adverse effect on our business, operating results or financial condition, and our enforcement efforts may not be successful. In addition, the validity of our patents may be challenged in such litigation. Our participation in intellectual property enforcement actions may negatively impact our financial results.

***We rely substantially upon trade secret laws and contractual restrictions to protect our proprietary rights, and, if these rights are not sufficiently protected, our ability to compete and generate revenue could suffer.***

We seek to protect our proprietary manufacturing processes, documentation and other written materials primarily under trade secret and copyright laws. We also typically require employees, consultants, and third parties such as our vendors and customers, with access to our proprietary information to execute confidentiality agreements. The steps taken by us to protect our proprietary information may not be adequate to prevent misappropriation of our technology. Our systems may be subject to intrusions, security breaches, or targeted theft of our trade secrets. In addition, our proprietary rights may not be adequately protected because:

- people may not be deterred from misappropriating our technologies despite the existence of laws or contracts prohibiting it;
- policing unauthorized use of our intellectual property may be difficult, expensive and time-consuming, the remedy obtained may be inadequate to restore protection of our intellectual property, and moreover, we may be unable to determine the extent of any unauthorized use;
- the laws of other countries in which we market our solar products, such as some countries in the Asia/Pacific region, may offer little or no protection for our proprietary technologies; and
- reports we file in connection with government-sponsored research contracts are generally available to the public and third parties may obtain some aspects of our sensitive confidential information.

Reverse engineering, unauthorized copying or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without compensating us for doing so. We also have formed the joint venture to manufacture our solar cells at AUOSP, and formed a joint venture company with partners in China to commercialize our C7 Tracker technology. Our joint ventures or our partners may not be deterred from misappropriating our proprietary technologies despite contractual and other legal restrictions. Legal protection in countries where our joint ventures are located may not be robust and enforcement by us of our intellectual property rights may be difficult. As a result, our joint ventures or our partners could directly compete with our business. Any such activities or any other inabilities to adequately protect our proprietary rights could harm our ability to compete, to generate revenue and to grow our business.

***We may not obtain sufficient patent protection on the technology embodied in the solar products we currently manufacture and market, which could harm our competitive position and increase our expenses.***

Although we substantially rely on trade secret laws and contractual restrictions to protect the technology in the solar products we currently manufacture and market, our success and ability to compete in the future may also depend to a significant degree upon obtaining patent protection for our proprietary technology. We currently own multiple patents and patent applications which cover aspects of the technology in the solar cells and mounting systems that we currently manufacture and market. Material patents that relate to our systems products and services primarily relate to our rooftop mounting products and ground-mounted tracking products. We intend to continue to seek patent protection for those aspects of our technology, designs, and methodologies and processes that we believe provide significant competitive advantages.

Our patent applications may not result in issued patents, and even if they result in issued patents, the patents may not have claims of the scope we seek or we may have to refile patent applications due to newly discovered prior art. In addition, any issued patents may be challenged, invalidated, or declared unenforceable, or even if we obtain an award of damages for infringement by a third party, such award could prove insufficient to compensate for all damages incurred as a result of such infringement.

The earliest term of any issued patents would be 20 years from their earliest priority date and if our applications are pending for a long time period, we may have a correspondingly shorter term for any patent that may issue. Our present and future patents may provide only limited protection for our technology and may be insufficient to provide competitive advantages to us. For example, competitors could develop similar or more advantageous technologies on their own or design around our patents. Also, patent protection in certain foreign countries may not be available or may be limited in scope and any patents obtained may not be readily enforceable because of insufficient judicial effectiveness, making it difficult for us to aggressively protect our intellectual property from misuse or infringement by other companies in these countries. Our inability to obtain and enforce our intellectual property rights in some countries may harm our business. In addition, given the costs of obtaining patent protection, we may choose not to protect certain innovations that later turn out to be important.

***We may not be able to prevent others from using the term SunPower or similar terms in connection with their solar power products which could adversely affect the market recognition of our name and our revenue.***

"SunPower" and the "SunPower" logo are our registered trademark in certain countries, including the United States, for uses that include solar cells and solar panels. We are seeking registration of the "SunPower" trademark in other countries but we may not be successful in some of these jurisdictions. We hold registered trademarks for SunPower®, SunPower Electric®, Maxeon®, Oasis®, PowerGuard®, PowerLight®, Serengeti®, and SunTile®, in certain countries, including the United States. We have not registered, and may not be able to register, these trademarks in other key countries. In the foreign jurisdictions where we are unable to obtain or have not tried to obtain registrations, others may be able to sell their products using trademarks compromising or incorporating "SunPower," or a variation thereof, or our other chosen brands, which could lead to customer confusion. In addition, if there are jurisdictions where another proprietor has already established trademark rights in marks containing "SunPower," or our other chosen brands, we may face trademark disputes and may have to market our products with other trademarks or without our trademarks, which may undermine our marketing efforts. We may encounter trademark disputes with companies using marks which are confusingly similar to the SunPower mark, or our other marks, which if not resolved favorably, could cause our branding efforts to suffer. In addition, we may have difficulty in establishing strong brand recognition with consumers if others use similar marks for similar products.

***Our past and possible future reliance on government programs to partially fund our research and development programs could impair our ability to commercialize our solar power products and services.***

Government funding of some of our research and development efforts imposed certain restrictions on our ability to commercialize results and could grant commercialization rights to the government. In some funding awards, the government is entitled to intellectual property rights arising from the related research. Such rights include a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced each subject invention developed under an award throughout the world by or on behalf of the government. Other rights include the right to require us to grant a license to the developed technology or products to a third party or, in some cases, if we refuse, the government may grant the license itself, if the government determines that action is necessary because we fail to achieve practical application of the technology, because action is necessary to alleviate health or safety needs, to meet requirements of federal regulations, or to give the United States industry preference. Accepting government funding can also require that manufacturing of products developed with federal funding be conducted in the United States.

***We may be subject to information technology system failures or network disruptions that could damage our business operations, financial conditions, or reputation.***

We may be subject to information technology system failures and network disruptions. These may be caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or similar events or disruptions. System redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could result in delayed or canceled orders. System failures and disruptions could also impede the manufacturing and shipping of products, delivery of online services, transactions processing, and financial reporting.

***We may be subject to breaches of our information technology systems, which could lead to disclosure of our internal information, or could damage our reputation or relationships with dealers and customers, or could disrupt access to our online services. Such breaches could subject us to significant reputational, financial, legal, and operational consequences.***

Our business requires us to use and store customer, employee, and business partner personally identifiable information ("PII"). This may include names, addresses, phone numbers, email addresses, contact preferences, tax identification numbers, and payment account information. Malicious attacks to gain access to PII affect many companies across various industries, including ours.

We use encryption and authentication technologies to secure the transmission and storage of data. These security measures may be compromised as a result of third-party security breaches, employee error, malfeasance, faulty password management, or other irregularity, and result in persons obtaining unauthorized access to our data. Third parties may attempt to fraudulently induce employees or customers into disclosing passwords or other sensitive information, which may in turn be used to access our information technology systems.

We devote resources to network security, data encryption, and other security measures to protect our systems and data, but these security measures cannot provide absolute security. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to anticipate these techniques or implement adequate preventative measures. In addition, hardware, software, or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our team members, contractors and temporary staff. If we experience a significant data security breach or fail to detect and appropriately respond to a significant data security breach, we could be exposed to a risk of loss, litigation and possible liability, or government enforcement actions, any of which could detrimentally affect our business, results of operations, and financial condition.

PII may also be shared with contractors and third-party providers to conduct our business. Although such contractors and third-party providers typically implement encryption and authentication technologies to secure the transmission and storage of data, those third-party providers may experience a significant data security breach of the shared PII.

***Our business is subject to a variety of U.S. and international laws, rules, policies and other obligations regarding privacy, data protection, and other matters.***

We are subject to federal, state and international laws relating to the collection, use, retention, security and transfer of PII. In many cases, these laws apply not only to third-party transactions, but also to transfers of information between one company and its subsidiaries, and among the subsidiaries and other parties with which we have commercial relations. The introduction of new products or expansion of our activities in certain jurisdictions may subject us to additional laws and regulations. In addition, foreign data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations, which can be enforced by private parties or government entities, are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which we operate, and may be interpreted and applied inconsistently from country to country and inconsistently with our current policies and practices. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to inquiries or investigations, claims or other remedies, including fines or demands that we modify or cease existing business practices.

A failure by us, our suppliers or other parties with whom we do business to comply with a posted privacy policies or with other federal, state or international privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others, which could have a detrimental effect on our business, results of operations and financial condition.

## Risks Related to Our Debt and Equity Securities

***Our debentures are effectively subordinated to our existing and any future secured indebtedness and structurally subordinated to existing and future liabilities and other indebtedness of our current and any future subsidiaries.***

Our debentures are general, unsecured obligations and rank equally in right of payment with all of our existing and any future unsubordinated, unsecured indebtedness. Our debentures are effectively subordinated to our existing and any future

secured indebtedness we may have, including for example, our $250.0 million revolving credit facility with Credit Agricole and our $47.5 million in principal amount of outstanding debt owed to International Finance Corporation, to the extent of the value of the assets securing such indebtedness, and structurally subordinated to our existing and any future liabilities and other indebtedness of our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. Our debentures do not restrict us or our current or any future subsidiaries from incurring indebtedness, including senior secured indebtedness, in the future, nor do they limit the amount of indebtedness we can issue that is equal in right of payment.

***Recent regulatory actions may adversely affect the trading price and liquidity of our debentures.***

We believe that many investors in our debentures employ, or will seek to employ, a convertible arbitrage strategy with respect to our debentures. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the convertible debt instruments and dynamically adjusting their short position while they hold the debt instruments. Investors may also implement this strategy by entering into swaps on the common stock underlying the convertible debt instruments in lieu of or in addition to short selling the common stock. As a result, any specific rules regulating equity swaps or short selling of securities or other governmental action that interferes with the ability of market participants to effect short sales or equity swaps with respect to our common stock could adversely affect the ability of investors in our debentures to conduct the convertible arbitrage strategy that we believe they employ, or will seek to employ, with respect to our debentures. This could, in turn, adversely affect the trading price and liquidity of our debentures.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and may adopt additional rules in the future that may impact those engaging in short selling activity involving equity securities (including our common stock). In particular, Rule 201 of SEC Regulation SHO generally restricts short selling when the price of a "covered security" triggers a "circuit breaker" by falling 10% or more from the security's closing price as of the end of regular trading hours on the prior day. If this circuit breaker is triggered, short sale orders can be displayed or executed for the remainder of that day and the following day only if the order price is above the then-current national best bid, subject to certain limited exceptions. Because our common stock is a "covered security", these Rule 201 restrictions, if triggered, may interfere with the ability of investors in our debentures to effect short sales in our common stock and conduct a convertible arbitrage strategy.

In addition, during 2013 the SEC approved two proposals submitted by the national securities exchanges and the Financial Industry Regulatory Authority, Inc. ("FINRA") concerning extraordinary market volatility that may impact the ability of investors to effect a convertible arbitrage strategy. One initiative is the "Limit Up-Limit Down" plan, which requires securities exchanges, alternative trading systems, broker-dealers and other trading centers to establish policies and procedures that prevent the execution of trades or the display of bids or offers outside of specified price bands. If the bid or offer quotations for a security are at the far limit of the price band for more than 15 seconds, trading in that security will be subject to a five-minute trading pause. The Limit Up-Limit Down plan became effective, on a one-year pilot basis, on April 8, 2013 and was later extended through October 23, 2015.

The second initiative revised existing stock exchange and FINRA rules that establish the market-wide circuit breaker system. The market-wide circuit breaker system provides for specified market-wide halts in trading of stock for certain periods following specified market declines. The recent changes lowered the percentage-decline thresholds for triggering a market-wide trading halt and shortened the amount of time that trading is halted. Market declines under the new system are measured based on a decline in the S&P 500 Index compared to the prior day's closing value rather than a decline in the Dow Jones Industrial Average compared to the prior quarterly closing value. The changes to the market-wide circuit breaker system became effective, on a one-year pilot basis, on April 8, 2013 and were later extended through October 23, 2015. The potential restrictions on trading imposed by the Limit Up-Limit Down plan and the market-wide circuit breaker system may interfere with the ability of investors in our debentures to effect short sales in our common stock and conduct a convertible arbitrage strategy.

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, on July 21, 2010 also introduced regulatory uncertainty that may impact trading activities relevant to our debentures. As a result of this legislation, certain interest rate swaps and credit default swaps are currently required to be cleared through regulated clearinghouses. Certain other swaps and security-based swaps are likely going to be required to be cleared through regulated clearinghouses in the future. In addition, certain swaps and security-based swaps will be required to be traded on exchanges or comparable trading facilities. Furthermore, swap dealers, security-based swap dealers, major swap participants and major security-based swap participants will be required to comply with margin and capital requirements. In addition, certain market participants are required to comply with public reporting requirements to provide transaction and pricing data on both cleared and uncleared swaps. Public reporting requirements will also apply with respect to security-based swaps in the future. These

requirements could adversely affect the ability of investors in our debentures to maintain a convertible arbitrage strategy with respect to our debentures (including increasing the costs incurred by such investors in implementing such strategy). This could, in turn, adversely affect the trading price and liquidity of our debentures. Although some of the implementing rules have been adopted and are currently effective, we cannot predict how the SEC and other regulators will ultimately implement the legislation or the magnitude of the effect that this legislation will have on the trading price or liquidity of our debentures.

Although the direction and magnitude of the effect that the amendments to Regulation SHO, FINRA and securities exchange rule changes and/or implementation of the Dodd-Frank Act may have on the trading price and the liquidity of our debentures will depend on a variety of factors, many of which cannot be determined at this time, past regulatory actions have had a significant impact on the trading prices and liquidity of convertible debentures. For example, between July 2008 and September 2008, the SEC issued a series of emergency orders placing restrictions on the short sale of the common stock of certain financial services companies. The orders made the convertible arbitrage strategy that many convertible debentures employ difficult to execute and adversely affected both the liquidity and trading price of convertible debentures issued by many of the financial services companies subject to the prohibition. Any governmental action that similarly restricts the ability of investors in our debentures to effect short sales of our common stock, including the amendments to Regulation SHO, FINRA and exchange rule changes and the implementation of the Dodd-Frank Act, could similarly adversely affect the trading price and the liquidity of our debentures.

***Total's majority ownership of our common stock may adversely affect the liquidity and value of our common stock.***

As of December 28, 2014, Total owned approximately 60% of our outstanding common stock. Pursuant to the Affiliation Agreement between us and Total, the Board of Directors of SunPower includes five designees from Total, giving Total majority control of our Board. As a result, subject to the restrictions in the Affiliation Agreement, Total possesses significant influence and control over our affairs. Our non-Total stockholders have reduced ownership and voting interest in our company and, as a result, have less influence over the management and policies of our company than they exercised prior to Total's tender offer. As long as Total controls us, the ability of our other stockholders to influence matters requiring stockholder approval is limited. Total's stock ownership and relationships with members of our Board of Directors could have the effect of preventing minority stockholders from exercising significant control over our affairs, delaying or preventing a future change in control, impeding a merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, limiting our financing options. These factors in turn could adversely affect the market price of our common stock or prevent our stockholders from realizing a premium over the market price of our common stock. The Affiliation Agreement limits Total and any member of the Total affiliated companies ("Total Group") from effecting, seeking, or entering into discussions with any third party regarding any transaction that would result in the Total Group beneficially owning our shares in excess of certain thresholds during a standstill period. The Affiliation Agreement also imposes certain limitations on the Total Group's ability to seek to affect a tender offer or merger to acquire 100% of our outstanding voting power. Such provisions may not be successful in preventing the Total Group from engaging in transactions which further increase their ownership and negatively impact the price of our common stock. See also "—Risks Related to Our Liquidity—We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments as planned due to the general economic environment and the continued market pressure driving down the average selling prices of our solar power products, among other factors." Finally, the market for our common stock has become less liquid and more thinly traded as a result of the Total tender offer. The lower number of shares available to be traded could result in greater volatility in the price of our common stock and affect our ability to raise capital on favorable terms in the capital markets.

***Conversion of our outstanding 0.75% debentures, 0.875% debentures, our warrants related to our outstanding 4.50% debentures, and future substantial issuances or dispositions of our common stock or other securities, could dilute ownership and earnings per share or cause the market price of our stock to decrease.***

To the extent we issue common stock upon conversion of our outstanding 0.75% or 0.875% debentures, the conversion of some or all of such debentures will dilute the ownership interests of existing stockholders, including holders who had previously converted their debentures. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. Sales of our common stock in the public market or sales of any of our other securities could dilute ownership and earnings per share, and even the perception that such sales could occur could cause the market prices of our common stock to decline. In addition, the existence of our outstanding debentures may encourage short selling of our common stock by market participants who expect that the conversion of the debentures could depress the prices of our common stock.

We issued warrants to affiliates of the underwriters of our 4.50% debentures, which are exercisable for a total of approximately 11.1 million shares of our common stock. The warrants, together with certain convertible hedge transactions, are

meant to reduce our exposure upon potential conversion of our 4.50%. If the market price of our common stock exceeds the respective exercise prices of the warrants, such warrants will have a dilutive effect on our earnings per share, and could dilute the ownership interests for existing stockholders if exercised.

***The price of our common stock, and therefore of our outstanding 0.75%, 0.875% and 4.50% debentures, may fluctuate significantly.***

Our common stock has experienced extreme price and volume fluctuations. The trading price of our common stock could be subject to further wide fluctuations due to many factors, including the factors discussed in this risk factors section. In addition, the stock market in general, and the Nasdaq Global Select Market and the securities of technology companies and solar companies in particular, have experienced severe price and volume fluctuations. These trading prices and valuations, including our own market valuation and those of companies in our industry generally, may not be sustainable. These broad market and industry factors may decrease the market price of our common stock, regardless of our actual operating performance. Because the 0.75%, 0.875% and 4.50% debentures are convertible into our common stock (and/or cash equivalent to the value of our common stock), volatility or depressed prices of our common stock could have a similar effect on the trading price of these debentures.

***Delaware law and our certificate of incorporation and by-laws contain anti-takeover provisions, our outstanding 0.75%, 0.875% and 4.50% debentures provide for a right to convert upon certain events, and our Board of Directors entered into a rights agreement and declared a rights dividend, any of which could delay or discourage takeover attempts that stockholders may consider favorable.***

Provisions in our restated certificate of incorporation and by-laws may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the right of the Board of Directors to elect a director to fill a vacancy created by the expansion of the Board of Directors;
- the prohibition of cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- the requirement for advance notice for nominations for election to the Board of Directors or for proposing matters that can be acted upon at a stockholders' meeting;
- the ability of the Board of Directors to issue, without stockholder approval, up to 10.0 million shares of preferred stock with terms set by the Board of Directors, which rights could be senior to those of common stock;
- our Board of Directors is divided into three classes of directors, with the classes to be as nearly equal in number as possible;
- stockholders may not call special meetings of the stockholders, except by Total under limited circumstances; and
- our Board of Directors is able to alter our by-laws without obtaining stockholder approval.

Certain provisions of our outstanding debentures could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, including an entity becoming the beneficial owner of 75% of our voting stock (such as Total), holders of our outstanding debentures will have the right, at their option, to require us to repurchase, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest on the debentures, all or a portion of their debentures. We may also be required to issue additional shares of our common stock upon conversion of such debentures in the event of certain fundamental changes. In addition, we entered into a Rights Agreement with Computershare Trust Company, N.A., commonly referred to as a "poison pill," which could delay or discourage takeover attempts that stockholders may consider favorable.

**ITEM 1B:** ***UNRESOLVED STAFF COMMENTS***

None.

**ITEM 2:** ***PROPERTIES***

The table below presents details for each of our principal properties:

| Facility | Location | Approximate Square Footage | Held | Lease Term |
|---|---|---|---|---|
| Solar cell manufacturing facility[1, 2] | Philippines | 215,000 | Owned | n/a |
| Solar cell manufacturing facility[1] | Philippines | 344,000 | Owned | n/a |
| Solar module assembly facility[1] | Philippines | 175,000 | Owned | n/a |
| Solar module assembly facility | Mexico | 320,000 | Leased | 2021 |
| Solar module assembly facilities | France | 11,600 | Leased | 2018 |
| Corporate headquarters | California, U.S. | 129,000 | Leased | 2021 |
| European headquarters | Switzerland | 3,929 | Leased | 2017 |
| Global support offices | California, U.S. | 142,000 | Leased | 2023 |
| Global support offices | Texas, U.S. | 69,000 | Leased | 2019 |
| Global support offices | France | 27,345 | Leased | 2023 |

[1] The lease for the underlying land expires in May 2048 and is renewable for an additional 25 years.

[2] This building will serve as an additional solar cell manufacturing facility with a planned annual capacity of 350 MW and is expected to be fully operational by in fiscal 2016, with initial production expected during fiscal 2015.

As of December 28, 2014, our principal properties include operating solar cell manufacturing facilities with a combined total annual capacity of over 1.5 GW and solar module assembly facilities with a combined total annual capacity of approximately 1.7 GW. For more information about our manufacturing capacity, including relationships with third-party contract manufacturers and our joint venture, AUOSP, see "Item 1. Business."

We do not identify or allocate assets by business segment. For more information on property, plant and equipment by country, see "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 5. Balance Sheet Components."

**ITEM 3.** ***LEGAL PROCEEDINGS***

***Derivative Litigation***

Derivative actions purporting to be brought on the Company's behalf were filed in state and federal courts against several of the Company's current and former officers and directors. The actions arose from the Audit Committee's investigation announcement on November 16, 2009 regarding certain unsubstantiated accounting entries. The California state derivative cases were consolidated as In re SunPower Corp. S'holder Derivative Litig., Lead Case No. 1-09-CV-158522 (Santa Clara Sup. Ct.), and co-lead counsel for plaintiffs were appointed. The complaints asserted state-law claims for breach of fiduciary duty, abuse of control, unjust enrichment, gross mismanagement, and waste of corporate assets. Plaintiffs filed a consolidated amended complaint on March 5, 2012. The federal derivative complaints were consolidated as In re SunPower Corp. S'holder Derivative Litig., Master File No. CV-09-05731-RS (N.D. Cal.), and lead plaintiffs and co-lead counsel were appointed on January 4, 2010. The federal complaints asserted state-law claims for breach of fiduciary duty, waste of corporate assets, and unjust enrichment, and seek an unspecified amount of damages. Plaintiffs filed a consolidated complaint on May 13, 2011. A Delaware state derivative case, Brenner v. Albrecht, et al., C.A. No. 6514-VCP (Del Ch.), was filed on May 23, 2011 in the Delaware Court of Chancery. The complaint asserted state-law claims for breach of fiduciary duty and contribution and indemnification, and sought an unspecified amount of damages. On December 19, 2013, the parties executed a stipulated settlement agreement, providing that all claims against all defendants would be released and dismissed with prejudice, and that the Company would not oppose a request by the plaintiffs' counsel for an award of attorneys' fees up to $1 million, one half of which would be paid from the proceeds of directors and officers liability insurance. At a hearing on August 22, 2014, the Superior Court of California for Santa Clara County entered an order providing for final approval of the stipulated settlement and dismissing that action with prejudice. On September 9, 2014, the court in the consolidated federal derivative action

dismissed that action with prejudice. Those dismissals are now final. On October 22, 2014, the Delaware Chancery Court entered an order dismissing the Delaware derivative action with prejudice.

***Tax Benefit Indemnification Litigation***

On March 19, 2014, we received notice that a lawsuit had been filed by NRG Solar LLC ("NRG") against SunPower Corporation, Systems, our wholly-owned subsidiary ("SunPower Systems"), in the Superior Court of Contra Costa County, California. The complaint asserts that, according to the indemnification provisions in the contract pertaining to SunPower Systems' sale of a large California solar project to NRG, SunPower Systems owes NRG $75 million in connection with certain tax benefits associated with the project that were approved by the Treasury Department for an amount that was less than expected. We do not believe that the facts support NRG's claim under the operative indemnification provisions and intend to vigorously contest the claim. On May 5, 2014, SunPower Systems filed a demurrer to NRG's complaint. The Court sustained the demurrer with leave to amend. NRG filed its amended complaint on September 3, 2014. SunPower Systems filed a demurrer to NRG's amended complaint, which the Court sustained, again, with leave to amend. NRG filed its Second Amended Complaint on January 13, 2015. SunPower Systems filed a demurrer to NRG's Second Amended Complaint, which is scheduled to be heard on March 12, 2015. The case currently is pending and no trial date or case schedule has been set yet.

***First Philec Arbitration***

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

The tribunal found SPML in breach of its obligations under its supply agreement with FPSC, and in breach of its joint venture agreement with FPEC. The tribunal ordered that (i) SPML must purchase FPEC's interests in FPSC for an aggregate of $30.3 million, subject to adjustment to account for minority interests, and (ii) after completing the purchase of FPEC's controlling interest in FPSC, to pay FPSC damages in the amount of $25.2 million. SPML's purchase of FPEC's interests in FPSC and the subsequent damages payment to FPSC have been suspended pending the parties' agreement as to legal arrangements required to complete these transactions, but the transactions are presently scheduled to be completed in the second quarter of 2015.

As a result, as of the fourth quarter of fiscal 2014, we recorded an accrual of $63.0 million related to this case based on our best estimate of probable loss.

***Other Litigation***

We are a party to various other litigation matters and claims that arise from time to time in the ordinary course of our business. While we believe that the ultimate outcome of such matters will not have a material adverse effect on our business, their outcomes are not determinable and negative outcomes may adversely affect our financial position, liquidity or results of operations.

**ITEM 4: *MINE SAFETY DISCLOSURES***

Not applicable.

## PART II

### ITEM 5: *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

**Market Information**

Our common stock is listed on the Nasdaq Global Select Market under the trading symbol "SPWR." During fiscal 2014 and 2013, the high and low trading prices of our common stock were as follows:

| | SPWR | |
|---|---|---|
| | High | Low |
| **Fiscal Year 2014** | | |
| Fourth quarter | $ 35.64 | $ 23.06 |
| Third quarter | $ 40.98 | $ 32.92 |
| Second quarter | $ 41.06 | $ 26.53 |
| First quarter | $ 35.90 | $ 29.14 |
| **Fiscal Year 2013** | | |
| Fourth quarter | $ 34.39 | $ 26.16 |
| Third quarter | $ 28.10 | $ 20.58 |
| Second quarter | $ 22.70 | $ 9.41 |
| First quarter | $ 13.39 | $ 5.62 |

As of February 17, 2015, there were approximately 1,603 record holders. A substantially greater number of holders are in "street name" or beneficial holders, whose shares are held of record by banks, brokers, and other financial institutions.

**Dividends**

We have never declared or paid any cash dividend on our common stock, and we do not currently intend to pay a cash dividend on our common stock in the foreseeable future. Certain of the Company's debt agreements place restrictions on the Company and its subsidiaries' ability to pay cash dividends. For more information on our common stock and dividend rights, see "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 14. Common Stock."

**Issuer Purchases of Equity Securities**

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

| Period | Total Number of Shares Purchased[1] | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under the Publicly Announced Plans or Programs |
|---|---|---|---|---|
| September 29, 2014 through October 26, 2014 | 10,548 | $ 30.09 | — | — |
| October 27, 2014 through November 23, 2014 | 37,935 | $ 28.04 | — | — |
| November 24, 2014 through December 28, 2014 | 6,830 | $ 23.50 | — | — |
| | 55,313 | $ 27.87 | — | — |

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

**ITEM 6: *SELECTED CONSOLIDATED FINANCIAL DATA***

The following selected consolidated financial data should be read together with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data" included elsewhere in this Annual Report on Form 10-K.

| | Year Ended | | | | |
|---|---|---|---|---|---|
| **(In thousands, except per share data)** | **December 28, 2014** | **December 29, 2013** | **December 30, 2012** | **January 1, 2012** | **January 2, 2011** |
| **Consolidated Statements of Operations Data** | | | | | |
| Revenue | $ 3,027,265 | $ 2,507,203 | $ 2,417,501 | $ 2,374,376 | $ 2,219,230 |
| Gross margin | $ 625,127 | $ 491,072 | $ 246,398 | $ 226,218 | $ 509,893 |
| Operating income (loss) | $ 251,240 | $ 158,909 | $ (287,708) | $ (534,098) | $ 138,867 |
| Income (loss) from continuing operations before income taxes and equity in earnings (loss) of unconsolidated investees | $ 184,614 | $ 41,583 | $ (329,663) | $ (602,532) | $ 183,413 |
| Income (loss) from continuing operations per share of common stock: | | | | | |
| Basic | $ 1.91 | $ 0.79 | $ (3.01) | $ (6.28) | $ 1.74 |
| Diluted | $ 1.55 | $ 0.70 | $ (3.01) | $ (6.28) | $ 1.64 |

| | As of | | | | |
|---|---|---|---|---|---|
| **(In thousands)** | **December 28, 2014** | **December 29, 2013** | **December 30, 2012** | **January 1, 2012** | **January 2, 2011** |
| **Consolidated Balance Sheet Data** | | | | | |
| Cash and cash equivalents | $ 956,175 | $ 762,511 | $ 457,487 | $ 725,618 | $ 605,420 |
| Working capital | $ 1,273,236 | $ 528,017 | $ 976,627 | $ 1,163,245 | $ 1,005,492 |
| Total assets | $ 4,357,182 | $ 3,898,690 | $ 3,340,948 | $ 3,519,130 | $ 3,379,331 |
| Long-term debt | $ 218,657 | $ 93,095 | $ 375,661 | $ 364,273 | $ 50,000 |
| Convertible debt, net of current portion | $ 700,079 | $ 300,079 | $ 438,629 | $ 423,268 | $ 591,923 |
| Total stockholders' equity | $ 1,534,174 | $ 1,116,153 | $ 993,352 | $ 1,274,725 | $ 1,657,434 |

## ITEM 7: *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

### Overview

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

*Segments Overview*

We manage resource allocations and measure performance among three regional segments: (i) the Americas Segment, (ii) the EMEA Segment, and (iii) the APAC Segment. The Americas Segment includes both North and South America. The EMEA Segment includes European countries, as well as the Middle East and Africa. The APAC Segment includes all Asia-Pacific countries.

*Unit of Power*

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

*Seasonal Trends*

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

*Fiscal Years*

We have a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Fiscal years 2014, 2013 and 2012 are 52-week fiscal years. Fiscal 2014 ended on December 28, 2014, fiscal 2013 ended on December 29, 2013, and fiscal 2012 ended December 30, 2012. Fiscal 2015 will be a 53-week fiscal year and will end on January 3, 2016.

### Components of Results of Operations

The following section describes certain line items in our Consolidated Statements of Operations:

***Revenue***

We recognize revenue from the following activities and transactions within our regional segments:

- *Solar power components:* the sale of panels and balance of system components, primarily to dealers, system integrators and distributors, in some cases on a multi-year, firm commitment basis.
- *Solar power systems:* the design, manufacture, and sale of high-performance rooftop and ground-mounted solar power systems under construction and development agreements.
- *Residential leases:* revenue recognized on systems under lease agreements with residential customers for terms of up to 20 years.
- *Other:* revenue related to our solar power services and solutions, such as post-installation systems monitoring and maintenance in connection with construction contracts and commercial power purchase agreements.

For a discussion of how and when we recognize revenue, see "—Critical Accounting Estimates—Revenue Recognition."

***Cost of Revenue***

We generally recognize our cost of revenue in the same period that we recognize related revenue. Our cost of revenue fluctuates from period to period due to the mix of projects that we complete and the associated revenue that we recognize, particularly for construction contracts and large-scale development projects involving real estate. For a discussion of how and when we recognize revenue, see "—Critical Accounting Estimates—Revenue Recognition."

The cost of solar panels is the single largest cost element in our cost of revenue. Our cost of solar panels consists primarily of: (i) polysilicon, silicon ingots and wafers used in the production of solar cells; (ii) solar cells from our AUO SunPower Sdn. Bhd. ("AUOSP") joint venture; (iii) other materials and chemicals including glass, frame, and backing; and (iv) direct labor costs and assembly costs we pay to our third-party contract manufacturers. Other cost of revenue associated with the construction of solar power systems includes real estate, mounting systems, inverters, and construction subcontract and dealer costs. Other factors that contribute to our cost of revenue include salaries and personnel-related costs, depreciation, facilities related charges, and freight.

***Gross Margin***

Our gross margin each quarter is affected by a number of factors, including average selling prices for our solar power components, the types of projects in progress, the gross margins estimated for those projects in progress, our product mix, our actual manufacturing costs, the utilization rate of our solar cell manufacturing facilities, and actual overhead costs.

***Research and Development***

Research and development expense consists primarily of salaries and related personnel costs; depreciation of equipment; and the cost of solar panel materials, various prototyping materials, and services used for the development and testing of products. Research and development expense is reported net of contributions under collaborative arrangements.

***Sales, General and Administrative***

Sales, general and administrative expense consists primarily of salaries and related personnel costs, professional fees and other selling and marketing expenses.

***Restructuring***

Restructuring expense consists mainly of costs associated with our November 2014 reorganization plan aimed towards realigning resources consistently with SunPower's global strategy and improving overall operating efficiency and cost structure. Charges in connection with this plan are primarily related to severance benefits.

Remaining restructuring costs are related to plans effected in both fiscal 2012 and fiscal 2011. These restructuring activities were substantially complete as of December 28, 2014; however, we expect to continue to incur costs as we finalize previous estimates and actions in connection with these plans, primarily due to other costs, such as legal services.

***Goodwill and Other Intangible Asset Impairment***

Goodwill and other intangible asset impairment primarily consists of impairment of goodwill as a result of our 2012 annual impairment test as we determined the carrying value of certain reporting units exceeded their fair value. Additionally, during fiscal 2012 we determined the carrying value of certain intangible assets in Europe were no longer recoverable. There were no impacts on the results of operations related to goodwill and other intangible asset impairment for fiscal years 2013 and 2014.

***Other Income (Expense), Net***

Interest expense primarily relates to: (i) amortization expense recorded for warrants issued to Total in connection with the Liquidity Support Agreement executed in the first quarter of fiscal 2012; (ii) debt under our senior convertible debentures; (iii) fees for our outstanding letters of credit; and (iv) other outstanding bank and project debt.

Gain on share lending arrangement relates to recovery of claims related to unreturned shares under our former share lending arrangement with Lehman Brothers International (Europe) Limited ("LBIE") following their bankruptcy.

Other, net includes gains or losses on foreign exchange and derivatives as well as gains or losses related to sales and impairments of certain investments.

***Income Taxes***

Deferred tax assets and liabilities are recognized for temporary differences between financial statement and income tax bases of assets and liabilities. Valuation allowances are provided against deferred tax assets when management cannot conclude that it is more likely than not that some portion or all deferred tax assets will be realized.

We currently benefit from income tax holidays incentives in the Philippines in accordance with our registration with the Philippine Economic Zone Authority ("PEZA"). We have an auxiliary company ruling in Switzerland, where we sell our solar power products, which currently reduces our Swiss tax rate. For additional information see "Note 1. The Company and Summary of Significant Accounting Policies" and "Note 13. Income Taxes" under "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements."

For financial reporting purposes, during periods when we were a subsidiary of Cypress, income tax expense and deferred income tax balances were calculated as if we were a separate entity and had prepared our own separate tax return. Effective with the closing of our public offering of common stock in June 2006, we were no longer eligible to file federal and most state consolidated tax returns with Cypress. As of September 29, 2008, Cypress completed a spin-off of all of its shares of our former class B common stock to its shareholders, so we are no longer eligible to file any remaining state consolidated tax returns with Cypress. Under our tax sharing agreement with Cypress, we agreed to pay Cypress for any federal and state income tax credit or net operating loss carryforwards utilized in our federal and state tax returns in subsequent periods that originated while our results were included in Cypress's federal tax returns.

***Equity in Earnings (Loss) of Unconsolidated Investees***

Equity in earnings (loss) of unconsolidated investees represents our reportable share of earnings (loss) generated from entities in which we own an equity interest accounted for under the equity method.

***Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests***

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

**Critical Accounting Estimates**

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles, which requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues, and expenses recorded in our financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. In addition to our most critical estimates discussed below, we also have other key accounting policies that are less subjective and, therefore, judgments involved in their application would not have a material impact on our reported results of operations (See "Note 1. The Company and Summary of Significant Accounting Policies" under "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements").

***Revenue Recognition***

*Solar Power Components*

We sell our solar panels and balance of system components primarily to dealers, system integrators and distributors, and recognize revenue, net of accruals for estimated sales returns, when persuasive evidence of an arrangement exists, delivery of the product has occurred, title and risk of loss has passed to the customer, the sales price is fixed or determinable, collectability

of the resulting receivable is reasonably assured and the risks and rewards of ownership have passed to the customer. Other than standard warranty obligations, there are no rights of return and there are no significant post-shipment obligations, including installation, training, or customer acceptance clauses, with any of our customers that could have an impact on revenue recognition. Our revenue recognition policy is consistent across all geographic areas.

*Construction Contracts*

Revenue is also composed of EPC projects which are governed by customer contracts that require us to deliver functioning solar power systems and are generally completed within three to twelve months from commencement of construction. Construction on large projects may be completed within eighteen to thirty six months, depending on the size and location. We recognize revenue from fixed-price construction contracts, that do not include land or land rights, using the percentage-of-completion method of accounting. Under this method, revenue arising from fixed price construction contracts is recognized as work is performed based on the percentage of incurred costs to estimated total forecasted costs.

Incurred costs used in our percentage-of-completion calculation include all direct material, labor and subcontract costs, and those indirect costs related to contract performance, such as indirect labor, supplies, and tools. Project material costs are included in incurred costs when the project materials have been installed by being permanently attached or fitted to the solar power system as required by the project's engineering design.

In addition to an EPC deliverable, a limited number of arrangements also include multiple deliverables such as post-installation systems monitoring and maintenance. For contracts with separately priced monitoring and maintenance, we recognize revenue related to such separately priced elements over the contract period. For contracts including monitoring and maintenance not separately priced, we determined that post-installation systems monitoring and maintenance qualify as separate units of accounting. Such post-installation monitoring and maintenance are deferred at the time the contract is executed based on the best estimate of selling price on a standalone basis and are recognized to revenue over the contractual term. The remaining EPC revenue is recognized on a percentage-of-completion basis.

In addition, when arrangements include contingent revenue clauses, such as customer termination or put rights for non-performance, we defer the contingent revenue if there is a reasonable possibility that such rights or contingencies may be triggered. In certain limited cases, we could be required to buy-back a customer's system at fair value on specified future dates if certain minimum performance thresholds are not met for periods of up to two years. To date, no such repurchase obligations have been triggered (see "Note 9. Commitments and Contingencies" under "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements").

Provisions for estimated losses on uncompleted contracts, if any, are recognized in the period in which the loss first becomes probable and reasonably estimable. Contracts may include profit incentives such as milestone bonuses. These profit incentives are included in the contract value when their realization is reasonably assured.

*Development Projects*

We develop and sell solar power plants which generally include the sale or lease of related real estate. Revenue recognition for these solar power plants require adherence to specific guidance for real estate sales, which provides that if we execute a sale of land in conjunction with an EPC contract requiring the future development of the property, we recognize revenue and the corresponding costs under the full accrual method when all of the following requirements are met: the sale is consummated, the buyer's initial and any continuing investments are adequate, the resulting receivables are not subject to subordination, the future costs to develop the property can be reasonably estimated and we have transferred the customary risk and rewards of ownership to the buyer. In general, a sale is consummated upon the execution of an agreement documenting the terms of the sale and receipt of a minimum initial payment by the buyer to substantiate the transfer of risk to the buyer. Depending on the value of the initial and continuing investment of the buyer, and provided the recovery of the costs of the solar power plant are assured if the buyer defaults, we may defer revenue and profit during construction by aligning our revenue recognition and release of deferred project costs to cost of sales with the receipt of payment from the buyer. At the time we have unconditionally received payment from the buyer, revenue is recognized and deferred project costs are released to cost of sales at the same rate of profit estimated throughout the construction of the project.

*Residential Leases*

We offer a solar lease program, in partnership with third-party financial institutions, which allows our residential customers to obtain SunPower systems under lease agreements for terms of up to 20 years. Leases are classified as either

operating- or sales-type leases in accordance with the relevant accounting guidelines, which involve making a variety of estimates, including the fair value and residual value of leased solar power systems.

For those systems classified as sales-type leases, the net present value of the minimum lease payments, net of executory costs, is recognized as revenue when the lease is placed in service. This net present value as well as the net present value of the residual value of the lease at termination are recorded as receivables in our Consolidated Balance Sheets. The difference between the initial net amounts and the gross amounts are amortized to revenue over the lease term using the interest method. The residual values of our solar systems are determined at the inception of the lease by applying an estimated system fair value at the end of the lease term.

For those systems classified as operating leases, rental revenue is recognized, net of executory costs, on a straight-line basis over the term of the lease.

***Allowance for Doubtful Accounts and Sales Returns***

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. A considerable amount of judgment is required to assess the likelihood of the ultimate realization of accounts receivable. We make our estimates of the collectability of our accounts receivable by analyzing historical bad debts, specific customer creditworthiness and current economic trends.

In addition, at the time revenue is recognized from the sale of solar panels and balance of system components, we record estimates for sales returns which reduce revenue. These estimates are based on historical sales returns, analysis of credit memo data, among other known factors.

***Warranty Reserves***

We generally provide a warranty for our solar panels that we manufacture at certain levels of power output for 25 years. In addition, we pass through to customers long-term warranties from the original equipment manufacturers of certain system components, such as inverters. Warranties of 25 years from solar panel suppliers are standard in the solar industry, while certain system components carry warranty periods ranging from five to 20 years. In addition, we generally warrant our workmanship on installed systems for periods ranging up to 25 years and also provide system output performance warranties. We maintain reserves to cover the expected costs that could result from these warranties. Our expected costs are generally in the form of product replacement or repair. Warranty reserves are based on our best estimate of such costs and are recognized as a cost of revenue. We continuously monitor product returns for warranty failures and maintain a reserve for the related warranty expenses based on various factors including historical warranty claims, results of accelerated lab testing, field monitoring, vendor reliability estimates, and data on industry averages for similar products. Historically, warranty costs have been within management’s expectations.

***Valuation of Inventories***

Inventories are valued at the lower of cost or market value. We evaluate the recoverability of our inventories, including future purchase commitments under fixed-price long-term supply agreements, based on assumptions about expected demand and market conditions. Our assumption of expected demand is developed based on our analysis of bookings, sales backlog, sales pipeline, market forecast and competitive intelligence. Our assumption of expected demand is compared to available inventory, production capacity, future polysilicon purchase commitments, available third-party inventory and growth plans. Our factory production plans, which drive materials requirement planning, are established based on our assumptions of expected demand. We respond to reductions in expected demand by temporarily reducing manufacturing output and adjusting expected valuation assumptions as necessary. In addition, expected demand by geography has changed historically due to changes in the availability and size of government mandates and economic incentives.

We evaluate the terms of our long-term inventory purchase agreements with suppliers, including joint ventures, for the procurement of polysilicon, ingots, wafers, and solar cells and establish accruals for estimated losses on adverse purchase commitments as necessary, such as lower of cost or market value adjustments, forfeiture of advanced deposits and liquidated damages. Obligations related to non-cancellable purchase orders for inventories match current and forecasted sales orders that will consume these ordered materials and actual consumption of these ordered materials are compared to expected demand regularly. We anticipate total obligations related to long-term supply agreements for inventories will be recovered because quantities are less than management's expected demand for its solar power products. Other market conditions that could affect the realizable value of our inventories and are periodically evaluated by management include the aging of inventories on hand, historical inventory turnover ratio, anticipated sales price, new product development schedules, the effect new products might

have on the sale of existing products, product obsolescence, customer concentrations, the current market price of polysilicon as compared to the price in our fixed-price arrangements, and product merchantability, among other factors. If, based on assumptions about expected demand and market conditions, we determine that the cost of inventories exceeds its estimated market value or inventory is excess or obsolete, we record a write-down or accrual, which may be material, equal to the difference between the cost of inventories and the estimated market value. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required that could negatively affect our gross margin and operating results. If actual market conditions are more favorable, we may have higher gross margin when products that have been previously written down are sold in the normal course of business.

***Stock-Based Compensation***

We provide stock-based awards to our employees, executive officers and directors through various equity compensation plans including our employee stock option and restricted stock plans. We measure and record compensation expense for all stock-based payment awards based on estimated fair values. The fair value of restricted stock awards and units is based on the market price of our common stock on the date of grant. We have not granted stock options since fiscal 2008. We are required under current accounting guidance to estimate forfeitures at the date of grant. Our estimate of forfeitures is based on our historical activity, which we believe is indicative of expected forfeitures. In subsequent periods if the actual rate of forfeitures differs from our estimate, the forfeiture rates are required to be revised, as necessary. Changes in the estimated forfeiture rates can have a significant effect on stock-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

We also grant performance share units to executive officers and certain employees that require us to estimate expected achievement of performance targets over the performance period. This estimate involves judgment regarding future expectations of various financial performance measures. If there are changes in our estimate of the level of financial performance measures expected to be achieved, the related stock-based compensation expense may be significantly increased or reduced in the period that our estimate changes.

***Variable Interest Entities ("VIE")***

We regularly evaluate our relationships and involvement with unconsolidated VIEs, including our AUOSP joint venture and our other equity and cost method investments, to determine whether we have a controlling financial interest in them or have become the primary beneficiary, thereby requiring us to consolidate their financial results into our financial statements. In connection with the sale of the equity interests in the entities that hold solar power plants, we also consider whether we retain a variable interest in the entity sold, either through retaining a financial interest or by contractual means. If we determine that the entity sold is a VIE and that we hold a variable interest, we then evaluate whether we are the primary beneficiary. If we determine that we are the primary beneficiary, we will consolidate the VIE. The determination of whether we are the primary beneficiary is based upon whether we have the power to direct the activities that most directly impact the economic performance of the VIE and whether we absorb any losses or benefits that would be potentially significant to the VIE. To date, there have been no sales of entities holding solar power plants in which we have concluded that we are the primary beneficiary after the sale.

***Accounting for Business Combinations***

We record all acquired assets and liabilities, including goodwill, other intangible assets and in-process research and development, at fair value. The initial recording of goodwill, other intangible assets and in-process research and development requires certain estimates and assumptions concerning the determination of the fair values and useful lives. The judgments made in the context of the purchase price allocation can materially affect our future results of operations. Accordingly, for significant acquisitions, we obtain assistance from third-party valuation specialists. The valuations calculated from estimates are based on information available at the acquisition date. Goodwill is not amortized, but is subject to annual tests for impairment or more frequent tests if events or circumstances indicate it may be impaired. Other intangible assets are amortized over their estimated useful lives and are subject to impairment if events or circumstances indicate a possible inability to realize the carrying amount. For additional details see "Note 3. Business Combinations" and "Note 4. Goodwill and Other Intangible Assets" under "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements."

***Valuation of Long-Lived Assets***

Our long-lived assets include property, plant and equipment, solar power systems, and project assets. We evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets

may not be recoverable. Factors considered important that could result in an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets and significant negative industry or economic trends. Our impairment evaluation of long-lived assets includes an analysis of estimated future undiscounted net cash flows expected to be generated by the assets over their remaining estimated useful lives. If our estimate of future undiscounted net cash flows is insufficient to recover the carrying value of the assets over the remaining estimated useful lives, we record an impairment loss in the amount by which the carrying value of the assets exceeds the fair value. Fair value is generally measured based on either quoted market prices, if available, or discounted cash flow analyses.

***Fair Value of Financial Instruments***

Certain of our financial assets and financial liabilities, including our cash and cash equivalents, foreign currency derivatives, and convertible debenture derivatives are carried at fair value in our Consolidated Financial Statements. Current accounting guidance provides a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that we have the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Financial assets utilizing Level 1 inputs include money market funds.

- Level 2 — Measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1. Financial assets utilizing Level 2 inputs include foreign currency option contracts, forward exchange contracts and convertible debenture derivatives. The selection of a particular technique to value a derivative depends upon the contractual term of, and specific risks inherent with, the instrument as well as the availability of pricing information in the market. We generally use similar techniques to value similar instruments. Valuation techniques utilize a variety of inputs, including contractual terms, market prices, yield curves, credit curves and measures of volatility. For derivatives that trade in liquid markets, such as generic forward and option contracts, inputs can generally be verified and selections do not involve significant management judgment.

- Level 3 — Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable. We did not have any assets and liabilities measured at fair value on a recurring basis requiring Level 3 inputs.

***Valuation of Certain Convertible Debt***

Convertible debt instruments that may be settled in cash upon conversion require recognition of both the liability and equity components in our Consolidated Financial Statements. The debt component is required to be recognized at the fair value of a similar debt instrument that does not have an associated equity component. The equity component is recognized as the difference between the proceeds from the issuance of the convertible debt and the fair value of the liability, after adjusting for the deferred tax impact. The accounting guidance also requires an accretion of the resulting debt discount over the expected life of the convertible debt.

***Accounting for Income Taxes***

Our global operations involve manufacturing, research and development, and selling and project development activities. Profit from non-U.S. activities is subject to local country taxation, but not subject to U.S. tax until repatriated to the United States. It is our intention to indefinitely reinvest these earnings outside the United States. We record a valuation allowance to reduce our U.S. and French deferred tax assets to the amount that is more likely than not to be realized. In assessing the need for a valuation allowance, we consider historical levels of income, expectations and risks associated with the estimates of future taxable income and ongoing prudent and feasible tax planning strategies. In the event we determine that we would be able to realize additional deferred tax assets in the future in excess of the net recorded amount, or if we subsequently determine that realization of an amount previously recorded is unlikely, we would record an adjustment to the deferred tax asset valuation allowance, which would change income tax in the period of adjustment. As of December 28, 2014, we believe there is insufficient evidence to realize additional deferred tax assets, although it is possible that a reversal of the valuation allowance, which could be material, could occur in a future period.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. We recognize potential liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on our

estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period in which we determine the liabilities are no longer necessary. If the estimate of tax liabilities proves to be less than the ultimate tax assessment, a further charge to expense would result. We accrue interest and penalties on tax contingencies which are classified as "Provision for income taxes" in our Consolidated Statements of Operations and are not considered material.

Pursuant to the Tax Sharing Agreement with Cypress, our former parent company, we are obligated to indemnify Cypress upon current utilization of carryforward tax attributes generated while we were part of the Cypress consolidated or combined group. Further, to the extent Cypress experiences any tax examination assessments attributable to our operations while part of the Cypress consolidated or combined group, Cypress will require an indemnification from us for those aspects of the assessment that relate to our operations. See also "Item 1A. Risk Factors—Risks Related to Our Operations—Our agreements with Cypress require us to indemnify Cypress for certain tax liabilities. These indemnification obligations and related contractual restrictions may limit our ability to pursue certain business initiatives."

In addition, foreign exchange gains (losses) may result from estimated tax liabilities which are expected to be realized in currencies other than the U.S. dollar.

**Outlook**

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

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

We continue to see significant and increasing opportunities in technologies and capabilities adjacent to our core product offerings that can significantly reduce CCOE, including the integration of energy storage and energy management functionality into our systems, and have made investments to realize those opportunities, including our investment in Tendril Networks, our acquisition of SolarBridge Technologies, and our exclusive agreement with Sunverge Energy. We have licensed a data-driven ESM Platform to power the development of new Smart Energy applications designed to deliver personalized energy services to our customers. We have added advanced module-level control electronics to our portfolio of technology designed to enable longer series strings and significant balance of system components cost reductions in large arrays. We are developing next generation microinverters designed to eliminate the need to mount or assemble additional components on the roof or the side of a building and enable optimization and monitoring at the solar panel level to ensure maximum energy production by the solar system. We also expect to make combined solar and distributed energy storage solutions broadly commercially available to certain customers in the United States and Australia in fiscal 2015 through an exclusive agreement to offer Sunverge SIS energy solutions comprising batteries, power electronics, and multiple energy inputs controlled by software in the cloud.

*Projects Sold / Under Contract*

The table below presents significant construction and development projects sold or under contract as of December 28, 2014:

| Project | Location | Size (MW) | Third-Party Owner / Purchaser | Power Purchase Agreement(s) | Expected Completion of Revenue Recognition[3] |
|---|---|---|---|---|---|
| Solar Star Projects | California, USA | 748 | MidAmerican Energy Holdings Company | Southern California Edison | 2015 |
| Prieska Solar Project[1] | South Africa | 86 | Mulilo Prieska PV (RF) Proprietary Limited | Eskom Holdings Soc LTD | 2016 |
| Project Salvador[1] | Chile | 70 | Total S.A., Etrion Corporation, Solventus Energias Renovables | N/A[2] | 2015 |

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

[2] Electricity produced will be sold on the spot market.

[3] Expected completion of revenue recognition assumes completion of construction in the stated fiscal year.

As of December 28, 2014, an aggregate of approximately $379 million of remaining revenue is expected to be recognized on projects reflected in the table above through the expected completion dates noted. Projects will be removed from the table above in the period in which substantially all of the revenue for such project has been recognized.

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

The table below presents significant construction and development projects with executed power purchase agreements, but not sold or under contract as of December 28, 2014:

| Project | Location | Size (MW) | Power Purchase Agreement(s) | Expected Completion of Revenue Recognition[1] |
|---|---|---|---|---|
| Quinto Solar Project | California | 135 | Southern California Edison | 2015 |
| Henrietta Solar Project | California | 128 | PG&E | 2016 |
| Hooper Solar Project | Colorado | 60 | Public Service Company of Colorado | 2016 |

[1] Expected completion of revenue recognition assumes completion of construction and sale of the project in the stated fiscal year.

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

*Residential Leasing Program*

In fiscal 2011, we launched our residential lease program with dealers in the United States, in partnership with third-party investors, which provides U.S. customers SunPower systems under 20-year lease agreements that include system maintenance and warranty coverage. SunPower residential lease customers have the option to purchase their leased solar systems upon the sale or transfer of their home. Our financing arrangements with third-party investors take various forms, including non-recourse financing arrangements with tax equity investors and non-recourse loan agreements. Leases are classified as either operating or sales-type leases in accordance with the relevant accounting guidelines. We plan to continue to expand the program, and are exploring opportunities to offer additional financial products to customers in the United States and in select international markets, certain of which may occur in fiscal 2015.

The program does not yet represent a material portion of our revenue. However, we may face additional material risks as the program expands, including our ability to obtain additional financing partners as well as our ability to collect finance and rent receivables. We believe that our concentration of credit risk is limited because of our large number of customers, credit

quality of the customer base, small account balances for most of these customers, and customer geographic diversification. We have applied and will apply for the §48(c) solar commercial investment tax credit ("ITC") and Treasury Grant payments under Section 1603 of the American Recovery and Reinvestment Act (the "Cash Grant"), which are administered by the U.S. Internal Revenue Service ("IRS") and Treasury Department, respectively, for residential leases. We have structured the tax incentive applications, both in timing and amount, to be in accordance with the guidance provided by Treasury and IRS. If the amount or timing of the ITC or Cash Grant payments received in connection with the residential lease program varies from what we have projected, this may impact our revenues and margins and we may have to recognize losses, which may adversely impact our results of operations and cash flows. We make certain assumptions in accounting for the residential lease program, including, among others, the residual value of the leased systems. As the residential lease program grows, if the residual value of leased systems does not materialize as assumed, our results of operations would be adversely affected.

**Results of Operations**

*Revenue*

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| **(In thousands)** | **2014** | **% of total revenue** | **2013** | **% of total revenue** | **2012** | **% of total revenue** |
| Americas | $ 2,323,441 | 77% | $ 1,676,472 | 67% | $ 1,696,348 | 70% |
| EMEA | 288,533 | 9% | 450,659 | 18% | 489,484 | 20% |
| APAC | 415,291 | 14% | 380,072 | 15% | 231,669 | 10% |
| Total revenue | $ 3,027,265 | | $ 2,507,203 | | $ 2,417,501 | |

**Total Revenue:** Our total revenue increased 21% during fiscal 2014 as compared to fiscal 2013 primarily due to timing of revenue recognition and significant progress on certain large-scale solar power systems involving real estate. During the fourth quarter of fiscal 2014, certain large-scale solar power systems involving real estate met the required criteria, as described in "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 1. The Company and Summary of Significant Accounting Policies," to recognize $429 million of incremental revenue under the full accrual method.

Our total revenue increased 4% during fiscal 2013 as compared to fiscal 2012 primarily due to an overall increase in components sales generally made under long-term supply agreements, and timing of revenue recognition on certain large-scale solar power systems involving real estate.

**Concentrations:** Sales outside the Americas Segment represented approximately 23% and 33% of total revenue recognized during fiscal 2014 and fiscal 2013, respectively. The increase in percentage of revenue within the Americas Segment was primarily driven by a significant increase in revenue due to timing of revenue recognition and significant progress on certain large-scale solar power systems involving real estate. The increase in percentage of revenue within the Americas Segment was also driven by lower revenue recognized within the EMEA Segment due to substantial completion of revenue recognition on certain utility-scale solar power systems, partially offset by an increase in component sales within the APAC Segment, primarily in Japan.

Sales outside the Americas Segment represented approximately 33% and 30% of total revenue recognized during fiscal 2013 and fiscal 2012, respectively. The decrease in percentage of sales within the Americas Segment was driven by additional component sales within the APAC Segment, primarily in Japan, as well as expanded business activities outside of Europe, including the Middle East and Africa.

The table below represents our significant customers that accounted for greater than 10 percent of total revenue in fiscal 2014, 2013, and 2012, respectively.

| | | Fiscal Year | | |
|---|---|---|---|---|
| **Revenue** | | **2014** | **2013** | **2012** |
| **Significant Customers:** | **Business Segment** | | | |
| MidAmerican Energy Holdings Company | Americas | 49% | 25% | * |
| NRG Solar, Inc. | Americas | * | 17% | 35% |

* denotes less than 10% during the period

**Americas Revenue:** Americas revenue increased 39% during fiscal 2014 as compared to fiscal 2013, primarily due to timing of revenue recognition and significant progress on certain large-scale solar power systems involving real estate. During the fourth quarter of fiscal 2014, certain large-scale solar power systems involving real estate met the required criteria, as described in "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 1. The Company and Summary of Significant Accounting Policies," to recognize $429 million of incremental revenue under the full accrual method.

Americas revenue decreased 1% during fiscal 2013 as compared to fiscal 2012 primarily as a result of lower volumes of component sales within the region and projects which were substantially completed during the period. The decrease was partially offset by an increase in revenue recognized on large-scale solar power systems involving real estate.

**EMEA Revenue:** EMEA revenue decreased 36% during fiscal 2014 as compared to fiscal 2013, primarily due to substantial completion of revenue recognition on certain utility-scale solar power systems.

EMEA revenue decreased 8% during fiscal 2013 as compared to fiscal 2012 due to lower component sales made through the global dealer network, partially offset by an increase in utility-scale solar projects and related revenue, including the sale of a 10 MW solar power system in Israel and revenue recognized on two solar power systems totaling 33 MW under construction in South Africa.

**APAC Revenue**: APAC revenue increased 9% during fiscal 2014 as compared to fiscal 2013 due to additional component sales made under long-term supply agreements, primarily in Japan, partially offset by lower average selling prices.

APAC revenue increased 64% in fiscal 2013 as compared to fiscal 2012 primarily a result of additional component sales in Japan made under long-term supply agreements, partially offset by declines in average selling prices.

Revenue recognized during fiscal 2014, 2013 and 2012 for each of the below categories was as follows:

| | Fiscal Year | | |
|---|---|---|---|
| **Revenue by Significant Category (in thousands):** | **2014** | **2013** | **2012** |
| Solar power components[1] | $ 943,652 | $ 917,960 | $ 985,436 |
| Solar power systems[2] | 1,896,696 | 1,399,972 | 1,318,269 |
| Residential leases[3] | 129,962 | 137,054 | 68,914 |
| Other revenue[4] | 56,955 | 52,217 | 44,882 |
| | $ 3,027,265 | $ 2,507,203 | $ 2,417,501 |

[1] Solar power components represents direct sales of panels, balance of system components, and inverters to dealers, systems integrators, and residential, commercial, and utility customers in all regions.

[2] Solar power systems represents revenue recognized in connection with our construction and development contracts.

[3] Residential leases represents revenue recognized on solar power systems leased to customers under our solar lease program.

[4] Other revenue includes revenue related to our solar power services and solutions, such as post-installation systems monitoring and maintenance and commercial power purchase agreements.

**Solar Power Components:** Revenue related to solar power components increased $25.7 million, or 3% in fiscal 2014 as compared to fiscal 2013 due to increased component sales in APAC, primarily in Japan. Revenue related to solar power components decreased $67.5 million or 7% in fiscal 2013 as compared to fiscal 2012 primarily due to lower sales in the EMEA Segment as a result of declines in European government incentives enacted during fiscal 2011, which negatively impacted demand and pricing within the region.

**Solar Power Systems:** Revenue related to our solar power systems increased $496.7 million, or 35% in fiscal 2014 as compared to 2013 primarily due to timing of revenue recognition and significant progress on certain large-scale solar power systems involving real estate. During the fourth quarter of fiscal 2014, certain large-scale solar power systems involving real estate met the required criteria, as described in "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 1. The Company and Summary of Significant Accounting Policies," to recognize $429 million of incremental revenue under the full accrual method.

Revenue related to our solar power systems increased $81.7 million, or 6%, in fiscal 2013 as compared to fiscal 2012. The increase was primarily due to timing of revenue recognition on certain large-scale solar power systems involving real estate, partially offset by substantial completion of revenue recognition on other construction and development contracts during the period.

**Residential Leases:** Revenue recognized in connection with our residential lease program decreased $7.1 million, or 5% in fiscal 2014 as compared to fiscal 2013 primarily due to a decrease in the number of solar power systems placed in service that were accounted for as sales-type leases and was partially offset by an increase in rent and rebate revenue from operating leases.

Revenue recognized in connection with our residential lease program increased $68.1 million in fiscal 2013 as compared to fiscal 2012 which was attributable to additional leased solar power systems placed in service and additional facilities under which third-party investors hold noncontrolling interests in certain of our consolidated entities that hold SunPower solar power systems and leases with residential customers.

*Cost of Revenue*

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Americas | $ 1,759,639 | $ 1,299,701 | $ 1,415,417 |
| EMEA | 250,735 | 419,416 | 559,993 |
| APAC | 391,764 | 297,014 | 195,693 |
| Total cost of revenue | $ 2,402,138 | $ 2,016,131 | $ 2,171,103 |
| Total cost of revenue as a percentage of revenue | 79% | 80% | 90% |
| Total gross margin percentage | 21% | 20% | 10% |

**Total Cost of Revenue:** Our total cost of revenue increased 19% in fiscal 2014 as compared to fiscal 2013 primarily as a result of the substantial completion of recognition of revenue and corresponding costs of certain large-scale solar power systems, in addition to a charge of $56.8 million recorded in the fourth quarter of fiscal 2014 in connection with a legal settlement related to First Philec, as described in "Item 3. Legal Proceedings," and a $52.0 million non-recurring gain in fiscal 2013 that was associated with the termination of a third-party supply contract.

Our total cost of revenue decreased 7% in fiscal 2013 as compared to fiscal 2012 as a result of, (i) an overall decrease in material and installation costs; (ii) a $52.0 million gain associated with the termination of a third-party supply contract in the third quarter of fiscal 2013; (iii) $13.9 million of accelerated depreciation; and (iv) $11.9 million of idle equipment impairment recorded during fiscal 2012 as described below. The decrease was partially offset by an overall increase in components sales and additional project construction and development activities.

*Gross Margin*

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Americas | 24% | 22% | 17% |
| EMEA | 13% | 7% | (14)% |
| APAC | 6% | 22% | 16% |

**Americas Gross Margin:** Gross margin for our Americas Segment increased 2 percentage points during fiscal 2014 as compared to fiscal 2013 as a result of favorable margins on large utility-scale solar power systems recognized in fiscal 2014, including recognition of $145 million in incremental margin because we met the criteria to recognize revenue under the full accrual method, as described in "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 1. The Company and Summary of Significant Accounting Policies," for certain large-scale solar power systems involving real estate. The increase in fiscal 2014 gross margin was partially offset by a charge of $32.6 million recorded in the fourth quarter of fiscal 2014 in connection with a legal settlement related to First Philec, as described in "Item 3. Legal Proceedings," as well as a $25.6 million non-recurring gain in fiscal 2013 that was associated with the termination of a third-party supply contract. Gross margin in our Americas Segment increased 5 percentage points in fiscal 2013 as compared to

fiscal 2012 primarily as a result of a $25.6 million non-recurring benefit in 2013 that was associated with the termination of a third-party supply contract.

**EMEA Gross Margin:** Gross margin for our EMEA Segment increased 6 percentage points in fiscal 2014 as compared to fiscal 2013 as a result of more favorable margins on ongoing solar power projects, increased activity in component sales within the region, and recoveries in average selling prices, partially offset by a charge of $6.1 million recorded in the fourth quarter of fiscal 2014 in connection with a legal settlement related to First Philec, as described in "Item 3. Legal Proceedings," as well as a $9.4 million non-recurring gain in fiscal 2013 that was associated with the termination of a third-party supply contract. Gross margin for our EMEA Segment increased 21 percentage points in fiscal 2013 as compared to fiscal 2012 as a result of increased activity in utility-scale solar projects within the region, as well as a $9.4 million gain associated with the termination of a third-party supply contract during fiscal 2013.

**APAC Gross Margin:** Gross margin for our APAC Segment decreased 16 percentage points during fiscal 2014 as compared to fiscal 2013 as a result of declines in average selling prices and an increase in the volume of components sold in fiscal 2014, primarily in Japan. The decrease in gross margin during fiscal 2014 is also the result of a charge of $18.1 million recorded in the fourth quarter of fiscal 2014 in connection with a legal settlement related to First Philec, as described in "Item 3. Legal Proceedings," as well as a $17.0 million non-recurring gain in fiscal 2013 that was associated with the termination of a third-party supply contract. Gross margin for our APAC Segment increased 6 percentage points during fiscal 2013 as compared to fiscal 2012 as a result of reductions in material and other costs at a rate greater than declines in average selling prices as well as a $17.0 million non-recurring gain associated with the termination of a third-party supply contract in fiscal 2013.

*Research and Development ("R&D")*

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| R&D | $ 73,343 | $ 58,080 | $ 63,456 |
| As a percentage of revenue | 2% | 2% | 3% |

R&D expense increased $15.3 million, or 26%, in fiscal 2014 as compared to fiscal 2013 primarily due to a $10.3 million increase in labor costs as a result of additional headcount and salary related expenses, as well as an increase in other net expenses such as consulting and outside services supporting programs related to our next generation solar technology. These increases were partially offset by contributions under the R&D Agreement with Total.

R&D expense decreased $5.4 million, or 8%, in fiscal 2013 as compared to fiscal 2012 primarily due to (i) a $2.9 million decrease in labor costs; (ii) a $2.2 million charge recorded in fiscal 2012 related to an impairment of equipment recorded as a result of changes in the deployment plan for our next generation solar cell technology in one of our Fabs; and (iii) $1.7 million of contributions from Total received in fiscal 2013 in connection with projects under the R&D Agreement (See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 2. Transactions with Total and Total S.A.").

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

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| SG&A | $ 288,321 | $ 271,481 | $ 310,246 |
| As a percentage of revenue | 10% | 11% | 13% |

SG&A expense increased $16.8 million, or 6% during fiscal 2014 as compared to fiscal 2013 primarily due to an increase in marketing activities.

SG&A expense decreased $38.8 million, or 12%, during fiscal 2013 as compared to fiscal 2012 primarily as a result of our cost-control strategy implemented in response to the changes in the European market and the resulting restructuring activities in fiscal 2012 as well as a decrease in acquisition and integration costs that were incurred during fiscal 2012 as a result of our acquisition of Tenesol S.A. in January 2012. Additionally contributing to the decrease was a reduction in legal expenses as a result of the settlement of the securities class action lawsuit in the fourth quarter of fiscal 2012.

*Restructuring Charges*

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Restructuring charges | $ 12,223 | $ 2,602 | $ 100,823 |
| As a percentage of revenue | —% | —% | 4% |

Restructuring charges during fiscal 2014 increased $9.6 million as compared to fiscal 2013 and were primarily related to severance charges associated with our November 2014 restructuring plan. Remaining restructuring charges are associated with legacy restructuring plans approved in fiscal 2012 and 2011.

Total restructuring charges decreased $98.2 million during fiscal 2013 as compared to fiscal 2012 due to the substantial completion of the activities associated with legacy restructuring plans approved in fiscal 2012 and 2011.

See "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 8. Restructuring" for further information regarding our restructuring plans.

*Other Expense, Net*

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Interest income | $ 2,583 | $ 6,017 | $ 1,091 |
| Interest expense | (69,658) | (108,739) | (84,120) |
| Gain on share lending arrangement | — | — | 50,645 |
| Other, net | 449 | (14,604) | (9,571) |
| Other expense, net | $ (66,626) | $ (117,326) | $ (41,955) |
| As a percentage of revenue | (2)% | (5)% | (2)% |

Other expense, net decreased $50.7 million or 43% in fiscal 2014 as compared to fiscal 2013 primarily driven by a decrease in interest expense due to the expiration of the Liquidity Support Agreement and the maturity of the 4.75% debentures due in April 2014, as well as favorable changes in the fair value of foreign currency derivatives and other net expenses. Other net expenses declined primarily as a result of charges, such as $4.9 million related to impairment of investments in unconsolidated investees, which occurred in fiscal 2013 and did not recur in fiscal 2014.

Other expense, net increased $75.4 million, or 180%, in fiscal 2013 as compared to fiscal 2012. The overall increase was primarily driven by (i) a $50.6 million gain recorded in the third quarter of fiscal 2012 related to the recovery of claims related to unreturned shares under our former share lending arrangement with Lehman Brothers International (Europe) Limited, which no similar gain was recorded in fiscal 2013; (ii) a $24.6 million increase in interest expense primarily due to additional non-cash interest expense as a result of amortization expense recorded for warrants issued to Total in connection with the Liquidity Support Agreement as well as additional long-term financing arrangements outstanding during the period; (iii) a $8.0 million net unfavorable change in the fair value of non-designated foreign currency derivatives; and (iv) $4.9 million in charges related to impairment of investments in unconsolidated investees, offset by a decrease in other net expenses of $12.7 million.

*Income Taxes*

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Provision for income taxes | $ (8,760) | $ (11,905) | $ (21,842) |
| As a percentage of revenue | — % | — % | (1)% |

In fiscal 2014, our income tax provision of $8.8 million on income before income taxes and equity in earnings of unconsolidated investees of $184.6 million, was primarily due to tax expense in profitable foreign jurisdictions, prior period provision to return adjustments in the United States and foreign jurisdictions, valuation allowance release from an acquisition in the current period, as well as minimum taxes and adjustments to unrecognized tax benefits.

In fiscal 2013, our income tax provision of $11.9 million, on income before income taxes and equity in earnings of $41.6 million was due to tax on foreign income in certain jurisdictions where our operations were profitable, adjustments to unrecognized tax benefits, prior year return to provision adjustments and a valuation allowance recorded against a foreign deferred tax asset.

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

We record a valuation allowance to reduce our United States and France deferred tax assets to the amount that is more likely than not to be realized. In assessing the need for a valuation allowance, we consider historical levels of income, expectations and risks associated with the estimates of future taxable income and ongoing prudent and feasible tax planning strategies. In the event we determine that we would be able to realize additional deferred tax assets in the future in excess of the net recorded amount, or if we subsequently determine that realization of an amount previously recorded is unlikely, we would record an adjustment to the deferred tax asset valuation allowance, which would change income tax in the period of adjustment. As of December 28, 2014, we believe there is insufficient evidence to realize additional deferred tax assets in fiscal 2014.

*Equity in Earnings (Loss) of Unconsolidated Investees*

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Equity in earnings (loss) of unconsolidated investees | $ 7,241 | $ 3,872 | $ (515) |
| As a percentage of revenue | —% | —% | — % |

In fiscal 2014, 2013 and 2012, our equity in earnings (loss) of unconsolidated investees was a net gain of $7.2 million, $3.9 million and a net loss of $0.5 million, respectively, primarily due to increased activities at our AUOSP joint venture.

*Net Income*

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Net income (loss) | $ 183,095 | $ 33,550 | $ (352,020) |

Net income increased $149.5 million in fiscal 2014 as compared to fiscal 2013. The increase in net income was primarily driven by: (i) a $134.1 million increase in gross margin due to favorable margins on various large utility-scale solar power systems recognized coupled with an overall decrease in material and installation costs, and (ii) a $50.7 million decrease in Other expense, net due to lower interest expense primarily as a result of the expiration of the Liquidity Support Agreement during the first quarter of fiscal 2014, but was partially offset by (iii) a $56.8 million legal settlement related to First Philec, as described in "Item 3. Legal Proceedings," as well as (iv) a $41.7 million increase in operating expenses.

Net income increased $385.6 million and moved from a net loss to a net income position in fiscal 2013 over fiscal 2012. The increase in net income was primarily driven by: (i) a $244.7 million increase in gross margin due to favorable margins on various large utility-scale solar power systems recognized during fiscal 2013, including an overall decrease in material and installation costs, as well as a $52.0 million non-cash gain associated with the termination of a third-party supply contract in the third quarter of fiscal 2013; (ii) a $98.2 million decrease in restructuring expense due to the substantial completion of the activities associated with legacy restructuring plans approved in fiscal 2012 and 2011; (iii) $59.6 million of goodwill and other intangible asset impairment recorded in the third quarter of fiscal 2012; and (iv) a $44.1 million decrease in other operating expenses attributable to our cost-control strategy implemented in response to the changes in the European market and resulting restructuring activities. These increases were partially offset by a $50.6 million gain recorded in the third quarter of fiscal 2012 related to the recovery of claims related to unreturned shares under our former share lending arrangement with LBIE following their bankruptcy.

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

*Net Loss Attributable to Noncontrolling Interests and Redeemable Noncontrolling Interests*

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Net loss attributable to noncontrolling interests and redeemable noncontrolling interests | $ 62,799 | $ 62,043 | $ — |

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

In fiscal 2014 and 2013, we attributed $62.8 million and $62.0 million, respectively, of net losses primarily to the third-party investors as a result of allocating certain assets, including tax credits and accelerated tax depreciation benefits, to the investors. The $0.8 million increase in net loss attributable to noncontrolling interests and redeemable noncontrolling interests is primarily the result of additional leases placed in service under existing and new facilities executed with third-party investors in the period.

**Liquidity and Capital Resources**

***Cash Flows***

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

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Net cash provided by operating activities | $ 8,360 | $ 162,429 | $ 28,903 |
| Net cash used in investing activities | $ (309,239) | $ (153,178) | $ (220,067) |
| Net cash provided by (used in) financing activities | $ 498,566 | $ 294,068 | $ (75,708) |

*Operating Activities*

Net cash provided by operating activities in fiscal 2014 was $8.4 million and was primarily the result of: (i) a net income of $183.1 million; (ii) a $205.5 million decrease in prepaid expenses and other assets driven by a decline in deferred costs related to the Solar Star Projects; (iii) net non-cash charges of $186.0 million related to depreciation, non-cash interest charges, and stock based compensation; (iv) $45.8 million increase in accounts payable and other accrued liabilities; and (v) $21.7 million net increase in deferred income taxes and other liabilities. This was partially offset by: (i) $225.2 million decrease in billings in excess of costs and estimated earnings driven by a decline related to the Solar Star Projects; (ii) $155.3 million increase in costs and estimated earnings in excess of billings driven by an increase related to the Solar Star Projects; (iii) $94.3 million increase in long-term financing receivables related to our net investment in sales-type leases; (iv) $68.2 million increase in project assets primarily related to our Quinto Solar Energy project; (v) $26.3 million increase in advance payments made to suppliers; (vi) $31.5 million increase in accounts receivable; (vii) $23.5 million decrease in customer advances; and (viii) $9.4 million net change in other operating assets.

Net cash provided by operating activities in fiscal 2013 was $162.4 million and was primarily the result of: (i) a net income of $33.6 million; (ii) a $120.6 million increase in accounts payable and other accrued liabilities; (iii) a $83.1 million increase in billings in excess of costs and estimated earnings; and (iv) other net non-cash charges of $142.6 million primarily related to depreciation, non-cash interest charges, and stock based compensation, which includes a gain of $52.0 million on contract termination; and (v) other net changes in operating assets and liabilities of $4.1 million. This was partially offset by: (i) an increase of $107.5 million in long-term financing receivables, net related to our net investment in sales-type leases; (ii) a $28.3 million increase in inventory and project assets for construction of future and current projects primarily in North America; (iii) an increase in accounts receivable of $53.8 million; and (iv) an increase of $31.9 million in additional advance payments made to suppliers.

Net cash provided by operating activities in fiscal 2012 was $28.9 million and was primarily the result of: (i) a non-cash loss of $77.8 million on retirement of property, plant and equipment as primarily the result of our restructuring plan regarding Fab 1 consolidation and changes in the deployment plan for our next generation of solar cell technology; (ii) a $65.7 million increase in customer advance due to additional prepayments received from AUOSP; (iii) non-cash impairment charges totaling $59.6 million associated with goodwill and other intangible asset impairment in the third quarter of fiscal 2012; (iv) a $54.7 million increase in billings in excess of costs and estimated earnings related to contractual timing of system project billings; (v) other net changes in operating assets and liabilities of $126.5 million; and (vi) $207.3 million of other, net non-cash charges primarily attributable to depreciation and amortization, and stock based compensation. This was partially offset by (i) a net loss of $352.0 million; (ii) increases in prepaid expense and other assets of $73.7 million primarily related to deferred costs associated with several large utility-scale solar projects under construction in North America and deferred costs associated with solar power systems to be leased; (iii) an increase of $62.4 million in long-term financing receivables, net related to our net investment in sales-type leases; (iv) a $50.6 million gain in connection with our former share lending arrangement with LBIE which was classified as cash from financing activities (see below); and (v) an increase in project assets of $23.4 million for construction of future and current projects primarily in North America.

*Investing Activities*

Net cash used in investing activities in fiscal 2014 was $309.2 million, which included: (i) $166.9 million related to capital expenditures primarily related to the expansion of our solar cell manufacturing capacity and costs associated with solar power systems, leased and to be leased; (ii) $97.0 million paid for investments in unconsolidated investees driven by a $72.0 million equity contribution to AUOSP; (iii) $35.1 million paid for acquisitions; and (iv) a $11.6 million increase in restricted cash. This was partially offset by $1.4 million proceeds from maturities of marketable securities.

Net cash used in investing activities in fiscal 2013 was $153.2 million, which included: (i) $99.9 million in purchases of marketable securities; (ii) $97.2 million related to costs associated with solar power systems leased and to be leased; (iii) $34.1 million of capital expenditures primarily associated with improvements to our current generation solar cell manufacturing technology; (iv) $21.3 million related to costs associated with solar power systems under the financing method; and (v) $17.8 million paid for investments in unconsolidated investees. This was partially offset by (i) $100.9 million in proceeds from sales or maturities of marketable securities; (ii) $15.5 million of restricted cash released back to us due to expirations of fully cash-collateralized letters of credit under the September 2011 Letter of Credit Facility with Deutsche Bank Trust and transition of outstanding letters of credit into the August 2011 Deutsche Bank facility under which payment of obligations is uncollateralized and guaranteed by Total S.A; and (iii) $0.6 million in proceeds from the sale of equipment to a third-party.

Net cash used in investing activities in fiscal 2012 was $220.1 million, which included (i) $255.2 million related to capital expenditures primarily associated with improvements to our current generation solar cell manufacturing technology, leasehold improvements associated with our San Jose, California office, the build-out of our new solar panel assembly facility in Mexicali, Mexico, and costs associated with solar power systems leased and to be leased; (ii) a $13.8 million strategic equity investment in unconsolidated investees; and (iii) $1.4 million in purchases of marketable securities. This was partially offset by (i) $32.6 million of restricted cash released back to us due to expirations of fully cash-collateralized letters of credit under the September 2011 Letter of Credit Facility with Deutsche Bank Trust and transition of outstanding letters of credit into the August 2011 Deutsche Bank facility under which payment of obligations is guaranteed by Total S.A.; (ii) $17.4 million in proceeds from the sale of our equity interest in our Woongjin Energy joint venture on the open market; and (iii) $0.4 million in proceeds from the sale of equipment to a third-party.

*Financing Activities*

Net cash provided by financing activities in fiscal 2014 was $498.6 million, which included: (i) $395.3 million in net proceeds from the issuance of our 0.875% convertible debentures due 2021; (ii) $100.7 million of contributions from noncontrolling interests and redeemable noncontrolling interests related to the residential lease program; (iii) $81.9 million of proceeds from issuance of non-recourse debt financing to finance solar power systems and leases under our residential lease program; (iv) $61.5 million in proceeds from issuance of project loans; (v) $46.4 million in net proceeds from sale-leaseback financing arrangements; and (vi) $3.4 million in proceeds from exercise of stock options and excess tax benefit from stock-based compensation. This was partially offset by: (i) $57.5 million in purchases of stock for tax withholding obligations on vested restricted stock; (ii) $42.3 million cash paid to repurchase convertible debt; (iii) a $40.7 million assumption of a project loan by a customer; (iv) $17.1 million in repayments of bank loans, project loans and other debt; (v) $15.7 million of repayments of residential lease financing; (vi) a $12.2 million net payment to settle the 4.75% Bond Hedge and Warrant; and (vii) $5.1 million of distributions to noncontrolling interests and redeemable noncontrolling interests.

Net cash provided by financing activities in fiscal 2013 was $294.1 million, which included: (i) $296.3 million of proceeds, net of issuance costs, from the issuance of our 0.75% debentures during the second quarter of fiscal 2013 ("the 0.75% debentures due 2018"); (ii) $82.4 million from project loans; (iii) $96.4 million of financing proceeds associated with our residential lease program; (iv) $100.0 million of contributions from noncontrolling interests; and (v) $73.1 million of proceeds associated with sale leaseback financing arrangements. This was partially offset by: (i) $290.5 million repayments of our outstanding borrowings primarily under the Credit Agricole revolving credit facility, project loans and other debt; (ii) $34.9 million assumption of project loans by customers; (iii) $19.8 million in purchases of stock for tax withholding obligations on vested restricted stock; and (iv) 8.8 million in repayments of sale leaseback financing.

Net cash used in financing activities in fiscal 2012 was $75.7 million, which included: (i) $169.6 million of cash distributions in connection with the transfer of entities under common control; (ii) $198.6 million paid to fully repurchase the outstanding 1.25% convertible debentures; (iii) repayment of 154.1 million of our outstanding borrowings primarily under the Credit Agricole revolving credit facility; and (iv) $5.7 million in purchases of stock for tax withholding obligations on vested restricted stock. This was partially offset by (i) $163.6 million in proceeds from the sale of 18.6 million shares of our common stock to Total; (ii) drawdowns of $150.0 million under the Credit Agricole revolving credit facility; (iii) $50.6 million of proceeds from the recovery of a claim in connection with our former share lending arrangement with LBIE; (iv) $27.6 million from project loans; and (v) $60.4 million of financing proceeds associated with our residential lease program.

***Debt and Credit Sources***

*Convertible Debentures*

As of December 28, 2014, an aggregate principal amount of $400.0 million of the 0.875% debentures due 2021 remained issued and outstanding. The 0.875% debentures due 2021 were issued on June 11, 2014. Interest on the 0.875% debentures due 2021 is payable on June 1 and December 1 of each year. Holders are able to exercise their right to convert the debentures at any time into shares of our common stock at an initial conversion price approximately equal to $48.76 per share, subject to adjustment in certain circumstances. If not earlier repurchased or converted, the 0.875% debentures due 2021 mature on June 1, 2021. Holders may require us to repurchase all or a portion of their 0.875% debentures due 2021, upon a fundamental change, as described in the related indenture, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. If we undergo a non-stock change of control fundamental change, as described in the related indenture, the 0.875% debentures due 2021 will be subject to redemption at our option, in whole but not in part, for a period of 30 calendar days following a repurchase date relating to the non-stock change of control fundamental change, at a cash redemption price equal to 100% of the principal amount plus accrued and unpaid interest. Otherwise, the 0.875% debentures due 2021 are not redeemable at our option prior to the maturity date. In the event of certain events of default, Wells Fargo Bank, National Association ("Wells Fargo"), the trustee, or the holders of a specified amount of then-outstanding 0.875% debentures due 2021 will have the right to declare all amounts then outstanding due and payable.

As of December 28, 2014, an aggregate principal amount of $300.0 million of the 0.75% debentures due 2018 remained issued and outstanding. The 0.75% debentures due 2018 were issued on May 29, 2013. Interest on the 0.75% debentures due 2018 is payable on June 1 and December 1 of each year. Holders are able to exercise their right to convert the debentures at any time into shares of our common stock at an initial conversion price equal to $24.95 per share. The applicable conversion rate may be subject to adjustment in certain circumstances. If not earlier converted, the 0.75% debentures due 2018 mature on June 1, 2018. Holders may require us to repurchase all or a portion of their 0.75% debentures due 2018, upon a fundamental change, as described in the related indenture, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. If we undergo a non-stock change of control fundamental change, as described in the related indenture, the 0.75% debentures due 2018 will be subject to redemption at our option, in whole but not in part, for a period of 30 calendar days following a repurchase date relating to the non-stock change of control fundamental change, at a cash redemption price equal to 100% of the principal amount plus accrued and unpaid interest. Otherwise, the 0.75% debentures due 2018 are not redeemable at our option prior to the maturity date. In the event of certain events of default, Wells Fargo, the trustee, or the holders of a specified amount of then-outstanding 0.75% debentures due 2018 will have the right to declare all amounts then outstanding due and payable.

As of December 28, 2014, an aggregate principal amount of $249.6 million of the 4.50% debentures due 2015 remained issued and outstanding. Interest on the 4.50% debentures is payable on March 15 and September 15 of each year. The 4.50% debentures mature on March 15, 2015. The 4.50% debentures are convertible only into cash, and not into shares of our common stock (or any other securities). As of December 28, 2014, the holders of the 4.50% debentures due 2015 have the right to convert the debentures at any time, based on an initial conversion price of $22.53 per share of our common stock. The conversion price will be subject to adjustment in certain events, such as distributions of dividends or stock splits. Upon conversion, we will deliver an amount of cash calculated by reference to the price of our common stock over the applicable observation period. We may not redeem the 4.50% debentures prior to maturity. Holders may also require us to repurchase all or a portion of their 4.50% debentures upon a fundamental change, as defined in the debenture agreement, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. In the event of certain events of default, such as our failure to make certain payments or perform or observe certain obligations thereunder, Wells Fargo, the trustee, or holders of a specified amount of then-outstanding 4.50% debentures will have the right to declare all amounts then outstanding due and payable. Concurrent with the issuance of the 4.50% debentures, we entered into privately negotiated convertible debenture hedge transactions and warrant transactions (the "4.50% Warrants") which represent a call spread overlay with respect to the 4.50% debentures (the "CSO2015"), assuming full performance of the counterparties and 4.50% Warrants strike prices in excess of the conversion price of the 4.50% debentures. Please see "Item 1A. Risk Factors—Risks Related to our Debt and Equity Securities—Conversion of our outstanding 0.75% debentures, 0.875% debentures, our warrants related to our outstanding 4.50% debentures, and future substantial issuances or dispositions of our common stock or other securities, could dilute ownership and earnings per share or cause the market price of our stock to decrease."

*Mortgage Loan Agreement with IFC*

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

As of December 28, 2014, we had $47.5 million outstanding under the mortgage loan agreement. Additionally, in accordance with the terms of the mortgage loan agreement, we are required to establish a debt service reserve account which shall contain the amount, as determined by IFC, equal to the aggregate principal and interest due on the next succeeding interest payment date after such date. As of December 28, 2014, we had restricted cash and cash equivalents of $9.2 million related to the IFC debt service reserve.

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

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

As of December 28, 2014, the $30.0 million aggregate principal amount of the Bonds was classified as "Long-term debt" in our Consolidated Balance Sheets.

*July 2013 Revolving Credit Facility with Credit Agricole*

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

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

As of December 28, 2014, the Company had no outstanding borrowings under the revolving credit facility.

*August 2011 Letter of Credit Facility with Deutsche Bank*

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

As of December 28, 2014, letters of credit issued under the August 2011 letter of credit facility with Deutsche Bank totaled $654.7 million.

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

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

As of December 28, 2014 letters of credit issued under the Deutsche Bank Trust facility amounted to $1.6 million, which were fully collateralized with restricted cash as classified on the Consolidated Balance Sheets.

*Project Debt*

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

The Quinto Credit Facility includes approximately $318.0 million in construction loan commitments and approximately $59.0 million in letter of credit commitments. Principal and accrued interest on the construction loans are convertible into term loans following the end of the construction period. The Quinto Credit Facility matures at the end of the seventh year following the term loan conversion, with semi-annual principal payments computed on a 19-year amortization schedule and a balloon payment at maturity. Generally, borrowings under the Quinto Credit Facility will bear interest of (a) with respect to any LIBOR rate loan, either 1.625% or 1.875% (until December 31, 2019 and on December 31, 2019 and thereafter, respectively) plus the LIBOR rate divided by a percentage equal to one minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency Liabilities" as specified in Regulation D and (b) with respect to any alternate base rate loan, either 0.625% or 0.875% (until December 31, 2019 and on December 31, 2019 and thereafter, respectively) plus the greater of (1) the prime rate, (2) the Federal Funds rate plus 0.50%, and (3) the one-month LIBOR rate plus 1%. In addition, a commitment fee of 0.50% per annum is charged on funds available for borrowing and not borrowed. All outstanding indebtedness under the Quinto Credit Facility may be voluntarily prepaid in whole or in part without premium or penalty, other than customary breakage costs. We have committed to invest approximately $139 million of equity in the Quinto Project Company, with such investments to be made over time in connection with the completion of project development milestones. The Quinto Credit Facility is secured by the assets of, and equity in, the Project Company, but is otherwise non-recourse to us and our affiliates. The Quinto Credit Facility contains certain affirmative and negative covenants that limit or restrict, subject to certain exceptions, the ability of the Project Company to do certain things including the incurrence of indebtedness or liens, payment of dividends, merging or consolidating, transactions with affiliates or changing the nature of its business.

Proceeds from the Quinto Credit Facility will be used primarily to fund the construction of the Quinto Project under a turnkey EPC agreement between the Project Company and SunPower Corporation, Systems, our wholly-owned subsidiary.

As of December 28, 2014 we had outstanding borrowings of $61.5 million under the Quinto Credit Facility.

***Liquidity***

As of December 28, 2014, we had unrestricted cash and cash equivalents of $956.2 million as compared to $762.5 million as of December 29, 2013. Our cash balances are held in numerous locations throughout the world and as of December 28, 2014, we had approximately $406.8 million held outside of the United States. This offshore cash is used to fund operations of our EMEA and APAC business units as well as non-U.S. manufacturing operations, which require local payment for product materials and other expenses. The amounts held outside of the United States represent the earnings of our foreign subsidiaries which, if repatriated to the United States under current law, would be subject to United States federal and state tax less applicable foreign tax credits. Repatriation of earnings that have not been subjected to U.S. or foreign withholding tax and that have been indefinitely reinvested outside the U.S. could result in additional United States federal income tax or foreign withholding tax payments in future years.

On July 5, 2010, we formed our AUOSP joint venture. Under the terms of the joint venture agreement, we and AU Optronics Singapore Pte. Ltd. ("AUO") each own 50% of AUOSP. We are each obligated to provide additional funding to AUOSP in the future. Under the joint venture agreement, each shareholder agreed to contribute additional amounts to the joint venture through 2014 amounting to $169.0 million, or such lesser amount as the parties may mutually agree (see the Contractual Obligations table below). However, AUOSP's $300 million secured loan facility in connection with Fab 3A

includes a covenant that requires the joint venture partners to make certain minimum equity injections in the beginning of fiscal 2015. In addition, if AUOSP, or either shareholder requests additional equity financing to AUOSP, then the shareholders will each be required to make additional cash contributions of up to $50.0 million in the aggregate. See also "Part I. Item 1A. Risk Factors—Risks Related to Our Operations—If we experience interruptions in the operation of our solar cell production lines, or we are not successful in operating our joint venture AUOSP, our revenue and results of operations may be materially and adversely affected."

Our 4.50% debentures due 2015 are convertible into cash. Under the terms of the 4.50% Warrants, we sold to affiliates of certain of the initial purchasers of the 4.50% cash convertible debentures warrants to acquire, subject to anti-dilution adjustments, up to 11.1 million shares of our common stock. The bond hedge and warrants described in "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 11. Debt and Credit Sources" represent a call spread overlay with respect to the 4.50% debentures. Assuming full performance by the counterparties (and 4.50% Warrants strike prices in excess of the conversion price of the 4.50% debentures), the transactions effectively reduce our potential payout over the principal amount on the 4.50% debentures upon conversion of the 4.50% debentures.

We expect total capital expenditures related to purchases of property, plant and equipment in the range of $300 million to $350 million in fiscal 2015 in order to increase our manufacturing capacity, improve our current and next generation solar cell manufacturing technology, and other projects. In addition, we expect to invest a significant amount of capital to develop solar power systems and plants for sale to customers. The development of solar power plants can require long periods of time and substantial initial investments. Our efforts in this area may consist of all stages of development, including land acquisition, permitting, financing, construction, operation and the eventual sale of the projects. We often choose to bear the costs of such efforts prior to the final sale to a customer, which involves significant upfront investments of resources (including, for example, large transmission deposits or other payments, which may be non-refundable), land acquisition, permitting, legal and other costs, and in some cases the actual costs of constructing a project, in advance of the signing of PPAs and EPC contracts and the receipt of any revenue, much of which is not recognized for several additional months or years following contract signing. Any delays in disposition of one or more projects could have a negative impact on our liquidity.

Certain of our customers also require performance bonds issued by a bonding agency or letters of credit issued by financial institutions, which are returned to us upon satisfaction of contractual requirements. If there is a contractual dispute with the customer, the customer may withhold the security or make a draw under such security, which could have an adverse impact on our liquidity. Obtaining letters of credit may require adequate collateral. All letters of credit issued under our August 2011 Deutsche Bank facility are guaranteed by Total S.A. pursuant to the Credit Support Agreement. Our September 2011 letter of credit facility with Deutsche Bank Trust is fully collateralized by restricted cash, which reduces the amount of cash available for operations. As of December 28, 2014, letters of credit issued under the Deutsche Bank Trust facility amounted to $1.6 million which were fully collateralized with restricted cash on the Consolidated Balance Sheets.

In fiscal 2011, we launched our residential lease program with dealers in the United States, in partnership with a third-party financial institution, which allows customers to obtain SunPower systems under lease agreements up to 20 years, subject to financing availability. We have entered into facilities with financial institutions that will provide financing to support additional residential solar lease projects. Under the terms of certain programs we receive upfront payments for periods under which the third-party financial institution has agreed to assume collection risk for certain residential leases. Changes in the amount or timing of upfront payments received from the financial institutions may have an impact on our cash position within the next twelve months. The normal collection of monthly rent payments for leases placed in service is not expected to have a material impact on our cash position within the next twelve months. We have entered into facilities with third-party investors under which both parties will invest in entities that hold SunPower solar power systems and leases with residential customers. We determined that we hold a controlling interest in these less-than-wholly-owned entities and have fully consolidated these entities as a result (see "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 6. Leasing"). As of December 28, 2014, we have entered into a total of seven facilities with third-party investors and received $100.7 million in contributions from investors under the related facility agreements. Additionally, during fiscal 2014, we entered into two long-term non-recourse loans to finance solar power systems and leases under our residential lease program. The loans have a 17-year term. In fiscal 2014, we drew down $81.9 million of proceeds, net of issuance costs, under the loan agreements. As of December 28, 2014, the short-term and long-term balances of the loans were $1.5 million and $80.4 million, respectively. We are actively arranging additional third-party financing for our residential lease program; however, due to the general challenging credit markets we may be unable to arrange additional financing partners for our residential lease program in future periods, which could have a negative impact on our sales. In the unlikely event that we enter into a material number of additional leases without promptly obtaining corresponding third-party financing, our cash and working capital could be negatively impacted.

We believe that our current cash, cash equivalents and cash expected to be generated from operations will be sufficient to meet our working capital and fund our committed capital expenditures over the next 12 months, including the development and construction of solar power systems and plants and repayment of our current indebtedness, including our 4.50% debentures due 2015 (described above). In addition, we have $250 million available to us under our revolving credit facility with Credit Agricole. However, there can be no assurance that our liquidity will be adequate over time. A significant portion of our revenue is generated from a limited number of customers and large projects and our inability to execute these projects, or to collect from these customers or for these projects, would have a significant negative impact on our business. Our capital expenditures and use of working capital may be greater than we expect if we decide to make additional investments in the development and construction of solar power plants and sales of power plants and associated cash proceeds are delayed, or if we decide to accelerate increases in our manufacturing capacity internally or through capital contributions to joint ventures. We require project financing in connection with the construction of solar power plants, which financing may not be available on terms acceptable to us. In addition, we could in the future make additional investments in our joint ventures or guarantee certain financial obligations of our joint ventures, which could reduce our cash flows, increase our indebtedness and expose us to the credit risk of our joint venture*s.* See also "Risks Related to Our Sales Channels—A limited number of customers and large projects are expected to continue to comprise a significant portion of our revenues and any decrease in revenue from these customers or projects, payments of liquidated damages, or an increase in related expenses, could have a material adverse effect on our business, results of operations and financial condition," and "Risks Related to Our Liquidity—We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations and make adequate capital investments as planned due to the general economic environment and the continued market pressure driving down the average selling prices of our solar power products, among other factors." under the caption "Item 1A. Risk Factors."

As of December 28, 2014, an aggregate principal amount of $249.6 million of our 4.50% debentures due 2015 remain issued and outstanding and are classified as short-term debt on our Consolidated Balance Sheet. If utilized, we have $250.0 million available to us under our revolving credit facility with Credit Agricole and may request increases to the available capacity of the revolving credit facility to an aggregate of $300.0 million, subject to the satisfaction of certain conditions. Proceeds from our revolving credit facility with Credit Agricole may be used for general corporate purposes. However, there are no assurances that we will have sufficient available cash to repay our indebtedness or we will be able to refinance such indebtedness on similar terms to the expiring indebtedness. If our capital resources are insufficient to satisfy our liquidity requirements, we may seek to sell additional equity securities or debt securities or obtain other debt financing. The current economic environment, however, could limit our ability to raise capital by issuing new equity or debt securities on acceptable terms, and lenders may be unwilling to lend funds on acceptable terms that would be required to supplement cash flows to support operations. The sale of additional equity securities or convertible debt securities would result in additional dilution to our stockholders (and potential for further dilution upon the exercise of warrants or the conversion of convertible debt) and may not be available on favorable terms or at all, particularly in light of the current conditions in the financial and credit markets. Additional debt would result in increased expenses and would likely impose new restrictive covenants which may be similar or different than those restrictions contained in the covenants under our current loan agreements and debentures. In addition, financing arrangements, including project financing for our solar power plants and letters of credit facilities, may not be available to us, or may not be available in amounts or on terms acceptable to us.

***Contractual Obligations***

The following table summarizes our contractual obligations as of December 28, 2014:

| | | Payments Due by Fiscal Period | | | |
|---|---|---|---|---|---|
| **(In thousands)** | **Total** | **2015** | **2016-2017** | **2018-2019** | **Beyond 2019** |
| Convertible debt, including interest[1] | $ 982,341 | $ 257,870 | $ 11,500 | $ 307,944 | $ 405,027 |
| IFC mortgage loan, including interest[2] | 49,736 | 16,269 | 30,964 | 2,503 | — |
| CEDA loan, including interest[3] | 71,438 | 2,550 | 5,100 | 5,100 | 58,688 |
| Quinto credit facility, including interest | 72,033 | 1,646 | 8,963 | 6,516 | 54,908 |
| Other debt, including interest[4] | 152,901 | 7,882 | 15,866 | 15,791 | 113,362 |
| Future financing commitments[5] | 171,890 | 171,890 | — | — | — |
| Operating lease commitments[6] | 151,731 | 18,889 | 29,864 | 26,477 | 76,501 |
| Sale-leaseback financing[7] | 100,941 | 8,367 | 13,884 | 13,090 | 65,600 |
| Capital lease commitments[8] | 6,383 | 1,142 | 2,093 | 1,410 | 1,738 |
| Non-cancellable purchase orders[9] | 216,536 | 216,536 | — | — | — |
| Purchase commitments under agreements[10] | 1,645,494 | 381,925 | 740,846 | 357,876 | 164,847 |
| Total | $ 3,621,424 | $ 1,084,966 | $ 859,080 | $ 736,707 | $ 940,671 |

[1] Convertible debt, including interest, relates to the aggregate of $949.7 million in outstanding principal amount of our senior convertible debentures on December 28, 2014. For the purpose of the table above, we assume that all holders of the outstanding debentures will hold the debentures through the date of maturity, and upon conversion, the values of the senior convertible debentures will be equal to the aggregate principal amount with no premiums.

[2] IFC mortgage loan, including interest, relates to the $47.5 million borrowed as of December 28, 2014. Under the loan agreement, we are required to repay the amount borrowed, starting 2 years after the date of borrowing, in 10 equal semiannual installments over the following 5 years. We are required to pay interest of LIBOR plus 3% per annum on outstanding borrowings; a front-end fee of 1% on the principal amount of borrowings at the time of borrowing; and a commitment fee of 0.5% per annum on funds available for borrowing and not borrowed.

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

[4] Other debt, including interest, primarily relates to non-recourse finance projects and solar power systems and leases under our residential lease program as described in "Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements—Note 9. Commitments and Contingencies."

[5] We and AUO agreed in the joint venture agreement to contribute additional amounts to AUOSP through 2014 amounting to $169.0 million by each shareholder, or such lesser amount as the parties may mutually agree. Further, in connection with a purchase agreement with a non-public company we will be required to provide additional financing to such party of up to $2.9 million, subject to certain conditions.

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

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

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

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

[10] Purchase commitments under agreements relate to arrangements entered into with several suppliers, including joint ventures, for polysilicon, ingots, wafers, and Solar Renewable Energy Credits, among others. These agreements specify future quantities and pricing of products to be supplied by the vendors for periods up to 10 years and there are certain consequences, such as forfeiture of advanced deposits and liquidated damages relating to previous purchases, in the event that we terminate the arrangements. During fiscal 2014, we did not fulfill all of the purchase commitments we were otherwise obligated to take by December 31, 2014, as

specified in several related contracts with a supplier. On February 6, 2015, we received a notice from the supplier requesting payment for $56.1 million related to this shortfall. This amount has been included in the '2015' column in the above table and we have not recorded an accrual for this amount as of December 28, 2014, as we expect to satisfy the obligation via purchases of inventory in fiscal 2015, within the cure period specified in the contracts, and the amounts did not become due until after the end of fiscal 2014.

***Liabilities Associated with Uncertain Tax Positions***

Due to the complexity and uncertainty associated with our tax positions, we cannot make a reasonably reliable estimate of the period in which cash settlement will be made for our liabilities associated with uncertain tax positions in other long-term liabilities. Therefore, they have been excluded from the table above. As of December 28, 2014, total liabilities associated with uncertain tax positions were $31.8 million and are included in "Other long-term liabilities" in our Consolidated Balance Sheets as they are not expected to be paid within the next twelve months.

**Off-Balance-Sheet Arrangements**

As of December 28, 2014, we did not have any significant off-balance-sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

## ITEM 7A: *QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK*

### Foreign Currency Exchange Risk

Our exposure to movements in foreign currency exchange rates is primarily related to sales to European customers that are denominated in Euros. Revenue generated from European customers represented 9%, 18% and 20% of our total revenue in fiscal 2014, 2013 and 2012, respectively. A 10% change in the Euro exchange rate would have impacted our revenue by approximately $28.9 million, $45.1 million and $48.9 million in fiscal 2014, 2013, and 2012, respectively.

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

We currently conduct hedging activities which involve the use of option and forward currency contracts that are designed to address our exposure to changes in the foreign exchange rate between the U.S. dollar and other currencies. As of December 28, 2014, we had outstanding hedge option currency contracts and forward currency contracts with aggregate notional values of $26.6 million and $134.7 million, respectively. As of December 29, 2013, we held option and forward contracts totaling $115.3 million and $75.0 million, respectively, in notional value. Because we hedge some of our expected future foreign exchange exposure, if associated revenues do not materialize we could experience a reclassification of ineffective gains or losses into earnings. Such a reclassification could adversely impact our revenue, margins and results of operations. We cannot predict the impact of future exchange rate fluctuations on our business and operating results.

### Credit Risk

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

We enter into agreements with vendors that specify future quantities and pricing of polysilicon to be supplied for periods up to 10 years. Under certain agreements, we are required to make prepayments to the vendors over the terms of the arrangements. As of December 28, 2014 and December 29, 2013, advances to suppliers totaled $409.7 million and $383.3 million, respectively. Two suppliers accounted for 82% and 17% of total advances to suppliers as of December 28, 2014, and 77% and 22% as of December 29, 2013.

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

### Interest Rate Risk

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

Our interest expense would increase to the extent interest rates rise in connection with our variable interest rate borrowings. As of December 28, 2014, the outstanding principal balance of our variable interest borrowings was $47.5 million. We do not believe that an immediate 10% increase in interest rates would have a material effect on our financial statements. In addition, lower interest rates would have an adverse impact on our interest income. Our investment portfolio primarily consists of $375.0 million in money market funds as of December 28, 2014 which exposes us to interest rate risk. Due to the relatively short-term nature of our investment portfolio, we do not believe that an immediate 10% increase in interest rates would have a material effect on the fair market value of our money market funds. Since we believe we have the ability to liquidate substantially all of this portfolio, we do not expect our operating results or cash flows to be materially affected to any significant degree by a sudden change in market interest rates on our investment portfolio.

**Equity Price Risk Involving Minority Investments in Joint Ventures and Other Non-Public Companies**

Our investments held in joint ventures and other non-public companies expose us to equity price risk. As of December 28, 2014 and December 29, 2013, investments of $210.9 million and $131.7 million, respectively, are accounted for using the equity method, and $32.3 million and $12.4 million, respectively, are accounted for using the cost method. These strategic investments in third parties are subject to risk of changes in market value, which if determined to be other-than-temporary, could result in realized impairment losses. We generally do not attempt to reduce or eliminate our market exposure in equity and cost method investments. We monitor these investments for impairment and record reductions in the carrying values when necessary. Circumstances that indicate an other-than-temporary decline include the valuation ascribed to the issuing company in subsequent financing rounds, decreases in quoted market prices and declines in operations of the issuer. There can be no assurance that our equity and cost method investments will not face risks of loss in the future.

**Interest Rate Risk and Market Price Risk Involving Convertible Debt**

The fair market value of our outstanding convertible debentures is subject to interest rate risk, market price risk and other factors due to the convertible feature of the debentures. The fair market value of the debentures will generally increase as interest rates fall and decrease as interest rates rise. In addition, the fair market value of the debentures will generally increase as the market price of our common stock increases and decrease as the market price of our common stock falls. The interest and market value changes affect the fair market value of the debentures, but do not impact our financial position, cash flows or results of operations due to the fixed nature of the debt obligations, except to the extent increases in the value of our common stock may provide the holders of our 4.50% debentures due 2015, and/or 0.75% debentures due 2027 the right to convert such debentures into cash in certain instances. The aggregate estimated fair value of our outstanding convertible debentures was $1,019.4 million as of December 28, 2014. The aggregate estimated fair value of our outstanding convertible debentures was $980.8 million as of December 29, 2013. Estimated fair values are based on quoted market prices as reported by an independent pricing source. A 10% increase in quoted market prices would increase the estimated fair value of our then-outstanding debentures to $1,121.4 million and $1,078.9 million as of December 28, 2014 and December 29, 2013, respectively, and a 10% decrease in the quoted market prices would decrease the estimated fair value of our then-outstanding debentures to $917.5 million and $882.7 million as of December 28, 2014 and December 29, 2013, respectively.

**ITEM 8.** ***FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA***

**SUNPOWER CORPORATION**

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## Report of Independent Registered Public Accounting Firm

***To the Board of Directors and Stockholders of SunPower Corporation***

We have audited the accompanying consolidated balance sheets of SunPower Corporation as of December 28, 2014 and December 29, 2013, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three years in the period ended December 28, 2014. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of SunPower Corporation at December 28, 2014 and December 29, 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 28, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), SunPower Corporation's internal control over financial reporting as of December 28, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2015

## Report of Independent Registered Public Accounting Firm

***To the Board of Directors and Stockholders of SunPower Corporation***

We have audited SunPower Corporation's internal control over financial reporting as of December 28, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). SunPower Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, SunPower Corporation maintained, in all material respects, effective internal control over financial reporting as of December 28, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2014 consolidated financial statements of SunPower Corporation and our report dated February 24, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2015

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

| | December 28, 2014 | December 29, 2013 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 956,175 | $ 762,511 |
| Restricted cash and cash equivalents, current portion | 18,541 | 13,926 |
| Accounts receivable, net[1] | 504,316 | 360,594 |
| Costs and estimated earnings in excess of billings[1] | 187,087 | 31,787 |
| Inventories | 208,573 | 245,575 |
| Advances to suppliers, current portion | 98,129 | 58,619 |
| Project assets - plants and land, current portion | 101,181 | 69,196 |
| Prepaid expenses and other current assets[1] | 328,845 | 646,270 |
| Total current assets | 2,402,847 | 2,188,478 |
| | | |
| Restricted cash and cash equivalents, net of current portion | 24,520 | 17,573 |
| Restricted long-term marketable securities | 7,158 | 8,892 |
| Property, plant and equipment, net | 585,344 | 533,387 |
| Solar power systems leased and to be leased, net | 390,913 | 345,504 |
| Project assets - plants and land, net of current portion | 15,475 | 6,411 |
| Advances to suppliers, net of current portion | 311,528 | 324,695 |
| Long-term financing receivables, net | 269,587 | 175,273 |
| Goodwill and other intangible assets, net | 37,981 | — |
| Other long-term assets[1] | 311,829 | 298,477 |
| Total assets | $ 4,357,182 | $ 3,898,690 |
| | | |
| **Liabilities and Equity** | | |
| Current liabilities: | | |
| Accounts payable[1] | $ 419,919 | $ 443,969 |
| Accrued liabilities | 331,034 | 358,157 |
| Billings in excess of costs and estimated earnings | 83,440 | 308,650 |
| Short-term debt | 18,105 | 56,912 |
| Convertible debt, current portion | 245,325 | 455,889 |
| Customer advances, current portion[1] | 31,788 | 36,883 |
| Total current liabilities | 1,129,611 | 1,660,460 |
| | | |
| Long-term debt | 218,657 | 93,095 |
| Convertible debt, net of current portion[1] | 700,079 | 300,079 |
| Customer advances, net of current portion[1] | 148,896 | 167,282 |
| Other long-term liabilities | 555,344 | 523,991 |
| Total liabilities | 2,752,587 | 2,744,907 |
| Commitments and contingencies (Note 9) | | |
| Redeemable noncontrolling interests in subsidiaries | 28,566 | — |
| Equity: | | |
| Preferred stock, $0.001 par value; 10,000,000 shares authorized; none issued and outstanding as of both December 28, 2014 and December 29, 2013 | — | — |
| Common stock, $0.001 par value, 367,500,000 shares authorized; 138,616,252 shares issued, and 131,466,777 outstanding as of December 28, 2014; 126,946,763 shares issued, and 121,535,913 outstanding as of December 29, 2013 | 131 | 122 |
| Additional paid-in capital | 2,219,581 | 1,980,778 |
| Accumulated deficit | (560,598) | (806,492) |
| Accumulated other comprehensive loss | (13,455) | (4,318) |
| Treasury stock, at cost; 7,149,475 shares of common stock as of December 28, 2014; 5,410,850 shares of common stock as of December 29, 2013 | (111,485) | (53,937) |
| Total stockholders' equity | 1,534,174 | 1,116,153 |
| Noncontrolling interests in subsidiaries | 41,855 | 37,630 |
| Total equity | 1,576,029 | 1,153,783 |
| Total liabilities and equity | $ 4,357,182 | $ 3,898,690 |

[1] The Company has related-party balances for transactions made with Total and its affiliates as well as unconsolidated entities in which the Company has a direct equity investment. These related-party balances are recorded within the "Accounts Receivable, net," "Costs and estimated earnings in excess of billings," "Prepaid expenses and other current assets," "Other long-term assets," "Accounts payable," "Customer advances, current portion," "Convertible debt, net of current portion," and "Customer advances, net of current portion" financial statement line items in the Consolidated Balance Sheets (see Note 2, Note 7, Note 10, Note 11, and Note 12).

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

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

| | Fiscal Year | | |
|---|---|---|---|
| | **December 28, 2014** | **December 29, 2013** | **December 30, 2012** |
| Revenue | $ 3,027,265 | $ 2,507,203 | $ 2,417,501 |
| Cost of revenue | 2,402,138 | 2,016,131 | 2,171,103 |
| Gross margin | 625,127 | 491,072 | 246,398 |
| Operating expenses: | | | |
| Research and development | 73,343 | 58,080 | 63,456 |
| Sales, general and administrative | 288,321 | 271,481 | 310,246 |
| Restructuring charges | 12,223 | 2,602 | 100,823 |
| Goodwill and other intangible asset impairment | — | — | 59,581 |
| Total operating expenses | 373,887 | 332,163 | 534,106 |
| Operating income (loss) | 251,240 | 158,909 | (287,708) |
| Other income (expense), net: | | | |
| Interest income | 2,583 | 6,017 | 1,091 |
| Interest expense | (69,658) | (108,739) | (84,120) |
| Gain on share lending arrangement | — | — | 50,645 |
| Other, net | 449 | (14,604) | (9,571) |
| Other expense, net | (66,626) | (117,326) | (41,955) |
| Income (loss) before income taxes and equity in earnings (loss) of unconsolidated investees | 184,614 | 41,583 | (329,663) |
| Provision for income taxes | (8,760) | (11,905) | (21,842) |
| Equity in earnings (loss) of unconsolidated investees | 7,241 | 3,872 | (515) |
| Net income (loss) | 183,095 | 33,550 | (352,020) |
| Net loss attributable to noncontrolling interests and redeemable noncontrolling interests | 62,799 | 62,043 | — |
| Net income (loss) attributable to stockholders | $ 245,894 | $ 95,593 | $ (352,020) |
| | | | |
| Net income (loss) per share attributable to stockholders: | | | |
| Basic | $ 1.91 | $ 0.79 | $ (3.01) |
| Diluted | $ 1.55 | $ 0.70 | $ (3.01) |
| Weighted-average shares: | | | |
| Basic | 128,635 | 120,819 | 117,093 |
| Diluted | 162,751 | 138,980 | 117,093 |

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

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

| | Fiscal Year | | |
|---|---|---|---|
| | **December 28, 2014** | **December 29, 2013** | **December 30, 2012** |
| Net income (loss) | $ 183,095 | $ 33,550 | $ (352,020) |
| Components of comprehensive income (loss): | | | |
| Translation adjustment | (4,946) | (1,447) | (959) |
| Net unrealized loss on derivatives (Note 12) | (638) | (562) | (10,716) |
| Net loss on long-term pension liability adjustment | (2,878) | — | — |
| Income taxes | (675) | 212 | 2,012 |
| Net change in accumulated other comprehensive loss | (9,137) | (1,797) | (9,663) |
| Total comprehensive income (loss) | 173,958 | 31,753 | (361,683) |
| Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests | 62,799 | 62,043 | — |
| Comprehensive income (loss) attributable to stockholders | $ 236,757 | $ 93,796 | $ (361,683) |

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

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

| | Redeemable Noncontrolling Interests | Common Stock Shares | Common Stock Value | Additional Paid-in Capital | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Retained Earnings (Accumulated Deficit) | Total Stockholders' Equity | Noncontrolling Interests | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Balances at January 1, 2012** | — | **100,476** | **$100** | **$1,845,965** | **$ (28,417)** | **$ 7,142** | **$ (550,065)** | **$ 1,274,725** | **$ —** | **$1,274,725** |
| Net loss | — | — | — | — | — | — | (352,020) | (352,020) | — | (352,020) |
| Other comprehensive loss | — | — | — | — | — | (9,663) | — | (9,663) | — | (9,663) |
| Issuance of common stock upon exercise of options | — | 20 | — | 52 | — | — | — | 52 | — | 52 |
| Issuance of restricted stock to employees, net of cancellations | — | 2,844 | 2 | (2) | — | — | — | — | — | — |
| Private offering of common stock, net of issuance costs | — | 18,600 | 19 | 163,596 | — | — | — | 163,615 | — | 163,615 |
| Cash distributions to Parent in connection with the transfer of entities under common control | — | — | — | (169,637) | — | — | — | (169,637) | — | (169,637) |
| Fair value of warrant issued | — | — | — | 50,327 | — | — | — | 50,327 | — | 50,327 |
| Returned shares from share lending agreement | — | (1,800) | (2) | — | 2 | — | — | — | — | — |
| Stock-based compensation expense | — | — | — | 41,646 | — | — | — | 41,646 | — | 41,646 |
| Purchases of treasury stock | — | (906) | — | — | (5,693) | — | — | (5,693) | — | (5,693) |
| **Balances at December 30, 2012** | **—** | **119,234** | **$119** | **$1,931,947** | **$ (34,108)** | **$ (2,521)** | **$ (902,085)** | **$ 993,352** | **$ —** | **$ 993,352** |
| Net income (loss) | — | — | — | — | — | — | 95,593 | 95,593 | (62,043) | 33,550 |
| Other comprehensive loss | — | — | — | — | — | (1,797) | — | (1,797) | — | (1,797) |
| Issuance of common stock upon exercise of options | — | 48 | — | 155 | — | — | — | 155 | — | 155 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Issuance of restricted stock to employees, net of cancellations | — | 3,583 | 3 | (3) | — | — | — | — | — | — |
| Stock-based compensation expense | — | — | — | 46,215 | — | — | — | 46,215 | — | 46,215 |
| Purchases of treasury stock | — | (1,329) | — | — | (19,829) | — | — | (19,829) | — | (19,829) |
| Tax benefit from convertible debt interest deduction | — | — | — | 1,408 | — | — | — | 1,408 | — | 1,408 |
| Tax benefit from stock-based compensation | — | — | — | 1,056 | — | — | — | 1,056 | — | 1,056 |
| Contributions from noncontrolling interests | — | — | — | — | — | — | — | — | 100,008 | 100,008 |
| Distributions to noncontrolling interests | — | — | — | — | — | — | — | — | (335) | (335) |
| **Balances at December 29, 2013** | **$ —** | **121,536** | **$122** | **$1,980,778** | **$ (53,937)** | **$ (4,318)** | **$ (806,492)** | **$ 1,116,153** | **$ 37,630** | **$1,153,783** |
| Net income (loss) | (27,089) | — | — | — | — | — | 245,894 | 245,894 | (35,710) | 210,184 |
| Other comprehensive income (loss) | — | — | — | — | — | (9,137) | — | (9,137) | — | (9,137) |
| Issuance of common stock upon exercise of options | — | 106 | — | 1,052 | — | — | — | 1,052 | — | 1,052 |
| Issuance of restricted stock to employees, net of cancellations | — | 4,431 | 2 | (2) | — | — | — | — | — | — |
| Issuance of common stock upon conversion of convertible debt | — | 7,131 | 7 | 188,256 | — | — | — | 188,263 | — | 188,263 |
| Settlement of the 4.75% Bond hedge | — | — | — | 68,842 | — | — | — | 68,842 | — | 68,842 |
| Settlement of the 4.75% Warrants | — | — | — | (81,077) | — | — | — | (81,077) | — | (81,077) |
| Stock-based compensation expense | — | — | — | 55,592 | — | — | — | 55,592 | — | 55,592 |
| Tax benefit from convertible debt interest deduction | — | — | — | 3,761 | — | — | — | 3,761 | | 3,761 |
| Tax benefit from stock-based compensation | — | — | — | 2,379 | — | — | — | 2,379 | — | 2,379 |
| Contributions from | 34,102 | — | — | — | — | — | — | — | 66,581 | 66,581 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| noncontrolling interests and redeemable noncontrolling interests | | | | | | | | | | |
| Distributions to noncontrolling interests and redeemable noncontrolling interests | (2,438) | — | — | — | — | — | — | — | (2,655) | (2,655) |
| Purchases of treasury stock | — | (1,738) | — | — | (57,548) | — | — | (57,548) | — | (57,548) |
| Transfer of redeemable noncontrolling interests | 23,991 | — | — | — | — | — | — | — | (23,991) | (23,991) |
| **Balances at December 28, 2014** | **$ 28,566** | **131,466** | **$131** | **$2,219,581** | **$(111,485)** | **$ (13,455)** | **$ (560,598)** | **$ 1,534,174** | **$ 41,855** | **$1,576,029** |

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

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

| | Fiscal Year | | |
|---|---|---|---|
| | December 28, 2014 | December 29, 2013 | December 30, 2012 |
| **Cash flows from operating activities:** | | | |
| Net income (loss) | $ 183,095 | $ 33,550 | $ (352,020) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 108,795 | 98,191 | 117,770 |
| Stock-based compensation | 55,592 | 45,678 | 42,439 |
| Non-cash interest expense | 21,585 | 49,016 | 38,177 |
| Goodwill and other intangible asset impairment | — | — | 59,581 |
| Loss on retirement of property, plant and equipment | — | — | 77,807 |
| Gain from contract termination | — | (51,988) | — |
| Gain on share lending arrangement | — | — | (50,645) |
| Third-party inventories write-down | — | — | 8,869 |
| Equity in earnings of unconsolidated investees | (7,241) | (3,872) | 515 |
| Excess tax benefit from stock-based compensation | (2,379) | — | — |
| Deferred income taxes and other tax liabilities | 21,656 | 1,138 | (4,332) |
| Other, net | 1,591 | 4,396 | 3,841 |
| Changes in operating assets and liabilities, net of effect of acquisition: | | | |
| Accounts receivable | (31,505) | (53,756) | 11,522 |
| Costs and estimated earnings in excess of billings | (155,300) | 4,608 | 18,458 |
| Inventories | (1,247) | (6,243) | 28,324 |
| Project assets | (68,247) | (22,094) | (23,397) |
| Prepaid expenses and other assets | 205,545 | 39,123 | (73,706) |
| Long-term financing receivables, net | (94,314) | (107,531) | (62,415) |
| Advances to suppliers | (26,343) | (31,909) | (23,883) |
| Accounts payable and other accrued liabilities | 45,768 | 120,599 | 91,564 |
| Billings in excess of costs and estimated earnings | (225,210) | 83,100 | 54,723 |
| Customer advances | (23,481) | (39,577) | 65,711 |
| Net cash provided by operating activities | 8,360 | 162,429 | 28,903 |
| **Cash flows from investing activities:** | | | |
| Decrease (increase) in restricted cash and cash equivalents | (11,562) | 15,465 | 32,591 |
| Purchases of property, plant and equipment | (102,505) | (34,054) | (104,786) |
| Cash paid for solar power systems, leased and to be leased | (50,974) | (97,235) | (150,446) |
| Cash paid for solar power systems | (13,457) | (21,257) | — |
| Proceeds from sales or maturities of marketable securities | 1,380 | 100,947 | — |
| Proceeds from sale of equipment to third parties | — | 645 | 424 |
| Purchases of marketable securities | (30) | (99,928) | (1,436) |
| Cash paid for acquisitions, net of cash acquired | (35,078) | — | — |
| Cash received for sale of investment in unconsolidated investees | — | — | 17,403 |
| Cash paid for investments in unconsolidated investees | (97,013) | (17,761) | (13,817) |
| Net cash used in investing activities | (309,239) | (153,178) | (220,067) |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of convertible debt, net of issuance costs | 395,275 | 296,283 | — |
| Cash paid for repurchase of convertible debt | (42,250) | — | (198,608) |
| Proceeds from settlement of 4.75% Bond Hedge | 68,842 | — | — |
| Payments to settle 4.75% Warrants | (81,077) | — | — |
| Proceeds from settlement of 4.50% Bond Hedge | 131 | — | — |
| Proceeds from issuance of non-recourse debt financing, net of issuance costs | 81,926 | — | — |
| Repayment of non-recourse debt financing | (244) | — | — |
| Proceeds from issuance of project loans, net of issuance costs | 61,537 | 82,394 | 27,617 |
| Assumption of project loan by customer | (40,672) | (34,850) | — |
| Repayment of bank loans, project loans and other debt | (17,073) | (290,486) | (154,078) |

| | | | |
|---|---|---|---|
| Proceeds from residential lease financing | — | 96,392 | 60,377 |
| Repayment of residential lease financing | (15,686) | — | — |
| Proceeds from sale-leaseback financing | 50,600 | 73,139 | — |
| Repayment of sale-leaseback financing | (4,216) | (8,804) | — |
| Contributions from noncontrolling interests and redeemable noncontrolling interests | 100,683 | 100,008 | — |
| Distributions to noncontrolling interests and redeemable noncontrolling interests | (5,093) | (335) | — |
| Proceeds from exercise of stock options | 1,052 | 156 | 51 |
| Excess tax benefit from stock-based compensation | 2,379 | — | — |
| Purchases of stock for tax withholding obligations on vested restricted stock | (57,548) | (19,829) | (5,691) |
| Proceeds from issuance of bank loans, net of issuance costs | — | — | 150,000 |
| Proceeds from private offering of common stock, net of issuance costs | — | — | 163,616 |
| Cash distributions to Parent in connection with the transfer of entities under common control | — | — | (169,637) |
| Proceeds from recovery of claim in connection with share lending arrangement | — | — | 50,645 |
| Net cash provided by (used in) financing activities | 498,566 | 294,068 | (75,708) |
| Effect of exchange rate changes on cash and cash equivalents | (4,023) | 1,705 | (1,259) |
| Net increase (decrease) in cash and cash equivalents | 193,664 | 305,024 | (268,131) |
| Cash and cash equivalents, beginning of period | 762,511 | 457,487 | 725,618 |
| Cash and cash equivalents, end of period | $ 956,175 | $ 762,511 | $ 457,487 |
| | | | |
| **Non-cash transactions:** | | | |
| Assignment of residential lease receivables to a third-party financial institution | $ 8,023 | $ 93,013 | $ 23,813 |
| Costs of solar power systems, leased and to be leased, sourced from existing inventory | $ 41,204 | $ 53,721 | $ 117,692 |
| Costs of solar power systems, leased and to be leased, funded by liabilities | $ 3,786 | $ 5,884 | $ 6,544 |
| Costs of solar power systems under sale-leaseback financing arrangements, sourced from project assets | $ 28,259 | $ 30,442 | $ — |
| Property, plant and equipment acquisitions funded by liabilities | $ 11,461 | $ 5,288 | $ 6,408 |
| Issuance of warrants in connection with the Liquidity Support Agreement | $ — | $ — | $ 50,327 |
| Issuance of common stock upon conversion of convertible debt | $ 188,263 | $ — | $ — |
| **Supplemental cash flow information:** | | | |
| Cash paid for interest, net of amount capitalized | $ 39,857 | $ 46,026 | $ 40,621 |
| Cash paid for income taxes | $ 8,765 | $ 1,338 | $ 8,073 |

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

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

### The Company

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

The Company's President and Chief Executive Officer, as the chief operating decision maker ("CODM"), has organized the Company, manages resource allocations, and measures performance of the Company's activities among three regional segments: (i) the Americas Segment, (ii) the EMEA Segment, and (iii) the APAC Segment. The Americas Segment includes both North and South America. The EMEA Segment includes European countries, as well as the Middle East and Africa. The APAC Segment includes all Asia-Pacific countries.

### Basis of Presentation and Preparation

*Principles of Consolidation*

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

*Reclassifications*

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

*Fiscal Years*

The Company has a 52-to-53-week fiscal year that ends on the Sunday closest to December 31. Accordingly, every fifth or sixth year will be a 53-week fiscal year. Fiscal 2014, 2013 and 2012 were 52-week fiscal years. Fiscal 2014 ended on December 28, 2014, fiscal 2013 ended on December 29, 2013, and fiscal 2012 ended on December 30, 2012.

*Management Estimates*

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

### Summary of Significant Accounting Policies

***Fair Value of Financial Instruments***

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their respective fair values due to their short-term maturities. Investments in available-for-sale securities are carried at fair value based on quoted market prices or estimated based on market conditions and risks existing at each balance sheet date. Derivative financial instruments are carried at fair value based on

quoted market prices for financial instruments with similar characteristics. Unrealized gains and losses of the Company's available-for-sale securities and the effective portion of derivative financial instruments are excluded from earnings and reported as a component of "Accumulated other comprehensive loss" in the Consolidated Balance Sheets. Additionally, the Company assesses whether an other-than-temporary impairment loss on its available-for-sale securities has occurred due to declines in fair value or other market conditions. Declines in fair value that are considered other-than-temporary and the ineffective portion of derivatives financial instruments are included in "Other, net" in the Consolidated Statements of Operations.

***Comprehensive Income (Loss)***

Comprehensive income (loss) is defined as the change in equity during a period from non-owner sources. The Company's comprehensive income (loss) for each period presented is comprised of (i) the Company's net income (loss); (ii) foreign currency translation adjustment of the Company's foreign subsidiaries whose assets and liabilities are translated from their respective functional currencies at exchange rates in effect at the balance sheet date, and revenues and expenses are translated at average exchange rates prevailing during the applicable period; and (iii) changes in unrealized gains or losses, net of tax, for the effective portion of derivatives designated as cash flow hedges (see Note 12) and available-for-sale securities carried at their fair value.

***Cash Equivalents***

Highly liquid investments with original or remaining maturities of ninety days or less at the date of purchase are considered cash equivalents.

***Cash in Restricted Accounts***

The Company maintains cash and cash equivalents in restricted accounts pursuant to various letters of credit, surety bonds, loan agreements, and other agreements in the normal course of business. The Company also holds debt securities, consisting of Philippine government bonds, which are classified as "Restricted long-term marketable securities" on the Company's Consolidated Balance Sheets as they are maintained as collateral for present and future business transactions within the country (see Note 5).

***Short-Term and Long-Term Investments***

The Company invests in money market funds and debt securities. In general, investments with original maturities of greater than ninety days and remaining maturities of one year or less are classified as short-term investments, and investments with maturities of more than one year are classified as long-term investments. Investments with maturities beyond one year may be classified as short-term based on their highly liquid nature and because such investments represent the investment of cash that is available for current operations. Despite the long-term maturities, the Company has the ability and intent, if necessary, to liquidate any of these investments in order to meet the Company's working capital needs within its normal operating cycles. The Company has classified these investments as available-for-sale securities.

***Inventories***

Inventories are valued at the lower of cost or market value. The Company evaluates the recoverability of its inventories, including purchase commitments under fixed-price long-term supply agreements, based on assumptions about expected demand and market conditions. The Company's assumption of expected demand is developed based on its analysis of bookings, sales backlog, sales pipeline, market forecast, and competitive intelligence. The Company's assumption of expected demand is compared to available inventory, production capacity, future polysilicon purchase commitments, available third-party inventory, and growth plans. The Company's factory production plans, which drive materials requirement planning, are established based on its assumptions of expected demand. The Company responds to reductions in expected demand by temporarily reducing manufacturing output and adjusting expected valuation assumptions as necessary. In addition, expected demand by geography has changed historically due to changes in the availability and size of government mandates and economic incentives.

The Company evaluates the terms of its long-term inventory purchase agreements with suppliers, including joint ventures, for the procurement of polysilicon, ingots, wafers, and solar cells and establishes accruals for estimated losses on adverse purchase commitments as necessary, such as lower of cost of market value adjustments, forfeiture of advanced deposits and liquidated damages. Obligations related to non-cancellable purchase orders for inventories match current and forecasted sales orders that will consume these ordered materials and actual consumption of these ordered materials are compared to

expected demand regularly. The Company anticipates total obligations related to long-term supply agreements for inventories will be recovered because quantities are less than management's expected demand for its solar power products. Other market conditions that could affect the realizable value of the Company's inventories and are periodically evaluated by management include historical inventory turnover ratio, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer concentrations, the current market price of polysilicon as compared to the price in our fixed-price arrangements, and product merchantability, among other factors. If, based on assumptions about expected demand and market conditions, we determine that the cost of inventories exceeds its estimated market value or inventory is excess or obsolete, we record a write-down or accrual, which may be material, equal to the difference between the cost of inventories and the estimated market value. If actual market conditions are more favorable, the Company may have higher gross margin when products that have been previously written down are sold in the normal course of business (see Note 5).

***Solar Power Systems Leased and to be Leased***

Solar power systems leased to residential customers under operating leases are stated at cost, less accumulated depreciation and are amortized to their estimated residual value over the life of the lease term of up to 20 years.

Solar power systems to be leased represents systems that are under installation or which have not been interconnected, which will be depreciated as solar power systems leased to customers when the respective systems are completed, interconnected and subsequently leased to residential customers under operating leases.

Initial direct costs for operating leases are capitalized and amortized over the term of the related customer lease agreements.

***Financing Receivables***

Leases are classified as either operating or sales-type leases in accordance with the relevant accounting guidelines. Financing receivables are generated by solar power systems leased to residential customers under sales-type leases. Financing receivables represents gross minimum lease payments to be received from customers over a period commensurate with the remaining lease term of up to 20 years and the systems estimated residual value, net of unearned income and allowance for estimated losses. Initial direct costs for sales-type leases are recognized as cost of sales when the solar power systems are placed in service.

Due to the homogeneous nature of its leasing transactions, SunPower manages its financing receivables on an aggregate basis when assessing credit risk. SunPower also considers the credit risk profile for its lease customers to be homogeneous due to the criteria the Company uses to approve customers for its residential leasing program, which among other things, requires a minimum "fair" FICO credit quality. Accordingly, the Company does not regularly categorize its financing receivables by credit risk.

The Company recognizes an allowance for losses on financing receivables in an amount equal to the probable losses net of recoveries. SunPower maintains reserve percentages on past-due receivable aging buckets and bases such percentages on several factors, including consideration of historical credit losses and information derived from industry benchmarking. To date, the allowance for losses has not comprised a material portion of the Company’s financing receivables.

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation, excluding solar power systems leased to residential customers and those associated with sale-leaseback transactions under the financing method, as described above, is computed using the straight-line method over the estimated useful lives of the assets as presented below. Solar power systems leased to residential customers and those associated with sale-leaseback transactions under the financing method are depreciated using the straight-line method to their estimated residual values over the lease terms of up to 20 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the assets or the remaining term of the lease. Repairs and maintenance costs are expensed as incurred.

| | Useful Lives in Years |
|---|---|
| Buildings | 20 |
| Leasehold improvements | 1 to 20 |
| Manufacturing equipment | 8 to 15 |
| Computer equipment | 2 to 7 |
| Solar power systems | 30 |
| Furniture and fixtures | 3 to 5 |

***Interest Capitalization***

The interest cost associated with major development and construction projects is capitalized and included in the cost of the property, plant and equipment or project assets. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. When no debt is specifically identified as being incurred in connection with a construction project, the Company capitalizes interest on amounts expended on the project at the Company’s weighted average cost of borrowed money.

***Long-Lived Assets***

The Company evaluates its long-lived assets, including property, plant and equipment and other intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Factors considered important that could result in an impairment review include significant under-performance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets, and significant negative industry or economic trends. The Company's impairment evaluation of long-lived assets includes an analysis of estimated future undiscounted net cash flows expected to be generated by the assets over their remaining estimated useful lives. If the Company's estimate of future undiscounted net cash flows is insufficient to recover the carrying value of the assets over the remaining estimated useful lives, it records an impairment loss in the amount by which the carrying value of the assets exceeds the fair value. Fair value is generally measured based on either quoted market prices, if available, or discounted cash flow analysis.

***Project Assets - Plant and Land***

Project assets consist primarily of capitalized costs relating to solar power system projects in various stages of development that the Company incurs prior to the sale of the solar power system to a third-party. These costs include costs for land and costs for developing and constructing a solar power system. Development costs can include legal, consulting, permitting, and other similar costs. Once the Company enters into a definitive sales agreement, it reclassifies these project asset costs to deferred project costs within "Prepaid expenses and other current assets" in its Consolidated Balance Sheet until the Company has met the criteria to recognize the sale of the project asset or solar power project as revenue. The Company releases these project costs to cost of revenue as each respective project asset or solar power system is sold to a customer, since the project is constructed for a customer (matching the underlying revenue recognition method).

The Company reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers the project commercially viable if it is anticipated to be sellable for a profit once it is either fully developed or fully constructed. The Company examines a number of factors to determine if the project will be profitable, including whether there are any environmental, ecological, permitting, or regulatory conditions that have changed for the project since the start of development. Such changes could cause the cost of the project to increase or the selling price of the project to decrease. Due to the development, construction, and sale timeframe of the Company's larger solar projects, it classifies project assets which are not expected to be sold within the next 12 months as "Project assets - plants and land, net of current portion" on the Consolidated Balance Sheets. Once specific milestones have been achieved, the Company determines if the sale of the project assets will occur within the next 12 months from a given balance sheet date and, if so, it then reclassifies the project assets as current.

***Product Warranties***

The Company generally warrants the performance of the solar panels that it manufactures at certain levels of power output for 25 years. In addition, the Company passes through to customers long-term warranties from the original equipment

manufacturers ("OEMs") of certain system components, such as inverters. Warranties of 25 years from solar panel suppliers are standard in the solar industry, while certain system components carry warranty periods ranging from 5 to 20 years. In addition, the Company generally warrants its workmanship on installed systems for periods ranging up to 25 years and also provides system output performance warranties. The Company maintains reserves to cover the expected costs that could result from these warranties. The Company's expected costs are generally in the form of product replacement or repair. Warranty reserves are based on the Company's best estimate of such costs and are recognized as a cost of revenue. The Company continuously monitors product returns for warranty failures and maintains a reserve for the related warranty expenses based on various factors including historical warranty claims, results of accelerated lab testing, field monitoring, vendor reliability estimates, and data on industry averages for similar products. Historically, warranty costs have been within management's expectations (see Note 9).

***Revenue Recognition***

*Solar Power Components*

The Company sells its solar panels and balance of system components primarily to dealers, system integrators and distributors, and recognizes revenue, net of accruals for estimated sales returns, when persuasive evidence of an arrangement exists, delivery of the product has occurred, title and risk of loss has passed to the customer, the sales price is fixed or determinable, collectability of the resulting receivable is reasonably assured, and the risks and rewards of ownership have passed to the customer. Other than standard warranty obligations, there are no rights of return and there are no significant post-shipment obligations, including installation, training or customer acceptance clauses with any of the Company's customers that could have an impact on revenue recognition. The Company's revenue recognition policy is consistent across all geographic areas.

The provision for estimated sales returns on product sales is recorded in the same period the related revenues are recorded. These estimates are based on historical sales returns, analysis of credit memo data, and other known factors. Actual returns could differ from these estimates.

*Construction Contracts*

Revenue is also composed of Engineering, Procurement and Construction ("EPC") projects which are governed by customer contracts that require the Company to deliver functioning solar power systems and are generally completed within three to twelve months from commencement of construction. Construction on large projects may be completed within eighteen to thirty-six months, depending on the size and location. The Company recognizes revenue from fixed price construction contracts, that do not include land or land rights, using the percentage-of-completion method of accounting. Under this method, revenue arising from fixed-price construction contracts is recognized as work is performed based on the percentage of incurred costs to estimated total forecasted costs.

Incurred costs used in the Company's percentage-of-completion calculation include all direct material, labor and subcontract costs, and those indirect costs related to contract performance, such as indirect labor, supplies, and tools. Project material costs are included in incurred costs when the project materials have been installed by being permanently attached or fitted to the solar power system as required by the project's engineering design.

In addition to an EPC deliverable, many arrangements also include multiple deliverables such as post-installation systems monitoring and maintenance. For contracts with separately priced monitoring and maintenance, the Company recognizes revenue related to such separately priced elements over the contract period. For contracts including monitoring and maintenance not separately priced, the Company determined that post-installation systems monitoring and maintenance qualify as separate units of accounting. Such post-installation monitoring and maintenance are deferred at the time the contract is executed based on the best estimate of selling price on a standalone basis and are recognized to revenue over the contractual term. The remaining EPC revenue is recognized on a percentage-of-completion basis.

In addition, when arrangements include contingent revenue clauses, such as customer termination or put rights for non-performance, the Company defers the contingent revenue if there is a reasonable possibility that such rights or contingencies may be triggered. In certain limited cases, the Company could be required to buy back a customer's system at fair value on specified future dates if certain minimum performance thresholds are not met for periods of up to two years. To date, no such repurchase obligations have been required.

Provisions for estimated losses on uncompleted contracts, if any, are recognized in the period in which the loss first becomes probable and reasonably estimable. Contracts may include profit incentives such as milestone bonuses. These profit incentives are included in the contract value when their realization is reasonably assured.

*Development Projects*

The Company develops and sells solar power plants which generally include the sale or lease of related real estate. Revenue recognition for these solar power plants require adherence to specific guidance for real estate sales, which provides that if the Company executes a sale of land in connection with an EPC contract requiring the future development of the property, it recognizes revenue and the corresponding costs under the full accrual method when all of the following requirements are met: the sale is consummated, the buyer's initial and any continuing investments are adequate, the resulting receivables are not subject to subordination, the future costs to develop the property can be reasonably estimated and the Company has transferred the customary risk and rewards of ownership to the buyer. In general, a sale is consummated upon the execution of an agreement documenting the terms of the sale and receipt of a minimum initial payment by the buyer to substantiate the transfer of risk to the buyer. Depending on the value of the initial and continuing investment of the buyer, and provided the recovery of the costs of the solar power plant are reasonably assured if the buyer defaults, the Company may defer revenue and profit during construction by aligning its revenue recognition and release of deferred project costs to cost of sales with the receipt of payment from the buyer. At the time it has unconditionally received payment from the buyer, revenue is recognized and deferred project costs are released to cost of sales at the same rate of profit estimated throughout the construction of the project. The Company's revenue recognition methods for solar power plants not involving real estate are accounted for using the percentage-of-completion method.

*Residential Leases*

The Company offers a solar lease program, in partnership with third-party financial institutions, which allows its residential customers to obtain SunPower systems under lease agreements for terms of up to 20 years. Leases are classified as either operating or sales-type leases in accordance with the relevant accounting guidelines.

For those systems classified as sales-type leases, the net present value of the minimum lease payments, net of executory costs, is recognized as revenue when the lease is placed in service. This net present value as well as the net present value of the residual value of the lease at termination are recorded as financing receivables in the Consolidated Balance Sheets. The difference between the initial net amounts and the gross amounts are amortized to revenue over the lease term using the interest method. The residual values of our solar systems are determined at the inception of the lease applying an estimated system fair value at the end of the lease term.

For those systems classified as operating leases, rental revenue is recognized, net of executory costs, on a straight-line basis over the term of the lease.

***Shipping and Handling Costs***

The Company records costs related to shipping and handling in cost of revenue.

***Stock-Based Compensation***

The Company measures and records compensation expense for all stock-based payment awards based on estimated fair values. The Company provides stock-based awards to its employees, executive officers, and directors through various equity compensation plans including its employee stock option and restricted stock plans. The fair value of stock option awards is measured at the date of grant using a Black-Scholes option pricing model, and the fair value of restricted stock awards and units is based on the market price of the Company's common stock on the date of grant. The Company has not granted stock options since fiscal 2008.

The Company estimates forfeitures at the date of grant. The Company's estimate of forfeitures is based on its historical activity, which it believes is indicative of expected forfeitures. In subsequent periods if the actual rate of forfeitures differs from the Company's estimate, the forfeiture rates are required to be revised, as necessary. Changes in the estimated forfeiture rates can have a significant effect on stock-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

The Company also grants performance share units to executive officers and certain employees that require it to estimate expected achievement of performance targets over the performance period. This estimate involves judgment regarding future expectations of various financial performance measures. If there are changes in the Company's estimate of the level of financial performance measures expected to be achieved, the related stock-based compensation expense may be significantly increased or reduced in the period that its estimate changes.

***Advertising Costs***

Advertising costs are expensed as incurred. Advertising expense totaled approximately $11.9 million, $11.8 million and $9.2 million, in fiscal 2014, 2013, and 2012, respectively.

***Research and Development Expense***

Research and development expense consists primarily of salaries and related personnel costs, depreciation and the cost of solar cell and solar panel materials and services used for the development of products, including experiments and testing. All research and development costs are expensed as incurred. Research and development expense is reported net of contributions under the R&D Agreement with Total and contracts with governmental agencies because such contracts are considered collaborative arrangements.

***Translation of Foreign Currency***

The Company and certain of its subsidiaries use their respective local currency as their functional currency. Accordingly, foreign currency assets and liabilities are translated using exchange rates in effect at the end of the period. Foreign subsidiaries that use the U.S. dollar as their functional currency remeasure monetary assets and liabilities using exchange rates in effect at the end of the period. Non-monetary assets and liabilities are carried at their historical values.

The Company includes gains or losses from foreign currency transactions in "Other, net" in the Consolidated Statements of Operations with the other hedging activities described in Note 12.

***Concentration of Credit Risk***

The Company is exposed to credit losses in the event of nonperformance by the counterparties to its financial and derivative instruments. Financial and derivative instruments that potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, restricted cash and cash equivalents, investments, accounts receivable, notes receivable, advances to suppliers, foreign currency option contracts, foreign currency forward contracts, bond hedge and warrant transactions, and purchased options. The Company’s investment policy requires cash and cash equivalents, restricted cash and cash equivalents, and investments to be placed with high-quality financial institutions and to limit the amount of credit risk from any one issuer. Similarly, the Company enters into foreign currency derivative contracts and convertible debenture hedge transactions with high-quality financial institutions and limits the amount of credit exposure to any one counterparty. The foreign currency derivative contracts are limited to a time period of less than 15 months, while the bond hedge and warrant transactions expire in fiscal 2015. The Company regularly evaluates the credit standing of its counterparty financial institutions.

The Company performs ongoing credit evaluations of its customers’ financial condition whenever deemed necessary and generally does not require collateral. The Company maintains an allowance for doubtful accounts based on the expected collectability of all accounts receivable, which takes into consideration an analysis of historical bad debts, specific customer creditworthiness and current economic trends. Qualified customers under our residential lease program are generally required to have a minimum credit score. We believe that our concentration of credit risk is limited because of our large number of customers, credit quality of the customer base, small account balances for most of these customers, and customer geographic diversification. One customer accounted for 57.8% as of December 28, 2014 and one customer accounted for 31% of accounts receivable as of December 29, 2013. In addition, one customer accounted for approximately 85% of the Company's "Costs and estimated earnings in excess of billings" balance as of December 28, 2014 on the Consolidated Balance Sheets as compared to one customer that accounted for approximately 34% of the balance as of December 29, 2013.

The Company has entered into agreements with vendors that specify future quantities and pricing of polysilicon to be supplied for periods up to 10 years. Under certain agreements, the Company is required to make prepayments to the vendors over the terms of the arrangements.

***Income Taxes***

Deferred tax assets and liabilities are recognized for temporary differences between financial statement and income tax bases of assets and liabilities. Valuation allowances are provided against deferred tax assets when management cannot conclude that it is more likely than not that some portion or all deferred tax assets will be realized.

As applicable, interest and penalties on tax contingencies are included in "Provision for income taxes" in the Consolidated Statements of Operations and such amounts were not material for any periods presented. In addition, foreign exchange gains (losses) may result from estimated tax liabilities, which are expected to be settled in currencies other than the U.S. dollar.

***Investments in Equity Interests***

Investments in entities in which the Company can exercise significant influence, but does not own a majority equity interest or otherwise control, are accounted for under the equity method. The Company records its share of the results of these entities as "Equity in earnings (loss) of unconsolidated investees" on the Consolidated Statements of Operations. The Company monitors its investments for other-than-temporary impairment by considering factors such as current economic and market conditions and the operating performance of the entities and records reductions in carrying values when necessary. The fair value of privately held investments is estimated using the best available information as of the valuation date, including current earnings trends, undiscounted cash flows, and other company specific information, including recent financing rounds (see Notes 5 and 8).

***Noncontrolling Interests***

Noncontrolling interests represents the portion of net assets in consolidated subsidiaries that are not attributable, directly or indirectly, to the Company. Beginning in the first quarter of fiscal 2013, the Company has entered into facilities with third-party investors under which the investors are determined to hold noncontrolling interests in entities fully consolidated by the Company. The net assets of the shared entities are attributed to the controlling and noncontrolling interests based on the terms of the governing contractual arrangements. The Company further determined the hypothetical liquidation at book value method ("HLBV Method") to be the appropriate method for attributing net assets to the controlling and noncontrolling interests as this method most closely mirrors the economics of the governing contractual arrangements. Under the HLBV Method, the Company allocates recorded income (loss) to each investor based on the change, during the reporting period, of the amount of net assets each investor is entitled to under the governing contractual arrangements in a liquidation scenario.

***Business Combinations***

The Company records all acquired assets and liabilities, including goodwill, other intangible assets, and in-process research and development, at fair value. The initial recording of goodwill, other intangible assets, and in-process research and development requires certain estimates and assumptions concerning the determination of the fair values and useful lives. The judgments made in the context of the purchase price allocation can materially impact the Company's future results of operations. Accordingly, for significant acquisitions, the Company obtains assistance from third-party valuation specialists. The valuations calculated from estimates are based on information available at the acquisition date (see Notes 3 and 4). The Company charges acquisition related costs that are not part of the consideration to general and administrative expense as they are incurred. These costs typically include transaction and integration costs, such as legal, accounting, and other professional fees.

The Company initially records receipts of net assets or equity interests between entities under common control at their carrying amounts in the accounts of the transferring entity. Financial statements and financial information presented for prior years are retrospectively adjusted to effect the transfer as of the first date for which the entities were under common control. If the carrying amounts of the assets and liabilities transferred differ from the historical cost of the parent of the entities under common control then amounts recognized in the Company's financial statements reflect the transferred assets and liabilities at the historical cost of the parent of the entities under common control. Financial statements and financial information presented for prior years are also retrospectively adjusted to furnish comparative information as though the assets and liabilities had been transferred at that date.

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued a new revenue recognition standard based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The new revenue recognition standard becomes effective for the Company in the first quarter of fiscal 2017 and is to be applied retrospectively using one of two prescribed methods. The Company is evaluating the application method and impact on its consolidated financial statements and disclosures.

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

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

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

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

*Credit Support Agreement*

In fiscal 2011, the Company and Total S.A. entered into a Credit Support Agreement (the "Credit Support Agreement") under which Total S.A. agreed to enter into one or more guarantee agreements (each a "Guaranty") with banks providing letter of credit facilities to the Company. Total S.A. will guarantee the Company's obligation to reimburse the applicable issuing bank a draw on a letter of credit and pay interest thereon in accordance with the letter of credit facility between such bank and the Company. Under the Credit Support Agreement, the Company may also request that Total S.A. provide a Guaranty in support of the Company's payment obligations with respect to a letter of credit facility. The Company is required to pay Total S.A. a guarantee fee for each letter of credit that is the subject of a Guaranty under the Credit Support Agreement and was outstanding for all or part of the preceding calendar quarter.

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

*Affiliation Agreement*

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

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

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

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

*Research & Collaboration Agreement*

Total and the Company have entered into a Research & Collaboration Agreement (the "R&D Agreement") that establishes a framework under which the parties engage in long-term research and development collaboration ("R&D

Collaboration"). The R&D Collaboration encompasses a number of different projects, with a focus on advancing the Company's technology position in the crystalline silicon domain, as well as ensuring the Company's industrial competitiveness. The R&D Agreement enables a joint committee to identify, plan and manage the R&D Collaboration.

*Liquidity Support Agreement with Total S.A.*

The Company was party to an agreement with a customer to construct the California Valley Solar Ranch, a solar park. Part of the debt financing necessary for the customer to pay for the construction of this solar park was provided by the Federal Financing Bank in reliance on a guarantee of repayment provided by the Department of Energy (the "DOE") under a loan guarantee program. In February 2012, the Company entered into a Liquidity Support Agreement with Total S.A. and the DOE, and a series of related agreements with Total S.A. and Total, under which Total S.A. agreed to provide the Company, or cause to be provided, additional liquidity under certain circumstances to a maximum amount of $600.0 million ("Liquidity Support Facility"). The Liquidity Support Facility was available until the completion of the solar park, which was completed in accordance with the terms of the relevant agreement in March 2014. Upon completion, the Liquidity Support Agreement was terminated. There were no outstanding guarantees or debt under the facility upon termination.

*Compensation and Funding Agreement*

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

*Upfront Warrant*

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

*0.75% Debentures Due 2018*

In May 2013, the Company issued $300.0 million in principal amount of its 0.75% senior convertible debentures due 2018 (the "0.75% debentures due 2018"). $200.0 million in aggregate principal amount of the 0.75% debentures due 2018 were acquired by Total. The 0.75% debentures due 2018 are convertible into shares of the Company's common stock at any time based on an initial conversion price equal to $24.95 per share, which provides Total the right to acquire up to 8,017,420 shares of the Company's common stock. The applicable conversion rate may adjust in certain circumstances, including a fundamental change, as described in the indenture governing the 0.75% debentures due 2018 (see Note 11).

*0.875% Debentures Due 2021*

In June 2014, the Company issued $400.0 million in principal amount of its 0.875% senior convertible debentures due 2021 (the "0.875% debentures due 2021"). An aggregate principal amount of $250.0 million of the 0.875% debentures due 2021 were acquired by Total. The 0.875% debentures due 2021 are convertible into shares of the Company's common stock at any time based on an initial conversion price equal to $48.76 per share, which provides Total the right to acquire up to 5,126,775 shares of the Company's common stock. The applicable conversion rate may adjust in certain circumstances, including a fundamental change, as described in the indenture governing the 0.875% debentures due 2021 (see Note 11).

*Joint Projects with Total and its Affiliates:*

The Company enters into various engineering, procurement and construction ("EPC") and operations and maintenance ("O&M") agreements relating to solar projects, including EPC and O&M services agreements relating to projects owned or partially owned by Total and its affiliates. As of December 28, 2014, the Company had $14.0 million of "Costs and estimated earnings in excess of billings" and $1.3 million of "Accounts receivable, net" on its Consolidated Balance Sheets related to projects in which Total and its affiliates have a direct or indirect material interest.

*Related-Party Transactions with Total and its Affiliates:*

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Revenue: | | | |
| EPC, O&M, and components revenue under joint projects | $ 151,566 | $ — | $ — |
| Research and development expense: | | | |
| Offsetting contributions received under R&D Agreement | $ (1,612) | $ (1,661) | $ — |
| Interest expense: | | | |
| Guarantee fees incurred under Credit Support Agreement | $ 12,035 | $ 8,890 | $ 6,916 |
| Fees incurred under the Compensation and Funding Agreement | $ 1,200 | $ 5,533 | $ 4,952 |
| Interest expense incurred on the 0.75% debentures due 2018 | $ 1,604 | $ 883 | $ — |
| Interest expense incurred on the 0.875% debentures due 2021 | $ 1,209 | $ — | $ — |

**Note 3. *BUSINESS COMBINATIONS***

In fiscal 2014, the Company completed three acquisitions qualifying as business combinations for a total cash consideration of approximately $35.7 million, of which $21.2 million was attributed to goodwill, $17.4 million to intangible assets, and $2.9 million to net liabilities assumed. The composition of the intangible assets acquired is presented in Note 4. These acquisitions generally enhance the breadth and depth of our expertise in our technologies and our product offerings. The total goodwill of $21.2 million is primarily attributable to the synergies expected to arise after the acquisition. Goodwill is not expected to be deductible for tax purposes.

Pro forma results of operations for these acquisitions have not been presented as they are not material to the consolidated statements of operations, either individually or in aggregate. The actual results of operations of these acquisitions have been included in the Company's consolidated results of operations from the respective acquisition dates.

**Note 4. *GOODWILL AND OTHER INTANGIBLE ASSETS***

**Goodwill**

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

| **(In thousands)** | **Americas** | **EMEA** | **APAC** | **Total** |
|---|---|---|---|---|
| As of December 29, 2013 | $ — | $ — | $ — | $ — |
| Goodwill acquired | 21,221 | — | — | 21,221 |
| As of December 28, 2014 | $ 21,221 | $ — | $ — | $ 21,221 |

Based on the impairment test as of September 30, 2012, the Company determined that the carrying value of the Americas and EMEA reporting units exceeded their fair value. As a result, the Company performed the second step of the impairment analysis for the two reporting units discussed above. The Company's calculation of the implied fair value of goodwill included significant assumptions for, among others, the fair values of recognized assets and liabilities and of unrecognized intangible assets, all of which require significant judgment by management. The Company calculated that the implied fair value of goodwill for the two reporting units was zero and therefore recorded a goodwill impairment loss of $46.7 million for the year ended December 30, 2012. No goodwill impairment was recorded during the years ended December 28, 2014 and December 29, 2013.

**Other Intangible Assets**

The following tables present details of the Company's acquired other intangible assets:

| (In thousands) | Gross | Accumulated Amortization | Net |
|---|---|---|---|
| As of December 28, 2014 | | | |
| Patents and purchased technology | $ 13,675 | $ (615) | $ 13,060 |
| Purchased in-process research and development | 3,700 | — | 3,700 |
| | $ 17,375 | $ (615) | $ 16,760 |

During the third quarter of fiscal 2012, the Company determined that the carrying value of certain intangible assets in Europe were no longer recoverable based on a discrete evaluation of the nature of the intangible assets, incorporating the effect of declines in regional operating results. As a result, the Company recognized an impairment loss of $12.8 million on its Consolidated Statement of Operations for the year ended December 30, 2012. Aggregate amortization expense for intangible assets totaled $0.6 million, $0.7 million and $9.1 million for fiscal 2014, 2013 and 2012, respectively.

As of December 28, 2014, the estimated future amortization expense related to intangible assets with finite useful lives is as follows:

| (In thousands) | Amount |
|---|---|
| Fiscal Year | |
| 2015 | $ 1,989 |
| 2016 | 1,989 |
| 2017 | 1,989 |
| 2018 | 1,989 |
| 2019 | 1,989 |
| Thereafter | 3,115 |
| | $ 13,060 |

**Note 5.** ***BALANCE SHEET COMPONENTS***

| | As of | |
|---|---|---|
| (In thousands) | December 28, 2014 | December 29, 2013 |
| Accounts receivable, net: | | |
| Accounts receivable, gross[1,2] | $ 523,613 | $ 389,152 |
| Less: allowance for doubtful accounts | (18,152) | (26,463) |
| Less: allowance for sales returns | (1,145) | (2,095) |
| | $ 504,316 | $ 360,594 |

[1] Includes short-term financing receivables associated with solar power systems leased of $9.1 million and $4.4 million as of December 28, 2014 and December 29, 2013, respectively (see Note 6).

[2] Includes short-term retainage of $213.0 million and $8.3 million as of December 28, 2014 and December 29, 2013, respectively. Retainage refers to the earned, but unbilled, portion of a construction and development project for which payment is deferred by the customer until certain contractual milestones are met.

| (In thousands) | Balance at Beginning of Period | Charges (Releases) to Expenses / Revenues | Deductions | Balance at End of Period |
|---|---|---|---|---|
| Allowance for doubtful accounts: | | | | |
| Year ended December 28, 2014 | $ 26,463 | $ (1,023) | $ (7,288) | $ 18,152 |
| Year ended December 29, 2013 | 26,773 | 8,258 | (8,568) | 26,463 |
| Year ended December 30, 2012 | 21,039 | 8,898 | (3,164) | 26,773 |
| Allowance for sales returns: | | | | |
| Year ended December 28, 2014 | 2,095 | (950) | — | 1,145 |
| Year ended December 29, 2013 | 5,054 | (2,959) | — | 2,095 |
| Year ended December 30, 2012 | 8,648 | (3,594) | — | 5,054 |
| Valuation allowance for deferred tax assets: | | | | |
| Year ended December 28, 2014 | 90,571 | 28,177 | — | 118,748 |
| Year ended December 29, 2013 | 182,322 | (91,751) | — | 90,571 |
| Year ended December 30, 2012 | 129,946 | 52,376 | — | 182,322 |

| | As of | |
|---|---|---|
| (In thousands) | December 28, 2014 | December 29, 2013 |
| Inventories: | | |
| Raw materials | $ 46,848 | $ 51,905 |
| Work-in-process | 67,903 | 52,756 |
| Finished goods | 93,822 | 140,914 |
| | $ 208,573 | $ 245,575 |

| | As of | |
|---|---|---|
| (In thousands) | December 28, 2014 | December 29, 2013 |
| Prepaid expenses and other current assets: | | |
| Deferred project costs | $ 64,784 | $ 275,389 |
| Bond hedge derivative | 51,951 | 110,477 |
| VAT receivables, current portion | 7,554 | 21,481 |
| Deferred costs for solar power systems to be leased | 22,537 | 23,429 |
| Derivative financial instruments | 7,018 | 4,642 |
| Other receivables | 79,927 | 112,062 |
| Other prepaid expenses | 47,448 | 28,629 |
| Other current assets | 47,626 | 70,161 |
| | $ 328,845 | $ 646,270 |

| | As of | |
|---|---|---|
| (In thousands) | December 28, 2014 | December 29, 2013 |
| Project assets - plants and land: | | |
| Project assets — plants | $ 104,328 | $ 64,564 |
| Project assets — land | 12,328 | 11,043 |
| | $ 116,656 | $ 75,607 |
| Project assets - plants and land, current portion | $ 101,181 | $ 69,196 |
| Project assets - plants and land, net of current portion | $ 15,475 | $ 6,411 |

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Property, plant and equipment, net: | | |
| Manufacturing equipment[3] | $ 554,124 | $ 538,616 |
| Land and buildings | 26,138 | 26,138 |
| Leasehold improvements | 236,867 | 229,846 |
| Solar power systems[4] | 124,848 | 82,036 |
| Computer equipment | 88,257 | 79,519 |
| Furniture and fixtures | 9,436 | 8,392 |
| Construction-in-process | 75,570 | 11,724 |
| | 1,115,240 | 976,271 |
| Less: accumulated depreciation | (529,896) | (442,884) |
| | $ 585,344 | $ 533,387 |

[3] The Company's mortgage loan agreement with International Finance Corporation ("IFC") is collateralized by certain manufacturing equipment with a net book value of $111.9 million and $145.9 million as of December 28, 2014 and December 29, 2013, respectively.

[4] Includes $94.4 million and $52.6 million of solar power systems associated with sale-leaseback transactions under the financing method as of December 28, 2014 and December 29, 2013, respectively, which are depreciated using the straight-line method to their estimated residual values over the lease terms of up to 20 years (see Note 6).

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Property, plant and equipment, net by geography[5]: | | |
| Philippines | $ 335,643 | $ 321,410 |
| United States | 183,631 | 153,074 |
| Mexico | 40,251 | 32,705 |
| Europe | 24,748 | 25,293 |
| Other | 1,071 | 905 |
| | $ 585,344 | $ 533,387 |

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

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Other long-term assets: | | |
| Equity method investments | $ 210,898 | $ 131,739 |
| Retainage[6] | — | 88,934 |
| Cost method investments | 32,308 | 12,374 |
| Long-term debt issuance costs | 11,600 | 10,274 |
| Other | 57,023 | 55,156 |
| | $ 311,829 | $ 298,477 |

[6] Retainage refers to the earned, but unbilled, portion of a construction and development project for which payment is deferred by the customer until certain contractual milestones are met.

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Accrued liabilities: | | |
| Bond hedge derivatives | $ 51,951 | $ 110,477 |
| Employee compensation and employee benefits | 47,667 | 50,449 |
| Deferred revenue | 33,412 | 29,287 |
| Short-term residential lease financing | 1,489 | 14,436 |
| Interest payable | 10,575 | 10,971 |
| Short-term warranty reserves | 13,278 | 10,426 |
| Restructuring reserve | 13,477 | 7,134 |
| VAT payables | 6,073 | 7,089 |
| Derivative financial instruments | 1,345 | 6,170 |
| Other | 151,767 | 111,718 |
| | $ 331,034 | $ 358,157 |

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Other long-term liabilities: | | |
| Deferred revenue | $ 176,804 | $ 176,925 |
| Long-term warranty reserves | 141,370 | 138,946 |
| Long-term sale-leaseback financing | 111,904 | 65,944 |
| Long-term residential lease financing | 27,122 | 31,933 |
| Unrecognized tax benefits | 31,764 | 28,927 |
| Long-term pension liability | 9,980 | 5,430 |
| Derivative financial instruments | 3,712 | 775 |
| Other | 52,688 | 75,111 |
| | $ 555,344 | $ 523,991 |

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Accumulated other comprehensive loss: | | |
| Cumulative translation adjustment | $ (8,712) | $ (3,766) |
| Net unrealized loss on derivatives | (1,443) | (805) |
| Net loss on long-term pension liability adjustment | (2,878) | — |
| Deferred taxes | (422) | 253 |
| | $ (13,455) | $ (4,318) |

**Note 6.** ***LEASING***

***Residential Lease Program***

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

*Operating Leases*

The following table summarizes "Solar power systems leased and to be leased, net" under operating leases on the Company's Consolidated Balance Sheets as of December 28, 2014 and December 29, 2013, respectively:

| | As of | |
|---|---|---|
| **(In thousands)** | **December 28, 2014** | **December 29, 2013** |
| Solar power systems leased and to be leased, net[1,2]: | | |
| Solar power systems leased | $ 396,704 | $ 324,202 |
| Solar power systems to be leased | 21,202 | 36,645 |
| | 417,906 | 360,847 |
| Less: accumulated depreciation | (26,993) | (15,343) |
| | $ 390,913 | $ 345,504 |

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

[2] As of December 28, 2014 and December 29, 2013, the Company has pledged solar assets with an aggregate book value of $140.1 million and $147.7 million, respectively, to third-party investors as security for the Company's contractual obligations.

The following table presents the Company's minimum future rental receipts on operating leases placed in service as of December 28, 2014:

| **(In thousands)** | **Fiscal 2015** | **Fiscal 2016** | **Fiscal 2017** | **Fiscal 2018** | **Fiscal 2019** | **Thereafter** | **Total** |
|---|---|---|---|---|---|---|---|
| Minimum future rentals on operating leases placed in service[1] | $ 14,318 | 13,176 | 13,213 | 13,258 | 13,303 | 187,459 | $ 254,727 |

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

*Sales-Type Leases*

As of December 28, 2014 and December 29, 2013, respectively, the Company's net investment in sales-type leases presented in "Accounts receivable, net" and "Long-term financing receivables, net" on the Company's Consolidated Balance Sheets was as follows:

| | As of | |
|---|---|---|
| **(In thousands)** | **December 28, 2014** | **December 29, 2013** |
| Financing receivables: | | |
| Minimum lease payments receivable[1] | $ 319,244 | $ 217,666 |
| Unguaranteed residual value | 34,343 | 23,366 |
| Unearned income | (74,859) | (61,326) |
| Net financing receivables | $ 278,728 | $ 179,706 |
| Current | $ 9,141 | $ 4,433 |
| Long-term | $ 269,587 | $ 175,273 |

[1] Net of allowance for doubtful accounts.

As of December 28, 2014, future maturities of net financing receivables for sales-type leases are as follows:

| **(In thousands)** | **Fiscal 2015** | **Fiscal 2016** | **Fiscal 2017** | **Fiscal 2018** | **Fiscal 2019** | **Thereafter** | **Total** |
|---|---|---|---|---|---|---|---|
| Scheduled maturities of minimum lease payments receivable[1] | $ 15,513 | 15,470 | 15,660 | 15,857 | 16,058 | 240,686 | $ 319,244 |

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

*Third-Party Financing Arrangements*

The Company has entered into multiple facilities under which solar power systems are financed by third-party investors. Under the terms of certain programs the investors make an upfront payment to the Company, which the Company recognizes as a non-recourse liability that will be reduced over the specified term of the program as customer receivables and government incentives are received by the third-party investors. As the non-recourse liability is reduced over time, the Company makes a corresponding reduction in customer and government incentive receivables on its balance sheet. Under this approach, for both operating and sales-type leases the Company continues to account for these arrangements with its residential lease customers in the consolidated financial statements. As of December 28, 2014, and December 29, 2013, the remaining liability to the third-party investors, presented in "Accrued liabilities" and "Other long-term liabilities" on the Company's Consolidated Balance Sheets, was $28.6 million and $46.4 million, respectively (see Note 5).

The Company has entered into a total of seven facilities with third-party investors under which the parties invest in entities that hold SunPower solar power systems and leases with residential customers. The Company holds controlling interests in these less-than-wholly-owned entities and has therefore fully consolidated these entities. The Company accounts for the portion of net assets in the consolidated entities attributable to the investors as "Redeemable noncontrolling interests" and "Noncontrolling interests" in its consolidated financial statements. Noncontrolling interests in subsidiaries that are redeemable at the option of the noncontrolling interest holder are classified as "Redeemable noncontrolling interests in subsidiaries," between liabilities and equity on the Company's Consolidated Balance Sheets. During the year ended December 28, 2014 and December 29, 2013 the Company received $100.7 million and $100.0 million, in contributions from investors under the related facilities and attributed $64.3 million and $62.0 million, respectively, in losses to the third-party investors primarily as a result of allocating certain assets, including tax credits, to the investors.

***Sale-Leaseback Arrangements***

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

The Company has classified its sale-leaseback arrangements of solar power systems not involving integral equipment as operating leases. The deferred profit on the sale of these systems is recognized over the term of the lease. As of December 28, 2014, future minimum lease obligations associated with these systems was $96.2 million, which will be recognized over the minimum lease terms. Future minimum payments to be received from customers under PPAs associated with the solar power systems under sale-leaseback arrangements classified as operating leases will be recognized over the lease terms of up to 20 years and are contingent upon the amounts of energy produced by the solar power systems.

The Company enters into sale-leaseback arrangements under which the systems under the sale-leaseback arrangements have been determined to be integral equipment as defined under the accounting guidance for such transactions. The Company was further determined to have continuing involvement with the solar power systems throughout the lease due to purchase option rights. As a result of such continuing involvement, the Company accounts for each transaction as a financing. Under the financing method, the proceeds received from the sale of the solar power systems are recorded by the Company as financing liabilities and presented within "Other long-term liabilities" in the Company's Consolidated Balance Sheets (see Note 3). The financing liabilities are subsequently reduced by the Company's payments to lease back the solar power systems, less interest expense calculated based on the Company's incremental borrowing rate adjusted to the rate required to prevent negative amortization. The solar power systems under the sale-leaseback arrangements remain on the Company's balance sheet and are classified within "Property, plant and equipment, net" (see Note 5). As of December 28, 2014, future minimum lease obligations for the sale-leaseback arrangements accounted for under the financing method were $100.9 million, which will be recognized over the lease terms of up to 20 years.

**Note 7. *FAIR VALUE MEASUREMENTS***

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

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

***Assets and Liabilities Measured at Fair Value on a Recurring Basis***

The Company measures certain assets and liabilities at fair value on a recurring basis. There were no transfers between fair value measurement levels during any presented period. The Company did not have any assets or liabilities measured at fair value on a recurring basis requiring Level 3 inputs as of December 28, 2014 or December 29, 2013.

The following table summarizes the Company's assets and liabilities measured and recorded at fair value on a recurring basis as of December 28, 2014 and December 29, 2013, respectively:

| | December 28, 2014 | | | December 29, 2013 | | |
|---|---|---|---|---|---|---|
| **(In thousands)** | **Total** | **Level 1** | **Level 2** | **Total** | **Level 1** | **Level 2** |
| **Assets** | | | | | | |
| Cash and cash equivalents[1]: | | | | | | |
| Money market funds | $ 375,000 | $ 375,000 | $ — | $ 358,001 | $ 358,001 | $ — |
| Prepaid expenses and other current assets: | | | | | | |
| Debt derivatives (Note 11) | 51,951 | — | 51,951 | 110,477 | — | 110,477 |
| Derivative financial instruments (Note 12) | 7,018 | — | 7,018 | 4,642 | — | 4,642 |
| Other long-term assets: | | | | | | |
| Derivative financial instruments (Note 12) | — | — | — | 588 | — | 588 |
| Total assets | $ 433,969 | $ 375,000 | $ 58,969 | $ 473,708 | $ 358,001 | $ 115,707 |
| **Liabilities** | | | | | | |
| Accrued liabilities: | | | | | | |
| Debt derivatives (Note 11) | $ 51,951 | $ — | $ 51,951 | $ 110,477 | $ — | $ 110,477 |
| Derivative financial instruments (Note 12) | 1,345 | — | 1,345 | 6,170 | — | 6,170 |
| Other long-term liabilities: | | | | | | |
| Derivative financial instruments (Note 12) | 3,712 | — | 3,712 | 775 | — | 775 |
| Total liabilities | $ 57,008 | $ — | $ 57,008 | $ 117,422 | $ — | $ 117,422 |

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

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

*Debt Derivatives*

The 4.50% Bond Hedge (as defined in Note 11) and the embedded cash conversion option within the 4.50% debentures due 2015 (as defined in Note 11) are classified as derivative instruments that require mark-to-market treatment with changes in fair value reported in the Company's Consolidated Statements of Operations. The fair values of these derivative instruments

were determined utilizing the following Level 1 and Level 2 inputs:

| | As of [1] | |
|---|---|---|
| | December 28, 2014 | December 29, 2013 |
| Stock price | $ 26.32 | $ 28.91 |
| Exercise price | $ 22.53 | $ 22.53 |
| Interest rate | 0.19% | 0.33% |
| Stock volatility | 61.7% | 57.7% |
| Credit risk adjustment | 0.65% | 0.71% |
| Maturity date | February 18, 2015 | February 18, 2015 |

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

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

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

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

*Held-to-Maturity Debt Securities*

The Company's debt securities, classified as held-to-maturity, consist of Philippine government bonds that are maintained as collateral for present and future business transactions within the country. These bonds have maturity dates of up to five years and are classified as "Restricted long-term marketable securities" on the Company's Consolidated Balance Sheets. As of December 28, 2014 and December 29, 2013, these bonds had a carrying value of $7.2 million and $8.9 million respectively. The Company records such held-to-maturity investments at amortized cost based on its ability and intent to hold the securities until maturity. The Company monitors for changes in circumstances and events that would affect its ability and intent to hold such securities until the recorded amortized costs are recovered. No other-than-temporary impairment loss was incurred during any presented period. The held-to-maturity debt securities were categorized in Level 2 of the fair value hierarchy.

*Equity and Cost Method Investments*

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

As of December 28, 2014 and December 29, 2013, the Company had $210.9 million and $131.7 million, respectively, in investments accounted for under the equity method (see Note 10). As of December 28, 2014 and December 29, 2013, the Company had $32.3 million and $12.4 million, respectively, in investments accounted for under the cost method.

*Related-Party Transactions with Equity and Cost Method Investees:*

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Accounts receivable | $ 35,072 | $ 11,780 |
| Accounts payable | $ 57,167 | $ 51,499 |
| Other long-term assets: | | |
| Long-term note receivable | $ 3,102 | $ 3,688 |

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Payments made to investees for products/services | $ 462,596 | $ 480,802 | $ 606,301 |

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

In November 2014, the Company purchased $20.0 million of preferred stock for an approximately 21% stake in Tendril accounted for under the cost method. In connection with the investment, the Company entered into an agreement to purchase up to 14 million shares of Tendril common stock through November 23, 2024, subject to the Company meeting certain revenue milestones and other conditions. If SunPower exercises its right to purchase the maximum allowable number of shares under the warrant purchase agreements, the Company's stake in Tendril would increase to approximately 25%.

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

**Note 8. *RESTRUCTURING***

***November 2014 Restructuring Plan***

On November 14, 2014, the Company announced a reorganization plan aimed towards realigning resources consistently with SunPower's global strategy and improving its overall operating efficiency and cost structure. In connection with this plan, which is expected to be completed by the end of fiscal 2015, SunPower expects approximately 85 to 115 employees to be affected, primarily in Europe, representing approximately 1% to 2% of SunPower's global workforce. SunPower expects to incur restructuring charges totaling approximately $15 million to $25 million, principally composed of severance benefits, lease and related termination costs, and other associated costs. SunPower expects more than 90% of total charges to be cash. The actual timing and costs of the plan may differ from SunPower’s current expectations and estimates due to a number of factors, including uncertainties related to required consultations with employee representatives as well as other local labor law requirements and mandatory processes in the relevant jurisdictions.

***Legacy Restructuring Plans***

During fiscal 2012 and 2011, the Company implemented approved restructuring plans, related to all segments, to align with changes in the global solar market which included the consolidation of the Company's Philippine manufacturing operations as well as actions to accelerate operating cost reduction and improve overall operating efficiency. These restructuring activities were substantially complete as of December 28, 2014, however, the Company expects to continue to incur costs as it finalizes previous estimates and actions in connection with these plans, primarily due to other costs, such as legal services.

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

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 | Cumulative To Date |
|---|---|---|---|---|
| November 2014 Plan: | | | | |
| Non-cash impairment charges | $ 719 | $ — | $ — | $ 719 |
| Severance and benefits | 12,180 | — | — | 12,180 |
| Other costs[1] | 213 | — | — | 213 |
| | 13,112 | — | — | 13,112 |
| | | | | |
| Legacy Restructuring Plans: | | | | |
| Non-cash impairment charges | — | 443 | 60,153 | 60,596 |
| Severance and benefits | (1,645) | (535) | 30,398 | 46,709 |
| Lease and related termination costs | 244 | 610 | 4,232 | 5,774 |
| Other costs[1] | 512 | 2,084 | 6,040 | 10,860 |
| | (889) | 2,602 | 100,823 | 123,939 |
| Total restructuring charges | $ 12,223 | $ 2,602 | $ 100,823 | $ 137,051 |

The following table summarizes the restructuring reserve activity during the fiscal year ended December 28, 2014:

| (In thousands) | Fiscal Year 2013 | Charges (Benefits) | Payments | 2014 |
|---|---|---|---|---|
| November 2014 Plan: | | | | |
| Severance and benefits | $ — | $ 12,180 | $ (105) | $ 12,075 |
| Other costs[1] | — | 213 | (68) | 145 |
| | — | 12,393 | (173) | 12,220 |
| | | | | |
| Legacy Restructuring Plans: | | | | |
| Severance and benefits | 3,961 | (1,645) | (1,895) | 421 |
| Lease and related termination costs | 1,609 | 244 | (1,463) | 390 |
| Other costs[1] | 1,564 | 512 | (1,630) | 446 |
| | 7,134 | (889) | (4,988) | 1,257 |
| Total restructuring liability | $ 7,134 | $ 11,504 | $ (5,161) | $ 13,477 |

[1] Other costs primarily represent associated legal services.

**Note 9. *COMMITMENTS AND CONTINGENCIES***

**Facility and Equipment Lease Commitments**

The Company leases certain facilities under non-cancellable operating leases from unaffiliated third parties. As of December 28, 2014, future minimum lease payments for facilities under operating leases were $55.5 million, to be paid over the remaining contractual terms of up to 10 years. The Company also leases certain buildings, machinery and equipment under non-cancellable capital leases. As of December 28, 2014, future minimum lease payments for assets under capital leases were $6.4 million, to be paid over the remaining contractual terms of up to 10 years.

**Purchase Commitments**

The Company purchases raw materials for inventory and manufacturing equipment from a variety of vendors. During the normal course of business, in order to manage manufacturing lead times and help assure adequate supply, the Company enters into agreements with contract manufacturers and suppliers that either allow them to procure goods and services based on specifications defined by the Company, or that establish parameters defining the Company's requirements. In certain instances, these agreements allow the Company the option to cancel, reschedule or adjust the Company's requirements based on its

business needs prior to firm orders being placed. Consequently, only a portion of the Company's disclosed purchase commitments arising from these agreements are firm, non-cancellable, and unconditional commitments.

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

Future purchase obligations under non-cancellable purchase orders and long-term supply agreements as of December 28, 2014 are as follows:

| (In thousands) | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Thereafter | Total[1,2,3] |
|---|---|---|---|---|---|---|---|
| Future purchase obligations | $ 598,461 | 334,897 | 405,949 | 182,181 | 175,695 | 164,847 | $ 1,862,030 |

[1] Total future purchase obligations as of December 28, 2014 include $2.5 million to related parties.

[2] Total future purchase obligations was composed of $216.5 million related to non-cancellable purchase orders and $1.6 billion related to long-term supply agreements.

[3] During fiscal 2014, the Company did not fulfill all of the purchase commitments it was otherwise obligated to take by December 31, 2014, as specified in several related contracts with a supplier. On February 6, 2015, the Company received a notice from the supplier requesting payment for $56.1 million related to this shortfall. This amount has been included in the '2015' column in the above table and the Company has not recorded an accrual for this amount as of December 28, 2014, as it expects to satisfy the obligation via purchases of inventory in fiscal 2015, within the cure period specified in the contracts, and the amounts did not become due until after the end of fiscal 2014.

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

**Advances to Suppliers**

As noted above, the Company has entered into agreements with various vendors, some of which are structured as "take or pay" contracts, that specify future quantities and pricing of products to be supplied. Certain agreements also provide for penalties or forfeiture of advanced deposits in the event the Company terminates the arrangements. Under certain agreements, the Company is required to make prepayments to the vendors over the terms of the arrangements. During fiscal 2014, the Company made additional advance payments totaling $65.7 million, in accordance with the terms of existing long-term supply agreements. As of December 28, 2014 and December 29, 2013, advances to suppliers totaled $409.7 million and $383.3 million, respectively, of which $98.1 million and $58.6 million, respectively, is classified as short-term in the Company's Consolidated Balance Sheets. Two suppliers accounted for 82% and 17% of total advances to suppliers as of December 28, 2014, and 77% and 22% as of December 29, 2013.

**Advances from Customers**

The Company has entered into other agreements with customers who have made advance payments for solar power products and systems. These advances will be applied as shipments of product occur or upon completion of certain project milestones. The estimated utilization of advances from customers as of December 28, 2014 is as follows:

| (In thousands) | Fiscal 2015 | Fiscal 2016 | Fiscal 2017 | Fiscal 2018 | Fiscal 2019 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Estimated utilization of advances from customers | $ 31,788 | 22,713 | 27,039 | 27,039 | 28,842 | 43,263 | $ 180,684 |

In fiscal 2010, the Company and its joint venture, AUO SunPower Sdn. Bhd. ("AUOSP"), entered into an agreement under which the Company resells to AUOSP polysilicon purchased from a third-party supplier. Advance payments provided by AUOSP related to such polysilicon are then made by the Company to the third-party supplier. These advance payments are applied as a credit against AUOSP's polysilicon purchases from the Company. Such polysilicon is used by AUOSP to manufacture solar cells which are sold to the Company on a "cost-plus" basis. As of December 28, 2014 and December 29, 2013, outstanding advance payments received from AUOSP totaled $167.2 million and $181.3 million, respectively, of which $18.3 million and $14.0 million, respectively, is classified as short-term in the Company's Consolidated Balance Sheets, based on projected product shipment dates.

**Product Warranties**

The following table summarizes accrued warranty activity for fiscal 2014, 2013, and 2012, respectively:

| | Fiscal Year | | |
|---|---|---|---|
| (In thousands) | 2014 | 2013 | 2012 |
| Balance at the beginning of the period | $ 149,372 | $ 117,172 | $ 94,323 |
| Accruals for warranties issued during the period | 24,942 | 40,259 | 29,833 |
| Settlements and adjustments during the period | (19,666) | (8,059) | (6,984) |
| Balance at the end of the period | $ 154,648 | $ 149,372 | $ 117,172 |

**Contingent Obligations**

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

**Future Financing Commitments**

The Company is required to provide certain funding under the joint venture agreement with AU Optronics Singapore Pte. Ltd. ("AUO") and another unconsolidated investee, subject to certain conditions (see Note 10). As of December 28, 2014, the Company has future financing obligations through fiscal 2015 totaling $171.9 million.

**Liabilities Associated with Uncertain Tax Positions**

Total liabilities associated with uncertain tax positions were $31.8 million and $28.9 million as of December 28, 2014 and December 29, 2013, respectively, and are included in "Other long-term liabilities" in the Company's Consolidated Balance Sheets as they are not expected to be paid within the next 12 months. Due to the complexity and uncertainty associated with its tax positions, the Company cannot make a reasonably reliable estimate of the period in which cash settlement, if any, would be made for its liabilities associated with uncertain tax positions in other long-term liabilities.

**Indemnifications**

The Company is a party to a variety of agreements under which it may be obligated to indemnify the counterparty with respect to certain matters. Typically, these obligations arise in connection with contracts and license agreements or the sale of assets, under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of

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

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

**Defined Benefit Pension Plans**

The Company maintains defined benefit pension plans for its non-U.S. employees. Benefits under these plans are generally based on an employee’s years of service and compensation. Funding requirements are determined on an individual country and plan basis and are subject to local country practices and market circumstances. The funded status of the benefit plans, which represents the difference between the benefit obligation and fair value of plan assets, is calculated on a plan-by-plan basis. The benefit obligation and related funded status are determined using assumptions as of the end of each fiscal year. The Company recognizes the overfunded or underfunded status of its benefit plans as an asset or liability on its Consolidated Balance Sheets. As of December 28, 2014 and December 29, 2013, the underfunded status of the Company’s benefit plans, presented in "Other long-term liabilities" on the Company’s Consolidated Balance Sheets, was $10.0 million and $5.4 million, respectively. The impact of transition assets and obligations and actuarial gains and losses are recorded in "Accumulated other comprehensive loss", and are generally amortized as a component of net periodic cost over the average remaining service period of participating employees. Total other comprehensive loss related to the Company’s benefit plans was $2.9 million for the year ended December 28, 2014.

**Legal Matters**

***Derivative Litigation***

Derivative actions purporting to be brought on the Company's behalf have been filed in state and federal courts against several of the Company's current and former officers and directors. The actions arise from the Audit Committee's investigation announcement on November 16, 2009 regarding certain unsubstantiated accounting entries. The California state derivative cases were consolidated as In re SunPower Corp. S'holder Derivative Litig., Lead Case No. 1-09-CV-158522 (Santa Clara Sup. Ct.), and co-lead counsel for plaintiffs have been appointed. The complaints assert state-law claims for breach of fiduciary duty, abuse of control, unjust enrichment, gross mismanagement, and waste of corporate assets. Plaintiffs filed a consolidated amended complaint on March 5, 2012. The federal derivative complaints were consolidated as In re SunPower Corp. S'holder Derivative Litig., Master File No. CV-09-05731-RS (N.D. Cal.), and lead plaintiffs and co-lead counsel were appointed on January 4, 2010. The federal complaints assert state-law claims for breach of fiduciary duty, waste of corporate assets, and unjust enrichment, and seek an unspecified amount of damages. Plaintiffs filed a consolidated complaint on May 13, 2011. A Delaware state derivative case, Brenner v. Albrecht, et al., C.A. No. 6514-VCP (Del Ch.), was filed on May 23, 2011 in the Delaware Court of Chancery. The complaint asserted state-law claims for breach of fiduciary duty and contribution and indemnification, and sought an unspecified amount of damages. On December 19, 2013, the parties executed a stipulated settlement agreement, providing that all claims against all defendants would be released and dismissed with prejudice, and that the Company would not oppose a request by the plaintiffs' counsel for an award of attorneys' fees up to $1 million, one half of which would be paid from the proceeds of directors and officers liability insurance. At a hearing on August 22, 2014, the

Superior Court of California for Santa Clara County entered an order providing for final approval of the stipulated settlement and dismissing that action with prejudice. On September 9, 2014, the court in the consolidated federal derivative action dismissed that action with prejudice. Those dismissals are now final. On October 22, 2014, the Delaware Chancery Court entered an order dismissing the Delaware derivative action with prejudice.

***Tax Benefit Indemnification Litigation***

On March 19, 2014, the Company received notice that a lawsuit had been filed by NRG Solar LLC (“NRG”) against SunPower Corporation, Systems, a wholly-owned subsidiary of the Company (“SunPower Systems”), in the Superior Court of Contra Costa County, California. The complaint asserts that, according to the indemnification provisions in the contract pertaining to SunPower Systems’ sale of a large California solar project to NRG, SunPower Systems owes NRG $75 million in connection with certain tax benefits associated with the project that were approved by the Treasury Department for an amount that was less than expected. The Company does not believe that the facts support NRG’s claim under the operative indemnification provisions and intends to vigorously contest the claim. On May 5, 2014, SunPower Systems filed a demurrer to NRG’s complaint. The Court sustained the demurrer with leave to amend. NRG filed its amended complaint on September 3, 2014. SunPower Systems filed a demurrer to NRG's amended complaint, which the Court sustained, again, with leave to amend. NRG filed its Second Amended Complaint on January 13, 2015. SunPower Systems filed a demurrer to NRG’s Second Amended Complaint, which is scheduled to be heard on March 12, 2015. The case currently is pending and no trial date or case schedule has been set yet.

***First Philec Arbitration***

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

The tribunal found SPML in breach of its obligations under its supply agreement with FPSC, and in breach of its joint venture agreement with FPEC. The tribunal ordered that (i) SPML must purchase FPEC’s interests in FPSC for an aggregate of $30.3 million, subject to adjustment to account for minority interests, and (ii) after completing the purchase of FPEC’s controlling interest in FPSC, to pay FPSC damages in the amount of $25.2 million. SPML’s purchase of FPEC’s interests in FPSC and the subsequent damages payment to FPSC have been suspended pending the parties’ agreement as to legal arrangements required to complete these transactions, but the transactions are presently scheduled to be completed in the second quarter of 2015.

As a result, as of the fourth quarter of fiscal 2014, the Company recorded an accrual of $63.0 million related to this case based on its best estimate of probable loss.

***Other Litigation***

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

**Note 10. *EQUITY METHOD INVESTMENTS***

As of December 28, 2014 and December 29, 2013, the Company's carrying value of its equity method investments totaled $210.9 million and $131.7 million, respectively, and is classified as "Other long-term assets" in its Consolidated Balance Sheets. The Company's share of its earnings (loss) from equity method investments is reflected as "Equity in earnings of unconsolidated investees" in its Consolidated Statement of Operations.

**Equity Investment and Joint Venture with AUOSP**

In fiscal 2010, the Company, AUO and AU Optronics Corporation, the ultimate parent company of AUO ("AUO Taiwan"), formed the joint venture AUOSP. The Company and AUO each own 50% of the joint venture AUOSP. AUOSP owns a solar cell manufacturing facility in Malaysia and manufactures solar cells and sells them on a "cost-plus" basis to the Company and AUO.

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

The Company and AUO are not permitted to transfer any of AUOSP's shares held by them, except to each other. The Company and AUO agreed to each contribute additional amounts through fiscal 2015 amounting to $169.0 million, or such lesser amount as the parties may mutually agree. In addition, if AUOSP, the Company or AUO requests additional equity financing to AUOSP, then the Company and AUO will each be required to make additional cash contributions of up to $50.0 million in the aggregate. During fiscal 2014, the Company and AUO each contributed $72.0 million to AUOSP.

The Company has concluded that it is not the primary beneficiary of AUOSP since, although the Company and AUO are both obligated to absorb losses or have the right to receive benefits, the Company alone does not have the power to direct the activities of AUOSP that most significantly impact its economic performance. In making this determination the Company considered the shared power arrangement, including equal board governance for significant decisions, elective appointment, and the fact that both parties contribute to the activities that most significantly impact the joint venture's economic performance. The Company accounts for its investment in AUOSP using the equity method as a result of the shared power arrangement. As of December 28, 2014, the Company's maximum exposure to loss as a result of its equity investment in AUOSP is limited to the carrying value of the investment. As of December 28, 2014 and December 29, 2013, the Company's investment in AUOSP had a carrying value of $191.7 million and $112.6 million, respectively.

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

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

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

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

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

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

**Note 11.** ***DEBT AND CREDIT SOURCES***

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

| | December 28, 2014 | | | | December 29, 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| **(In thousands)** | **Face Value** | **Short-term** | **Long-term** | **Total** | **Face Value** | **Short-term** | **Long-term** | **Total** |
| Convertible debt: | | | | | | | | |
| 0.875% debentures due 2021 | $ 400,000 | $ — | $ 400,000 | $ 400,000 | $ — | $ — | $ — | $ — |
| 0.75% debentures due 2018 | 300,000 | — | 300,000 | 300,000 | 300,000 | — | 300,000 | 300,000 |
| 4.50% debentures due 2015 | 249,645 | 245,325 | — | 245,325 | 250,000 | 225,889 | — | 225,889 |
| 4.75% debentures due 2014 | — | — | — | — | 230,000 | 230,000 | — | 230,000 |
| 0.75% debentures due 2027 | 79 | — | 79 | 79 | 79 | — | 79 | 79 |
| IFC mortgage loan | 47,500 | 15,000 | 32,500 | 47,500 | 62,500 | 15,000 | 47,500 | 62,500 |
| CEDA loan | 30,000 | — | 30,000 | 30,000 | 30,000 | — | 30,000 | 30,000 |
| Quinto Credit Facility | 61,481 | — | 61,481 | 61,481 | — | — | — | — |
| Other debt[1] | 91,398 | 1,963 | 89,435 | 91,398 | 50,926 | 41,227 | 9,699 | 50,926 |
| | $ 1,180,103 | $ 262,288 | $ 913,495 | $ 1,175,783 | $ 923,505 | $ 512,116 | $ 387,278 | $ 899,394 |

[1] Other debt excludes payments related to capital leases, which are disclosed in Note 9.

As of December 28, 2014, the aggregate future contractual maturities of the Company's outstanding debt, at face value, was as follows:

| **(In thousands)** | **Fiscal 2015** | **Fiscal 2016** | **Fiscal 2017** | **Fiscal 2018** | **Fiscal 2019** | **Thereafter** | **Total** |
|---|---|---|---|---|---|---|---|
| Aggregate future maturities of outstanding debt | $ 266,659 | 19,970 | 20,294 | 306,077 | 5,789 | 561,314 | $ 1,180,103 |

**Convertible Debt**

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

| | December 28, 2014 | | | December 29, 2013 | | |
|---|---|---|---|---|---|---|
| **(In thousands)** | **Carrying Value** | **Face Value** | **Fair Value[1]** | **Carrying Value** | **Face Value** | **Fair Value[1]** |
| Convertible debt: | | | | | | |
| 0.875% debentures due 2021 | $ 400,000 | $ 400,000 | $ 358,000 | $ — | $ — | $ — |
| 0.75% debentures due 2018 | 300,000 | 300,000 | 366,750 | 300,000 | 300,000 | 367,578 |
| 4.50% debentures due 2015 | 245,325 | 249,645 | 294,581 | 225,889 | 250,000 | 343,895 |
| 4.75% debentures due 2014 | — | — | | 230,000 | 230,000 | 269,252 |
| 0.75% debentures due 2027 | 79 | 79 | 80 | 79 | 79 | 102 |
| | $ 945,404 | $ 949,724 | $ 1,019,411 | $ 755,968 | $ 780,079 | $ 980,827 |

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

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

***0.875% Debentures Due 2021***

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

***0.75% Debentures Due 2018***

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

***4.50% Debentures Due 2015***

In 2010, the Company issued $250.0 million in principal amount of its 4.50% senior cash convertible debentures ("4.50% debentures due 2015"). Interest is payable semi-annually, beginning on September 15, 2010. If not earlier repurchased or converted, the 4.50% debentures due 2015 mature on March 15, 2015. The 4.50% debentures due 2015 are convertible, upon certain events and restrictions, only into cash, and not into shares of the Company's common stock (or any other securities) at an initial conversion price of $22.53 per share. The conversion price is subject to adjustment in certain events, such as distributions of dividends or stock splits. Upon conversion, the Company will deliver cash in an amount calculated by reference to the price of its common stock over the applicable observation period.

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

During fiscal 2014, the Company recognized a non-cash loss of $58.5 million, recorded in "Other, net" in the Company's Consolidated Statement of Operations related to the change in fair value of the embedded cash conversion option. In fiscal 2013 and 2012, the Company recognized a non-cash loss of $108.2 million and a non-cash gain of $1.6 million, respectively, recorded in "Other, net" in the Company's Consolidated Statement of Operations related to the change in fair value of the embedded cash conversion option.

In fiscal 2014, 2013 and 2012, the Company recognized $19.8 million, $17.3 million and $15.2 million of non-cash interest expense, respectively, related to the amortization of the debt discount on the 4.50% debentures. As of December 28, 2014, the remaining unamortized debt discount of $4.3 million will be recognized through March 15, 2015.

***Call Spread Overlay with Respect to 4.50% Debentures***

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

Under the terms of the 4.50% Bond Hedge, the Company bought options to acquire, at an exercise price of $22.53 per share, subject to customary adjustments for anti-dilution and other events, cash in an amount equal to the market value of up to 11.1 million shares of the Company's common stock. Under the terms of the 4.50% Warrants, the Company sold warrants to acquire, at an exercise price of $24.00 per share, up to 11.1 million shares of the Company's common stock. Each 4.50% Bond Hedge and 4.50% Warrant transaction is a separate transaction, entered into by the Company with each counterparty, and is not part of the terms of the 4.50% debentures due 2015.

The 4.50% Bond Hedge, which is indexed to the Company's common stock, is a derivative instrument that requires mark-to-market accounting treatment due to the cash settlement features until such transactions settle or expire. The fair value of the 4.50% Bond Hedge is classified as "Other long-term assets" in the Company's Consolidated Balance Sheets.

During fiscal 2014, the Company recognized a non-cash gain of $58.5 million, in "Other, net" in the Company's Consolidated Statement of Operations related to the change in fair value of the 4.50% Bond Hedge. During fiscal 2013 and 2012, the Company recognized a non-cash gain of $108.1 million and a non-cash loss of $1.6 million, respectively, in "Other, net" in the Company's Consolidated Statement of Operations related to the change in fair value of the 4.50% Bond Hedge.

***4.75% Debentures Due 2014***

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

***Call Spread Overlay with Respect to the 4.75% Debentures***

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

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

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

**Other Debt and Credit Sources**

***Mortgage Loan Agreement with IFC***

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

obligations (see Note 3). As of both December 28, 2014 and December 29, 2013, the Company had restricted cash and cash equivalents of $9.2 million related to the IFC debt service reserve, which is the amount, as determined by IFC, equal to the aggregate principal and interest due on the next succeeding interest payment date.

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

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

***July 2013 Revolving Credit Facility with Credit Agricole***

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

The revolving credit facility was entered into in conjunction with the delivery by Total S.A. of a guarantee of the Company's obligations under the related facility. On January 31, 2014, as contemplated by the facility, (i) the Company's obligations under the facility became secured by a pledge of certain accounts receivable and inventory; (ii) certain of the Company's subsidiaries entered into guarantees of the facility; and (iii) Total S.A.'s guarantee of the Company's obligations under the facility expired. Until the expiration of the guarantee on January 31, 2014, the Company was required to pay Total S.A. an annual guarantee fee of 2.75% of the outstanding amount under the revolving credit facility.

Before January 31, 2014, the Company was required to pay interest on outstanding borrowings and fees of (a) with respect to any LIBOR rate loan, 0.60% plus the LIBOR rate divided by a percentage equal to one minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency liabilities" as specified in Regulation D; (b) with respect to any alternative base rate loan, 0.25% plus the greater of (1) the prime rate, (2) the Federal funds rate plus 0.50%, and (3) the one month LIBOR rate plus 1%; and (c) a commitment fee of 0.06% per annum on funds available for borrowing and not borrowed.

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

As of December 28, 2014 and December 29, 2013, the Company had no outstanding borrowings under the revolving credit facility.

***Liquidity Support Agreement with Total S.A.***

In February 2012, the Company entered into a Liquidity Support Agreement with Total S.A. and the DOE, and a series of related agreements with Total S.A. and Total, under which Total S.A. agreed to provide the Company, or cause to be provided, additional liquidity under certain circumstances. The Liquidity Support Agreement was terminated in the first quarter of fiscal 2014. There were no outstanding guarantees or debt under the agreement upon termination (see Note 2).

***Project Financing***

In order to facilitate the construction and sale of certain solar projects, the Company obtains non-recourse project loans from third-party financial institutions that are contemplated as part of the structure of the sales transaction. The customer,

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

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

The Quinto Credit Facility includes approximately $318.0 million in construction loan commitments and approximately $59.0 million in letter of credit commitments. Principal and accrued interest on the construction loans are convertible into term loans following the end of the construction period. The Quinto Credit Facility matures at the end of the seventh year following the term loan conversion, with semi-annual principal payments computed on a 19-year amortization schedule and a balloon payment at maturity. Generally, borrowings under the Quinto Credit Facility will bear interest of (a) with respect to any LIBOR rate loan, either 1.625% or 1.875% (until December 31, 2019 and on December 31, 2019 and thereafter, respectively) plus the LIBOR rate divided by a percentage equal to one minus the stated maximum rate of all reserves required to be maintained against "Eurocurrency Liabilities" as specified in Regulation D and (b) with respect to any alternate base rate loan, either 0.625% or 0.875% (until December 31, 2019 and on December 31, 2019 and thereafter, respectively) plus the greater of (1) the prime rate, (2) the Federal Funds rate plus 0.50%, and (3) the one-month LIBOR rate plus 1%. In addition, a commitment fee of 0.50% per annum is charged on funds available for borrowing and not borrowed. All outstanding indebtedness under the Quinto Credit Facility may be voluntarily prepaid in whole or in part without premium or penalty, other than customary breakage costs. We have committed to invest approximately $139 million of equity in the Quinto Project Company, with such investments to be made over time in connection with the completion of project development milestones. The Quinto Credit Facility is secured by the assets of, and equity in, the Project Company, but is otherwise non-recourse to us and our affiliates. The Quinto Credit Facility contains certain affirmative and negative covenants that limit or restrict, subject to certain exceptions, the ability of the Project Company to do certain things including the incurrence of indebtedness or liens, payment of dividends, merging or consolidating, transactions with affiliates or changing the nature of its business.

Proceeds from the Quinto Credit Facility will be used primarily to fund the construction of the Quinto Project under a turnkey EPC agreement between the Project Company and SunPower Corporation, Systems, our wholly-owned subsidiary.

As of December 28, 2014 we had outstanding borrowings of $61.5 million under the Quinto Credit Facility.

***Other Debt***

During fiscal 2014, the Company entered into two long-term non-recourse loans to finance solar power systems and leases under its residential lease program. In fiscal 2014 the Company drew down $81.9 million of proceeds, net of issuance costs, under the loan agreements. The loans have a 17-year term and as of December 28, 2014, the short-term and long-term balances of the loans were $1.5 million and $80.4 million, respectively.

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

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

***August 2011 Letter of Credit Facility with Deutsche Bank***

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

for the period from January 1, 2015 through December 31, 2015, and (ii) $1.0 billion for the period from January 1, 2016 through June 28, 2016.

As of December 28, 2014 and December 29, 2013, letters of credit issued and outstanding under the August 2011 letter of credit facility with Deutsche Bank totaled $654.7 million and $736.0 million, respectively.

***September 2011 Letter of Credit Facility with Deutsche Bank Trust***

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

As of December 28, 2014 and December 29, 2013, letters of credit issued and outstanding under the Deutsche Bank Trust facility amounted to $1.6 million and $2.4 million, respectively, which were fully collateralized with restricted cash on the Consolidated Balance Sheets.

**Note 12. *DERIVATIVE FINANCIAL INSTRUMENTS***

The following tables present information about the Company's hedge instruments measured at fair value on a recurring basis as of December 28, 2014 and December 29, 2013, all of which utilize Level 2 inputs under the fair value hierarchy:

| (In thousands) | Balance Sheet Classification | December 28, 2014 | December 29, 2013 |
|---|---|---|---|
| Assets | | | |
| Derivatives designated as hedging instruments: | | | |
| Foreign currency option contracts | Prepaid expenses and other current assets | $ 2,240 | $ 615 |
| Foreign currency forward exchange contracts | Prepaid expenses and other current assets | 4 | 35 |
| Foreign currency option contracts | Other long-term assets | — | 588 |
| | | $ 2,244 | $ 1,238 |
| Derivatives not designated as hedging instruments: | | | |
| Foreign currency option contracts | Prepaid expenses and other current assets | $ — | $ 381 |
| Foreign currency forward exchange contracts | Prepaid expenses and other current assets | 4,774 | 3,611 |
| | | $ 4,774 | $ 3,992 |
| | | | |
| Liabilities | | | |
| Derivatives designated as hedging instruments: | | | |
| Foreign currency option contracts | Accrued liabilities | $ — | $ 1,595 |
| Foreign currency option contracts | Other long-term liabilities | — | 555 |
| Interest rate contracts | Other long-term liabilities | 3,712 | 220 |
| | | $ 3,712 | $ 2,370 |
| | | | |
| Derivatives not designated as hedging instruments: | | | |
| Foreign currency option contracts | Accrued liabilities | $ — | $ 386 |
| Foreign currency forward exchange contracts | Accrued liabilities | 1,345 | 4,189 |
| | | $ 1,345 | $ 4,575 |

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

| (In thousands) | December 29, 2013 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Gross Amounts Not Offset in the Consolidated Balance Sheets, but Have Rights to Offset | | |
| | Gross Amounts Recognized | Gross Amounts Offset | Net Amounts Presented | Financial Instruments | Cash Collateral | Net Amounts |
| Derivative assets | $ 5,230 | $ — | $ 5,230 | $ 4,512 | $ — | $ 718 |
| Derivative liabilities | $ 6,945 | $ — | $ 6,945 | $ 4,512 | $ — | $ 2,433 |

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

| (In thousands) | Fiscal Year | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Derivatives designated as cash flow hedges: | | | |
| Gain (loss) in OCI at the beginning of the period | $ (805) | $ (243) | $ 10,473 |
| Unrealized gain (loss) recognized in OCI (effective portion) | (255) | (168) | (1,720) |
| Less: Loss (gain) reclassified from OCI to revenue (effective portion) | (383) | (394) | (8,996) |
| Net gain (loss) on derivatives | $ (638) | $ (562) | $ (10,716) |
| Gain (loss) in OCI at the end of the period | $ (1,443) | $ (805) | $ (243) |

The following table summarizes the amount of gain or loss recognized in "Other, net" in the Consolidated Statements of Operations in the years ended December 28, 2014, December 29, 2013 and December 30, 2012:

| (In thousands) | Fiscal Year | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Derivatives designated as cash flow hedges: | | | |
| Gain (loss) recognized in "Other, net" on derivatives (ineffective portion and amount excluded from effectiveness testing) | $ 704 | $ (3,029) | $ (1,853) |
| Derivatives not designated as hedging instruments: | | | |
| Gain (loss) recognized in "Other, net" | $ 6,463 | $ (4,615) | $ 3,126 |

**Foreign Currency Exchange Risk**

***Designated Derivatives Hedging Cash Flow Exposure***

The Company's cash flow exposure primarily relates to anticipated third-party foreign currency revenues and expenses and interest rate fluctuations. To protect financial performance, the Company enters into foreign currency forward and option

contracts designated as cash flow hedges to hedge certain forecasted revenue transactions denominated in currencies other than their functional currencies.

As of December 28, 2014, the Company had designated outstanding cash flow hedge option contracts and forward contracts with an aggregate notional value of $26.6 million and $12.2 million, respectively. As of December 29, 2013, the Company had designated outstanding cash flow hedge option contracts and forward contracts with an aggregate notional value of $105.9 million and $42.8 million, respectively. The Company designates either gross external or intercompany revenue up to its net economic exposure. These derivatives have a maturity of 12 months or less and consist of foreign currency option and forward contracts. The effective portion of these cash flow hedges is reclassified into revenue when third-party revenue is recognized in the Consolidated Statements of Operations.

***Non-Designated Derivatives Hedging Transaction Exposure***

Derivatives not designated as hedging instruments consist of forward and option contracts used to hedge re-measurement of foreign currency denominated monetary assets and liabilities primarily for intercompany transactions, receivables from customers, and payables to third parties. Changes in exchange rates between the Company's subsidiaries' functional currencies and the currencies in which these assets and liabilities are denominated can create fluctuations in the Company's reported consolidated financial position, results of operations and cash flows. As of December 28, 2014, the Company held option contracts and forward contracts with an aggregate notional value of zero and $122.5 million, respectively, to hedge balance sheet exposure. The maturity dates of these contracts range from December 2014 to March 2015. The Company held option contracts and forward contracts with an aggregate notional value of $9.4 million and $32.1 million, respectively, as of December 29, 2013, to hedge balance sheet exposure.

**Interest Rate Risk**

The Company also enters into interest rate swap agreements to reduce the impact of changes in interest rates on its project specific non-recourse floating rate debt. As of December 28, 2014 and December 29, 2013, the Company had interest rate swap agreements designated as cash flow hedges with an aggregate notional value of $247.0 million and $9.0 million, respectively. These swap agreements allow the Company to effectively convert floating-rate payments into fixed rate payments periodically over the life of the agreements. These derivatives have a maturity of more than 12 months. The effective portion of these cash flow hedges is reclassified into interest expense when the hedged transactions are recognized in the Consolidated Statements of Operations.

**Credit Risk**

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

**Note 13. *INCOME TAXES***

The geographic distribution of income (loss) from continuing operations before income taxes and equity earnings of unconsolidated investees and the components of provision for income taxes are summarized below:

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Geographic distribution of income (loss) from continuing operations before income taxes and equity in earnings of unconsolidated investees: | | | |
| U.S. income (loss) | $ 183,412 | $ (32,022) | $ (140,432) |
| Non-U.S. income (loss) | 1,202 | 73,605 | (189,231) |
| Income (loss) before income taxes and equity in earnings (loss) of unconsolidated investees | $ 184,614 | $ 41,583 | $ (329,663) |
| Provision for income taxes: | | | |
| Current tax benefit (expense) | | | |
| Federal | $ 141 | $ 5,068 | $ — |
| State | 3,554 | (2,414) | (805) |
| Foreign | (16,571) | (14,043) | (28,183) |
| Total current tax expense | $ (12,876) | $ (11,389) | $ (28,988) |
| Deferred tax benefit (expense) | | | |
| Federal | $ 2,797 | $ — | $ — |
| State | 10 | — | — |
| Foreign | 1,309 | (516) | 7,146 |
| Total deferred tax benefit (expense) | 4,116 | (516) | 7,146 |
| Provision for income taxes | $ (8,760) | $ (11,905) | $ (21,842) |

The provision for income taxes differs from the amounts obtained by applying the statutory U.S. federal tax rate to income before taxes as shown below:

| (In thousands) | Fiscal Year 2014 | 2013 | 2012 |
|---|---|---|---|
| Statutory rate | 35% | 35% | 35% |
| Tax benefit (expense) at U.S. statutory rate | $ (64,614) | $ (14,554) | $ 115,382 |
| Foreign rate differential | (15,387) | 9,324 | (82,017) |
| State income taxes, net of benefit | 2,180 | (2,414) | (805) |
| Goodwill impairment | — | — | (12,596) |
| Deemed foreign dividend | (4,625) | (2,511) | — |
| Tax credits (research and development/investment tax credit) | 9,262 | 15,599 | 939 |
| Change in valuation allowance | 52,489 | (32,512) | (53,075) |
| Reserve release | 1,948 | 10,550 | — |
| Non-controlling interest income | 11,052 | 9,570 | — |
| Lehman settlement | — | — | 17,726 |
| Other, net | (1,065) | (4,957) | (7,396) |
| Total | $ (8,760) | $ (11,905) | $ (21,842) |

| (In thousands) | As of December 28, 2014 | As of December 29, 2013 |
|---|---|---|
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 60,092 | $ 84,815 |
| Research and development credit and California manufacturing credit carryforwards | 14,846 | 26,865 |
| Reserves and accruals | 164,585 | 145,382 |
| Synthetic debt | 1,635 | 13,595 |
| Stock-based compensation stock deductions | 14,694 | 14,752 |
| Other | 216 | — |
| Total deferred tax asset | 256,068 | 285,409 |
| Valuation allowance | (118,748) | (90,571) |
| Total deferred tax asset, net of valuation allowance | 137,320 | 194,838 |
| Deferred tax liabilities: | | |
| Foreign currency derivatives unrealized gains | (422) | 184 |
| Other intangible assets and accruals | (35,279) | (44,959) |
| Fixed asset basis difference | (95,247) | (143,491) |
| Total deferred tax liabilities | (130,948) | (188,266) |
| Net deferred tax asset | $ 6,372 | $ 6,572 |

As of December 28, 2014, the Company had federal net operating loss carryforwards of $288.3 million for tax purposes, of which $94.8 million relate to stock deductions and $129.3 million relate to debt issuance, both of which will benefit equity when realized. These federal net operating loss carryforwards will expire at various dates from 2031 to 2033. As of December 28, 2014, the Company had California state net operating loss carryforwards of approximately $180.5 million for tax purposes, of which $40.3 million relate to stock deductions and $50.7 million relate to debt issuance, both of which will benefit equity when realized. These California net operating loss carryforwards will expire at various dates from 2031 to 2033. The Company also had credit carryforwards of approximately $49.7 million for federal tax purposes and $9.4 million for state tax purposes. These federal credit carryforwards will expire at various dates from 2018 to 2035, and the California credit carryforwards do not expire. The Company’s ability to utilize a portion of the net operating loss and credit carryforwards is dependent upon the Company being able to generate taxable income in future periods and may be limited due to restrictions imposed on utilization of net operating loss and credit carryforwards under federal and state laws upon a change in ownership, such as the transaction with Cypress.

The Company is subject to tax holidays in the Philippines where it manufactures its solar power products. The Company's current income tax holidays were granted as manufacturing lines were placed in service and thereafter expire within this fiscal year, and we are in the process of or have applied for extensions and renewals upon expiration. Tax holidays in the Philippines reduce the Company's tax rate to 0% from 30%. Tax savings associated with the Philippines tax holidays were approximately $8.3 million, $11.7 million, and $9.5 million in fiscal 2014, 2013, and 2012, respectively, which provided a diluted net income (loss) per share benefit of $0.05, $0.08, and $0.07, respectively.

The Company has a tax ruling in Switzerland where it sells its solar power products. The ruling in Switzerland reduces the Company's tax rate to 11.5% from approximately 24.2%. Tax savings associated with this ruling were approximately $3.5 million, $1.5 million, and $1.8 million in fiscal 2014, 2013, and 2012, respectively, which provided a diluted net income (loss) per share benefit of $0.02, $0.02, and $0.02 in fiscal 2014, 2013, and 2012, respectively. This current tax ruling expires at the end of 2019.

As of December 28, 2014, the Company’s foreign subsidiaries have accumulated undistributed earnings of approximately $231.1 million that are intended to be indefinitely reinvested outside the United States and, accordingly, no provision for U.S. federal and state tax has been made for the distribution of these earnings. At December 28, 2014, the amount of the unrecognized deferred tax liability on the indefinitely reinvested earnings was $61.5 million.

**Valuation Allowance**

The Company's valuation allowance is related to deferred tax assets in the United States and France, and was determined by assessing both positive and negative evidence. When determining whether it is more likely than not that deferred assets are recoverable, with such assessment being required on a jurisdiction by jurisdiction basis, management believes that sufficient uncertainty exists with regard to the realizability of these assets such that a valuation allowance is necessary. Factors considered in providing a valuation allowance include the lack of a significant history of consistent profits, the lack of consistent profitability in the solar industry, and the lack of carryback capacity to realize these assets, and other factors. Based on the absence of sufficient positive objective evidence, management is unable to assert that it is more likely than not that the Company will generate sufficient taxable income to realize these remaining net deferred tax assets. Should the Company achieve a certain level of profitability in the future, it may be in a position to reverse the valuation allowance which would result in a non-cash income statement benefit. The change in valuation allowance for fiscal 2014, 2013, and 2012 was $28.2 million, $91.8 million, and $52.4 million, respectively.

**Unrecognized Tax Benefits**

Current accounting guidance contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits during fiscal 2014, 2013, and 2012 is as follows:

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Balance, beginning of year | $ 29,618 | $ 62,932 | $ 33,565 |
| Additions for tax positions related to the current year | 5,579 | 2,053 | 708 |
| Additions (reductions) for tax positions from prior years | 14,408 | (24,535) | 32,493 |
| Reductions for tax positions from prior years/statute of limitations expirations | (3,391) | (12,431) | (2,684) |
| Foreign exchange (gain) loss | (1,927) | 1,599 | (1,150) |
| Balance at the end of the period | $ 44,287 | $ 29,618 | $ 62,932 |

Included in the unrecognized tax benefits at December 2014 and 2013 is $28.2 million and $25.9 million, respectively that, if recognized, would result in a reduction of the Company's effective tax rate. The amounts differ from the long term liability recorded of $31.8 million and $28.9 million as of December 2014 and 2013 due to accrued interest and penalties. Certain components of the unrecognized tax benefits are recorded against deferred tax asset balances.

Management believes that events that could occur in the next 12 months and cause a change in unrecognized tax benefits include, but are not limited to, the following:

- commencement, continuation or completion of examinations of the Company's tax returns by the U.S. or foreign taxing authorities; and
- expiration of statutes of limitation on the Company's tax returns.

The calculation of unrecognized tax benefits involves dealing with uncertainties in the application of complex global tax regulations. Uncertainties include, but are not limited to, the impact of legislative, regulatory and judicial developments, transfer pricing and the application of withholding taxes. Management regularly assesses the Company's tax positions in light of legislative, bilateral tax treaty, regulatory and judicial developments in the countries in which the Company does business. Management determined that an estimate of the range of reasonably possible change in the amounts of unrecognized tax benefits within the next 12 months cannot be made.

**Classification of Interests and Penalties**

The Company accrues interest and penalties on tax contingencies which are classified as "Provision for income taxes" in the Consolidated Statements of Operations. Accrued interest as of December 28, 2014 and December 29, 2013 was approximately $3.3 million and $2.6 million, respectively. Accrued penalties were not material for any of the periods presented.

**Tax Years and Examination**

The Company files tax returns in each jurisdiction in which it is registered to do business. In the United States and many of the state jurisdictions, and in many foreign countries in which the Company files tax returns, a statute of limitations period exists. After a statute of limitations period expires, the respective tax authorities may no longer assess additional income tax for the expired period. Similarly, the Company is no longer eligible to file claims for refund for any tax that it may have overpaid. The following table summarizes the Company's major tax jurisdictions and the tax years that remain subject to examination by these jurisdictions as of December 28, 2014:

| Tax Jurisdictions | Tax Years |
|---|---|
| United States | 2011 and onward |
| California | 2010 and onward |
| Switzerland | 2005 and onward |
| Philippines | 2011 and onward |
| France | 2010 and onward |
| Italy | 2009 and onward |

Additionally, certain pre-2011 U.S. corporate tax return and pre-2010 California tax returns are not open for assessment but the tax authorities can adjust net operating loss and credit carryovers that were generated.

The Company is under tax examinations in various jurisdictions. The Company does not expect the examinations to result in a material assessment outside of existing reserves. If a material assessment in excess of current reserves results, the amount that the assessment exceeds current reserves will be a current period charge to earnings.

**Note 14. *COMMON STOCK***

**Common Stock**

*Voting Rights - Common Stock*

All common stock holders are entitled to one vote per share on all matters submitted to be voted on by the Company's stockholders, subject to the preferences applicable to any preferred stock outstanding.

*Dividends - Common Stock*

All common stock holders are entitled to receive equal per share dividends when and if declared by the Board of Directors, subject to the preferences applicable to any preferred stock outstanding. Certain of the Company's debt agreements place restrictions on the Company and its subsidiaries' ability to pay cash dividends.

**Shares Reserved for Future Issuance**

The Company had shares of common stock reserved for future issuance as follows:

| (In thousands) | December 28, 2014 | December 29, 2013 |
|---|---|---|
| Equity compensation plans | 7,953 | 3,963 |

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

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

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

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

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands, except per share amounts)** | **2014** | **2013** | **2012** |
| **Basic net income (loss) per share:** | | | |
| **Numerator** | | | |
| Net income (loss) attributable to stockholders | $ 245,894 | $ 95,593 | $ (352,020) |
| **Denominator** | | | |
| Basic weighted-average common shares | 128,635 | 120,819 | 117,093 |
| Basic net income (loss) per share | $ 1.91 | $ 0.79 | $ (3.01) |
| **Diluted net income (loss) per share:** | | | |
| **Numerator** | | | |
| Net income (loss) attributable to stockholders | $ 245,894 | $ 95,593 | $ (352,020) |
| Add: Interest expense incurred on the 0.75% debentures due 2018, net of tax | 2,103 | 1,295 | — |
| Add: Interest expense incurred on the 0.875% debentures due 2021, net of tax | 1,897 | — | — |
| Add: Interest expense incurred on the 4.75% debentures due 2014, net of tax | 2,630 | — | — |
| Net income (loss) available to common stockholders | $ 252,524 | $ 96,888 | $ (352,020) |
| **Denominator** | | | |
| Basic weighted-average common shares | 128,635 | 120,819 | 117,093 |
| Effect of dilutive securities: | | | |
| Stock options | 84 | 109 | — |
| Restricted stock units | 4,522 | 5,010 | — |
| Upfront Warrants (held by Total) | 7,236 | 5,090 | — |
| Warrants (under the CSO2015) | 2,945 | 590 | — |
| Warrants (under the CSO2014) | 262 | 292 | — |
| 0.75% debentures due 2018 | 12,026 | 7,070 | — |
| 0.875% debentures due 2021 | 4,530 | — | — |
| 4.75% debentures due 2014 | 2,511 | — | — |
| Dilutive weighted-average common shares | 162,751 | 138,980 | 117,093 |
| Dilutive net income (loss) per share | $ 1.55 | $ 0.70 | $ (3.01) |

The Upfront Warrants allow Total to acquire up to 9,531,677 shares of the Company's common stock at an exercise price of $7.8685. Holders of the Warrants under the CSO2015 and CSO2014, may acquire up to 11.1 million and 8.7 million shares, respectively, of the Company's common stock at an exercise price of $24.00 and $26.40, respectively. If the market price per share of the Company's common stock for the period exceeds the established strike price of the respective warrants, they will have a dilutive effect on its diluted net income per share using the treasury-stock method. In February 2014, the CSO2014 was settled, leaving none of the related Warrants outstanding (see Note 11).

Holders of the Company's 0.875% debentures due 2021, 0.75% debentures due 2018, and the 4.75% debentures due 2014 may convert the debentures into shares of the Company's common stock, at the applicable conversion rate, at any time on or prior to maturity. These debentures are included in the calculation of diluted net income per share if they were outstanding

during the period presented and if their inclusion is dilutive under the if-converted method. In April 2014, the 4.75% debentures matured and were fully settled in both cash and shares of the Company's common stock during the quarter (see Note 11).

Holders of the Company's 4.50% debentures due 2015 may, under certain circumstances at their option, convert the debentures into cash, and not into shares of the Company's common stock (or any other securities). Therefore, the 4.50% debentures due 2015 are excluded from the net income per share calculation.

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

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012[1]** |
| Stock options | 142 | 194 | 363 |
| Restricted stock units | 374 | 1,600 | 6,287 |
| Upfront Warrants (held by Total) | — | — | * |
| Warrants (under the CSO2015) | — | — | * |
| Warrants (under the CSO2014) | — | — | * |
| 0.875% debentures due 2021 | — | n/a | n/a |
| 4.75% debentures due 2014 | — | 8,712 | 8,712 |

[1] As a result of the net loss per share for fiscal 2012, the inclusion of all potentially dilutive stock options, restricted stock units, and common shares under noted warrants and convertible debt would be anti-dilutive. Therefore, those stock options, restricted stock units and shares were excluded from the computation of the weighted-average shares for diluted net loss per share for such period.

* The Company's average stock price during the period did not exceed the exercise price of the related warrants during the period.

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

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

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Cost of Americas revenue | $ 8,115 | $ 5,150 | $ 6,181 |
| Cost of EMEA revenue | 1,961 | 2,660 | 3,851 |
| Cost of APAC revenue | 4,245 | 3,006 | 1,578 |
| Research and development | 7,714 | 5,414 | 5,005 |
| Sales, general and administrative | 33,557 | 29,448 | 25,824 |
| Total stock-based compensation expense | $ 55,592 | $ 45,678 | $ 42,439 |

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

| | Fiscal Year | | |
|---|---|---|---|
| **(In thousands)** | **2014** | **2013** | **2012** |
| Employee stock options | $ — | $ — | $ 649 |
| Restricted stock units | 55,591 | 46,215 | 40,996 |
| Change in stock-based compensation capitalized in inventory | 1 | (537) | 794 |
| Total stock-based compensation expense | $ 55,592 | $ 45,678 | $ 42,439 |

As of December 28, 2014, the total unrecognized stock-based compensation related to outstanding restricted stock units was $78.3 million, which the Company expects to recognize over a weighted-average period of 1.4 years.

**Equity Incentive Programs**

*Stock-based Incentive Plans*

The Company has three stock incentive plans: the 1996 Stock Plan ("1996 Plan"), the Third Amended and Restated 2005 SunPower Corporation Stock Incentive Plan ("2005 Plan") and the PowerLight Corporation Common Stock Option and Common Stock Purchase Plan ("PowerLight Plan"). The PowerLight Plan was assumed by the Company by way of the acquisition of PowerLight in fiscal 2007. Under the terms of all three plans, the Company may issue incentive or non-statutory stock options or stock purchase rights to directors, employees and consultants to purchase common stock. The 2005 Plan was adopted by the Company's Board of Directors in August 2005, and was approved by shareholders in November 2005. The 2005 Plan replaced the 1996 Plan and allows not only for the grant of options, but also for the grant of stock appreciation rights, restricted stock grants, restricted stock units and other equity rights. The 2005 Plan also allows for tax withholding obligations related to stock option exercises or restricted stock awards to be satisfied through the retention of shares otherwise released upon vesting. The PowerLight Plan was adopted by PowerLight's Board of Directors in October 2000.

In May 2008, the Company's stockholders approved an automatic annual increase available for grant under the 2005 Plan, beginning in fiscal 2009. The automatic annual increase is equal to the lower of three percent of the outstanding shares of all classes of the Company's common stock measured on the last day of the immediately preceding fiscal quarter, 6.0 million shares, or such other number of shares as determined by the Company's Board of Directors. As of December 28, 2014, approximately 8.0 million shares were available for grant under the 2005 Plan. In fiscal 2014, the Company's Board of Directors voted not to add the three percent annual increase at the beginning of fiscal 2015. No new awards were approved by the Company's Board of Directors in fiscal 2014. No new awards are being granted under the 1996 Plan or the PowerLight Plan.

Incentive stock options may be granted at no less than the fair value of the common stock on the date of grant. Non-statutory stock options and stock purchase rights may be granted at no less than 85% of the fair value of the common stock at the date of grant. The options and rights become exercisable when and as determined by the Company's Board of Directors, although these terms generally do not exceed ten years for stock options. Under the 1996 and 2005 Plans, the options typically vest over five years with a one-year cliff and monthly vesting thereafter. Under the PowerLight Plan, the options typically vest over five years with yearly cliff vesting. Under the 2005 Plan, the restricted stock grants and restricted stock units typically vest in three equal installments annually over three years.

The majority of shares issued are net of the minimum statutory withholding requirements that the Company pays on behalf of its employees. During fiscal 2014, 2013, and 2012, the Company withheld 1,738,625 shares, 1,329,140 shares, and 905,953 shares, respectively, to satisfy the employees' tax obligations. The Company pays such withholding requirements in cash to the appropriate taxing authorities. Shares withheld are treated as common stock repurchases for accounting and disclosure purposes and reduce the number of shares outstanding upon vesting.

**Restricted Stock and Stock Options**

The following table summarizes the Company's non-vested restricted stock activities:

| | Restricted Stock Units | |
|---|---|---|
| | Shares (in thousands) | Weighted-Average Grant Date Fair Value Per Share[1] |
| Outstanding as of January 1, 2012 | 7,370 | 13.25 |
| Granted | 5,638 | 5.93 |
| Vested[2] | (2,844) | 13.94 |
| Forfeited | (1,588) | 11.52 |
| Outstanding as of December 30, 2012 | 8,576 | 8.53 |
| Granted | 5,607 | 15.88 |
| Vested[2] | (3,583) | 9.48 |
| Forfeited | (1,008) | 10.10 |
| Outstanding as of December 29, 2013 | 9,592 | 12.26 |
| Granted | 2,187 | 31.80 |
| Vested[2] | (4,432) | 11.61 |
| Forfeited | (792) | 15.00 |
| Outstanding as of December 28, 2014 | 6,555 | 18.88 |

[1] The Company estimates the fair value of its restricted stock awards and units at its stock price on the grant date.

[2] Restricted stock awards and units vested include shares withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements.

The following table summarizes the Company's outstanding options as of December 28, 2014:

| | Outstanding Stock Options | | | |
|---|---|---|---|---|
| | Shares (in thousands)[1] | Weighted-Average Exercise Price Per Share | Weighted-Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (in thousands) |
| Outstanding and exercisable as of December 28, 2014 | 210 | $ 41.44 | 2.51 | $ 1,036 |

The intrinsic value of options exercised in fiscal 2014, 2013, and 2012 were $2.4 million, $0.8 million, and $0.1 million, respectively. There were no stock options granted in fiscal 2014, 2013, and 2012.

The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price of $26.32 at December 28, 2014 which would have been received by the option holders had all option holders exercised their options as of that date. The total number of in-the-money options exercisable was 0.1 million shares as of December 28, 2014.

**Note 17. *SEGMENT INFORMATION***

The Company's President and Chief Executive Officer, as the chief operating decision maker ("CODM"), has organized the Company, manages resource allocations and measures performance of the Company's activities among three regional segments: (i) the Americas Segment, (ii) the EMEA Segment, and (iii) the APAC Segment. The Americas Segment includes both North and South America. The EMEA Segment includes European countries, as well as the Middle East and Africa. The APAC segment includes all Asia-Pacific countries.

The CODM assesses the performance of the three regional segments using information about their revenue and gross margin after certain adjustments to reflect the substance of the revenue transactions for certain utility and power plant projects, and adding back certain non-cash expenses such as stock-based compensation expense and interest expense, as well as other items including gain on contract termination, loss on change in European government incentives, accelerated depreciation associated with the Company's manufacturing step reduction program, and amortization of other intangible assets. The CODM does not review asset information by segment.

The following tables present information by region; including revenue, gross margin, and depreciation and amortization.

| | Fiscal Year | | |
|---|---|---|---|
| (In thousands): | 2014 | 2013 | 2012 |
| Revenue | | | |
| Americas | $ 2,323,441 | $ 1,676,472 | $ 1,696,348 |
| EMEA | 288,533 | 450,659 | 489,484 |
| APAC | 415,291 | 380,072 | 231,669 |
| Total revenue | 3,027,265 | 2,507,203 | 2,417,501 |
| Cost of revenue | | | |
| Americas | 1,759,639 | 1,299,701 | 1,415,417 |
| EMEA | 250,735 | 419,416 | 559,993 |
| APAC | 391,764 | 297,014 | 195,693 |
| Total cost of revenue | 2,402,138 | 2,016,131 | 2,171,103 |

| | | | |
|---|---|---|---|
| Gross margin | | | |
| Americas | 563,802 | 376,771 | 280,931 |
| EMEA | 37,798 | 31,243 | (70,509) |
| APAC | 23,527 | 83,058 | 35,976 |
| Total gross margin | $ 625,127 | $ 491,072 | $ 246,398 |

| | Fiscal Year | | |
|---|---|---|---|
| **Depreciation and amortization by region (in thousands):** | **2014** | **2013** | **2012** |
| Americas | $ 62,193 | $ 46,843 | $ 59,120 |
| EMEA | $ 14,073 | $ 22,380 | $ 33,047 |
| APAC | $ 32,529 | $ 28,223 | $ 16,489 |

The following tables present information by significant customers and categories:

| | | Fiscal Year | | |
|---|---|---|---|---|
| **(As a percentage of total revenue):** | | **2014** | **2013** | **2012** |
| **Significant Customers:** | **Business Segment** | | | |
| MidAmerican Energy Holdings Company | Americas | 49% | 25% | * |
| NRG Solar, Inc. | Americas | * | 17% | 35% |

* denotes less than 10% during the period

| | Fiscal Year | | |
|---|---|---|---|
| **Revenue by Significant Category (in thousands):** | **2014** | **2013** | **2012** |
| Solar power components[1] | $ 943,652 | $ 917,960 | $ 985,436 |
| Solar power systems[2] | 1,896,696 | 1,399,972 | 1,318,269 |
| Residential leases[3] | 129,962 | 137,054 | 68,914 |
| Other revenue[4] | 56,955 | 52,217 | 44,882 |
| | $ 3,027,265 | $ 2,507,203 | $ 2,417,501 |

[1] Solar power components represents direct sales of panels, balance of system components, and inverters to dealers, systems integrators, and residential, commercial, and utility customers in all regions.

[2] Solar power systems represents revenue recognized in connection with our construction and development contracts.

[3] Residential leases represents revenue recognized on solar power systems leased to customers under our solar lease program.

[4] Other revenue includes revenue related to our solar power services and solutions, such as post-installation systems monitoring and maintenance and commercial power purchase agreements.

A reconciliation of the Company's segment revenue and gross margin to its consolidated financial statements for the fiscal years ended December 28, 2014, December 29, 2013, and December 30, 2012 is as follows:

| | Fiscal 2014 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue | | | Gross margin | | | | | |
| **Revenue and Gross margin by region (in thousands, except percentages):** | AMERICAS | EMEA | APAC | AMERICAS | | EMEA | | APAC | |
| As reviewed by CODM | $ 1,914,825 | $ 288,533 | $ 415,291 | $ 415,453 | 21.7% | $ 51,468 | 17.8% | $ 46,624 | 11.2% |
| Utility and power plant projects | 408,616 | — | — | 190,712 | | — | | — | |
| Loss on First Philec arbitration ruling | — | — | — | (32,624) | | (6,112) | | (18,070) | |
| Stock-based compensation | — | — | — | (8,115) | | (1,962) | | (4,244) | |
| Non-cash interest expense | — | — | — | (1,624) | | (352) | | (783) | |
| Other | — | — | — | — | | (5,244) | | — | |
| GAAP | $ 2,323,441 | $ 288,533 | $ 415,291 | $ 563,802 | 24.3% | $ 37,798 | 13.1% | $ 23,527 | 5.7% |

| | Fiscal 2013 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue | | | Gross margin | | | | | |
| **Revenue and Gross margin by region (in thousands, except percentages):** | AMERICAS | EMEA | APAC | AMERICAS | | EMEA | | APAC | |
| As reviewed by CODM | $ 1,772,260 | $ 450,659 | $ 379,400 | $ 435,815 | 24.6% | $ 25,189 | 5.6% | $ 69,375 | 18.3% |
| Utility and power plant projects | (95,788) | — | — | (77,338) | | — | | — | |
| Gain on contract termination | — | — | — | 25,604 | | 9,395 | | 16,988 | |
| Stock-based compensation | — | — | — | (5,150) | | (2,660) | | (3,006) | |
| Non-cash interest expense | — | — | — | (1,203) | | (495) | | (713) | |
| Other | — | — | 672 | (957) | | (186) | | 414 | |
| GAAP | $ 1,676,472 | $ 450,659 | $ 380,072 | $ 376,771 | 22.5% | $ 31,243 | 6.9% | $ 83,058 | 21.9% |

| | Fiscal 2012 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue | | | Gross margin | | | | | |
| **Revenue and Gross margin by region (in thousands, except percentages):** | AMERICAS | EMEA | APAC | AMERICAS | | EMEA | | APAC | |
| As reviewed by CODM | $ 1,901,159 | $ 489,291 | $ 231,669 | $ 414,605 | 21.8% | $ (54,532) | (11.1)% | $ 43,921 | 19.0% |
| Utility and power plant projects | (204,811) | — | — | (107,163) | | — | | — | |
| Stock-based compensation | — | — | — | (6,181) | | (3,851) | | (1,578) | |
| Non-cash interest expense | — | — | — | (1,024) | | (526) | | (292) | |
| Other | — | 193 | — | (19,306) | | (11,600) | | (6,075) | |
| GAAP | $ 1,696,348 | $ 489,484 | $ 231,669 | $ 280,931 | 16.6% | $ (70,509) | (14.4)% | $ 35,976 | 15.5% |

**Note 18.** ***SUBSEQUENT EVENTS***

On January 28, 2015, an arbitral tribunal of the International Court of Arbitration of the International Chamber of Commerce declared a binding partial award in the matter of an arbitration between FPEC and FPSC against SPML, our wholly-owned subsidiary. FPSC is a joint venture of FPEC and SPML for the purpose of slicing silicon wafers from ingots. SPML has not purchased any wafers from FPSC since the third quarter of 2012.

The tribunal found SPML in breach of its obligations under its supply agreement with FPSC, and in breach of its joint venture agreement with FPEC. The tribunal ordered that (i) SPML must purchase FPEC's interests in FPSC for an aggregate of $30.3 million, subject to adjustment to account for minority interests, and (ii) after completing the purchase of FPEC's controlling interest in FPSC, to pay FPSC damages in the amount of $25.2 million. SPML's purchase of FPEC's interests in FPSC and the subsequent damages payment to FPSC have been suspended pending the parties' agreement as to legal arrangements required to complete these transactions, but the transactions are presently scheduled to be completed in the second quarter of 2015.

As a result, as of the fourth quarter of fiscal 2014, the Company recorded an accrual of $63.0 million related to this case based on its best estimate of probable loss.

## SELECTED UNAUDITED QUARTERLY FINANCIAL DATA

**Consolidated Statements of Operations:**

| (In thousands, except per share data) | Three Months Ended | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | December 28, 2014 | September 28, 2014 | June 29, 2014 | March 30, 2014 | December 29, 2013 | September 29, 2013 | June 30, 2013 | March 31, 2013 |
| Revenue | $ 1,164,238 | $ 662,734 | $ 507,871 | $ 692,422 | $ 638,134 | $ 657,120 | $ 576,516 | $ 635,433 |
| Gross margin | $ 259,479 | $ 108,514 | $ 94,145 | $ 162,989 | $ 130,668 | $ 193,230 | $ 107,861 | $ 59,313 |
| Net income (loss) | $ 121,609 | $ 17,284 | $ 1,168 | $ 43,034 | $ 3,872 | $ 87,382 | $ 4,265 | $ (61,969) |
| Net income (loss) attributable to stockholders | $ 134,715 | $ 32,033 | $ 14,102 | $ 65,044 | $ 22,338 | $ 108,386 | $ 19,565 | $ (54,696) |
| Net income (loss) per share attributable to stockholders: | | | | | | | | |
| Basic | $ 1.03 | $ 0.24 | $ 0.11 | $ 0.53 | $ 0.18 | $ 0.89 | $ 0.16 | $ (0.46) |
| Diluted | $ 0.83 | $ 0.20 | $ 0.09 | $ 0.42 | $ 0.15 | $ 0.73 | $ 0.15 | $ (0.46) |

## ITEM 9: *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES*

None.

## ITEM 9A: *CONTROLS AND PROCEDURES*

### Evaluation of Disclosure Controls and Procedures

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

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 28, 2014 at a reasonable assurance level.

### Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Management conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO"). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 28, 2014 based on the criteria described in Internal Control-Integrated Framework issued by COSO. Management reviewed the results of its assessment with our Audit Committee.

The effectiveness of the Company's internal control over financial reporting as of December 28, 2014 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included in Item 8 of this Annual Report on Form 10-K.

### Changes in Internal Control over Financial Reporting

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

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

## ITEM 9B: *OTHER INFORMATION*

None.

## PART III

### ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

Information appearing under this Item is incorporated herein by reference to the similarly named section in our proxy statement for the 2015 annual meeting of stockholders.

We have adopted a code of ethics, entitled Code of Business Conduct and Ethics, that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer, and principal accounting officer. We have made it available, free of charge, on our website at www.sunpower.com, and if we amend it or grant any waiver under it that applies to our principal executive officer, principal financial officer, or principal accounting officer, we will promptly post that amendment or waiver on our website as well.

### ITEM 11: *EXECUTIVE COMPENSATION*

Information appearing under this Item is incorporated herein by reference to the similarly named section in our proxy statement for the 2015 annual meeting of stockholders.

### ITEM 12: *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

Information appearing under this Item is incorporated herein by reference to the similarly named section in our proxy statement for the 2015 annual meeting of stockholders.

### ITEM 13: *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE*

Information appearing under this Item is incorporated herein by reference to the similarly named section in our proxy statement for the 2015 annual meeting of stockholders.

### ITEM 14: *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

Information appearing under this Item is incorporated herein by reference to the similarly named section in our proxy statement for the 2015 annual meeting of stockholders.

## PART IV

**ITEM 15: *EXHIBITS AND FINANCIAL STATEMENT SCHEDULES***

The following documents are filed as a part of this Annual Report on Form 10-K:

1. *Financial Statements:*


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| Reports of Ernst & Young LLP, Independent Registered Public Accounting Firm | 76 |
| Consolidated Balance Sheets | 78 |
| Consolidated Statements of Operations | 79 |
| Consolidated Statements of Comprehensive Income (Loss) | 80 |
| Consolidated Statements of Stockholders' Equity | 81 |
| Consolidated Statements of Cash Flows | 82 |
| Notes to Consolidated Financial Statements | 83 |


2. *Financial Statement Schedule:*

All financial statement schedules are omitted as the required information is inapplicable or the information is presented in the Consolidated Financial Statements or Notes to Consolidated Financial Statements under Item 8 of this Annual Report on Form 10-K.

3. *Exhibits:*

**EXHIBIT INDEX**

| Exhibit Number | Description |
|---|---|
| 3.1 | Restated Certificate of Incorporation of SunPower Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2011). |
| 3.2 | Amended and Restated By-Laws of SunPower Corporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 7, 2012). |
| 4.1 | Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on From 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 4.2 | Indenture, dated February 7, 2007, by and between SunPower Corporation and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 8, 2007). |
| 4.3 | Third Supplemental Indenture, dated May 4, 2009, by and between SunPower Corporation and Wells Fargo Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by SunPower Corporation on May 6, 2009). |
| 4.4 | Fourth Supplemental Indenture, dated April 1, 2010, by and between SunPower Corporation and Wells Fargo, National Association as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 6, 2010). |
| 4.5 | Sixth Supplemental Indenture, dated November 16, 2011, by and between SunPower Corporation and Wells Fargo Bank, National Association as Trustee (incorporated by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2011). |
| 4.6 | Seventh Supplemental Indenture, dated November 16, 2011, by and between SunPower Corporation and Wells Fargo Bank, National Association as Trustee (incorporated by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2011). |
| 4.7 | Eighth Supplemental Indenture, dated November 16, 2011, by and between SunPower Corporation and Wells Fargo Bank, National Association as Trustee (incorporated by reference to Exhibit 4.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2011). |

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| 4.8 | Amended and Restated Rights Agreement, dated November 16, 2011, by and between SunPower Corporation and Computershare Trust Company, N.A., as Rights Agent, including the form of Certificate of Designation of Series A Junior Participating Preferred Stock, the forms of Right Certificates, and the Summary of Rights attached thereto as Exhibits A, B, and C, respectively (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on November 16, 2011). |
| 4.9 | Certificate of Designation of Series A Junior Participating Preferred Stock of SunPower Corporation (incorporated by reference to Exhibit 4.6 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 16, 2011). |
| 4.10 | Amendment No. 1, dated May 10, 2012, to the Amended and Restated Rights Agreement, dated as of November 16, 2011, by and between the SunPower Corporation and Computershare Trust Company, N.A., as rights agent (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 10, 2012). |
| 4.11 | Indenture, dated as of May 29, 2013, by and between SunPower Corporation and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 29, 2013). |
| 10.1 | Convertible Debenture Hedge Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Wachovia Bank, National Association (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by SunPower Corporation on April 30, 2009). |
| 10.2 | Convertible Debenture Hedge Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by SunPower Corporation on April 30, 2009). |
| 10.3 | Convertible Debenture Hedge Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by SunPower Corporation on April 30, 2009). |
| 10.4 | Convertible Debenture Hedge Transaction Confirmation, dated March 25, 2010, by and between SunPower Corporation and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2010). |
| 10.5 | Convertible Debenture Hedge Transaction Confirmation, dated March 25, 2010, by and between SunPower Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2010). |
| 10.6 | Convertible Debenture Hedge Transaction Confirmation, dated March 25, 2010, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2010). |
| 10.7 | Convertible Debenture Hedge Transaction Confirmation, dated March 25, 2010, by and between SunPower Corporation and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 29, 2010). |
| 10.8 | Convertible Debenture Hedge Transaction Confirmation, dated April 5, 2010, by and between SunPower Corporation and Bank of America, N.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2010). |
| 10.9 | Convertible Debenture Hedge Transaction Confirmation, dated April 5, 2010, by and between SunPower Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2010). |
| 10.10 | Convertible Debenture Hedge Transaction Confirmation, dated April 5, 2010, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2010). |
| 10.11 | Convertible Debenture Hedge Transaction Confirmation, dated April 5, 2010, by and between SunPower Corporation and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 9, 2010). |
| 10.12 | Warrant Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Wachovia Bank, National Association (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K filed by SunPower Corporation on April 30, 2009). |
| 10.13 | Warrant Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by SunPower Corporation on April 30, 2009). |
| 10.14 | Warrant Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.6 to the Current Report on Form 8-K filed by SunPower Corporation on April 30, 2009). |

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| 10.15 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Bank of America, N.A. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.16 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.17 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.18 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.19 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Bank of America, N.A. (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.20 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.21 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.22 | Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Deutsche Bank AG, London Branch (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2010). |
| 10.23† | Warrant Adjustment Notice, dated August 26, 2011, from Wachovia Bank, National Association, regarding Warrant Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Wachovia Bank, National Association (incorporated by reference to Exhibit 10.4 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.24 | Warrant Adjustment Notice, dated August 30, 2011, to Deutsche Bank AG, London Branch, regarding (1) Warrant Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Deutsche Bank AG, London Branch; (2) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Deutsche Bank AG, London Branch; and (3) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Deutsche Bank AG, London (incorporated by reference to Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.25† | Warrant Adjustment Notice, dated August 31, 2011, from Credit Suisse International, regarding (1) Warrant Transaction Confirmation, dated April 28, 2009, by and between SunPower Corporation and Credit Suisse International; (2) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Credit Suisse International; and (3) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Credit Suisse International (incorporated by reference to Exhibit 10.6 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.26 | Warrant Adjustment Notice, dated September 21, 2011, from Bank of America, N.A., regarding (1) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Bank of America, N.A.; and (2) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Bank of America, N.A. (incorporated by reference to Exhibit 10.7 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.27 | Warrant Adjustment Notice, dated September 21, 2011, from Barclays Bank PLC, regarding (1) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Barclays Bank PLC; and (2) Warrant Transaction Confirmation, dated December 22, 2010, by and between SunPower Corporation and Barclays Bank PLC (incorporated by reference to Exhibit 10.8 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.28 | Indenture, dated as of June 11, 2014 by and between SunPower Corporation and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 11, 2014). |
| 10.29 | Credit Support Agreement, dated April 28, 2011, between SunPower Corporation and Total S.A. (incorporated by reference to Exhibit 99.5 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 12, 2011). |

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| 10.30 | Amendment to Credit Support Agreement, dated June 7, 2011, between SunPower Corporation and Total S.A. (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 7, 2011). |
| 10.31 | Second Amendment to Credit Support Agreement, dated December 12, 2011, by and between Total S.A. and SunPower Corporation (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2011). |
| 10.32 | Third Amendment to Credit Support Agreement, dated December 14, 2012, by and between SunPower Corporation and Total S.A. (incorporated by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013) |
| 10.33 | Affiliation Agreement, dated April 28, 2011, between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 99.6 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 12, 2011). |
| 10.34 | Amendment to Affiliation Agreement, dated June 7, 2011, between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 7, 2011). |
| 10.35 | Second Amendment to Affiliation Agreement, dated December 23, 2011, by and between Total G&P and SunPower Corporation (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 23, 2011). |
| 10.36 | Amendment No. 3 to Affiliation Agreement, dated February 28, 2012, by and between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.91 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.37 | Amendment No. 4 to Affiliation Agreement, dated August 10, 2012, by and between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 2, 2012). |
| 10.38 | Affiliation Agreement Guaranty, dated April 28, 2011, between SunPower Corporation and Total S.A. (incorporated by reference to Exhibit 99.7 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 12, 2011). |
| 10.39 | Research & Collaboration Agreement, dated April 28, 2011, between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 99.8 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 12, 2011). |
| 10.40 | Amendment to Research & Collaboration Agreement, dated June 7, 2011, between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 7, 2011). |
| 10.41 | Registration Rights Agreement, dated April 28, 2011, between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 99.9 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 12, 2011). |
| 10.42^ | SunPower Corporation 1996 Stock Plan and form of agreements there under (incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 25, 2005). |
| 10.43^ | SunPower Corporation 2005 Stock Unit Plan (incorporated by reference to Exhibit 10.28 to the Registrant's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on October 31, 2005). |
| 10.44^ | Third Amended and Restated SunPower Corporation 2005 Stock Incentive Plan and forms of agreements there-under (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on November 17, 2011). |
| 10.45^ | PowerLight Corporation Common Stock Option and Common Stock Purchase Plan (incorporated by reference to Exhibit 4.3 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on January 25, 2007). |
| 10.46^ | Form of PowerLight Corporation Incentive/Non-Qualified Stock Option, Market Standoff and Stock Restriction Agreement (Employees) (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on January 25, 2007). |
| 10.47^ | Outside Director Compensation Policy, as amended on June 15, 2011 (incorporated by reference to Exhibit 10.17 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2011). |
| 10.48^ | Form of Employment Agreement for Executive Officers (incorporated by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 18, 2014).. |

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| 10.49^ | SunPower Corporation Annual Executive Bonus Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 30, 2014). |
| 10.50^ | SunPower Corporation Executive Quarterly Bonus Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 30, 2014). |
| 10.51^* | Form of Indemnification Agreement for Directors and Officers. |
| 10.52 | 2014 Management Career Transition Plan, dated April 30, 2013 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 2, 2013). |
| 10.53^ | Form of Retention Agreement, dated May 20, 2011, by and between SunPower Corporation and certain executive officers (incorporated by reference to Exhibit 10.13 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2011). |
| 10.54† | Mortgage Loan Agreement, dated May 6, 2010, by and among SunPower Philippines Manufacturing Ltd., SPML Land, Inc. and International Finance Corporation (incorporated by reference to Exhibit 10.13 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 13, 2010). |
| 10.55 | Guarantee Agreement, dated May 6, 2010, by and between SunPower Corporation and International Finance Corporation (incorporated by reference to Exhibit 10.14 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 13, 2010). |
| 10.56 | Amendment No. 1 to Loan Agreement, dated November 2, 2010, by and between SunPower Philippines Manufacturing Ltd. and International Finance Corporation (incorporated by reference to Exhibit 10.42 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2011). |
| 10.57 | Mortgage Supplement No. 1, dated November 3, 2010, by and between SunPower Philippines Manufacturing Ltd., SPML Land, Inc. and International Finance Corporation (incorporated by reference to Exhibit 10.63 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |
| 10.58 | Mortgage Supplement No. 2, dated October 9, 2012, by and between SunPower Philippines Manufacturing Ltd., SPML Land, Inc. and International Finance Corporation (incorporated by reference to Exhibit 10.64 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |
| 10.59 | Mortgage Supplement No. 3, dated February 7, 2013, by and between SunPower Philippines Manufacturing Ltd., SPML Land, Inc. and International Finance Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 7, 2013). |
| 10.60 | Loan Agreement, dated December 1, 2010, by and among California Enterprise Development Authority and SunPower Corporation, relating to $30,000,000 California Enterprise Development Authority Tax Exempt Recovery Zone Facility Revenue Bonds (SunPower Corporation - Headquarters Project) Series 2010 (incorporated by reference to Exhibit 10.50 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 28, 2011). |
| 10.61 | First Supplement to Loan Agreement, dated June 1, 2011, by and between California Enterprise Development Authority and SunPower Corporation, relating to $30,000,000 California Enterprise Development Authority Tax Exempt Recovery Zone Facility Revenue Bonds (SunPower Corporation - Headquarters Project) Series 2010 (incorporated by reference to Exhibit 10.16 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 9, 2011). |
| 10.62† | Letter of Credit Facility Agreement, dated August 9, 2011, by and among SunPower Corporation, Total S.A., the Subsidiary Applicants party thereto, the Banks party thereto, and Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.3 to the Registrant’s Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.63† | First Amendment to Letter of Credit Facility Agreement, dated December 20, 2011, by and among SunPower Corporation, Total S.A., the Subsidiary Applicants party thereto, the Banks party thereto, and Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.65 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.64 | Second Amendment to Letter of Credit Facility Agreement, dated December 19, 2012, by and among SunPower Corporation, Total S.A., the Subsidiary Applicants party thereto, the Banks party thereto, and Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.69 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |

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| 10.65 | Third Amendment to Letter of Credit Facility Agreement, dated December 20, 2013, by and among SunPower Corporation, SunPower Corporation, Systems, Total S.A., Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 18, 2014). |
| 10.66* | Fourth Amendment to Letter of Credit Facility Agreement, dated December 23, 2014, by and among SunPower Corporation, SunPower Corporation, Systems, Total S.A., Deutsche Bank AG New York Branch. |
| 10.67 | Continuing Agreement for Standby Letters of Credit and Demand Guarantees, dated September 27, 2011, by and among SunPower Corporation, Deutsche Bank Trust Company Americas, and Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.10 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.68 | Revolving Credit Agreement, dated July 3, 2013, by and among SunPower Corporation and Credit Agricole Corporate and Investment Bank, and the financial institutions party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on October 31, 2013). |
| 10.69 | First Amendment to Revolving Credit Agreement, dated August 26, 2014, by and among SunPower Corporation, its subsidiaries, SunPower Corporation, Systems; SunPower North America LLC; and SunPower Capital, LLC, and Credit Agricole Corporate and Investment Bank and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 28, 2014). |
| 10.70* | Credit Agreement, dated as of October 17, 2014, among Solar Star California XIII, LLC, Santander Bank, N.A., Mizuho Bank LTD., and Crédit Agricole Corporate and Investment Bank and the several lenders from time to time parties thereto. |
| 10.71 | Security Agreement, dated September 27, 2011, by and among SunPower Corporation, Deutsche Bank Trust Company Americas, and Deutsche Bank AG New York Branch (incorporated by reference to Exhibit 10.11 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 10, 2011). |
| 10.72 | Joint Venture Agreement, dated May 27, 2010, by and among SunPower Technology, Ltd., AU Optronics Singapore Pte. Ltd., AU Optronics Corporation and AUO SunPower Sdn. Bhd. (formerly known as SunPower Malaysia Manufacturing Sdn. Bhd.) (incorporated by reference to Exhibit 10.15 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 13, 2010). |
| 10.73 | Amendment No. 1 to Joint Venture Agreement, dated June 29, 2010, by and among SunPower Technology, Ltd., AU Optronics Singapore Pte. Ltd., AU Optronics Corporation and AUO SunPower Sdn. Bhd. (formerly known as SunPower Malaysia Manufacturing Sdn. Bhd.) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2010). |
| 10.74 | Amendment No. 2 to Joint Venture Agreement, dated July 5, 2010, by and among SunPower Technology, Ltd., AU Optronics Singapore Pte. Ltd., AU Optronics Corporation and AUO SunPower Sdn. Bhd. (formerly known as SunPower Malaysia Manufacturing Sdn. Bhd.) (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2010). |
| 10.75 | Amendment No. 3 to Joint Venture Agreement, dated March 3, 2014, by and among SunPower Technology, Ltd., AU Optronics Singapore Pte. Ltd., AU Optronics Corporation and AUO SunPower Sdn. Bhd. (formerly known as SunPower Malaysia Manufacturing Sdn. Bhd.) (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on April 30, 2014). |
| 10.76† | Supply Agreement, dated July 5, 2010, by and among AUO SunPower Sdn. Bhd. (formerly known as SunPower Malaysia Manufacturing Sdn. Bhd.), SunPower Systems, Sarl and AU Optronics Singapore Pte. Ltd. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2010). |
| 10.77 | License and Technology Agreement, dated July 5, 2010, by and among SunPower Technology, Ltd., AU Optronics Singapore Pte. Ltd. and AUO SunPower Sdn. Bhd. (formerly known as SunPower Malaysia Manufacturing Sdn. Bhd.) (incorporated by reference to Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 12, 2010). |
| 10.78 | Tax Sharing Agreement, dated October 6, 2005, by and between SunPower Corporation and Cypress Semiconductor Corporation (incorporated by reference to Exhibit 10.16 to the Registrant's Registration Statement on Form S-1/A filed with the Securities and Exchange Commission on October 11, 2005). |
| 10.79 | Amendment No. 1 to Tax Sharing Agreement, dated August 12, 2008, by and between SunPower Corporation and Cypress Semiconductor Corporation (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on August 12, 2008). |

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| 10.80 | Liquidity Support Agreement, dated February 28, 2012, by and among SunPower Corporation, Total S.A. and the U.S. Department of Energy, acting by and through the Secretary of Energy (incorporated by reference to Exhibit 10.89 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.81 | Compensation and Funding Agreement, dated February 28, 2012, by and between SunPower Corporation and Total S.A. (incorporated by reference to Exhibit 10.90 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.82 | Amendment No. 1 to Compensation and Funding Agreement, dated August 10, 2012, by and between SunPower Corporation and Total S.A. (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 2, 2012). |
| 10.83 | Warrant to Purchase Common Stock, dated February 28, 2012, issued to Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.92 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.84† | Revolving Credit and Convertible Loan Agreement, dated February 28, 2012, by and between Total Gas & Power USA, SAS and SunPower Corporation (incorporated by reference to Exhibit 10.93 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.85 | Private Placement Agreement, dated February 28, 2012, by and between Total Gas & Power USA, SAS and SunPower Corporation (incorporated by reference to Exhibit 10.94 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.86 | Form of Warrant to Purchase Common Stock, issued by SunPower Corporation to Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.95 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.87 | Form of Guarantee from Total S.A. and Bank (incorporated by reference to Exhibit 10.96 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.88 | Form of Convertible Term Loan Note, issued by SunPower Corporation to Holder (incorporated by reference to Exhibit 10.97 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.89 | Revolving Loan Note, dated February 28, 2012, issued by SunPower Corporation to Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.98 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.90 | Form of Terms Agreement, between SunPower Corporation and Total Gas & Power USA, SAS (incorporated by reference to Exhibit 10.99 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012). |
| 10.91 | Waiver Letter, dated October 3, 2012, from the International Finance Corporation (incorporated by reference to Exhibit 10.94 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |
| 10.92† | Engineering, Procurement and Construction Agreement, dated September 30, 2011 by and between High Plains Ranch II, LLC and SunPower Corporation, Systems (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 2, 2012). |
| 10.93† | Engineering, Procurement and Construction Agreement (Antelope Valley Solar Project 308.97MW at the Delivery Point), dated December 28, 2012, by and between SunPower Corporation, Systems and Solar Star California XIX, LLC (incorporated by reference to Exhibit 10.96 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |
| 10.94† | Engineering, Procurement and Construction Agreement (Antelope Valley Solar Project 270.18 MW at the Delivery Point), dated December 28, 2012, by and between SunPower Corporation, Systems and Solar Star California XX, LLC (incorporated by reference to Exhibit 10.97 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |
| 10.95 | Amendment No. 1 to Master Agreement, dated February 20, 2013, by and among SunPower Corporation, Total Gas & Power U.S.A. SAS and Total S.A (incorporated by reference to Exhibit 10.98 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2013). |
| 10.96 | First Amendment to Employment Agreement, dated May 1, 2013, by and among SunPower Corporation and Charles David Boynton (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 2, 2013). |
| 10.97† | Security Agreement, dated January 31, 2014, by and among SunPower Corporation, SunPower Corporation, Systems, SunPower North America, LLC, SunPower Capital, LLC, and Crédit Agricole Corporate and Investment Bank (incorporated by reference to Exhibit 10.91 to the Registrant’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 18, 2014). |
| 21.1* | List of Subsidiaries. |
| 23.1* | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm. |

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| 24.1* | Power of Attorney. |
| 31.1* | Certification by Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a). |
| 31.2* | Certification by Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a). |
| 32.1* | Certification Furnished Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS*+ | XBRL Instance Document. |
| 101.SCH*+ | XBRL Taxonomy Schema Document. |
| 101.CAL*+ | XBRL Taxonomy Calculation Linkbase Document. |
| 101.LAB*+ | XBRL Taxonomy Label Linkbase Document. |
| 101.PRE*+ | XBRL Taxonomy Presentation Linkbase Document. |
| 101.DEF*+ | XBRL Taxonomy Definition Linkbase Document. |

Exhibits marked with a carrot (^) are director and officer compensatory arrangements.

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

Exhibits marked with an extended cross (†) are subject to a request for confidential treatment filed with the Securities and Exchange Commission.

Exhibits marked with a cross (+) are XBRL (Extensible Business Reporting Language) information furnished and not filed herewith, are not a part of a registration statement or Prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, are deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise are not subject to liability under these sections.

## SIGNATURES

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

**SUNPOWER CORPORATION**

Dated: February 24, 2015

By: /s/ CHARLES D. BOYNTON

**Charles D. Boynton**
**Executive Vice President and**
**Chief Financial Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /S/ THOMAS H. WERNER<br>Thomas H. Werner | President, Chief Executive Officer and Director<br>(Principal Executive Officer) | February 24, 2015 |
| /S/ CHARLES D. BOYNTON<br>Charles D. Boynton | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) | February 24, 2015 |
| /S/ ERIC BRANDERIZ<br>Eric Branderiz | Senior Vice President, Corporate Controller and Chief Accounting Officer<br>(Principal Accounting Officer) | February 24, 2015 |
| *<br>Arnaud Chaperon | Director | February 24, 2015 |
| *<br>Bernard Clement | Director | February 24, 2015 |
| *<br>Denis Giorno | Director | February 24, 2015 |
| *<br>Catherine A. Lesjak | Director | February 24, 2015 |
| *<br>Thomas R. McDaniel | Director | February 24, 2015 |
| *<br>Jean-Marc Otero del Val | Director | February 24, 2015 |
| *<br>Humbert de Wendel | Director | February 24, 2015 |
| *<br>Patrick Wood III | Director | February 24, 2015 |

* By: /S/ CHARLES D. BOYNTON
Charles D. Boynton
Power of Attorney

## Index to Exhibits

| Exhibit Number | Description |
|---|---|
| 10.51^* | Form of Employment Agreement for Executive Officers. |
| 10.66* | Fourth Amendment to Letter of Credit Facility Agreement, dated December 23, 2014, by and among SunPower Corporation, SunPower Corporation, Systems, Total S.A., Deutsche Bank AG New York Branch. |
| 10.70* | Credit Agreement, dated as of October 17, 2014, among Solar Star California XIII, LLC, Santander Bank, N.A., Mizuho Bank LTD., and Crédit Agricole Corporate and Investment Bank and the several lenders from time to time parties thereto. |
| 21.1* | List of Subsidiaries. |
| 23.1* | Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm. |
| 24.1* | Power of Attorney. |
| 31.1* | Certification by Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a). |
| 31.2* | Certification by Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a). |
| 32.1* | Certification Furnished Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS*+ | XBRL Instance Document. |
| 101.SCH*+ | XBRL Taxonomy Schema Document. |
| 101.CAL*+ | XBRL Taxonomy Calculation Linkbase Document. |
| 101.LAB*+ | XBRL Taxonomy Label Linkbase Document. |
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**Exhibit 10.51**

# SUNPOWER CORPORATION

# INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is entered into as of July 22, 2014 (the "Effective Date"), by and between SunPower Corporation, a Delaware corporation (the "Company"), and [_____name_____] ("Indemnitee").

RECITALS

A. Indemnitee is either a member of the board of directors of the Company (the "Board of Directors") or an officer of the Company, or both, and in such capacity or capacities, or otherwise as an Agent (as hereinafter defined) of the Company, is performing a valuable service for the Company.

B. The stockholders of the Company have adopted the Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation") and Amended and Restated By-Laws (the "By-Laws") which provide for the indemnification of the directors, officers, employees and other agents of the Company, including persons serving at the request or for the convenience of, or otherwise benefiting, the Company in such capacities with other Enterprises (as hereinafter defined), as authorized by the General Corporation Law of the State of Delaware, as amended (the "DGCL"). The DGCL, Certificate of Incorporation and By-Laws, by their non-exclusive nature, permit contracts between the Company and its directors, officers, employees and other agents with respect to indemnification of such persons.

C. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be indemnified as herein provided, and in order to induce Indemnitee to serve or to continue to serve as a director, officer, or employee of the Company, the Company has determined and agreed to enter into this Agreement with Indemnitee.

D. It is intended that Indemnitee shall be paid promptly by the Company all amounts necessary to effectuate in full the indemnity provided herein.

NOW, THEREFORE, in consideration of the premises and the covenants in this Agreement, and of Indemnitee continuing to serve the Company as an Agent and intending to be legally bound hereby, the parties hereto agree as follows:

1. Services by Indemnitee. Indemnitee agrees to serve (a) as a director or an officer of the Company, or both, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the Certificate of Incorporation and By-Laws of the Company, and until such time as Indemnitee resigns or fails to stand for election or is removed from Indemnitee's position, or (b) as an Agent of the Company. Indemnitee may from time to time also perform other services at the request or for the convenience of, or otherwise benefiting, the Company. Indemnitee may at any time and for any reason resign or be removed from such position (subject to any other contractual obligation or other obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in any such position.

2. Indemnification. Subject to the limitations set forth herein and in Section 7 hereof, the Company hereby agrees to indemnify Indemnitee as follows:

(a) Except as otherwise specifically provided herein, the Company shall, with respect to any Proceeding (as hereinafter defined) associated with Indemnitee's being an Agent of the Company, indemnify Indemnitee to the fullest extent permitted by applicable law and the Certificate of Incorporation of the Company and By-Laws in effect on the date hereof. The Company's indemnification obligations set forth in this Agreement shall apply (i) in respect of Indemnitee's past, present and future service as an Agent of the Company and (ii) regardless of whether Indemnitee is serving as an Agent of the Company at the time any such Expenses (as hereinafter defined) or Liabilities (as hereinafter defined) are incurred.

For purposes of this Agreement, the meaning of the phrase "to the fullest extent permitted by applicable law" shall include but not be limited to, the fullest extent permitted by any provision of the DGCL or the corresponding provision of any successor statute. To the extent that a change in the DGCL or other applicable law, Certificate of Incorporation or By-Laws, whether by amendment, statute or judicial decision, (1) permits greater indemnification, contribution or advancement of Expenses than would be afforded currently under the Company's Certificate of Incorporation, By-Laws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change or (2) limits rights with respect to indemnification, contribution or advancement of Expenses, it is the intent of the parties hereto

that the rights with respect to indemnification, contribution or advancement of Expenses in effect prior to such change shall remain in full force and effect to the extent permitted by applicable law.

(b) Notwithstanding any other provision of this Agreement, to the extent that Indemnitee by reason of being an Agent of the Company is a witness in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

(c) The right to indemnification conferred herein and in the Certificate of Incorporation and By-Laws shall be presumed to have been relied upon by Indemnitee in serving or continuing to serve the Company as an Agent and shall be enforceable as a contract right.

3. Advancement of Expenses. All reasonable Expenses incurred by or on behalf of Indemnitee (including costs of enforcement of this Agreement) shall be advanced from time to time by the Company to Indemnitee within twenty (20) days after the receipt by the Company of a written request for an advance of Expenses, whether prior to or after final disposition of a Proceeding (except to the extent that there has been a Final Adverse Determination (as hereinafter defined) that Indemnitee is not entitled to be indemnified for such Expenses), including, without limitation, any Proceeding brought by or in the right of the Company. Advances shall be unsecured and interest free. Advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The written request for an advancement of any and all Expenses under this paragraph shall contain reasonable detail of the Expenses incurred by Indemnitee. In the event that such written request shall be accompanied by an affidavit of counsel to Indemnitee to the effect that such counsel has reviewed such Expenses and that such Expenses are reasonable in such counsel's view, then such expenses shall be deemed reasonable in the absence of clear and convincing evidence to the contrary. By execution of this Agreement, Indemnitee undertakes to repay such advanced amounts if it shall ultimately be determined by a Final Adverse Determination that Indemnitee is not entitled to be indemnified by the Company. Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 3 until a Final Adverse Determination is made with respect to Indemnitee's entitlement to indemnification. Advances shall be made without regard to Indemnitee's ability to repay such amounts and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. In the event that the Company shall breach its obligation to advance Expenses under this Section 3, the parties hereto agree that Indemnitee's remedies available at law would not be adequate and that Indemnitee would be entitled to specific performance.

4. Reserved.

5. Presumptions and Effect of Certain Proceedings.

(a) Upon making a request for indemnification, except as required by applicable law, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption in reaching any contrary determination. Neither the failure of any person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by any person, persons or entity that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement, arbitration award or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

(b) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is in good faith reliance on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 5(b) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(c) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

6. Procedure for Determination of Entitlement to Indemnification.

(a) Whenever Indemnitee believes that Indemnitee is entitled to indemnification pursuant to this Agreement, Indemnitee shall submit a written request for indemnification to the Company. Any request for indemnification shall include sufficient documentation or information reasonably available to Indemnitee for the determination of entitlement to indemnification. In any event, Indemnitee may submit Indemnitee's claim(s) for indemnification from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion not to exceed five (5) years after the date of any judgment, order, settlement, dismissal, arbitration award, conviction, acceptance of a plea of nolo contendere or its equivalent or other disposition or partial disposition of any Proceeding or any other event that could enable the Company to determine Indemnitee's entitlement to indemnification or final determination (a "Disposition"), whichever is the later date for which Indemnitee requests indemnification. The Secretary or other appropriate officer shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board of Directors in writing that Indemnitee has made such request. Determination of Indemnitee's entitlement to indemnification shall be made as soon as is reasonably practicable (but in any event not later than thirty (30) days) after the later of (i) the Company's receipt of Indemnitee's written request for such indemnification or (ii) the selection of Independent Legal Counsel, if any, pursuant to Section 6(b) hereof; provided that any request for indemnification for Liabilities shall be made after a Disposition thereof in a Proceeding. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. If the person or persons so empowered to make a determination shall have failed to make the requested determination within such 30-day period after any Disposition, the requisite determination that Indemnitee is entitled to indemnification shall be deemed to have been made absent a prohibition of such indemnification under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation or information relating thereto.

(b) The Company shall be entitled to select the method by which Indemnitee's entitlement to indemnification will be determined; provided, however, that if there is a Change in Control of the Company, Independent Legal Counsel (as hereinafter defined) shall determine whether Indemnitee is entitled to indemnification, which determination shall be made in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee. Indemnitee's entitlement to indemnification shall be determined by one of the following methods which shall be at the election of the Board of Directors:

(i) a majority vote of Disinterested Directors (as hereinafter defined), even though less than a quorum;

(ii) by a committee of Disinterested Directors designated by majority vote of the Disinterested Directors, even though less than a quorum; or

(iii) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Legal Counsel, whose determination shall be made in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee.

7. Specific Limitations on Indemnification. Notwithstanding anything in this Agreement to the contrary, the Company shall not be obligated under this Agreement to make any payment to Indemnitee with respect to any Proceeding:

(a) To the extent that payment is actually made to Indemnitee under any insurance policy or other indemnity provision, or is made to Indemnitee by the Company or other Enterprise otherwise than pursuant to this Agreement. Notwithstanding the availability of such insurance, Indemnitee also may claim indemnification from the Company pursuant to this Agreement by assigning to the Company any claims under such insurance to the extent Indemnitee is paid by the Company;

(b) For Liabilities in connection with Proceedings settled without the Company's consent, which consent, however, shall not be unreasonably withheld;

(c) For (i) an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or similar provisions of any state statutory or common law or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act);

(d) To the extent it would be otherwise prohibited by law, if so established by a judgment or other final adjudication adverse to Indemnitee; or

(e) Prior to a Change in Control, in connection with a Proceeding (or any part of any Proceeding) commenced by Indemnitee against the Company or its directors, officers, employees or other indemnitees (other than a Proceeding commenced by Indemnitee to enforce Indemnitee's rights under this Agreement or any cross claim or counterclaim asserted by the Indemnitee) unless (i) the commencement of such Proceeding (or any part of any Proceeding) was authorized by the Board of Directors or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

8. Fees and Expenses of Independent Legal Counsel. The Company agrees to pay the reasonable fees and expenses of Independent Legal Counsel should such Independent Legal Counsel be retained to make a determination of Indemnitee's entitlement to indemnification pursuant to Section 6(b) hereof, and to fully indemnify such Independent Legal Counsel against any and all expenses and losses incurred by it arising out of or relating to this Agreement or its engagement pursuant hereto.

9. Remedies of Indemnitee.

(a) In the event that (i) a determination pursuant to Section 6 hereof is made that Indemnitee is not entitled to indemnification, (ii) advances of Expenses are not made pursuant to this Agreement, (iii) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement, (iv) the Company fails to maintain the Policies required under Section 11 hereof or (v) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication in the Court of Chancery of the State of Delaware (the "Delaware Court") of the remedy sought. Alternatively, unless court approval is required by law for the indemnification sought by Indemnitee, Indemnitee at Indemnitee's option may seek an award in arbitration to be conducted by a single arbitrator pursuant to the commercial arbitration rules of the American Arbitration Association now in effect, which award is to be made within thirty (30) days following the filing of the demand for arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or arbitration award. In any such proceeding or arbitration, Indemnitee shall be presumed to be entitled to indemnification and advancement of Expenses under this Agreement and the Company shall have the burden of proof to overcome that presumption.

(b) In the event that a determination that Indemnitee is not entitled to indemnification, in whole or in part, has been made pursuant to Section 6 hereof, the decision in the judicial proceeding or arbitration provided in paragraph (a) of this Section 9 shall be made *de novo* and Indemnitee shall not be prejudiced by reason of a determination that Indemnitee is not entitled to indemnification.

(c) If a determination that Indemnitee is entitled to indemnification has been made pursuant to Section 6 hereof or otherwise pursuant to the terms of this Agreement, the Company shall be bound by such determination in the absence of a misrepresentation or omission of a material fact by Indemnitee in connection with such determination.

(d) The Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Company shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement and is precluded from making any assertion to the contrary.

(e) Expenses reasonably incurred by Indemnitee in connection with Indemnitee's request for (i) indemnification under, seeking enforcement of or to recover damages for breach of this Agreement or (ii) recovery or advances under any insurance Policies (as hereinafter defined) maintained by the Company, in each case, shall be borne by the Company when and as incurred by Indemnitee irrespective of any Final Adverse Determination that Indemnitee is not entitled to indemnification, contribution advancement or insurance recovery, as the case may be.

10. Partial Indemnification. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, if Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Liabilities or Expenses actually and reasonably incurred in connection with any action, suit or proceeding (including an action, suit or proceeding brought by or on behalf of the Company), but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Liabilities and Expenses actually and reasonably incurred to which Indemnitee is entitled. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf incurred in connection with each successfully resolved claim,

issue or matter. For purposes of this Section 10 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

11. Maintenance of Insurance.

(a) Subject to Section 11(b), the Company shall obtain and maintain in effect for the benefit of Indemnitee until the earlier of (i) the end of the Indemnification Period (as hereinafter defined) or (ii) a Board Composition Change (as hereinafter defined) subject to the terms of Section 11(b), policies of insurance with insurance companies that permit resolution of all disputes in the United States and rated "A-" or higher by A.M. Best Company to provide Indemnitee with coverage for losses from wrongful acts and omissions and to ensure the Company's performance of its indemnification obligations under this Agreement (collectively, the "Policies"). The Policies shall, unless otherwise approved by at least four (4) of the Designated Individuals (as hereinafter defined), satisfy each of the following requirements: (i) be non-cancelable and non-rescindable; (ii) provide Indemnitee with rights and benefits that are at least as favorable as those provided to Indemnitee under the Company's directors and officers insurance policies existing on the Effective Date (which, for the avoidance of doubt, shall include Excess Side A and, if the Indemnitee is a Disinterested Director, Independent Director Liability policies); and (iii) provide for at least six (6) years of "run-off" coverage for Indemnitee, with such "run-off" period triggered upon a Board Composition Change. Indemnitee shall be covered by the Policies in accordance with their terms, with such coverage primary to any other coverage Indemnitee may have for the Company's obligations to Indemnitee under this Agreement. In all such Policies, Indemnitee shall be afforded rights and benefits at least as favorable as those accorded to the most favorably insured of the Company's directors and officers. Upon request by Indemnitee, the Company shall provide copies of all Policies obtained and maintained in accordance with this Section 11. The Company shall promptly notify Indemnitee of any changes in such insurance coverage.

(b) Notwithstanding anything to the contrary in Section 11(a), the Company shall not be obligated to maintain the Policies following a Board Composition Change if, at the time of the Board Composition Change, such Policies include the "run-off" coverage described in clause (iii) of Section 11(a). For the avoidance of doubt, any Policies that do not include such "run-off" coverage must be maintained during the entire Indemnification Period.

(c) At the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all commercially reasonable actions to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies. The failure or refusal of any such insurer to pay any such amount shall not affect or impair the obligations of the Company under this Agreement.

(d) The Company shall continue to maintain a trust for the benefit of the Indemnitee (the "Trust") and shall fund the Trust in an amount sufficient to pay the premiums for, and obtain, the "run-off" coverage required under Section 11(a)(iii). The current amount of the Trust is $[1,057,399], and the Company shall fund additional amounts as appropriate to reflect any changes to the expected premiums and costs of acquiring the required "run-off" coverage. The Trust shall not be revoked or the principal thereof invaded without the written consent of the Indemnitee and the funds in the Trust shall be used to pay the premiums with respect to the "run-off" coverage. All unexpended funds in the Trust shall revert to the Company upon the earlier of (i) the acquisition of "run-off" coverage for Indemnitee in accordance with Section 11(a)(iii) and (ii) expiration of the Indemnification Period. The trustee of the Trust shall be chosen by the Indemnitee. Nothing in this Section 11(d) shall relieve the Company of any of its obligations under this Agreement. The Company shall pay all costs of establishing and maintaining the Trust and shall indemnify the trustee of the Trust against any and all expenses (including attorneys' fees), claims, liabilities, loss, and damages arising out of or relating to this Agreement or the establishment and maintenance of the Trust.

The Company may, at its option and expense, acquire a surety bond instead of establishing the Trust described in this Section 11(d) to secure the obligations described in Section 11(a)(iii); provided that such surety bond shall be issued by a commercial insurance company or other financial institution headquartered in the United States having assets in excess of $10 billion and capital according to its most recent published reports equal to or greater than the then applicable minimum capital standards promulgated by such entity's primary federal regulator and shall contain terms and conditions reasonably acceptable to Indemnitee.

(e) As used herein, the following terms shall have the following meanings:

(i) "Indemnification Period" shall mean the period for which Indemnitee may have any liability or potential liability by virtue of serving as a director or officer of the Company, or both, or as an Agent of the Company, including, without limitation, the final termination of all pending Proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 9 hereof relating thereto.

(ii) A "Board Composition Change" shall occur at such time that none of the Disinterested Directors who serve on the Company's Board of Directors as of the Effective Date continue to serve in such capacity.

(iii) "Disinterested Director" means a member of the Company's Board of Directors who (i) was not designated for such position by Total S.A., a société anonyme organized under the laws of the Republic of France ("Total"), or its affiliates (other than the Company) and (ii) is not an officer of Total or any of its affiliates (other than the Company).

(iv) "Designated Individuals" means W. Steve Albrecht, Betsy Atkins, Uwe Bufe, Thomas McDaniel and Pat Wood III.

12. Modification, Amendment, Waiver, Termination and Cancellation.

(a) No supplement, modification, termination, cancellation or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto.

(b) No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. Unless otherwise expressly provided herein, no delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder operate as a waiver of any other right, power or privilege hereunder nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

13. Subrogation and Contribution.

(a) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

(b) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and transaction(s) giving rise to such Proceeding; and (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and transaction(s).

14. Notice by Indemnitee and Defense of Claim. Indemnitee shall promptly notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter, whether civil, criminal, administrative or investigative, but the omission so to notify the Company will not relieve it from any liability that it may have to Indemnitee if such omission does not prejudice the Company's rights. If such omission does prejudice the Company's rights, the Company will be relieved from liability only to the extent of such prejudice. Notwithstanding the foregoing, such omission will not relieve the Company from any liability that it may have to Indemnitee otherwise than under this Agreement. With respect to any Proceeding as to which Indemnitee notifies the Company of the commencement thereof:

(a) The Company will be entitled to participate therein at its own expense; and

(b) The Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; provided, however, that the Company shall not be entitled to assume the defense of any Proceeding if there has been a Change in Control or if Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee with respect to such Proceeding. After notice from the Company to Indemnitee of its election to assume the defense thereof, the Company will not be liable to Indemnitee under this Agreement for any Expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ Indemnitee's own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of Indemnitee unless:

(i) the employment of counsel by Indemnitee has been authorized by the Company;

(ii) Indemnitee shall have reasonably concluded that counsel engaged by the Company may not adequately represent Indemnitee due to, among other things, actual or potential differing interests; or

(iii) the Company shall not in fact have employed counsel to assume the defense in such Proceeding or shall not in fact have assumed such defense and be acting in connection therewith with reasonable diligence; in each of which cases the fees and expenses of such counsel shall be at the expense of the Company.

(c) The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on Indemnitee without Indemnitee's written consent; provided, however, that Indemnitee will not unreasonably withhold Indemnitee's consent to any proposed settlement.

15. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) delivered by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt:

(i) If to Indemnitee, to the address or facsimile number set forth on the signature page hereto.

(ii) If to the Company, to:

SunPower Corporation
77 Rio Robles
San Jose, California 95134
Attn: Corporate Secretary
Fax No.: +1-408-240-5404
E-mail: lisa.bodensteiner@sunpower.com

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

16. Nonexclusivity. The rights of Indemnitee hereunder shall not be deemed exclusive of any other rights to which Indemnitee may be entitled under applicable law, the Company's Certificate of Incorporation or By-Laws, or any agreements, vote of stockholders, resolution of the Board of Directors or otherwise, and to the extent that during the Indemnification Period the rights of the then existing directors and officers are more favorable to such directors or officers than the right currently provided to Indemnitee thereunder or under this Agreement, Indemnitee shall be entitled to the full benefits of such more favorable rights.

17. Certain Definitions.

(a) "Agent" shall mean any person who is or was, or who has consented to serve as, a director, officer, employee, agent, fiduciary, joint venturer, partner, manager, trustee, board of directors' committee member or other official of the Company, a subsidiary or an affiliate of the Company or any other Enterprise of which Indemnitee is or was serving at the request of, for the convenience of, or otherwise to benefit the Company or a subsidiary of the Company.

(b) "Change in Control" shall mean the occurrence of any of the following:

(i) Both (A) any "person" (as defined below) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least twenty percent (20%) of the total voting power represented by the Company's then outstanding voting securities and (B) the beneficial ownership by such person of securities representing such percentage has not been approved by a majority of the "continuing directors" (as defined below);

(ii) Any "person" is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing at least fifty percent (50%) of the total voting power represented by the Company's then outstanding voting securities;

(iii) A change in the composition of the Board of Directors occurs, as a result of which fewer than two-thirds of the incumbent directors are directors who either (A) had been directors of the Company on the "look-back date" (as defined below) (the "Original Directors") or (B) were elected, or nominated for election, to the Board of Directors with the affirmative votes of at least a majority in the aggregate of the Original Directors who were still in office at the time of the election or nomination and directors whose election or nomination was previously so approved (the "continuing directors");

(iv) The stockholders of the Company approve a merger or consolidation of the Company with any other corporation, if such merger or consolidation would result in the voting securities of the Company outstanding immediately prior thereto representing (either by remaining outstanding or by being converted into voting securities of the surviving entity) fifty percent (50%) or less of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(v) The stockholders of the Company approve (A) a plan of complete liquidation of the Company or (B) an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

For purposes of Subsections (i) and (ii) above, the term "person" shall have the same meaning as when used in Sections 13(d) and 14(d) of the Exchange Act, but shall exclude (1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a parent or subsidiary of the Company, (2) a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company, (3) any person who is ordinarily engaged in business as an underwriter or initial purchaser of securities and has acquired such securities in a bona fide firm commitment offering pursuant to an agreement with the Company, whether pursuant to an offering registered under the Securities Act of 1933, as amended, or an exemption therefrom, (4) a "clearing agency" (as defined in Section 3(a)(23) of the Exchange Act) and has acquired such securities solely as result of such status and (5) Total, any of its subsidiaries or affiliates or its parent company.

For purposes of Subsection (iii) above, the term "look-back date" shall mean the later of (x) the Effective Date and (y) the date twenty-four (24) months prior to the date of the event that may constitute a "Change in Control."

Any other provision of this Section 17(b) notwithstanding, the term "Change in Control" shall not include a transaction, if undertaken at the election of the Company, the result of which is to sell all or substantially all of the assets of the Company to another corporation (the "surviving corporation"); provided that the surviving corporation is owned directly or indirectly by the stockholders of the Company immediately following such transaction in substantially the same proportions as their ownership of the Company's common stock immediately preceding such transaction; and provided, further, that the surviving corporation expressly assumes this Agreement.

(c) "Disinterested Director" shall mean a director of the Company who is not or was not a party to or otherwise involved in the Proceeding in respect of which indemnification is being sought by Indemnitee.

(d) "Enterprise" shall mean any of the Company's subsidiaries or affiliates and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other organization.

(e) "Expenses" shall include all direct and indirect costs (including, without limitation, attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, all other disbursements or out-of-pocket expenses and reasonable compensation for time spent by Indemnitee for which Indemnitee is otherwise not compensated by the Company or any third party) actually and reasonably incurred in connection with (i) the investigation, prosecution, defense, preparation for the prosecution or defense, settlement or appeal (including the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent) of, being or preparing to be a witness in, or otherwise participating in a Proceeding or (ii) establishing or enforcing a right to indemnification under this Agreement, applicable law or otherwise; provided, however, that "Expenses" shall not include any Liabilities.

(f) "Final Adverse Determination" shall mean that a determination that Indemnitee is not entitled to indemnification shall have been made pursuant to Section 6 hereof and either (i) a final adjudication in the Delaware Court or decision of an arbitrator pursuant to Section 9(a) hereof shall have denied Indemnitee's right to indemnification hereunder (as to which all

rights of appeal therefrom have been exhausted or lapsed) or (ii) Indemnitee shall have failed to file a complaint in a Delaware court or seek an arbitrator's award pursuant to Section 9(a) hereof for a period of one hundred twenty (120) days after the determination made pursuant to Section 6 hereof.

(g) "Independent Legal Counsel" shall mean a law firm or a member of a firm selected by the Company and not objected to by Indemnitee or, if there has been a Change in Control, selected by Indemnitee and not objected to by the Company that neither is presently nor in the past five (5) years has been retained to represent: (i) the Company or any of its subsidiaries or affiliates, or Indemnitee or any Enterprise of which Indemnitee was or is a director, officer, employee or agent, or any subsidiary or affiliate of such an Enterprise, in any material matter, or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Legal Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement. After the selection of such Independent Legal Counsel, the Company or Indemnitee, as the case may be, shall promptly give written notice to Indemnitee or the Company, as the case may be. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that such counsel does not meet the independence requirements defined in this Subsection (g), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Legal Counsel. If such written objection is so made and substantiated, the Independent Legal Counsel so selected may not serve as Independent Legal Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof and the final disposition of the Proceeding, no Independent Legal Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Legal Counsel and for the appointment as Independent Legal Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Legal Counsel under Section 6(b) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 9 hereof, the Independent Legal Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(h) "Liabilities" shall mean any losses or liabilities of any type whatsoever including, but not limited to, any judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid in settlement (including all interest assessments and other charges paid or payable in connection with or in respect of such judgments, fines, penalties or amounts paid in settlement) of any Proceeding.

(i) "Proceeding" shall mean any threatened, pending or completed action, claim, counterclaim, cross claim, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other proceeding whether civil, criminal, administrative or investigative, including any appeal therefrom, and whether instituted by or on behalf of the Company or any other party, or any inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceeding hereinabove listed in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise, in each case that is associated with Indemnitee's being an Agent of the Company, or by reason of any action taken (or failure to act) by the Indemnitee or of any action (or failure to act) on the Indemnitee's part while serving as an Agent of the Company.

(j) For the purposes of this Agreement:

References to "Company" shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was an Agent of such constituent corporation or is or was serving at the request or for the convenience of, or otherwise benefiting, such constituent corporation as an Agent of another Enterprise, then Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

References to "serving at the request or for the convenience of, or otherwise benefiting, the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an

employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

References to "including" shall mean "including, without limitation," regardless of whether the words "without limitation" actually appear, references to the words "herein," "hereof" and "hereunder" and other words of similar import shall refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection or other subdivision.

18. Binding Effect; Duration and Scope of Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), spouses, heirs, executors, administrators, legatees and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all, or a substantial part of the business or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect during the Indemnification Period, regardless of whether Indemnitee continues to serve as an Agent.

19. Severability. If any provision or provisions of this Agreement (or any portion thereof) shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

(a) the validity, legality and enforceability of the remaining provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby;

(b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and

(c) to the fullest extent legally possible, the provisions of this Agreement (including each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent of any provision held invalid, illegal or unenforceable.

20. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to its conflict of laws rules.

21. Consent to Jurisdiction. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 9 hereof, the Company and Indemnitee each irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

22. Entire Agreement. This Agreement represents the entire agreement between the parties hereto, and there are no other agreements, contracts or understandings between the parties hereto with respect to the subject matter of this Agreement, except as specifically referred to herein or as provided in Section 16 hereof.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized officer and Indemnitee has executed this Agreement as of the date first above written.

SUNPOWER CORPORATION
a Delaware corporation

By: _____
Printed Name: Thomas H. Werner
Title: CEO

INDEMNITEE

Signature: _____

Printed Name: _____

Address: _____

_____

Telephone: _____
Facsimile: _____
E-mail: _____

**Exhibit 10.66**

# FOURTH AMENDMENT TO LETTER OF CREDIT FACILITY AGREEMENT

This Fourth Amendment to Letter of Credit Facility Agreement (this "Amendment"), is entered into as of December 23, 2014, by and among SunPower Corporation, a Delaware corporation (the "Company"), SunPower Corporation, Systems, a Delaware corporation (the "Subsidiary Applicant" and, together with the Company, the "Credit Parties" and individually, each a "Credit Party"), Total S.A., a société anonyme organized under the laws of the Republic of France (the "Parent Guarantor"), Deutsche Bank AG New York Branch, as issuing bank and as administrative agent for the Banks (as defined below) (in such capacity, the "Administrative Agent"), and the Required Banks (as defined below).

## BACKGROUND

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

B. The Company, the Parent Guarantor, and the Administrative Agent have executed an Issuing Bank Joinder Agreement with each of Credit Agricole Corporate and Investment Bank ("Credit Agricole") and The Bank of Tokyo - Mitsubishi UJF, Ltd., Paris Branch ("BTMU") designating each of Credit Agricole and BTMU as an Issuing Bank under the Facility, and have delivered each such executed Issuing Bank Joinder Agreement to the Administrative Agent to be effective as of the Fourth Amendment Effective Date.

D. The Credit Parties have requested that the Administrative Agent, the Required Banks and the Parent Guarantor amend the Credit Agreement to limit (i) Credit Agricole's obligation to issue LOCs under the Facility to LOCs in an aggregate amount outstanding at any time not to exceed $250,000,000 and (ii) BTMU's obligation to issue LOCs under the Facility to LOCs in an aggregate amount outstanding at any time not to exceed $250,000,000, in each case, to be effective as of the Fourth Amendment Effective Date.

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

## AGREEMENT

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

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

2. Amendment to Credit Agreement. Section 2.01(a) of the Credit Agreement is hereby amended and restated to read as follows:

"(a) the Issuing Bank shall not have any obligation to issue or amend the expiry, amount or language of any LOC if (i) the aggregate Credit Exposure (after giving effect to such issuance, extension, or increase) would exceed the aggregate Commitment Amount of the Banks, (ii) any Bank's Pro Rata Share of the aggregate Credit Exposure (after giving effect to such issuance or amendment) would exceed such Bank's Commitment Amount, (iii) such issuance or amendment would conflict with or cause the Issuing Bank to exceed any limited imposed by applicable law or any applicable requirement hereof, (iv) solely with respect to HSBC Bank USA, National Association in its capacity as an Issuing Bank hereunder ("HSBC"), such issuance or amendment would cause the sum (without duplication) at such time of (x) the aggregate outstanding amount of all LOC Disbursements under LOCs issued by HSBC, (y) the aggregate Available Amount of all LOCs issued by HSBC, and (z) the aggregate Available Amount of all LOCs that have been requested by the Applicants to be issued by HSBC hereunder but have not yet been so issued to exceed $250,000,000, (v) solely with respect to DB in its capacity as an Issuing Bank hereunder, such issuance or amendment would cause the sum (without duplication) at such time of (x) the aggregate outstanding amount of all LOC Disbursements under LOCs issued by DB, (y) the aggregate Available Amount of all LOCs issued by DB, and (z) the aggregate Available Amount of all LOCs that have been requested by the Applicants to be issued by DB hereunder but have not yet been so issued to exceed $778,000,000 or such greater amount not to exceed the Commitment Amount as DB may elect in its sole discretion from time to time, (vi) solely with respect to Credit Agricole Corporate and Investment Bank in its capacity as an Issuing Bank hereunder ("Credit Agricole"), such issuance or amendment would cause the sum (without duplication) at such time of (x) the aggregate outstanding amount of all LOC Disbursements under LOCs issued by Credit Agricole, (y) the aggregate Available Amount of all LOCs issued by Credit Agricole, and (z) the aggregate Available Amount of all LOCs that have been requested by the Applicants to be issued by Credit Agricole hereunder but have not yet been so issued to exceed $250,000,000, or (vii) solely with respect to The Bank of Tokyo - Mitsubishi UFJ, Ltd., Paris Branch in its capacity as an Issuing Bank hereunder ("BTMU"), such issuance or amendment would cause the sum (without duplication) at such time of (x) the aggregate outstanding amount of all LOC Disbursements under LOCs issued by BTMU, (y) the aggregate Available Amount of all LOCs issued by BTMU, and (z) the aggregate Available Amount of all LOCs that have been requested by the Applicants to be issued by BTMU hereunder but have not yet been so issued to exceed $250,000,000;".

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

4. Ratification and Confirmation of Loan Documents. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not alter, modify, amend, or in any way affect any of the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement or any other Loan Document, and shall not operate as a waiver of any right, power, or remedy of the Administrative Agent or any Bank under the Credit Agreement or any other Loan Document.

Except as expressly set forth herein, the Credit Agreement and all other instruments, documents and agreements entered into in connection with the Credit Agreement and each other Loan Document shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed by each Credit Party in all respects.

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

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

b. no Block Notice is in effect;

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

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

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

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

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

c. The Administrative Agent shall have received, to the extent invoiced, reimbursement or payment of all expenses required to be reimbursed or paid by any Credit Party pursuant to any Loan Document, including the reasonable fees and disbursements invoiced on or prior to such date of Moses & Singer LLP, counsel to DB.

d. Each of Credit Agricole and BTMU shall have advised the Administrative Agent in writing (including by facsimile or e-mail) that the Company has executed and delivered to Credit Agricole or BTMU, as applicable, a fee letter in form and substance satisfactory to each of Credit Agricole and BTMU, respectively.

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

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

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

[*Remainder of page intentionally left blank*]

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

The "Company"

SUNPOWER CORPORATION

| | |
|---|---|
| By: | /s/ Charles D. Boynton |
| Name: | Charles D. Boynton |
| Title: | EVP & CFO |

The "Subsidiary Applicant"

SUNPOWER CORPORATION, SYSTEMS

| | |
|---|---|
| By: | /s/ Charles D. Boynton |
| Name: | Charles D. Boynton |
| Title: | CFO |

The "Parent Guarantor"

TOTAL, S.A.

| | |
|---|---|
| By: | /s/ Patrick de la Chevardière |
| Name: | Patrick de la Chevardière |
| Title: | Chief Financial Officer |

The "Administrative Agent", an "Issuing Bank", and a "Bank"

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

| | |
|---|---|
| By: | /s/ Robert Lofaro |
| Name: | Robert Lofaro |
| Title: | Director |

| | |
|---|---|
| By: | /s/ Prashant Mehra |
| Name: | Prashant Mehra |
| Title: | Vice President |

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

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

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

*[Signature Page to Fourth Amendment to Letter of Credit Facility Agreement]*

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

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

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

*[Signature Page to Fourth Amendment to Letter of Credit Facility Agreement]*

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

By: /s/ Thomas Lo
Name: Thomas Lo
Title: Vice President

*[Signature Page to Fourth Amendment to Letter of Credit Facility Agreement]*

LLOYDS TSB BANK PLC, as a Bank

| | |
|---|---|
| By: | /s/ Stephen Giacolone |
| Name: | Stephen Giacolone |
| Title: | Assistant Vice President - G011 |

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

*[Signature Page to Fourth Amendment to Letter of Credit Facility Agreement]*

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

By: /s/ Laurent LaDrange
Name: Laurent LADRANGE
Title: Directeur Général Adjoint

*[Signature Page to Fourth Amendment to Letter of Credit Facility Agreement]*

**Exhibit 10.70**

***Execution Version***

CREDIT AGREEMENT

among

SOLAR STAR CALIFORNIA XIII, LLC
as Borrower,

The Several Lenders from Time to Time Parties Hereto, SANTANDER BANK, N.A.,
as Coordinating Lead Arranger and Joint Lead Arranger,

MIZUHO BANK LTD.,
and
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Joint Lead Arrangers

MIZUHO BANK LTD.,
as Administrative Agent,

SANTANDER BANK, N.A.,
MIZUHO BANK LTD.,
CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Issuing Banks

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Syndication Agent

SANTANDER BANK, N.A.,
as Documentation Agent

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Interest Rate Hedge Coordinating Agent

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Agent

Dated as of October 17, 2014

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A 108 MWac Solar Photovoltaic Generation Facility

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CREDIT AGREEMENT

This CREDIT AGREEMENT (this "Agreement"), dated as of October 17, 2014, by and among SOLAR STAR CALIFORNIA XIII, LLC a Delaware limited liability company (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement as Lenders, MIZUHO BANK, LTD., as Administrative Agent, SANTANDER BANK, N.A., MIZUHO BANK, LTD., and CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as Letter of Credit Issuing Banks (in such capacities, the "Issuing Banks"), CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as syndication agent (in such capacity, the "Syndication Agent"), SANTANDER BANK, N.A., as documentation agent (in such capacity, the "Documentation Agent"), CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as coordinating agent for the Interest Rate Hedge Counterparties (in such capacity, the "Interest Rate Hedge Coordinating Agent") and DEUTSCHE BANK TRUST COMPANY AMERICAS, solely in its capacity as Collateral Agent.

The Borrower has, subject to the terms and conditions set forth in this Agreement, requested that (a) the Lenders make loans to the Borrower to fund, among other things, (i) certain Project Costs, and, under certain circumstances, certain Operating Costs and Debt Service requirements, in each case, up to the amounts specified in this Agreement, and (ii) any Drawings on the Letters of Credit, and (b) the Issuing Banks issue the Letters of Credit. The Lenders are willing to make such loans and the Issuing Banks are willing to issue the Letters of Credit, in each case upon the terms and subject to the conditions of this Agreement.

AGREEMENT

In consideration of the agreements herein and in the other Loan Documents and in reliance upon the representations and warranties set forth herein and therein, the parties agree as follows:

ARTICLE 1.

DEFINITIONS

1.1 Definitions. Except as otherwise expressly provided, capitalized terms used in this Agreement (including in the preamble hereto) and its exhibits shall have the meanings given in this Section 1.1.

"Acceptable Credit Support" has the meaning given to such term in the Equity Contribution Agreement.

"Acceptable Letter of Credit Provider" has the meaning given to such term in the Depositary Agreement.

"Additional Project Agreements" means, collectively, any contract or agreement entered into by the Borrower subsequent to the Closing Date that either (a) replaces or is entered into in substitution of an existing Material Project Document, and any further replacement or substitution thereof or (b) obligates the Borrower to make payments in an aggregate amount exceeding $1,000,000 in any fiscal year or $2,000,000 in the aggregate over the term of such contract or provides for payments to the Borrower in an aggregate amount exceeding $1,000,000 in any fiscal year or $2,000,000 in the aggregate over the term of such contract, provided that in the case of this clause (b), no Required Lender consent shall be required pursuant to Section 6.10 for contracts or agreements relating to the purchase of materials, equipment, insurance, parts or other personal property of any nature necessary or useful to the operation, maintenance, service or repair of the Project that are expressly included in the Construction

Budget and Schedule or the then-current Annual Operating Budget and the Annual Operating Plan (if applicable), provided further, for the avoidance of doubt, that Swap Agreements will not be Additional Project Documents.

"Administrative Agent" means Mizuho Bank, Ltd., in its capacity as administrative agent for the Lenders, or its successors or assigns appointed pursuant to the terms of this Agreement.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) vote more than 10% of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person or (b) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

"Agent Fee Agreements" means, collectively, (i) the Fee Letter Agreement, dated as of October 17, 2014, by and between the Borrower and Mizuho Bank, Ltd., as Administrative Agent, and (ii) the Fee Schedule, dated as of October 17, 2014, by and between the Borrower and Deutsche Bank Trust Company Americas, as Depositary Bank and Collateral Agent.

"Agent Indemnitee" has the meaning given to such term in Section 8.7.

"Agents" means, collectively or individually, depending on the context, the Administrative Agent, the Collateral Agent, the Syndication Agent, the Documentation Agents, the Interest Rate Hedge Coordinating Agents and the Joint Lead Arrangers.

"Agreement" has the meaning given to such term in the preamble to this Agreement.

"Amortization Schedule" means the Amortization Schedule set forth as Schedule 1.1B to this Agreement, which shall be updated on the Term Conversion Date and as further updated from time to time as necessary to reflect certain prepayments made by or on behalf of the Borrower in accordance with Section 2.7 or Section 2.8, as applicable.

"Annual Operating Budget" means a budget detailed by month of anticipated revenues and anticipated expenditures of the Borrower with respect to the Project, such budget to include Debt Service, proposed distributions, maintenance, repair and operation expenses (including reasonable allowance for contingencies), costs and expenses related to the purchase of parts or other personal property of any nature necessary or useful to the operation, maintenance, service or repair of the Project, management expenses and fees, taxes, insurance premiums, reserves and all other anticipated Operating Costs for each applicable fiscal year of Borrower substantially in the form of Exhibit F to this Agreement.

"Annual Operating Plan" means the annual operating plan that shall contain a reasonably detailed narrative description of (a) the categories of revenues and costs set forth in the Annual Operating Budget; (b) maintenance and repair activities expected or planned for the upcoming year with respect to the Project; (c) the planned purchases of parts or other personal property of any nature necessary or useful to the operation, maintenance, service or repair of the Project; and (d) any event or condition forecasted for the relevant year that is likely to require the incurrence of major maintenance expense items with respect to the Project in an amount that is at least 10% higher than the corresponding amount set forth with respect to such category in the Base Case Model for such year.

"Applicable Margin" means for each Type of Loan during each applicable period set forth in the table shown below, the applicable per annum percentage under the relevant column heading below:

| Applicable Period | Base Rate Loans | LIBOR Loans |
|---|---|---|
| From the Closing Date until but not including December 31, 2019: | 0.625% | 1.625% |
| On December 31, 2019 and thereafter: | 0.875% | 1.875% |

"Applicable Permit" means, at any time, any Permit to be obtained by or on behalf of the Borrower, including any such Permit relating to zoning, environmental or natural resource protection, pollution, sanitation, CPUC, ERO, CAISO, FERC, PUHCA 2005, safety, siting or building, importation of technology, equipment and materials, that is (a) material and necessary at such time in light of the stage of development, construction or operation of the Project to construct, test, operate, maintain, repair, own or use the Project as contemplated by the Operative Documents, to sell electricity therefrom, to enter into any Operative Document or to consummate any transaction contemplated thereby; (b) necessary so that (i) none of the Agents, the Lenders, the Issuing Banks or any Affiliate of any of them may be deemed by any Governmental Authority to be subject to regulation under the FPA or PUHCA 2005 or under the California Public Utilities Code, as amended, respecting the regulation of electrical corporations solely as a result of the Borrower's construction, operation, ownership or control of the Project or the sale of electricity therefrom by Borrower (except in the event that any of the Agents, the Lenders, or any Affiliate of any of them exercises remedies under the Operative Documents or otherwise becomes the owner or operator of the Project or directs the sale of electricity therefrom), or (ii) none of the Borrower nor any Affiliate of the Borrower that is a party to an Operative Document may be deemed by any Governmental Authority to be subject to, or not exempt from, regulation under the federal access to books and records provisions of PUHCA 2005, or under any financial, organizational or rate regulation as a "public utility" or "electric utility" under the California Public Utilities Code, as amended, or (c) listed as such on Schedule 4.15.

"Approved Fund" has the meaning given to such term in Section 9.7(b).

"Asset Management Agreement" means that certain Asset Management and Administration Agreement dated as of October 6, 2014 by and between SunPower Capital Services, LLC and the Borrower.

"Assignee" has the meaning given to such term in Section 9.7(b)(i).

"Assignment and Assumption" means an Assignment and Assumption, substantially in the form of Exhibit D to this Agreement.

"Available Amount" has the meaning given to such term in Section 2.16(a)(ii).

"Base Case Model" means the Closing Date Base Case Model and the Term Conversion Date Base Case Model, as applicable.

"Base Rate" means, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate for such day plus 0.50% and (c) the LIBOR Rate for a LIBOR Loan with a one-month interest period commencing on such day plus 1%. Any change in the Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBOR Rate shall be effective as of the opening of business on the day of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBOR Rate, respectively.

"Base Rate Loans" means Loans that bear interest at rates based upon the Base Rate.

"Benefited Lender" has the meaning given to such term in Section 9.8(a).

"Board" means the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower" has the meaning given to such term in the preamble hereto.

"Borrowing" means a borrowing or advance of credit under this Agreement.

"Breakage Costs" has the meaning given to such term in Section 2.21.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in either New York City or London are authorized or required by law to close; provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, LIBOR Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"CAISO" means the California Independent System Operator Corporation, or successor entity which dispatches certain generating units and loads and controls the transmission grid in California.

"CAISO Tariff" means the CAISO Fifth Replacement FERC Electric Tariff, as it may be amended, supplemented or replaced (in whole or in part) from time to time.

"Capital Lease Obligations" means, as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"CCSF" means the City and County of San Francisco acting through its Public Utilities Commission.

"CCSF Mitigation Agreement" means the proposed System Impact Mitigation Agreement which may be executed between the Borrower and CCSF substantially in the form of attached Exhibit P.

"Change of Control" means (a) prior to the Term Conversion Date, (i) the Sponsor and any Permitted Transferees failing, on a combined basis, to beneficially own (within the meaning of Rule 13d-5 of the 1934 Act) directly or indirectly 100% of the aggregate voting and economic interests in the Borrower (other than any voting and economic interests owned by a Permitted Tax Equity Investor), (ii) SunPower Corporation failing to have the power, directly or indirectly, to direct or cause the direction of the management, operation and policies of the Borrower and the construction, operation and management of the Project, whether through the ownership of voting interests, by contract or otherwise or (iii) Holdings failing to directly own 100% of the equity interest in the Borrower and (b) after the Term Conversion Date, (i) the Sponsor and any Permitted Transferees failing, on a combined basis, to beneficially own (within the meaning of Rule 13d-5 of the 1934 Act) directly or indirectly at least 50% of the aggregate voting and economic interests in the Borrower (other than any voting and economic interests owned by a Permitted Tax Equity Investor) (ii) neither SunPower Corporation nor any Permitted Transferees has the power, directly or indirectly, to direct or cause the direction of the management, operation and policies of the Borrower and the construction, operation and management of the Project, whether through the ownership of voting interests, by contract or otherwise, or (iii) Holdings ceases to directly own one hundred percent (100%) of the equity interest of Borrower, unless otherwise consented in writing by the Required Lenders.

"Class" means, when used in reference to any Loan, whether such Loan is a Construction Loan, Term Loan, DSR LC Loan or Project LC Loan and, when used in reference to any Commitment, whether such Commitment is a Construction Loan Commitment, Term Loan Commitment, DSR LC Commitment or Project LC Commitment.

"Closing Date" means the date when each of the conditions to the initial Borrowing set forth in Sections 3.1 and 3.2 has been satisfied (or waived in writing by the Administrative Agent and the Lenders).

"Closing Date Base Case Model" means the "Closing Date Base Case Model" containing financial projections for the Borrower and the Project as of the Closing Date, prepared by the Borrower and containing assumptions satisfactory to the Administrative Agent, the Issuing Banks and the Lenders, attached as Exhibit B to this Agreement.

"Closing Date Equity Contribution" means any development costs incurred by the Borrower or any Affiliate of the Borrower prior to the Closing Date as confirmed by the Independent Engineer on the Closing Date not to exceed $40,000,000.

"COD" means each of "Substantial Completion" under the EPC Agreement, the "Commercial Operation Date" under the SCE Power Purchase Agreement and the "Commercial Operation Date" under the Interconnection Agreement has occurred.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means all property of the Loan Parties, now owned, leased, or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Collateral Accounts" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Collateral Agent" means Deutsche Bank Trust Company Americas, as collateral agent for the Secured Parties, together with any of its successors appointed pursuant to the Loan Documents.

"Commitment Fee Rate" means 0.50% per annum.

"Commitments" means the Construction Loan Commitments, the Term Loan Commitments and the LC Commitments.

"Conduit Lender" means any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Sections 2.19, 2.20, 2.21 or 9.5 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

"Consents" has the meaning given to such term in Section 3.1(n).

"Construction Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Construction Budget and Schedule" means a detailed schedule of the development and construction of the Project, a detailed total Project budget and an indicative monthly draw-down schedule, each as prepared by the Borrower and approved by the Administrative Agent (in consultation with the Independent Engineer) as of the Closing Date, in the form of Exhibit E to this Agreement (as modified in accordance with Section 6.9(a)), and containing a detailed description of Project Costs incurred and expected to be incurred with respect to the development and construction of the Project, in each case for the period commencing on the date of the Construction Budget and Schedule through the expected date of Final Completion.

"Construction Completion Subaccount" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Construction Loan" has the meaning given to such term in Section 2.1.

"Construction Loan Availability Period" means the period commencing on the first date upon which the Borrower satisfies the conditions precedent set forth in Sections 3.1 and 3.2 (or such conditions precedent are waived in accordance therewith) and ending on the earlier of (a) the Construction Loan Maturity Date and (b) the date the Construction Loan Commitments are earlier cancelled or expire pursuant to this Agreement.

"Construction Loan Commitments" means, with respect to any Lender, the commitment of such Lender, if any, to make Construction Loans in an aggregate principal amount not to exceed the amount, expressed as a Dollar amount, set forth under the heading "Construction Loan Commitment" opposite such Lender's name on Schedule 1.1A, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Construction Loan Commitment, as applicable, as such commitment may be reduced or increased from time to time pursuant to assignments by or to such Lender under

Section 9.7. The aggregate amount of the Construction Loan Commitments on the Closing Date is $317,973,487.16.

"Construction Loan Maturity Date" means the earliest of (a) the Date Certain, (b) the Term Conversion Date and (c) the date of acceleration of the Construction Loans under Section 7.18(a) or Section 7.18(b)(ii).

"Construction Loan Notes" means the notes provided for under Section 2.15(a).

"Construction Loan Notice of Borrowing" has the meaning given to such term in Section 2.2.

"Construction Status Report" has the meaning given to such term in Section 5.17.

"Consumer Price Index" means the Consumer Price Index, "All Urban Consumers; U.S. City Average," as published by the U.S. Department of Labor, Bureau of Labor Statistics, or if such index shall cease to be published, such other index as shall be reasonably selected by the Administrative Agent and the Borrower.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Counterparty" has the meaning set forth in Section 5.13.

"CPUC" means the California Public Utilities Commission and its successors.

"Crédit Agricole" means Crédit Agricole Corporate and Investment Bank.

"Date Certain" means January 16, 2016.

"Debt Service" means, for any period, an amount equal to all principal including, without duplication, all amounts overdue and not paid from any prior period and all Scheduled Repayment Amounts of the unpaid principal amount of the Loans for the relevant period, and any interest and fees accrued with respect to the Loans and the Letters of Credit, then scheduled to be due and payable by the Borrower under any Loan Document (including, without duplication of interest amounts payable under this Agreement, ordinary course settlement amounts payable by the Borrower under the Interest Rate Agreements, net of ordinary course settlement amounts received by the Borrower thereunder during the relevant period).

"Debt Service Coverage Ratio" or "DSCR" means for each Repayment Date beginning on the first Repayment Date after the Term Conversion Date, the ratio of (i) Operating Cash Flow Available for Debt Service for the preceding twelve-month period (or, for any DSCR calculation performed prior to the first anniversary of the Term Conversion Date, the period commencing on the Term Conversion Date and ending on such Repayment Date) to (ii) the amount of Debt Service for such period.

"Debt Service Reserve Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Decommissioning Issuing Bank" means Santander Bank, N.A. in its capacity as issuing bank of the Decommissioning Letter of Credit.

"Decommissioning Letter of Credit" means an irrevocable standby letter of credit acceptable in form and substance to the Decommissioning Issuing Bank and the Administrative Agent that is issued pursuant to Section 14.5 of the Site Lease for the account of the Borrower in favor of Merced County by the Decommissioning Issuing Bank, and in the maximum stated amount provided in Section 2.16(a)(i)(B) but in any event not to exceed the Project LC Commitment of the Decommissioning Issuing Bank.

"Deed of Trust" means the Deed of Trust, Security Agreement, Assignment of Leases, Rents and Profits, Financing Statement, Fixture Filing and Request for Notice made by the Borrower in favor of First American Title Insurance Company, as trustee for the benefit of the Collateral Agent for the benefit of the Secured Parties.

"Default" means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time, the giving of notice or both, would constitute an Event of Default.

"Default Rate" has the meaning given to such term in Section 2.13(c).

"Defaulting Lender" means, subject to Section 2.24(b), any Lender that (a) has failed to perform any of its funding obligations hereunder, including in respect of its Construction Loans, within three (3) Business Days of the date required to be funded by it hereunder, unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender's reasonable determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, (b) has notified the Borrower or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or under other agreements generally in which it commits to extend credit (unless such writing or public statement relates to such Lender's obligation to fund a Construction Loan hereunder and states that such position is based on such Lender's reasonable determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after request by the Administrative Agent to confirm in writing that it will comply with its funding obligations (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has (i) become the subject of a proceeding under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Capital Stock in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Deferred Development Fee" means the "Service Fee" due to the Developer under Section 3.1 of the Development Services Agreement that is payable only on the Term Conversion Date.

"Delay Liquated Damages" has the meaning given to such term in the Depositary Agreement.

"Depositary Agreement" means that certain Depositary Agreement, dated as of the date hereof, among the Borrower, the Administrative Agent, the Collateral Agent and the Depositary Bank.

"Depositary Bank" means Deutsche Bank Company Trust Americas, in its capacity as Depositary Bank as defined in and as acting under the Depositary Agreement, or its successor or assign appointed pursuant to the terms of the Depositary Agreement.

"Developer" means SunPower DevCo, LLC, a Delaware limited liability company.

"Development Services Agreement" means the Development Services Agreement, dated as of October 6, 2014 between the Developer and the Borrower.

"Discharge Date" means the date when all Obligations (excluding contingent indemnification and other provisions, that, by their express terms, survive the repayment of the Loans, interest, fees and other amounts owed under this Agreement) of the Borrower under this Agreement and the other Loan Documents have been indefeasibly paid in full in immediately available funds, no Commitments remain outstanding, the Interest Rate Agreements have been terminated and the Letters of Credit have expired by their terms or been terminated by their beneficiaries (pursuant to documentation reasonably acceptable to the Administrative Agent and the Issuing Banks).

"Distribution Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Distribution Reserve Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"District Mitigation Agreement" means the Mitigation of Impacts Agreement, dated as of April 18, 2013, among the Borrower, Modesto Irrigation District and Turlock Irrigation District.

"Documentation Agent" has the meaning given to such term in the preamble of this Agreement.

"Dollars" and "$" means United States dollars or such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts in the United States of America.

"Drawing" means a drawing by the applicable beneficiary on a Letter of Credit.

"DSR Issuing Banks" means (a) Santander Bank, N.A., Mizuho Bank, Ltd., and Crédit Agricole Corporate and Investment Bank in their respective capacities as issuing bank of a DSR Letter of Credit and (b) each other Lender so designated by the Borrower with the written consent of such Lender in accordance with Section 2.16(o), in each case, in its capacity as an issuer of a DSR Letter of Credit.

"DSR LC Commitment" means the commitment of each DSR Issuing Bank to issue and continue to make available a DSR Letter of Credit and make DSR LC Loans to the Borrower in respect of its Debt Service Reserve Letter of Credit, in an aggregate stated or principal amount at any one time not to exceed the amount, expressed as a Dollar amount, set forth under the heading "DSR LC Commitment" opposite such DSR Issuing Bank's name on Schedule 1.1A, as such amount may be reduced from time to

time pursuant to Section 2.10. The aggregate amount of the DSR LC Commitments of all DSR Issuing Banks on the Closing Date shall be $17,488,832.59.

"DSR LC Loan" means any loan made to the Borrower by any DSR Issuing Bank as a result of a Drawing on a DSR Letter of Credit issued by such DSR Issuing Bank as set forth in Section 2.16(e).

"DSR Letter of Credit" means an irrevocable standby letter of credit to be issued pursuant to Section 2.16 by an Acceptable Letter of Credit Provider, for the account of the Borrower by any DSR Issuing Bank for the benefit of the Depositary, substantially in the Exhibit N-1 and in a maximum stated amount not to exceed the DSR LC Commitment of such DSR Issuing Bank.

"DSR Requirement" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"ECA Parent Guarantor" means SunPower Corporation, in its capacity as guarantor under the ECA Parent Guaranty.

"ECA Parent Guaranty" has the meaning given to such term in the Equity Contribution Agreement.

"Environment" means ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface, soil or subsurface strata or sediment, natural resources such as flora and fauna or as otherwise defined in any Environmental Law.

"Environmental Claim" means any and all actions, suits, demands, demand letters, claims, Liens, notices of non-compliance or violation, notices of liability or potential liability, investigations, proceedings, directives, orders or agreements relating in any way to the Environment, any Environmental Law or the release of or human exposure to any Hazardous Substance.

"Environmental Law" means any and all federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Legal Requirements (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health, natural resources or the Environment or which give rise to liability based on impermissible exposure to Hazardous Substances, as now or may at any time hereafter be in effect.

"Environmental Site Assessments" means the Environmental Site Assessments identified on Schedule 1.1C, including all exhibits and appendices and all other attachments thereto.

"EPC Agreement" means that certain Engineering, Procurement & Construction Agreement, from the EPC Contractor, dated as of October 6, 2014 by and between the EPC Contractor and the Borrower.

"EPC Contractor" means SunPower Corporation, Systems, a Delaware corporation.

"EPC Parent Guaranty" means the Guaranty, dated as of October 6, 2014 by the EPC Parent Guarantor in favor of the Borrower.

"EPC Parent Guarantor" means SunPower Corporation, in its capacity as guarantor under the EPC Parent Guaranty.

"Equator Principles" means those principles and standards set forth in "The Equator Principles III – 2013", as currently available at www.equatorprinciples.com, as amended from time to time.

"Equity Commitment" has the meaning given to such term in the Equity Contribution Agreement.

"Equity Contribution" has the meaning given to such term in the Equity Contribution Agreement.

"Equity Contribution Agreement" means the Equity Contribution Agreement, dated as of the date hereof, among the Equity Investor, the Borrower, the Administrative Agent and the Collateral Agent.

"Equity Contribution Documents" means the Equity Contribution Agreement, the ECA Parent Guaranty and any Acceptable Credit Support.

"Equity Investor" has the meaning given to such term in the Equity Contribution Agreement.

"Equity Requirement" has the meaning given to such term in the Equity Contribution Agreement.

"ERO" means the Electric Reliability Organization, within the meaning of Section 215(a)(2) of the FPA.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with any Loan Party, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any Reportable Event; (b) the existence with respect to any ERISA Plan of a non-exempt Prohibited Transaction; (c) any failure by any Pension Plan to satisfy the minimum funding standards (within the meaning of Section 412 or 430 of the Code or Section 302 of ERISA) applicable to such Pension Plan), whether or not waived; (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Pension Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Pension Plan or the failure by any Loan Party or any of its ERISA Affiliates to make any required contribution to a Multiemployer Plan; (e) the incurrence by any Loan Party or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Pension Plan, including but not limited to the imposition of any Lien in favor of the PBGC or any Pension Plan; (f) a determination that any Pension Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (g) the receipt by any Loan Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan under Section 4042 of ERISA; (h) the incurrence by any Loan Party or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Pension Plan or Multiemployer Plan; (i) the receipt by any Loan Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Loan Party or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, Insolvent, in

Reorganization or in endangered or critical status, within the meaning of Section 432 of the Code or Section 305 of ERISA; and (j) with respect to any Foreign Plan or Foreign Benefit Arrangement, (A) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan or Foreign Benefit Arrangement; (B) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan or Foreign Benefit Arrangement required to be registered; or (C) the failure of any Foreign Plan or Foreign Benefit Arrangement to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan or Foreign Benefit Arrangement.

"ERISA Plan" means any employee benefit plan as defined in Section 3(3) of ERISA, (whether or not subject to ERISA) including any employee welfare benefit plan (as defined in Section 3(1) of ERISA), any employee pension benefit plan (as defined in Section 3(2) of ERISA), and any plan which is both an employee welfare benefit plan and an employee pension benefit plan, and in respect of which any Loan Party or any ERISA Affiliate is (or if such plan were terminated, would under Section 4062 or 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Event of Default" and "Events of Default" have the meanings given in Article 7.

"Event of Loss" means a single insured event or a related series of insured events causing any loss of, destruction of or damage to, or any condemnation or other taking of (including by eminent domain), of all or any portion of the property or assets of the Borrower.

"EWG" means an "exempt wholesale generator," as such term is defined in Section 16451(6) of PUHCA 2005 and the FERC's implementing regulations at 18 C.F.R. § 366.1.

"Facilities" means each of (a) the Construction Loan Commitments and the Construction Loans made thereunder (the "Construction Loan Facility"), (b) the Term Loan Commitments and the Term Loans made thereunder (the "Term Loan Facility"), (c) the DSR LC Commitments and the DSR Letters of Credit and DSR LC Loans made thereunder (the "DSR LC Facility"), and (d) the Project LC Commitments and the Project Letters of Credit and Project LC Loans made thereunder (the "Project LC Facility").

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations, published guidance or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any inter-governmental agreement (together with any law implementing such agreement including any U.S. or non-U.S. regulations or guidance notes).

"Federal Funds Effective Rate" means, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three (3) federal funds brokers of recognized standing selected by it.

"Fee Payment Date" means (a) the last day of each June and December of each year falling after the date hereof and (b) as applicable, the Construction Loan Maturity Date, the Term Loan Maturity Date and the LC Loan Maturity Date.

"FERC" means the Federal Energy Regulatory Commission, or its successor.

"Final Completion" means the later of the date of Final Completion (as defined in the EPC Agreement) and the date that all items on the Punch List (as defined in the EPC Agreement) have been completed.

"First Repayment Date" means June 30, 2016.

"Fitch" means Fitch Ratings, Ltd., or any successor to the ratings agency business thereof.

"Forbearance Agreement" has the meaning given to such term in Section 6.22(c).

"Forbearance Start Date" means a date to be agreed between the Borrower and the Lenders that will be the date on which a minimum threshold investment has been made by the Tax Equity Investor, provided certain other conditions have been satisfied relating to the anticipated COD, the Equity Investor's remaining equity commitment and the nonexistence of Defaults or Events of Default.

"Foreign Benefit Arrangement" means any employee benefit arrangement mandated by non-U.S. law that is maintained or contributed to by any Loan Party, or by any ERISA Affiliate.

"Foreign Plan" means each employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to U.S. law and is maintained or contributed to by any Loan Party, or by any ERISA Affiliate.

"FPA" means the Federal Power Act, as amended.

"Funds Flow Memorandum" shall mean the memorandum, dated as of October 17, 2014, delivered by the Borrower to the Administrative Agent with respect to the disbursement of funds on the Closing Date.

"GAAP" means generally accepted accounting principles in the United States as in effect from time to time.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Governmental Rule" means any law, rule, regulation, ordinance, order, code interpretation, judgment, decree, directive, guideline, policy or similar form of decision of any Governmental Authority.

"Ground Lessor" means AKT Santa Nella Solar Investors II, LLC, a California limited liability company.

"Guarantee" as to any Person (the "guaranteeing person"), means any obligation, including a reimbursement, counterindemnity or similar obligation, of the guaranteeing Person that guarantees or in effect guarantees, or which is given to induce the creation of a separate obligation by another Person (including any bank under any Letters of Credit) that guarantees or in effect guarantees, any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third

Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Hazardous Substances" means all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including explosive or radioactive substances, petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls or radon gas, of any nature, which in each case is or becomes subject to regulation or which can give rise to liability under any Environmental Law.

"Holdings" means Solar Star California XIII Parent, LLC, a Delaware limited liability company.

"Improvements" has the meaning given to such term in the Deed of Trust.

"Indebtedness" of any Person at any date, means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds or similar arrangements, (g) the liquidation value of all redeemable preferred Capital Stock of such Person, (h) all Guarantee obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) for the purposes of Section 7.4 only, all obligations of such Person in respect of Interest Rate Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Indemnified Liabilities" has the meaning given to such term in Section 9.5.

"Indemnitee" has the meaning given to such term in Section 9.5.

"Independent Consultants" means, collectively, the Insurance Consultant, the Independent Engineer, the Transmission Consultant, the Environmental Consultant and the Solar Resource Consultant or their successors appointed pursuant to Section 9.9.

"Independent Engineer" means Leidos or its successor appointed pursuant to Section 9.9.

"Insolvent" means, with respect to any Multiemployer Plan, the condition that such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insurance Consultant" means Moore-McNeil, LLC, or its successor appointed pursuant to Section 9.9.

"Intellectual Property" means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Interconnection Agreement" means the Large Generator Interconnection Agreement, dated as of March 28, 2013, among the Borrower, the Transmission Utility and the CAISO, as amended by that certain First Amendment dated October 6, 2013.

"Interest Fix Fees" means all costs, fees, expenses and other amounts due and payable by the Borrower under the Interest Rate Agreements (as calculated by the relevant Counterparty), including any costs, fees, expenses or other amounts (including increased interest payments) due and payable in connection with any unwinding, breach or termination of such Interest Rate Agreements as required under such Interest Rate Agreements.

"Interest Payment Date" means, (a) prior to the Term Conversion Date, (i) as to any Base Rate Loan, the last day of each March, June, September and December (or, if an Event of Default is in existence, the last day of each calendar month) to occur while such Loan is outstanding and the final maturity date of such Loan, (ii) as to any LIBOR Loan, the last day of such Interest Period, and (iii) as to any Loan, the date of any repayment or prepayment made in respect thereof (including Term Conversion in respect of Construction Loans) and (b) after the Term Conversion Date, (i) each Repayment Date, and (ii) the date of any repayment or prepayment made in respect of a Loan.

"Interest Period" means as to any LIBOR Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such LIBOR Loan and ending one (1), two (2), three (3) or six (6) months thereafter, as selected by the Borrower in its Notice of Borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period (i) commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Loan (if such day occurs prior to the Term Loan Conversion Date) and ending one (1), two (2), three (3) or six (6) months thereafter and (ii) commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Loan (if such day occurs on or after the Term Loan Conversion Date) and ending three (3) or six (6) months thereafter, in the case of either (i) or (ii) as selected by the Borrower by irrevocable notice to the Administrative Agent not later than 10:00 A.M., New York time, on the date that is three (3) Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) if the Borrower selects an Interest Period with respect to Construction Loans, Term Loans or LC Loans that would extend beyond the Construction Loan Maturity Date, the Term Loan Maturity Date or the applicable LC Loan Maturity Date, such Interest Period will end on the Construction Loan Maturity Date, Term Loan Maturity Date or LC Loan Maturity Date, as applicable;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iv) except as described in item (ii) above, the Borrower shall select Interest Periods so as not to require a payment or prepayment of any LIBOR Loan during an Interest Period for such Loan; and

(v) the Borrower shall select Interest Periods with respect to Term Loans that will result in Interest Periods that match corresponding interest periods under the Interest Rate Agreements.

"Interest Rate Agreement Termination Amount" means, as of any date and with respect to any Interest Rate Agreement that has been terminated, the termination amount due to the applicable Counterparty (as determined in the reasonable good faith judgment of such Counterparty, consistent with the prevailing market practice, under and in accordance with the terms of such Interest Rate Agreement) that remains outstanding on such date.

"Interest Rate Agreements" has the meaning given to such term in Section 5.13(a).

"Interest Rate Hedge Coordinating Agent" means Credit Agricole Corporate and Investment Bank, as coordinating agent for the Interest Rate Hedge Counterparties.

"Investment" has the meaning given to such term in Section 6.3.

"Issuing Banks" means collectively, the Project LC Issuing Banks and the DSR Issuing Banks.

"Joint Lead Arrangers" means Santander Bank, N.A., Mizuho Bank, Ltd., and Credit Agricole Corporate and Investment Bank in their capacities as joint lead arrangers.

"Knowledge" means the actual knowledge of any Responsible Officer or any person listed on Schedule 1.1D.

"LC Commitment" means, collectively, the Project LC Commitments and the DSR LC Commitments. The aggregate amount of the LC Commitments on the Closing Date is $59,475,614.74.

"LC Commitment Termination Date" means the Term Loan Maturity Date.

"LC Issuance Notice" means a written request by the Borrower to the Issuing Banks requesting the issuance of a Letter of Credit, substantially in the form of Exhibit G to this Agreement.

"LC Loan Maturity Date" means with respect to any LC Loan, the earliest of (a) the date that is the third anniversary of the date such LC Loan is made or deemed made, (b) the LC Commitment Termination Date and (c) the date of acceleration of any Loans under Section 7.18(a) or Section 7.18(b)(ii).

"LC Loans" means the DSR LC Loans and the Project LC Loans.

"LC Loan Note" has the meaning given to such term in Section 2.15(c).

"Legal Requirements" means, as to any Person, the certificate of incorporation and by- laws, limited liability company agreement, partnership agreement or other organizational or governing documents of such Person, any law, treaty, rule or regulation, including any Governmental Rule, or determination of an arbitrator or a court or other Governmental Authority, or any requirement under a Permit, in each case applicable to or binding upon such Person or any of its properties or to which such Person or any of its property is subject.

"Lenders" means the banks and other financial institutions or entities party to this Agreement from time to time, other than the Collateral Agent.

"Lending Office" means the office designated as such beneath the name of a Lender set forth on Annex 1 of this Agreement or such other office of such Lender as such Lender may specify in writing from time to time to the Administrative Agent and the Borrower.

"Letters of Credit" means the DSR Letters of Credit and the Project Letters of Credit.

"LIBOR Base Rate" means, with respect to each day during each Interest Period pertaining to a LIBOR Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the Reuters Screen LIBOR01 Page as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on such page (or otherwise on such screen), the "LIBOR Base Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 10:00 A.M., New York time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"LIBOR Loans" means Loans that bear interest at rates based upon the LIBOR Rate.

"LIBOR Rate" means, with respect to each day during each Interest Period pertaining to a LIBOR Loan, a rate per annum determined for such day in accordance with the following formula:

$$\frac{\text{LIBOR Base Rate}}{\text{1.00 - LIBOR Reserve Requirements}}$$

"LIBOR Rate Tranche" means the collective reference to LIBOR Loans under a particular Facility with respect to which all then current Interest Periods (i) begin on the same date and (ii) end on the same later date (whether or not such Loans shall originally have been made on the same day).

"LIBOR Reserve Requirements" means, for any day as applied to a LIBOR Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves) under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"LIBOR Term Loan" means any LIBOR Loan that is a Term Loan.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing), whether or not filed, recorded or otherwise perfected or effective under applicable law.

"Loan Documents" means this Agreement, the Notes, the Security Documents, the Equity Contribution Documents, the Agent Fee Agreements, the Interest Rate Agreements and any other documents, agreements or instruments entered into in connection with any of the foregoing.

"Loan Parties" means, collectively, the Borrower, Holdings, the Equity Investor and the ECA Parent Guarantor.

"Loans" means the loans made by the Lenders and the Issuing Banks under this Agreement, including Construction Loans, Term Loans and LC Loans.

"Local Deposit Account" means a deposit account to be held by the Borrower with a financial institution reasonably satisfactory to the Administrative Agent and subject to a deposit account control agreement in favor of the Collateral Agent on terms reasonably satisfactory to the Administrative Agent and the Collateral Agent.

"Loss Proceeds" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Loss Proceeds Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Major Maintenance Reserve Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Margin Stock" shall have the meaning assigned to such term in Regulation U.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property, operations, or condition (financial or otherwise) of the Borrower or the Project, (b) the validity, legality, binding effect or enforceability (i) against any Loan Party of this Agreement or any of the other Loan Documents to which it is a party or (ii) of the rights or remedies of the Agents or the Lenders under

this Agreement or any of the other Loan Documents, (c) the validity, perfection or enforceability of the Liens granted under the Loan Documents or (d) the ability of any Loan Party to perform its obligations under any Loan Documents to which it is a party.

"Material Project Documents" means the collective reference to (a) the SCE Power Purchase Agreement, (b) the Interconnection Agreement, (c) the Site Lease Agreements, (d) the O&M Agreement, (e) the O&M Parent Guaranty, (f) the EPC Agreement, (g) the EPC Parent Guaranty, (h) the Performance Guaranty Agreement, (i) the Asset Management Agreement, (j) the Districts Mitigation Agreement, (k) the CCSF Mitigation Agreement (when executed), (l) the Interconnection Agreement and (m) any Additional Project Agreements, as of the applicable time of determination, then in force and effect.

"Material Project Participants" means the Power Purchaser, CAISO, the Transmission Utility, the Operator, the Operator Parent Guarantor, the EPC Contractor, the EPC Parent Guarantor and the Ground Lessor; provided, however, that any Person shall cease to be a Material Project Participant when all obligations of such Person under all Operative Documents to which it is a party have been indefeasibly performed and/or paid in full or have expired and all warranty periods if applicable have expired.

"Minimum Debt Service Coverage Ratios" means a Debt Service Coverage Ratio of at least (i) 1.30:1.00 in each individual semi-annual period assuming P50 Production (as adjusted pursuant to the Term Conversion Date Base Case Model and based on the 19-year amortization schedule reflected therein); and (ii) 1.00:1.00 in each individual semi-annual period assuming P99 Production (as adjusted pursuant to the Term Conversion Date Base Case Model and based on the 19-year amortization schedule reflected therein), in each case, calculated on and following the Closing Date, the Term Conversion Date or the applicable prepayment date pursuant to Section 2.8, as the case may be, until the end of such 19 year period.

"Mitigation Agreements" means, collectively, the Districts Mitigation Agreement and the CCSF Mitigation Agreement.

"Moody's" means Moody's Investors Service, Inc.

"Mortgaged Property" means the Real Property listed on Schedule 4.19(a), as to which the Collateral Agent for the benefit of the Lenders shall be granted a Lien pursuant to the Deed of Trust, and any other property that becomes subject to the Liens of the Deed of Trust pursuant to Section 5.21 (which shall be deemed Mortgaged Property when it so becomes subject thereto).

"Multiemployer Plan" means a multiemployer plan (as defined in Section 4001(a)(3) of ERISA).

"1934 Act" means the Securities Exchange Act of 1934, as in effect on the Closing Date.

"Non-Excluded Taxes" has the meaning given to such term in Section 2.20(a).

"Nonrecourse Parties" has the meaning given to such term in Section 9.24.

"Non-U.S. Lender" has the meaning given to such term in Section 2.20(e).

"Notes" means, collectively, the Construction Loan Notes, the LC Loan Note and the Term Loan Notes, substantially in the form of Exhibit C-1, Exhibit C-2, and Exhibit C-3, as applicable.

"Notice of Conversion or Continuation" has the meaning given to such term in Section 2.11.

"Notice of Term Conversion" has the meaning given to such term in Section 2.5(a).

"O&M Agreement" means that certain Operation and Maintenance Agreement dated as of October 6, 2014, by and between the Operator and the Borrower.

"O&M Parent Guaranty" means the Guaranty dated as of October 6, 2014, made by the Operator Parent Guarantor in favor of the Borrower.

"Obligations" means the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Agents, the Issuing Banks or to any Lender or Counterparty, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, Reimbursement Obligations, Breakage Costs, Interest Fix Fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise (whether or not evidenced by any note or instrument and whether or not for the payment of money).

"OFAC" means the U.S. Department of Treasury Office of Foreign Assets Control.

"OFAC SDN List" means the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC.

"Operating Cash Flow Available for Debt Service" means, for any period, the excess of (a) Project Revenues over (b) Operating Costs.

"Operating Costs" means, for any period, the sum, computed without duplication among any of the following categories or from period to period, of the following actual cash operating and maintenance costs: (a) general and administrative expenses and ordinary course fees, royalties and costs, including those paid to the counterparties to the Site Lease Agreements pursuant to the Site Lease Agreements, plus (b) expenses for operating the Project and maintaining the Project in good repair and operating condition in accordance with Prudent Industry Practices paid during such period, including payments to the counterparties to the Material Project Documents as required pursuant to the Material Project Documents (including (w) capital expenditures incurred in connection with normal maintenance of the Project, (x) capital expenditures required by applicable Legal Requirements or any Applicable Permit and (y) capital expenditures which the Borrower is required to make pursuant to the terms of the Operative Documents (collectively, "Permitted Capex")), plus (c) management and other fees payable under the O&M Agreement and the Asset Management Agreement, plus (d) insurance costs paid in respect of insurance maintained or required to be maintained in respect of the Project during such period, plus (e) applicable sales and excise taxes (if any) paid or reimbursable by the Borrower during such period, plus (f) franchise taxes paid by the Borrower during such period, plus (g) property taxes paid by the Borrower during such period, plus (h) any other direct taxes (if any) paid by the Borrower during such period, plus (i) costs and fees attendant to the obtaining and maintaining in effect the Permits paid during such period, plus (j) legal, accounting and other professional fees attendant to any of the foregoing items

paid during such period, plus (k) expenses incurred as necessary to prevent or mitigate an emergency situation. Operating Costs shall exclude, to the extent included above: (i) payments into any of the Collateral Accounts during such period, (ii) payments of any kind with respect to Restricted Payments during such period, (iii) depreciation and other non-cash charges for such period, (iv) payments of any kind with respect to Debt Service, (v) any payments of any kind with respect to any restoration of the Project during such period and (vi) capital expenditures (other than Permitted Capex).

"Operative Documents" means the Loan Documents and the Material Project Documents.

"Operator" means SunPower Corporation, Systems, a Delaware corporation.

"Operator Parent Guarantor" means SunPower Corporation, in its capacity as guarantor under the O&M Parent Guaranty.

"Other Fee Agreements" has the meaning given to such term in Section 3.1(bb).

"Other Taxes" means any and all present or future stamp or documentary Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any other Loan Document.

"P50 Production" means the production volume based on the P50 one (1) year confidence levels for the Project determined by the Independent Engineer pursuant to the report delivered under Section 3.1(q).

"P99 Production" means the production volume based on the P99 one (1) year confidence levels for the Project determined by the Independent Engineer pursuant to the report delivered under Section 3.1(q).

"Participant" has the meaning given to such term in Section 9.7(c).

"Participant Register" has the meaning given to such term in Section 9.7(c).

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act), Pub. L. 107-56 and all other United States laws and regulations relating to money-laundering and terrorist activities.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Plan" means any ERISA Plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Loan Party or any ERISA Affiliate is (or, if such ERISA Plan were terminated, would under Section 4062 or 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Performance Guaranty Agreement" means that certain Performance Guaranty Agreement, dated as of October 6, 2014, between the Borrower and the Operator.

"Performance Liquidated Damages" has the meaning given to such term in the Depositary Agreement.

"Permit" means any and all franchises, licenses, leases, permits, approvals, notifications, certifications, registrations, authorizations, exemptions, qualifications, easements, rights of way, Liens and other rights, privileges and approvals required to be obtained from or provided to a Governmental Authority under any Legal Requirement.

"Permitted Affiliate Subordinated Indebtedness" means Indebtedness of the Borrower to the Equity Investor or any Affiliate of the Equity Investor that (a) is unsecured, (b) is fully and completely subordinated (and collaterally assigned) for the benefit of, and to, the Lenders pursuant to a subordination and security agreement, which shall, in each case, be in form and substance satisfactory to the Required Lenders, (c) has a final maturity date that is not earlier than, and provides for no scheduled payments of principal or mandatory redemption obligations prior to, the date that is one (1) year after the Term Loan Maturity Date and (d) provides for payments of interest solely in-kind (and not in cash) until the date that is one (1) year after the Term Loan Maturity Date.

"Permitted Indebtedness" means:

(a) Indebtedness under or in respect of the Loan Documents;

(b) obligations incurred under the Material Project Documents;

(c) trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of the Borrower's business operation so long as such trade accounts are not more than ninety (90) days past due;

(d) purchase money or Capital Lease Obligations to the extent incurred in the ordinary course of business to finance items of equipment not comprising an integral part of the Project; provided that (A) if such obligations are secured, they are secured only by Liens upon the equipment being financed and (B) the aggregate principal amount and the capitalized portion of such obligations do not at any time exceed $1,500,000;

(e) the Deferred Development Fee;

(f) Permitted Affiliate Subordinated Indebtedness not to exceed $10,000,000 in the aggregate; and

(g) other unsecured Indebtedness not to exceed in the aggregate $250,000.

"Permitted Investments" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six (6) months or less from the date of acquisition issued by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000 and rated at least A by S&P or A2 by Moody's; (c) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than thirty (30) days, with respect to securities issued or fully guaranteed or insured by the United States government; (d) securities with maturities of one (1) year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth, or territory, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; (e) securities with maturities of six (6)

months or less from the date acquisition backed by standby letters of credit issued by any commercial bank satisfying the requirements of clause (b) of this definition; (f) money market, mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (e) of this definition; or (g) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000.

"Permitted Liens" means:

(a) the Liens created pursuant to the Security Documents;

(b) Liens imposed by any Governmental Authority for any tax, assessment or other charge to the extent not yet past due or being contested in good faith and by appropriate proceedings, so long as (a) reserves consistent with GAAP have been established on the Borrower's books in an amount sufficient to pay any such taxes, assessments or other charges, accrued interest thereon and potential penalties or other costs relating thereto, or other provision for the payment thereof reasonably satisfactory to the Administrative Agent shall have been made bonded, (b) enforcement of the contested tax, assessment or other charge is effectively stayed for the entire duration of such contest and (c) any tax, assessment or other charge determined to be due, together with any interest or penalties thereon, is immediately paid after resolution of such contest;

(c) materialmen's, mechanics', workers', repairmen's, employees' or other like Liens arising in the ordinary course of business or in the restoration, repair or replacement of the Project in accordance with this Agreement or, prior to Final Completion, in connection with the construction of the Project, in each case for amounts not yet due or which are being contested in good faith by appropriate proceedings and which have been bonded in an amount sufficient to repay the underlying obligations and cover any penalties and enforcement costs with respect thereto or in respect of which adequate cash reserves are in place in form and substance reasonably acceptable to the Administrative Agent;

(d) Liens arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith and for the payment of which adequate reserves in accordance with GAAP, bonds or other security acceptable to the Administrative Agent in its reasonable discretion have been provided or are fully covered by insurance;

(e) Liens, deposits or pledges to secure (i) performance of bids, tenders, Borrower's obligations under the Material Project Documents (other than for the repayment of borrowed money) or leases, or for purposes of like general nature in the ordinary course of its business, not to exceed $500,000 in the aggregate at any time, and with any such Lien to be released within 270 days of its attachment or (ii) mandatory statutory obligations;

(f) Liens incurred in connection with Indebtedness permitted under clause (d) of the definition of "Permitted Indebtedness"; provided that no such Lien shall extend to cover any property other than the property or equipment being financed;

(g) the exceptions to title listed on Schedule B of the Title Policy;

(h) encumbrances created in connection with any Safe Harbor Agreement (but only if such encumbrance was created in the course of incidental take authorizations pursuant to the Federal Endangered Species Act, such as onsite conservation easements);

(i) easements, rights of way restrictions, title imperfections, encroachments, minor defects or irregularities in title and similar matters, in each case, that, in the aggregate, are not substantial in amount and do not or would not reasonably be expected to materially detract from the value of the Project or materially impair the construction or use of the Project;

(j) liens not incurred in connection with the incurrence of Indebtedness, in an amount not in excess of $250,000; and

(k) zoning and other land use and environmental Governmental Rules of any municipality or Governmental Authority that do not secure any monetary obligations and which do not materially interfere with the use of any asset in the conduct of the business of the Borrower or the construction, development, operation or maintenance of the Project or materially detract from the value of the Project;

(l) Liens expressly permitted or expressly contemplated by the Loan Documents; and

(m) Liens created by or pursuant to the Stockton Terminal Conservation Easement.

"Permitted Tax Equity Investor" means an entity that (a) has provided all documentation and information requested by the Administrative Agent and the Lenders that is necessary (including names and addresses of such Person) for the Administrative Agent and the Lenders to identify such Person in accordance with the requirements of the Patriot Act (including the "know your customer" and similar regulations thereunder) and otherwise complete their review to their satisfaction; (b) is not currently involved in any pending or threatened litigation with any of the Lenders and (c) is rated at least BBB- by S&P and at least Baa3 by Moody's (or whose obligations under the tax equity investment documents are guaranteed by an Affiliate with such ratings pursuant to a guarantee applicable in form and substance reasonably satisfactory to the Administrative Agent), and in the case of entities rated BBB- by S&P or Baa3 by Moody's, not on "negative watch".

"Permitted Transferee" means a Person that:

(a) (i) has owned or operated for a period of at least two years at least 200 MW of renewable energy assets, including at least 50 MW of solar energy assets (or is a direct or indirect subsidiary of a Person that meets such requirement); and (ii) (A) has a long-term senior unsecured debt rating of at least BBB+ by S&P or Baa1 by Moody's) (or BBB- by S&P or Baa3 by Moody's if such Person is a major United States regulated public utility company providing retail electric utility service in the reasonable determination of the Required Lenders) (or is a direct or indirect subsidiary of a Person that meets such requirement) or (B) has a consolidated net worth of $100,000,000 or (or is a direct or indirect subsidiary of a Person that meets such requirements); or

(b) is an entity formed by SunPower Corporation or one of its wholly-owned Subsidiaries which (x) is wholly or partially owned, directly or indirectly, by SunPower Corporation, (y) intends to issue shares to the public in a securities offering, and (z) intends to acquire, among other assets, projects owned by SunPower Corporation or its Affiliates.

"Person" means any natural person, corporation, limited liability company, partnership, firm, association, Governmental Authority or any other entity whether acting in an individual, fiduciary or other capacity.

"Plans and Specifications" means the plans and specifications for the construction and design of the Project, including any document describing the scope of work performed by any contractor under the EPC Agreement and/or any other material contract or subcontract for the construction of the

Project and any feeder lines and interconnections, all work drawings, engineering and construction schedules, Project schedules, Project monitoring systems, specifications status lists, material and procurement ledgers, drawings and drawing lists, manpower allocation documents, management and Project procedures documents, Project design criteria, and any other document referred to in the relevant Material Project Documents or any of the documents referred to in this definition, as the same may be amended to the extent permitted by this Agreement.

"Pledge Agreement" means the Pledge Agreement, dated as of the Closing Date, executed and delivered by Holdings, substantially in the form of Exhibit J to this Agreement.

"Pledged Stock" has the meaning given to such term in the Pledge Agreement.

"Potential Wetlands Area" has the meaning given to such term in the ECA Parent Guaranty.

"Power Purchaser" means Southern California Edison Company, a California corporation.

"Prepayment Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York, New York (the Prime Rate not being intended to be the lowest rate of interest charged by the Administrative Agent in connection with extensions of credit to debtors).

"Power Blocks" has the meaning given to such term in the definition of "Project".

"PPA Issuing Bank" means Mizuho Bank, Ltd. in its capacity as issuing bank of the PPA Development Letter of Credit and the PPA Performance Letter of Credit.

"PPA Development Letter of Credit" means an irrevocable standby letter of credit acceptable in form and substance to the PPA Issuing Bank and the Administrative Agent that is issued pursuant to Section 3.06 of the SCE Power Purchase Agreement for the account of the Borrower in favor of the Power Purchaser by the PPA Issuing Bank, and in the maximum stated amount provided in Section 2.16(a)(i)(C) but in any event not to exceed the Project LC Commitment of the PPA Issuing Bank.

"PPA Performance Letter of Credit" means an irrevocable standby letter of credit acceptable in form and substance to the PPA Issuing Bank and the Administrative Agent that is issued pursuant to Section 8.02(a) of the SCE Power Purchase Agreement for the account of the Borrower in favor of the Power Purchaser by the PPA Issuing Bank, and in the maximum stated amount provided in Section 2.16(a)(i)(D) but in any event not to exceed the Project LC Commitment of the PPA Issuing Bank.

"Prohibited Transaction" has the meaning given to such term in Section 406 of ERISA and Section 4975(f)(3) of the Code.

"Project" means the 108 Megawatt nameplate capacity solar power project, consisting of 74 of SunPower Corporation's proprietary Oasis power blocks (68 blocks at 1.5 MWac capacity and 6 blocks at 1 MWac capacity) (the "Power Blocks"), which will be located in Merced County, California, together with all buildings, structures or improvements erected on the Mortgaged Property, all alterations

thereto or replacements thereof, all fixtures, attachments, appliances, equipment, machinery and other articles attached thereto or used in connection therewith and all parts which may from time to time be incorporated or installed in or attached thereto, all contracts related thereto, all leases of real or personal property related thereto, all other real and tangible and intangible personal property owned by the Borrower and placed upon the Mortgaged Property (or used in connection with the Power Blocks located thereon), the Mortgaged Property, the Permits required in connection with (or otherwise related to) the Project, any electrical interconnections and, to the extent not included in the foregoing, all Collateral.

"Project Costs" means (a) the cost of developing, designing, engineering, equipping, procuring, constructing, starting up, commissioning, acquiring and testing the Project, including the cost of all labor, services, materials, supplies, equipment, tools, transportation, supervision, storage, training, balance of plant contingency, demolition, site preparation, civil works, and remediation in connection therewith, (b) the cost to the Borrower of constructing the switching station and feeder lines and substation interconnecting the Project to the applicable transmission system and interconnecting and synchronizing the Project to such system, including the costs incurred by the "Interconnection Customer" under the Interconnection Agreement for the "Interconnection Customer's Interconnection Facilities", the "Participating TO's Interconnection Facilities", the "Network Upgrades" and the "Distribution Upgrades" (each as defined in the Interconnection Agreement) (c) the cost of acquiring and using any lease, easement and any other necessary interest in the Project Site, (d) real and personal property taxes, ad valorem taxes, sales, use and excise taxes and insurance (including title insurance) premiums payable with respect to the Project during the period prior to the Term Conversion Date (the "Construction Period"), (e) interest payable on any Loans and financing-related fees and costs during the Construction Period (including any and all fees, interest and other amounts payable by the Borrower under this Agreement and Interest Rate Agreements), (f) the costs of acquiring Permits for the Project during the Construction Period, (g) all Operating Costs and all general and administrative costs of the Borrower, in each case attributable to the Project during the Construction Period and in accordance with the Construction Budget and Schedule, including the permitted variances thereto, (h) the cost of establishing a spare parts inventory for the Project (if any), (i) the costs of funding the Construction Account for the purpose of making the payments, applications and distributions pursuant to Section 3.1(b)(ii) of the Depositary Agreement prior to the Term Conversion Date, (j) other fees (but only fees payable to third parties) and expenses relating to the construction, acquisition and closing of financing of the Project, including financial, legal and consulting fees, costs and expenses in accordance with the Construction Budget and Schedule, including the permitted variances thereto and (k) the Reimbursable Development Costs; provided that Project Costs shall not include the Deferred Development Fee and the Closing Date Equity Contribution; provided, however, that the total aggregate amount of such Project Costs shall not exceed $457,345,603.00 as set forth in respect of the Project Costs in the Construction Budget and Schedule, including the permitted variances thereto, unless such excess is funded with additional equity contributions from one or more Affiliates of the Borrower .

"Project LC Commitment" means the commitment of each Project LC Issuing Bank to issue and continue to make available a Project Letter of Credit and make Project LC Loans to the Borrower in respect of its Project Letter of Credit, in an aggregate stated or principal amount not to exceed the amount, expressed as a Dollar amount, set forth under the heading "Project LC Commitment" opposite such Issuing Bank's name on Schedule 1.1A. The aggregate amount of the Project LC Commitments of all Project LC Issuing Banks on the Closing Date shall be $41,986,782.15.

"Project LC Issuing Banks" means (a) the Decommissioning Issuing Bank and the PPA Issuing Bank, in their respective capacities as issuing bank of the applicable Project Letters of Credit and (b) each other Lender so designated by the Borrower with the written consent of such Lender in accordance with Section 2.16(o), in each case, in its capacity as an issuer of a Project Letter of Credit.

"Project LC Loans" means any loan made to the Borrower by any Project LC Issuing Bank as a result of a Drawing on a Project Letter of Credit issued by such Issuing Bank as set forth in Section 2.16(e).

"Project Letters of Credit" means the Decommissioning Letter of Credit, the PPA Development Letter of Credit and the PPA Performance Letter of Credit.

"Project Revenues" means all income and cash revenues received by the Borrower from the ownership or operation of the Project, including (a) any payments due to the Borrower under the SCE Power Purchase Agreement and all other income derived from the sale or use of electric energy, capacity and ancillary services generated by the Project, (b) all interest earned on Permitted Investments held in the Collateral Accounts, (c) payments due to the Borrower (or refunds received by the Borrower) under any Material Project Document (including any proceeds from renewable resource credit sales, liquidated damages (excluding Delay Liquidated Damages and Performance Liquidated Damages) and warranty payments due to the Borrower under any Material Project Document and any reimbursement of costs provided for under the Interconnection Agreement), (d) Loss Proceeds of any business interruption, delay in startup or other similar insurance maintained by or on behalf of Borrower and (e) all other operating income, however earned or received, by the Borrower during such period, provided that Project Revenues shall not include (i) any funds of the Borrower, whether contributed to the Borrower by Holdings or an Affiliate thereof or any other Person, (ii) the proceeds of the Loans and (iii) Loss Proceeds (other than proceeds of any business interruption, delay in startup or other similar insurance as set forth above).

"Project Site" means the Real Property located in Merced County, California on which the Project will be located, which includes, among other things, the real property estates created by the Site Lease Agreements.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Proportionate Share" means, with respect to any Facility, and with respect to any Lender under such Facility, the proportion that such Lender's Commitment with respect to such Facility then constitutes of the total Commitments with respect to such Facility (or, at any time after the Commitments with respect to such Facility shall have expired or terminated, the proportion which the aggregate principal amount of such Lender's outstanding Loans with respect to such Facility constitutes of the aggregate outstanding principal amount of the Loans with respect to such Facility).

"Prudent Industry Practices" means, with respect to any Person, those practices, methods, equipment, specifications and standards of safety and performance, as the same may change from time to time, as are commonly used by solar power generation facilities in the United States of America of a type and size similar to the Project, as good, safe and prudent practices in connection with operation, maintenance, repair, improvement and use of electrical and other equipment, facilities and improvements of such solar power generation facilities, with commensurate standards of safety, performance, dependability, efficiency and economy. Prudent Industry Practices does not necessarily mean one particular practice, method, equipment specification or standard in all cases, but is instead intended to encompass a broad range of acceptable practices, methods, equipment specifications and standards.

"PUHCA 2005" means the Public Utility Holding Company Act of 2005.

"Real Property" means all right, title and interest of the Borrower in and to any and all parcels of real property owned, leased or operated by the Borrower together with all improvements and appurtenant fixtures, equipment, personal property, easements and other property and rights incidental to

the ownership, lease or operation thereof, including the real property estates created by the Site Lease Agreements.

"Register" has the meaning given to such term in Section 9.7(b)(iv).

"Regulation D, H, T, U or X" means Regulation D, H, T, U or X of the Board as in effect from time to time.

"Reimbursement Obligation" means the Borrower's obligation to repay Drawings under the Letters of Credit as provided in Sections 2.16(e) and (f).

"Reimbursable Development Costs" means the positive difference if any between any development costs incurred by the Borrower or any Affiliate of the Borrower prior to the Closing Date and the Closing Date Equity Contribution in an amount equal to $5,877,365.15, as certified by the Independent Engineer.

"Release" means any placing, spilling, leaking, seepage, migration, intrusion, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing or depositing into or onto the indoor or outdoor Environment.

"Repayment Date" means the First Repayment Date and each six (6) month anniversary thereof.

"Reorganization" means with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty (30) day notice period is waived under subsections .27, .28, .29, .30, .31, .32, .34 or .35 of PBGC Reg. § 4043, with respect to a Pension Plan.

"Required DSCR" means, with respect to the applicable period covered at the time of calculation, a Debt Service Coverage Ratio of 1.20:1.00.

"Required Lenders" means at any time (a) prior to the Term Conversion Date, the holders of more than 50% of the sum of (i) the aggregate unpaid principal amount of the Construction Loans then outstanding and (ii) the aggregate unused amount of the Commitments (other than the Term Loan Commitments) then in effect and (b) on or after the Term Conversion Date, the holders of more than 50% of the sum of (i) the aggregate unpaid principal amount of the Term Loans and LC Loans then outstanding and (ii) the aggregate unused amount of the Commitments (other than the Construction Loan Commitments) then in effect.

"Required Secured Parties" means, at any time, the holders of more than 50% of the sum of:

(1) (a) prior to the Term Conversion Date, the sum of (i) the aggregate unpaid principal amount of the Construction Loans then outstanding and (ii) the aggregate unused amount of the Commitments (other than the Term Loan Commitments) then in effect and (b) on or after the Term Conversion Date, the sum of (i) the aggregate unpaid principal amount of the Term Loans and LC Loans then outstanding and (ii) the aggregate unused amount of the Commitments (other than the Construction Loan Commitments); and

(2) the aggregate of the Interest Rate Agreement Termination Amounts of the Interest Rate Agreements.

"Responsible Officer" means a manager, the president, a vice president or the secretary of the Borrower, but in any event, with respect to financial matters, a manager of the Borrower.

"Restricted Payment" has the meaning given to such term in Section 6.7.

"Revenue Account" has the meaning given to such term in Section 1.1 of the Depositary Agreement.

"SCE Power Purchase Agreement" means the Renewable Energy Power Purchase and Sale Agreement, dated as of January 11, 2011, between the Power Purchaser and the Borrower , as amended by that certain Amendment No. 1 to Renewable Power Purchase and Sale Agreement, dated as of February 15, 2011, that certain Amendment No. 2 to Renewable Power Purchase and Sale Agreement, dated as of September 4, 2014 and as updated by that certain letter from Project Company to SCE dated as of June 18, 2013, acknowledged by SCE on June 28, 2013 and that certain Amendment No. 3 to Renewable Power Purchase and Sale Agreement, dated as of October 17, 2014.

"Scheduled Repayment Amount" means the repayment amounts corresponding to each Repayment Date, as identified in the Amortization Schedule.

"Second Interconnection Agreement Amendment" means an amendment to the Interconnection Agreement substantially in the form of attached Exhibit O.

"Secured Parties" means the Agents, the Issuing Banks, the Lenders, the Depositary Bank and any Counterparty to an Interest Rate Agreement.

"Security Agreement" means the Security Agreement, dated as of the Closing Date, by and between Borrower and the Collateral Agent (for the benefit of the Secured Parties), substantially in the form of Exhibit K to this Agreement.

"Security Documents" means the Deed of Trust, the Security Agreement, the Pledge Agreement, the Depositary Agreement, the Consents and any other security documents, financing statements and the other instruments filed or recorded in connection with the foregoing.

"Site Lease" means the Lease Agreement between the Borrower and the Ground Lessor dated June 17, 2014, as amended by the First Amendment, dated October 3, 2014.

"SLTP Project" means the San Luis Transmission Project proposed by the Western Area Power Administration for the development of a new 230-kilovolt transmission line approximately 62 miles in length between Western's Tracy Substation and Western's San Luis Substation and a new 70-kV transmission line about 5 miles in length between the San Luis and O'Neill Substations.

"Site Lease Agreements" has the meaning given to such term in Section 4.19(e).

"Solar Resource Consultant" means AWS Truepower, or any successor appointed pursuant to Section 9.9.

"Solvent" when used with respect to any Person, means that, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of

such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) "debt" means liability on a "claim", and (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

"S&P" means Standard and Poor's Rating Services.

"Sponsor" means SunPower AssetCo, LLC, a Delaware limited liability company.

"Sponsor Member" has the meaning given to such term in Section 6.22(a).

"Stockton Terminal Conservation Easement" means has the meaning set forth in the Site Lease.

"Subject Persons" has the meaning given to such term in Section 7.5.

"Subsidiary" means, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person.

"Substantial Completion" has the meaning given to such term in the EPC Agreement.

"Substantial Completion Date" means the date when Substantial Completion occurs.

"SunPower Corporation" means SunPower Corporation, a Delaware corporation.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower shall be a "Swap Agreement".

"Syndication Agent" has the meaning given to such term in the preamble to this Agreement.

"Tax Equity JV" has the meaning given to such term in Section 6.22(a).

"Tax Equity Investor" has the meaning given to such term in Section 6.22(a).

"Taxes" has the meaning given to such term in Section 2.20(a).

"Term Conversion" means the satisfaction (or waiver by Administrative Agent (with the consent of the Required Lenders)) of the conditions set forth in Section 3.4.

"Term Conversion Date" means the date of Term Conversion.

"Term Conversion Date Base Case Model" means the revised Closing Date Base Case Model prepared by the Borrower as of the Term Conversion Date pursuant to Section 3.4(m).

"Term Convert" is the verb form of "Term Conversion."

"Term Loan" has the meaning given to such term in Section 2.3(a).

"Term Loan Commitments" means, with respect to any Lender, the commitment of such Lender, if any, to make Term Loans in an aggregate principal amount not to exceed the amount, expressed as a Dollar amount, set forth under the heading "Term Loan Commitment" opposite such Lender's name on Schedule 1.1A, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Term Loan Commitment, as applicable, as such commitment may be reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.7. The aggregate amount of the Term Loan Commitments on the Closing Date is $317,973,487.16.

"Term Loan Maturity Date" means the earliest of (a) the seventh anniversary of the Term Conversion Date or (b) the date of acceleration of any Loans under Section 7.18(a) or Section 7.18(b)(ii).

"Term Loan Resizing Prepayment Amount" has the meaning given to such term in Section 2.4(c).

"Term Loan Notes" has the meaning given to such term in Section 2.15(b).

"Title Company" means First American Title Insurance Company.

"Title Policy" means that certain policy of extended coverage ALTA mortgagee's title insurance (2006 form) issued by the Title Company dated as of the Closing Date in an amount at least equal to the Commitments, including all amendments thereto, endorsements thereof and substitutions or replacements therefor.

"Transferee" any Assignee or Participant.

"Transmission Consultant" means MRW & Associates, or any successor appointed pursuant to Section 9.9.

"Transmission Utility" means Pacific Gas & Electric Company, a California corporation.

"Type" means LIBOR Loans or Base Rate Loans, as applicable, each of which constitutes a Type of Loan.

"UCC" means the Uniform Commercial Code as in effect in the applicable state of jurisdiction.

"U.S. Lender" has the meaning given to such term in Section 2.20(e).

"Withdrawal Liability" means any liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Title IV of ERISA.

1.2 Rules of Interpretation. Except as otherwise expressly provided, the following rules of interpretation shall apply to this Agreement and the other Loan Documents:

(a) The singular includes the plural and the plural includes the singular.

(b) The word "or" is not exclusive. Thus, if a party "may do (a) or (b)", then the party may do either or both. The party is not limited to a mutually exclusive choice between the two alternatives.

(c) A reference to a Governmental Rule includes any amendment or modification to such Governmental Rule, and all regulations, rulings and other Governmental Rules promulgated under such Governmental Rule.

(d) A reference to a Person includes its successors and permitted assigns.

(e) Accounting terms have the meanings given to them by GAAP, as applied by the accounting entity to which they refer. For purposes of determining compliance with any financial covenants contained in this Agreement, any election by the Borrower to measure an item of Indebtedness using fair value (as permitted by Statement of Financial Accounting Standards No. 159 or any similar accounting standard) shall be disregarded and such determination shall be made as if such election had not been made.

(f) The words "include," "includes" and "including" are not limiting.

(g) A reference in a document to an Article, Section, Exhibit, Schedule, Annex or Appendix is to the Article, Section, Exhibit, Schedule, Annex or Appendix of such document unless otherwise indicated. Exhibits, Schedules, Annexes or Appendices to any document shall be deemed incorporated by reference in such document.

(h) References to any document, instrument or agreement (a) shall include all exhibits, schedules and other attachments thereto, (b) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (c) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified and supplemented from time to time and in effect at any given time.

(i) The words "hereof," "herein" and "hereunder" and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document.

(j) References to "days" means calendar days, unless the term "Business Days" shall be used. References to a time of day means such time in Los Angeles, California, unless otherwise specified. If the Borrower or any Affiliate of the Borrower is required to perform an action, deliver a document or take such other action by a calendar day and such day is not a Business Day, then the Borrower or such Affiliate shall take such action by the next succeeding "Business Day".

(k) The Loan Documents are the result of negotiations between, and have been reviewed by the Borrower, the Agents, the Issuing Banks, the Depositary Bank and each Lender and their respective counsel. Accordingly, the Loan Documents shall be deemed to be the product of all parties thereto, and

no ambiguity shall be construed in favor of or against Borrower, the Agents, the Issuing Banks, the Depositary Bank or any Lender.

ARTICLE 2.

THE CREDIT FACILITIES

2.1 Construction Loan Commitments. Subject to the terms and conditions hereof, each Lender severally agrees to make loans to the Borrower (such loans individually, a "Construction Loan" and collectively, the "Construction Loans") from time to time during the Construction Loan Availability Period, but not more often than three times in a calendar month (except for Borrowings of Construction Loans made solely with respect to the payment of the interest under Section 2.13 and the fees under Section 2.6), in an aggregate principal amount that will not result in such Lender's Construction Loans exceeding such Lender's Construction Loan Commitment. Each Lender's remaining Construction Loan Commitment shall be reduced to zero on the earlier of (i) the last Business Day of the Construction Loan Availability Period and (ii) the Construction Loan Maturity Date. The Construction Loans may from time to time be LIBOR Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 2.11.

2.2 Procedures for Construction Loan Borrowing and Repayment of Construction Loans.

(a) Procedures for Construction Loan Borrowing. The Borrower may borrow under the Construction Loan Commitments during the Construction Loan Availability Period on any Business Day (subject to the limitations in Section 2.1) provided that the Borrower shall give the Administrative Agent an irrevocable appropriately completed written notice in the form of Exhibit A-1 (a "Construction Loan Notice of Borrowing"), as applicable, which notice must be received by the Administrative Agent prior to 10:00 A.M., New York time, (a) three (3) Business Days prior to the requested Borrowing date, in the case of LIBOR Loans, or (b) one (1) Business Day prior to the requested Borrowing date, in the case of Base Rate Loans), specifying, among other things: (a) the amount of the requested Borrowing, which shall be in the minimum amount of $1,000,000 (except for the amount made on the Borrower's final requested Borrowing) and in whole multiples of $500,000 in excess thereof; (b) the date of the requested Borrowing, which shall be a Business Day, and whether such Borrowing shall consist of Base Rate Loans and/or LIBOR Loans; and (c) in the case of LIBOR Loans, the initial Interest Period(s) selected by the Borrower. The Construction Loans made on the Closing Date shall be Base Rate Loans. If the Borrower elects a LIBOR Loan and changes the date of a Borrowing by 10:00 A.M. New York time within three (3) Business Days of the date of such Borrowing, the Borrower shall reimburse the Lenders for Breakage Costs, if any, incurred as a result thereof in accordance with Section 2.21. The Administrative Agent shall promptly, and in any event within two (2) Business Days prior to the requested Borrowing date in the case of LIBOR Loans, notify each Lender of the contents of such notice.

(b) Repayment of Construction Loans. The Borrower shall repay to the Lenders on the Construction Loan Maturity Date all outstanding Construction Loans that have not been Term Converted to Term Loans in accordance with Section 2.3(a) and Section 2.4.

2.3 Term Loans and LC Commitments.

(a) Term Loans. Subject to the terms and conditions hereof, each Lender severally agrees to make to the Borrower on the Term Conversion Date only such Loans as the Borrower may request under Section 2.5 (individually, a "Term Loan" and, collectively, the "Term Loans"), in an aggregate principal amount not to exceed such Lender's Term Loan Commitment. Each Lender shall make its Term Loan by converting to a Term Loan the unpaid principal amount of its Construction Loans then outstanding, in an

amount not to exceed its available Term Loan Commitment. Each Lender's Term Loan Commitment shall be irrevocably terminated upon the making of such Term Loan by such Lender. Unless terminated on or before such date in connection with Term Conversion, the Term Loan Commitments shall terminate at 5:00 p.m. (New York time) on the Date Certain. Subject to Sections 2.11 and 2.18, the Term Loans shall be LIBOR Loans.

(b) LC Loans. Subject to the terms and conditions hereof, (a) each DSR Issuing Bank agrees to make DSR LC Loans to the Borrower in respect of the DSR Letter of Credit issued by it in an aggregate principal amount at any one time outstanding which does not exceed an amount equal to the DSR LC Commitment of such DSR LC Issuing Bank (less the Available Amount with respect to, and any unreimbursed Drawings under, such DSR Letters of Credit issued by such DSR LC Issuing Bank), and (b) each Project LC Issuing Bank agrees to make Project LC Loans to the Borrower in respect of the Project Letters of Credit issued by it in an aggregate principal amount at any one time outstanding which does not exceed an amount equal to the Project LC Commitment of such Project LC Issuing Bank (less the Available Amount with respect to, and any unreimbursed Drawings under, such Project Letters of Credit issued by such Project LC Issuing Bank), in each case deemed made in accordance with Section 2.16(e). Each Issuing Bank's LC Commitments shall be reduced to zero on the LC Commitment Termination Date.

2.4 Term Loan Conversion.

(a) The Borrower shall request the Term Loans by delivering to the Administrative Agent a written notice in the form of Exhibit A-2 (the "Notice of Term Conversion"), which shall include: (i) the aggregate principal amount of the requested Term Loans (calculated in accordance with paragraphs (b) and (c) below); (ii) the proposed Term Conversion Date, which shall be a Business Day; and (iii) the initial Interest Period(s) applicable thereto. The Borrower shall give the Notice of Term Conversion to the Administrative Agent by 10:00 A.M. New York time at least seven (7) Business Days before the proposed Term Conversion Date; provided, however, that the Borrower may not provide a Notice of Term Conversion more than thirty (30) Business Days prior to the proposed Term Conversion Date. The Borrower may not, at any one time, deliver more than one Notice of Term Conversion with respect to Construction Loans; provided, however that the Borrower may retract a previously provided Notice of Term Conversion at any time, but in no event less than three (3) Business Days prior to the proposed Term Conversion Date, and resubmit at a later date a new Notice of Term Conversion in accordance with this Section 2.4(a) as long as the giving or retraction of the Notice of Term Conversion by the Borrower is in good faith and the Borrower has exercised commercially reasonable efforts to achieve the Term Conversion Date.

(b) On the Term Conversion Date the Administrative Agent shall determine (i) the aggregate principal amount of the Construction Loans that are outstanding as of the Term Conversion Date before giving effect to the prepayment of the Construction Loans in accordance with Section 2.4(c) and (ii) the maximum principal amount of Term Loans that allows the Borrower to maintain the Minimum Debt Service Coverage Ratios in accordance with the Term Conversion Date Base Case Model delivered to Administrative Agent pursuant to Section 3.4(m). Such maximum principal amount of Term Loans shall be determined by the Administrative Agent (acting at the direction of, or with the consent of, the Required Lenders, which direction or consent will not be unreasonably withheld, conditioned or delayed) using the Term Conversion Date Base Case Model updated to reflect the final capacity of the Project, the date that COD occurred and any other technical information that is known or becomes known and that is relevant for, and has a material impact on, the operation of the Project, as reasonably requested by the Required Lenders.

(c) If the amount set forth in clause (ii) of Section 2.4(b) is less than the amount set forth in clause (i) of Section 2.4(b) (such deficiency amount, the "Term Loan Resizing Prepayment Amount"), the Borrower shall prepay on the Term Conversion Date the Construction Loans in an amount equal to the Term Loan Resizing Prepayment Amount.

(d) If the conditions to Term Conversion set forth herein have been met, including the conditions precedent set forth in Section 3.4 (or waived in accordance with the terms hereof), and if the Borrower has not retracted the Notice of Term Conversion, then, on the Term Conversion Date specified in the Notice of Term Conversion, all Construction Loans being Term Converted shall be deemed repaid and the Construction Lenders shall be deemed to have made Term Loans to the Borrower, in each case in an amount equal to the amount of the Construction Loans deemed paid off.

2.5 Repayment of Term Loans and LC Loans.

(a) The Borrower shall repay (i) a principal amount of the Term Loans on each Repayment Date in an amount equal to the Scheduled Repayment Amount and (ii) all outstanding Term Loans on the Term Loan Maturity Date.

(b) The Borrower shall repay all outstanding LC Loans on the LC Loan Maturity Date of such LC Loan.

2.6 Fees.

(a) Agent Fees.

(i) On the Closing Date, the Borrower shall pay to the Administrative Agent (for the benefit of the applicable parties to each Agent Fee Agreement and each Other Fee Agreement) the up-front, arranging, participation and structuring fees, in each such case, in the amount set forth in each Agent Fee Agreement and each Other Fee Agreement. Such fees may be paid out of the proceeds of the Construction Loans.

(ii) The Borrower shall pay to the Administrative Agent on the Closing Date and on each other date as specified in the Agent Fee Agreement entered into by and between the Administrative Agent and the Borrower, solely for the account of Administrative Agent, an agency fee payable at the times and in the amounts set forth in such Agent Fee Agreement.

(iii) The Borrower shall pay to Depositary Bank and the Collateral Agent on the Closing Date and on each other date specified in the Agent Fee Agreement entered into by and between the Collateral Agent, the Depositary Bank and the Borrower, solely for the account of Depositary Bank and the Collateral Agent, as applicable, the fees payable at the times and in the amounts set forth in such Agent Fee Agreement.

(b) Loan Commitment Fees. The Borrower shall pay to the Administrative Agent for the account of each Lender a commitment fee for the period from and including the date hereof to the last day of the Construction Loan Availability Period, computed at the Commitment Fee Rate on the unused amount of the Construction Loan Commitment of such Lender for each day during the period for which payment is made, payable in arrears on each Fee Payment Date during the Construction Loan Availability Period and on the Construction Loan Maturity Date (or, if the Construction Loan Commitments are cancelled or expire prior to such date, on the date of such cancellation or expiration).

(c) Letter of Credit Commitment Fees. The Borrower shall pay to the Administrative Agent, for the account of each Issuing Bank, a letter of credit commitment fee for the period from and including the date hereof until the LC Commitment Termination Date, computed at the Commitment Fee Rate on the unused amount of the LC Commitment of such Issuing Bank during the period for which payment is made, payable in arrears on each Fee Payment Date during such period and on the LC Commitment Termination Date (or, if the LC Commitment of the Issuing Banks are cancelled or expires prior to such date, on the date of such cancellation or expiration).

(d) Other Letter of Credit Fees. The Borrower shall pay in arrears to the Administrative Agent, for the account of each Issuing Bank, on each Fee Payment Date occurring during the period from and including the date of issuance of each Letter of Credit issued by such Issuing Bank to the LC Commitment Termination Date, a letters of credit fee on the daily aggregate Available Amount with respect to such Letter of Credit outstanding during the period for which payment is made at a rate per annum equal to the Applicable Margin in effect for LIBOR Loans effective for each day in such period.

2.7 Optional Prepayments. Subject to Section 2.9, the Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty (except for any Breakage Costs or Interest Fix Fees, as applicable), upon irrevocable notice delivered to the Administrative Agent no later than 10:00 A.M., New York time, three (3) Business Days prior thereto, in the case of LIBOR Loans, and no later than 10:00 A.M., New York time, one (1) Business Day prior thereto, in the case of Base Rate Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of LIBOR Loans or Base Rate Loans and the amount of the estimated Interest Fix Fees, which shall be calculated by the Counterparties in consultation with the Borrower (in accordance with the Interest Rate Agreements described in Section 5.13) due in connection with such optional prepayment, if applicable (calculated as if the date of such notice were the date of the optional prepayment) setting forth the details of such computation. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid. Partial prepayments of Loans shall be in an aggregate principal amount of $500,000 or a whole multiple thereof.

2.8 Mandatory Prepayments. The Borrower shall make the following mandatory prepayments, without premium or penalty (except for any Breakage Costs or Interest Fix Fees, as applicable).

(a) The Borrower shall apply all funds disbursed from the Distribution Reserve Account to the extent provided in Section 3.10(b)(i) of the Depositary Agreement, promptly upon receipt thereof, to the prepayment of the Term Loans in accordance with Section 2.9;

(b) [Reserved]

(c) [Reserved]

(d) [Reserved]

(e) Except as otherwise provided in Section 3.9(b) of the Depositary Agreement, the Borrower shall apply all funds disbursed from the Prepayment Account pursuant to Section 3.9(b) of the Depositary Agreement, promptly upon receipt thereof, to the prepayment of the Loans, in accordance with Section 2.9;

(f) The Borrower shall apply all amounts disbursed from the Revenue Account pursuant to Section 3.2(c)(v) of the Depositary Agreement, promptly upon receipt thereof, to the prepayment of LC Loans in accordance with Section 2.9 (and, if such disbursed amount is less than the aggregate outstanding amount of LC Loans, such amount shall be applied pro rata to the prepayment of the LC Loans);

(g) If the Equity Investor shall be required to make an Equity Contribution pursuant to Section 2.1(a)(ii) of the Equity Contribution Agreement, the Borrower shall prepay Construction Loans with any and all proceeds thereof, promptly upon receipt thereof, in accordance with Section 2.9 and Section 2.1(b)(ii) of the Equity Contribution Agreement;

(h) The Borrower shall prepay Construction Loans on the Term Conversion Date to the extent required by the terms of Section 2.4(c), in accordance with Section 2.9; and

(i) In the event of the termination of all of the Commitments in accordance with Section 2.10(a)(i), the Borrower shall on the date of such termination, terminate the Letters of Credit and/or cash collateralize the Letters of Credit in accordance with Section 2.16(n).

2.9 Terms of All Prepayments.

(a) Except as otherwise provided in this Agreement (including Section 2.8 and this Section 2.9), amounts to be applied in connection with mandatory prepayments made pursuant to Section 2.8 shall be applied (i) first, to the prepayment of Construction Loans or Term Loans, as the case may be, in accordance with Section 2.9(b), (ii) second, to the prepayment of LC Loans and (iii) third, to permanently reduce the then remaining LC Commitments on a pro rata basis and terminate or cash collateralize any issued Letters of Credit, if applicable, on a pro rata basis in accordance with Section 2.16(n). Amounts prepaid as mandatory prepayments of Loans may not be re-borrowed. The application of any prepayment pursuant to Section 2.8 shall be made first to Base Rate Loans and second to LIBOR Loans, in each case pro rata among such Base Rate Loans or LIBOR Loans, as applicable.

(b) Term Loans prepaid in accordance with Section 2.8 shall, subject to the last sentence of Section 2.9(a), be applied pro rata to each Scheduled Repayment Amount then provided for in the Amortization Schedule, excluding the final Scheduled Repayment Amount unless all other Scheduled Repayment Amounts have been paid.

(c) All prepayments of Loans shall be applied among the Lenders according to their respective Proportionate Shares of the Loans being repaid at the time of the applicable prepayment.

(d) Amounts to be applied in connection with voluntary prepayments made pursuant to Section 2.7 shall be applied, in the case of the Term Loans, in inverse order of maturity against the remaining Scheduled Repayment Amounts then provided for in the Amortization Schedule, including the final Scheduled Repayment Amount. The application of any prepayment pursuant to Section 2.7 shall be made, first, to Base Rate Loans and, second, to LIBOR Loans.

(e) Upon the prepayment of any Loan (whether such prepayment is an optional prepayment or a mandatory prepayment), the Borrower shall pay to the Administrative Agent for the account of each Lender which made such Loan (i) all accrued interest to the date of such prepayment owed pursuant to the terms of this Agreement on the amount prepaid; (ii) all accrued fees to the date of such prepayment owed pursuant to the terms of this Agreement corresponding to the amount being prepaid; and (iii) if such prepayment is the prepayment of a LIBOR Loan on a day other than the last day of an Interest Period for such LIBOR Loan, all Breakage Costs incurred by such Lender as a result of such prepayment. Subject to

the making of new LC Loans pursuant to Sections 2.3(b) and 2.16(e), Loans prepaid or repaid may not be re-borrowed.

(f) In the event of any prepayment of Term Loans under this Agreement, such prepayment shall be accompanied by a concurrent reduction by the Borrower of the notional amount of the Interest Rate Agreements (including the payment of any Interest Fix Fees that become due and payable as a result thereof) then in effect, pro rata, to the extent that such a reduction is necessary so that after such prepayment the aggregate notional amounts under such Interest Rate Agreements would not exceed one hundred percent (100%) of all Term Loans outstanding.

(g) Except for Construction Loans that are Term Converted pursuant to the terms of this Agreement, in no event shall any mandatory or optional prepayments be funded from the proceeds of any Loan.

2.10 Termination or Reduction of Commitments.

(a) (i) The Borrower shall have the right to terminate the Commitments in full in connection with a prepayment of all the outstanding Loans in accordance with Sections 2.7 or 2.8.

(ii) The Borrower shall have the right, upon not less than three (3) Business Days' notice to the Administrative Agent, to terminate, or from time to time reduce, any of the Construction Loan Commitments (and correspondingly terminate or reduce the Term Loan Commitments in the same amount); provided that (i) each reduction of such Construction Loan Commitments (other than a Construction Loan Commitment reduction to zero) shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000 (or if less, the remaining amount of such Construction Loan Commitments), (ii) the Borrower shall not terminate or reduce the Construction Loan Commitments unless, after giving effect thereto, the remaining unused amount of the Construction Loan Commitments, the amount of the Equity Commitment and any other cash in the Construction Account or the Loss Proceeds Account is sufficient to fund all Project Costs (together with Punch List Items) projected to be incurred from the date of termination or reduction of Construction Loan Commitments through the Term Loan Conversion Date, as certified to the Lenders by the Borrower and confirmed by the Independent Engineer and (iii) no such termination or reduction would reasonably be expected to cause a Default or Event of Default. Any such termination or reduction of the Construction Loan Commitments (and corresponding reduction of the Term Loan Commitments) shall permanently reduce the Construction Loan Commitments and the Term Loan Commitments.

(b) The Borrower shall have the right, upon not less than three (3) Business Days' notice to the Administrative Agent and the applicable Issuing Banks, to terminate, or from time to time reduce, any of the LC Commitments; provided that (i) each reduction of the LC Commitments shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000 (or, if less, the remaining amount of the applicable LC Commitments), (ii) the Borrower shall not terminate or reduce the DSR LC Commitments unless, after giving effect thereto, the DSR Requirement shall be satisfied in accordance with the Depositary Agreement and (iii) the Borrower shall not terminate or reduce the Project LC Commitments unless it has demonstrated to the satisfaction of the Administrative Agent that, after giving effect to such termination or reduction, all of the collateral, support and similar requirements then in effect under the Material Project Documents are satisfied. Any such termination or reduction in the LC Commitments shall permanently reduce the applicable LC Commitments then in effect.

2.11 Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert LIBOR Loans to Base Rate Loans by delivering to the Administrative Agent an irrevocable

written notice in the form of Exhibit A-3 (a "Notice of Conversion or Continuation") no later than 10:00 A.M., New York time, on the Business Day preceding the proposed conversion date, provided that any such conversion of LIBOR Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Base Rate Loans to LIBOR Loans by delivering to the Administrative Agent an irrevocable Notice of Conversion or Continuation no later than 10:00 A.M., New York time, on the third Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no Base Rate Loan may be converted into a LIBOR Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Required Lenders have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any LIBOR Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower delivering to the Administrative Agent an irrevocable Notice of Conversion or Continuation, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no LIBOR Loan may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such continuations, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

2.12 Limitations on LIBOR Rate Tranches. Notwithstanding anything to the contrary in this Agreement, absent the consent of the Administrative Agent all borrowings, conversions and continuations of LIBOR Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the LIBOR Loans comprising each LIBOR Rate Tranche shall be equal to $5,000,000 or a whole multiple of $100,000 in excess thereof and (b) no more than six (6) LIBOR Rate Tranches shall be outstanding at any one time.

2.13 Interest Rates and Payment Dates.

(a) Each LIBOR Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the LIBOR Rate determined for such day plus the Applicable Margin.

(b) Each Base Rate Loan shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2%, and (ii) if all or a portion of any interest payable on any Loan or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to Base Rate Loans plus 2%, in each case, with respect to clauses (i) and (ii) above, from the date of such non payment until such amount is paid in full (as well after as before judgment) (such applicable rate, the "Default Rate").

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

2.14 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to Base Rate Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a LIBOR Rate. Any change in the interest rate on a Loan resulting from a change in the Base Rate or the LIBOR Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.13(a).

2.15 Promissory Notes.

(a) The obligation of the Borrower to repay the Construction Loans made by each Lender and to pay interest thereon at the rates provided herein shall if requested by such Lender be evidenced by Construction Loan promissory notes in the form of Exhibit C-1 (individually, a "Construction Loan Note" and, collectively, the "Construction Loan Notes"), each payable to such Lender or its registered successors or assigns and in the principal amount of such Lender's Construction Loan Commitment.

(b) The obligation of the Borrower to repay the Term Loans made by each Lender and to pay all interest thereon at the rates provided herein shall if requested by such Lender be evidenced by Term Loan promissory notes substantially in the form of Exhibit C-2 (individually, a "Term Loan Note" and, collectively, the "Term Loan Notes"), each payable to such Lender or its registered successors or assigns and in the principal amount of such Lender's Term Loan Commitment. Such Term Loan Notes shall be delivered to each applicable Lender on or prior to the Term Conversion Date.

(c) The obligation of the Borrower to repay the LC Loans made by each Issuing Bank and to pay all interest thereon at the rates provided herein shall if requested by such Issuing Bank be evidenced by an LC Loan promissory note substantially in the form of Exhibit C-3 (the, "LC Loan Note"), payable to such Issuing Bank or its registered successors or assigns and in the principal amount of such Lender's LC Commitment. The LC Loan Notes shall be delivered to each applicable Issuing Bank on or prior to the date of issuance of the applicable Letter of Credit.

2.16 Letters of Credit.

(a) LC Commitment. (i) Subject to the terms and conditions hereof,

(A) each DSR Issuing Bank agrees to issue a DSR Letter of Credit for the account of the Borrower on the Term Loan Conversion Date, in the maximum stated amount equal to the DSR LC Commitment of the DSR Issuing Bank issuing such DSR Letter of Credit;

(B) the Decommissioning Issuing Bank agrees to issue the Decommissioning Letter of Credit for the account of the Borrower in favor of Merced County on the Commercial Operation Date under the SCE Power Purchase Agreement, in the maximum stated amount equal to $3,335,742.15;

(C) the PPA Issuing Bank agrees to issue the PPA Development Letter of Credit for the account of the Borrower in favor of the Power Purchaser on the Closing Date, in the maximum stated amount equal to $3,240,000.00; and

(D) provided the Commercial Operation Date under the SCE Power Purchase Agreement has occurred (or will occur contemporaneously with the issuance of the PPA Performance Letter of Credit), the PPA Performance Issuing Bank agrees to issue the PPA Performance Letter of Credit for the account of the Borrower in favor of the Power Purchaser under the SCE Power Purchase Agreement, in the maximum stated amount equal to $38,651,040.00.

(ii) Each Letter of Credit shall (A) be denominated in Dollars and (B) expire no later than the earlier of (1) twelve (12) months from the date of issuance of such Letter of Credit and (2) the date that is five (5) Business Days prior to the LC Commitment Termination Date; provided that each Letter of Credit shall provide for renewal for one or more additional 12 month periods (which in no event shall extend beyond the LC Commitment Termination Date). Each Letter of Credit shall provide that the available amount thereunder shall be reduced by each Drawing made by the applicable beneficiary pursuant to such Letter of Credit (such amount for each such Letter of Credit, as so reduced from time to time, outstanding at any time, the "Available Amount") subject to Section 2.16(m) in the case of DSR Letters of Credit. Each Issuing Bank shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify the Lenders, of any changes in the Available Amount of the Letter of Credit issued by it or the expiration date of any Letter of Credit; provided, however, that the failure to give such notice, or notice of a Drawing, shall not limit or impair the rights of such Issuing Bank hereunder and under the Loan Documents.

(iii) No Issuing Bank shall at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause such Issuing Bank to exceed any limits imposed by, any applicable Governmental Rule.

(b) Procedure for Issuance of Letters of Credit. The Borrower may request that an Issuing Bank issue the applicable Letter of Credit to the extent not issued prior to the date hereof by delivering to such Issuing Bank and the Administrative Agent, at the applicable addresses for notices specified herein, a LC Issuance Notice, substantially in the form of Exhibit G, and a letter of credit application in such Issuing Bank's standard form in connection with any request for a letter of credit, completed to the satisfaction of such Issuing Bank, and such other certificates, documents and other papers and information as such Issuing Bank may request. Upon receipt of such LC Issuance Notice and such application and the reasonable satisfaction of the conditions precedent in Section 3.3, such Issuing Bank will process such application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue such Letter of Credit requested thereby (but in no event shall such Issuing Bank be required to issue such Letter of Credit earlier than three (3) Business Days after its receipt of the LC Issuance Notice and application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by such Issuing Bank and the Borrower. Each Issuing Bank shall furnish a copy of the Letter of Credit issued by it to the Borrower and the Administrative Agent promptly following the issuance thereof. Such Issuing

Bank shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of such Letter of Credit.

(c) Fees and Other Charges. In addition to the fees payable pursuant to Section 2.6, the Borrower shall pay or reimburse each Issuing Bank for such normal and customary costs and expenses as are incurred or charged by such Issuing Bank in issuing, negotiating, effecting payment under, amending or otherwise administering the Letter of Credit issued by it.

(d) Drawings. In the event that a Drawing is made on any Letter of Credit on or prior to the LC Commitment Termination Date, (i) the applicable Issuing Bank shall promptly notify the Borrower and the Administrative Agent, and the Administrative Agent shall notify the Lenders, of such Drawing, and (ii) any payment by such Issuing Bank of such Drawing shall, to the extent provided in Section 2.16(e) below, constitute the making by such Issuing Bank of a LC Loan to the Borrower in the amount of such Drawing. In such event, any Issuing Bank making a LC Loan shall be entitled to the same rights and remedies (on a pro rata basis) in respect of such LC Loans as any Lender that has made a Construction Loan has in respect of such Construction Loans hereunder. All such LC Loans made with respect to Drawings under the related Letter of Credit under this Section 2.16 shall be secured by the Security Documents as if made directly to the Borrower.

(e) Reimbursement Obligation of the Borrower.

(i) If a Drawing is paid under any Letter of Credit, the Borrower shall reimburse the applicable Issuing Bank for the amount of such Drawing so paid by paying to the Administrative Agent an amount equal to such Drawing in Dollars, no later than 3:00 p.m., New York City time, on the Business Day immediately following the date the Borrower receives notice thereof, subject to this Section 2.16(e). So long as no Event of Default has occurred and is continuing, if any Drawing is paid under any Letter of Credit issued by the related Issuing Bank, the payment by such Issuing Bank of such Drawing shall constitute the making of a DSR LC Loan or Project LC Loan, as applicable, by such Issuing Bank to the Borrower in the amount of such Drawing, and to the extent so financed, the Borrower' Reimbursement Obligations shall be discharged and replaced by the resulting LC Loans. In addition, the Borrower shall reimburse such Issuing Bank for any taxes, fees, charges or other costs or expenses incurred by such Issuing Bank in connection with the payment of any such Drawing not later than 12:00 Noon, New York City time, on (i) the Business Day that the Borrower receive notice of such Drawing, if such notice is received on such day prior to 10:00 A.M., New York City time, or (ii) if clause (i) above does not apply, the Business Day immediately following the day that the Borrower receive such notice. Each such payment shall be made to the applicable Issuing Bank at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any LC Loans made by any Issuing Bank as a result of any Drawing from the date on which the relevant Drawing is paid until payment in full.

(ii) Any payment made by any Issuing Bank for any Drawing (other than the funding of such Drawing with LC Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its Reimbursement Obligations with respect to such Drawing except to the extent such Drawing is funded with an LC Loan.

(f) Obligations Absolute. The Borrower's obligations under this Section 2.16 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against any Issuing Bank, the beneficiary of any Letter of Credit or any other Person. The Borrower also agree with the Issuing Banks that the Issuing Banks shall not be responsible for, and the Borrower's Reimbursement Obligations shall not be

affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which any Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of any Letter of Credit or any such transferee. No Issuing Bank shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with the related Letters of Credit, except for errors or omissions found by a final and non- appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Issuing Bank. The Borrower agrees that any action taken or omitted by any Issuing Bank under or in connection with the related Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct, shall be binding on the Borrower and shall not result in any liability of any Issuing Bank to the Borrower.

(g) Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the applicable Issuing Bank shall promptly notify the Borrower of the date and amount thereof. The responsibility of any Issuing Bank to the Borrower in connection with any draft presented for payment under the applicable Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under the such Letter of Credit in connection with such presentment are substantially in conformity with the such Letter of Credit.

(h) Applications. To the extent that any provision of any letter of credit application or other agreement submitted by the Borrower to, or entered into with, any Issuing Bank related to the applicable Letter of Credit is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall control.

(i) LC Loan Interest. The Borrower shall pay interest with respect to all LC Loans resulting from all Drawings pursuant to Section 2.13; provided, however, upon the occurrence of any Drawing, the Borrower shall be deemed to have elected the interest rate based on then-applicable Base Rate. Thereafter, LC Loans may from time to time be LIBOR Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Section 2.11.

(j) Interim Interest. If any Issuing Bank shall make any payment in respect of a Drawing, then, unless the Borrower shall reimburse such Drawing in full on the date such Drawing is made, the unpaid amount thereof shall bear interest, for each day from and including the date such Drawing is made to but excluding the date that the Borrower reimburses such Drawing (including by the making of an LC Loan), at the rate per annum then applicable to Base Rate Loans; provided that if such Drawing is not reimbursed by the Borrower when due pursuant to Section 2.16(e), then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank.

(k) Return of Letters of Credit. On the day that any Letter of Credit expires by its terms, the Borrower shall use commercially reasonable efforts to cause the original of such Letter of Credit to be returned by the applicable beneficiary to such Issuing Bank.

(l) Modifications and Supplements. The issuance by an Issuing Bank of any modification or supplement to any Letter of Credit (other than a reduction or release thereof or as contemplated by Section 2.16(m)) in accordance with this Agreement shall be subject to the same conditions as are applicable under this Section 2.16 and Section 3.3 to the issuance of new Letters of Credit, and no such modification or supplement shall be issued hereunder unless either (i) the respective Letter of Credit affected thereby would have complied with such conditions had it originally been issued hereunder in such modified or supplemented form or (ii) the applicable Issuing Bank shall have consented thereto.

(m) Reinstatement of Amounts Available for Drawing and other Adjustments to Amounts Available for Drawing. In the case of the DSR Letters of Credit only, in the event that any such DSR Letter of Credit provides that the amounts available for Drawing under such DSR Letter of Credit shall be reinstated (in whole or in part) upon delivery by the DSR Issuing Bank of such DSR Letter of Credit to the beneficiary of such DSR Letter of Credit of a certificate to the effect that amounts drawn under such DSR Letter of Credit have been reimbursed by the Borrower, such DSR Issuing Bank shall deliver such certificate so long as such DSR Issuing Bank shall have been advised in writing by the Administrative Agent that (A) the Available Amount of such DSR Letter of Credit does not exceed the applicable DSR LC Commitment of the applicable DSR Issuing Bank after giving effect to the reinstatement and (B)(1) the Reimbursement Obligation relating to such Drawing has been paid in full, together with interest thereon and all other amounts payable with respect thereto and/or (2) the related DSR LC Loan of such DSR Letter of Credit relating to such Reimbursement Obligation has been paid (in whole or in part), together with interest due and payable thereon and all other amounts payable with respect thereto; provided, that in the event that any such DSR LC Loan is paid in part the amount available for Drawing under the related DSR Letter of Credit shall be subject to reinstatement in an amount not exceeding the amount of such payment and provided, further, that the delivery of such certificate shall be subject to the same conditions as are applicable under this Section 2.16 and Section 3.3 to the issuance of new Letters of Credit, and no such modification or supplement shall be issued hereunder unless either (1) the respective DSR Letter of Credit affected thereby would have complied with such conditions had it originally been issued hereunder in such modified or supplemented form or (2) the applicable DSR Issuing Bank shall have consented thereto.

(n) Cash Collateralization. In the event that:

(i) any Event of Default shall occur and be continuing, (i) in the case of an Event of Default described in Section 7.5 on the Business Day or (ii) in the case of any other Event of Default, on the third Business Day, following the date on which the Borrower receive notice from the Administrative Agent on behalf of the Required Lenders demanding the deposit of cash collateral pursuant to Section 7, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Issuing Banks, an amount in cash equal to the sum of (A) 105% of the total Available Amounts of the Letters of Credit as of such date plus (B) any accrued and unpaid interest thereon; provided that, upon the occurrence of any Event of Default with respect to the Borrower described in Section 7.5, the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable in Dollars, without demand or other notice of any kind. The Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.8(i). Each such deposit pursuant to this paragraph or pursuant to Section 2.8(i) shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of (i) for so long as an Event of Default shall be continuing, the Administrative Agent and (ii) at any other time, the Borrower, in each case, in Permitted Investments and at the risk and expense of the Borrower, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Banks for payments in respect of Drawings for which such Issuing Banks has not been repaid and, to the extent not so applied, shall be held for the satisfaction of the Reimbursement Obligations of the Borrower in respect of the applicable Letters of Credit at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of the Required Lenders in accordance with Section 7.18), be applied to satisfy other obligations of the Borrower under this

Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived. If the Borrower is required to provide an amount of cash collateral pursuant to Section 2.8(i), such amount (to the extent not applied as aforesaid) shall be returned to the Borrower as and to the extent that, after giving effect to such return, the Borrower would remain in compliance with Section 2.8(i) and no Event of Default shall have occurred and be continuing.

(o) Addition, Replacement and Resignation of Issuing Banks. Any Lender (or an Affiliate of a Lender) may become an Issuing Bank at any time by written agreement between the Borrower, the Administrative Agent, and such Lender; provided that such Person shall be an Acceptable Letter of Credit Provider if it will be a DSR Issuing Bank. The Borrower may replace any Issuing Bank with a Lender (or an Affiliate of a Lender) or other Person that agrees to issue a replacement Letter of Credit that is consented to by the Administrative Agent and becomes party to this Agreement in accordance with Section 9.7(b) (provided that in the case of a DSR Issuing Bank such replacement Lender, Affiliate or other Person shall be an Acceptable Letter of Credit Provider) at any time by written agreement between the Borrower, the Administrative Agent, the replaced Issuing Bank and such Lender (and, if applicable, its Affiliate). The Administrative Agent shall notify the Lenders of any such change of an Issuing Bank. At the time any such change shall become effective, the Borrower shall pay all unpaid fees accrued for account of the replaced Issuing Bank. From and after the effective date of any such change, (a) the Lender becoming an Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (b) references herein to the term "Issuing Bank" shall be deemed to refer to such new or to any previous Issuing Bank, or to such new and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement (and any related Reimbursement Obligations), but shall not be required to issue additional Letters of Credit; provided that at the request of the replaced Issuing Bank the Borrower shall arrange to substitute Letters of Credit issued by such replaced Issuing Bank with Letters of Credit issued by one or more of the other Issuing Banks. Notwithstanding the above, in the case of the Project Letter of Credit, the Issuing Bank of such Letter of Credit must comply with the requirements of the applicable Material Project Document.

2.17 General Loan Funding Terms; Pro Rata Treatment and Payments.

(a) (i) Each Notice of Borrowing, the Notice of Term Conversion and notice of conversion of Loans shall be delivered to the Administrative Agent in accordance with the notice provisions of Section 9.2. The Administrative Agent shall promptly notify each Lender, and, if applicable, the Issuing Banks, of the contents of such notices.

(ii) No later than 1:00 P.M., New York time, on a date of a requested Borrowing set forth in a timely delivered Notice of Borrowing, if the applicable conditions precedent listed in Section 3.1, Section 3.2 and Section 3.4 have been satisfied or waived, each Lender shall make available the Loans, as applicable, requested in the Notice of Borrowing in Dollars and in immediately available funds, and shall deposit such funds into the Construction Account for immediate application pursuant to the Depositary Agreement.

(iii) Subject to the satisfaction of the conditions precedent set forth in Section 3.4, no later than 1:00 P.M., New York time, on the date of the requested Term Conversion set forth in a timely delivered Notice of Term Conversion, each Lender shall make available its Proportionate

Share of the Term Loans in the amount equal to the aggregate amount of the Construction Loans being Term Converted, as requested in the relevant Notice of Term Conversion, in Dollars in immediately available funds. The making of such Term Loans shall be effected by each Lender converting to a Term Loan the unpaid principal amount of its Construction Loans in accordance with Section 2.3(a) and Section 2.4.

(b) Each Borrowing by the Borrower from the Lenders hereunder and each payment by the Borrower on account of any commitment fee shall be made pro rata according to the respective Proportionate Shares of such Loans, as the case may be, of the relevant Lenders.

(c) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Construction Loans shall be made pro rata according to the respective outstanding principal amounts of such Loans then held by the Lenders. Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Term Loans shall be made pro rata according to the respective outstanding principal amounts of such Loans then held by the Lenders. Each payment by the Borrower on account of principal of and interest on the LC Loans shall be made pro rata according to the respective outstanding principal amounts of such LC Loans then held by the Issuing Banks. Amounts prepaid on account of the Construction Loans and Term Loans may not be reborrowed.

All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 10:00 A.M., New York time, on the due date thereof to the Administrative Agent for the account of each Agent, each Lender and each Issuing Bank (as the case may be) at its account identified in Annex 1 from time to time, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to each relevant Person promptly upon receipt in like funds as received, net of any amounts owing by such Lender pursuant to Section 9.8. If any payment hereunder (other than payments on the LIBOR Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. In the case of any extension of any payment of principal pursuant to the preceding sentence or the definition of Interest Period, interest thereon shall be payable at the then applicable rate during such extension.

(d) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a Borrowing that such Lender will not make the amount that would constitute its share of such Borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon, at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three (3) Business Days after such Borrowing date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to Base Rate Loans, on demand, from the Borrower.

(e) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon

such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three (3) Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.17(d), 2.17(e) or 9.8, then the Administrative Agent may, in its discretion (notwithstanding any contrary provision of this Agreement), apply any amounts thereafter received by the Administrative Agent or the Issuing Banks for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid, provided, for the avoidance of doubt, notwithstanding the application of amounts received from the Borrower (including in respect of Debt Service, interest payments, fee payments or other obligations) to satisfy such Lender's obligations, the receipt of payments from the Borrower will credit the obligations of the Borrower so paid.

2.18 Inability to Determine Interest Rate.

If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Required Lenders that the LIBOR Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any LIBOR Loans requested to be made on the first day of such Interest Period shall be made as Base Rate Loans, (y) any Loans that were to have been converted on the first day of such Interest Period to LIBOR Loans shall be continued as Base Rate Loans and (z) any outstanding LIBOR Loans shall be converted, on the last day of the then-current Interest Period, to Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent (at the direction or with the consent of such notifying Lenders), no further LIBOR Loans shall be made or continued as such, nor shall the Borrower have the right to convert Loans to LIBOR Loans.

2.19 Legal Requirements. (a) If the adoption of or any change in any Legal Requirement or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any Tax of any kind whatsoever with respect to this Agreement, the Letters of Credit, any application with respect to the Letters of Credit, or any LIBOR Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.20 and changes in the net income tax rate, franchise tax rate or branch profits tax rate of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the LIBOR Rate; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining LIBOR Loans or issuing or participating in the Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Legal Requirement regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of the Letters of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) A certificate describing in reasonable detail the basis and calculation of any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section 2.19 for any amounts incurred more than nine (9) months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such nine-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(d) For the avoidance of doubt, this Section 2.19 shall apply to all requests, rules, guidelines or directives concerning capital adequacy issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, regardless of the date adopted, issued, promulgated or implemented and this Section shall apply to all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, regardless of the date enacted, adopted or issued or implemented.

2.20 Taxes.

(a) To the extent permitted by law, payments made by the Loan Parties under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto ("Taxes"). If any Taxes, excluding net income taxes, franchise taxes (imposed in lieu of net income taxes) and branch profits taxes imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document) ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that Loan Parties shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes or Other Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (e) or (f) of this Section, (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph, (iii) that are withholding taxes to the extent imposed as a result of the Administrative Agent or any Lender designating a different Lending Office (other than at the request of the Borrower or any of its Affiliates), except to the extent that the Administrative Agent or such Lender was entitled, immediately prior to the designation, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph or (iv) that are United States withholding taxes imposed under FATCA.

(b) In addition, the Loan Parties shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, and each Lender, within fifteen (15) days after written demand therefor, for the full amount of any Non-Excluded Taxes or Other Taxes (including Non-Excluded Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.22) paid by the Administrative Agent or such Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Non-Excluded Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority; provided that the Borrower will not be obligated to indemnify the Administrative Agent or Lender for (A) any penalties, interest or expenses directly related to Non-Excluded Taxes or Other Taxes, but only to the extent such penalties, interest or expenses are directly and solely caused by and arise from the indemnitee's gross negligence, willful misconduct or material breach of its obligations hereunder, as determined by a final, non-appealable judgment of a court of competent jurisdiction or (B) with respect to any taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (e) or (f) of this Section, (ii) that are United States withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph, (iii) that are withholding taxes to the extent imposed as a result of the Administrative Agent or any Lender designating a different Lending Office (other than at the request of the Borrower or any of its Affiliates), except to the extent that the Administrative Agent or such Lender was entitled, immediately prior to the designation, to receive

additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph or (iv) that are United States withholding taxes imposed under FATCA. The Administrative Agent and each Lender agree to use reasonable efforts to give notice to the Borrower of the assertion of any claim against the Administrative Agent or such Lender, as applicable, relating to such Non-Excluded Taxes or Other Taxes reasonably promptly after the principal officer of the Administrative Agent or such Lender responsible for administering this Agreement has actual knowledge of such claim; provided that the Administrative Agent's or such Lender's failure to notify Borrower of such assertion shall not relieve Borrower of its obligation under this Section 2.22(c). A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent) or by the Administrative Agent on its own behalf shall be conclusive absent manifest error.

(d) Whenever any Non-Excluded Taxes or Other Taxes are payable by any Loan Party, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by such Loan Party showing payment thereof, if available, or such other evidence of payment that is reasonably satisfactory to the Administrative Agent or the relevant Lender. If any Loan Party fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders for any incremental taxes, interest or penalties that may become payable by the Administrative Agent or any Lender as a result of any such failure.

(e) To the extent required by this paragraph (e), each Lender (or Transferee) shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) either (A) if such Lender or Transferee is a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "U.S. Lender") (other than exempt holders that so certify), two copies of a U.S. Internal Revenue Service Form W-9 or any successor form, properly completed and duly executed by such U.S. Lender or (B) if such Lender or Transferee is not a U.S. Lender (a "Non-U.S. Lender"), two copies of either U.S. Internal Revenue Service Form W-8BEN, Form W-8BEN-E, Form W-8ECI or Form W-8IMY (together with any applicable underlying U.S. Internal Revenue Service forms), or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit H to this Agreement and the applicable U.S. Internal Revenue Service Form W-8, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each U.S. Lender or Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent. In addition, each U.S. Lender or Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Lender, and shall deliver extensions or renewals thereof as may reasonably be requested by the Borrower or the Administrative Agent. Each U.S. Lender or Non-U.S. Lender shall promptly notify the Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a U.S. Lender or Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Lender is not legally able to deliver.

(f) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction

is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not subject such Lender to any material unreimbursed cost or would not materially prejudice the legal position of such Lender.

(g) If a payment made to a Lender would be subject to United States withholding Tax imposed under FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

(h) If the Administrative Agent or any Lender determines, in its sole discretion, that it has received a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.20, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.20 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(i) The agreements in this Section 2.20 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.21 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of LIBOR Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from LIBOR Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of LIBOR Loans on a day that is not the last day of an Interest Period with respect thereto ("Breakage Costs"). Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that

would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.22 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.19 or 2.20(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.21 or 2.22(a).

2.23 Replacement of Lenders. If (a) any Lender requests reimbursement for amounts owing pursuant to Section 2.19 or 2.20(a), (b) any Lender defaults in its obligation to make Loans hereunder, or (c) after the procedures set forth in Section 6.22 have been followed, any Lender fails to confirm to Borrower that an investor identified by the Borrower pursuant to Section 6.22(b) is a Permitted Tax Equity Investor or enter into a Forbearance Agreement for any reason, the Borrower shall have the right, exercisable on five (5) Business Days prior written notice delivered to the applicable Lender, to replace such Lender; provided that (i) such replacement does not conflict with any Governmental Rule, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.22 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.19 or 2.20(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.21 if any LIBOR Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution shall be reasonably satisfactory to the Administrative Agent, (vii) such replacement shall be made in accordance with the provisions of Section 9.7 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to in Section 9.7), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.19 or 2.20(a), as the case may be, (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender and (x) in the case of a Lender that is an Issuing Bank, the Letters of Credit issued by such Issuing Bank have expired or have been terminated unless other arrangements satisfactory to the applicable Issuing Bank have been made in connection therewith. Any replaced Lender shall have the right to terminate at its sole discretion any Interest Rate Agreement such Lender is a party to and the Borrower shall reimburse such Lender for any costs and expenses, if any, incurred as a result thereof.

2.24 Defaulting Lender.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement or any other Loan Document shall be restricted as set forth in Section 9.1.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 7 or otherwise, and including any amounts made available to the Administrative Agent by such Defaulting Lender pursuant to Section 9.8), shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Banks hereunder; third, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Construction Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fourth, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of such Defaulting Lender to fund Construction Loans under this Agreement; fifth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; sixth, so long as no Default or Event of Default exists, to the payment of any amounts owing to a Loan Party as a result of any judgment of a court of competent jurisdiction obtained by such Loan Party against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and seventh, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Construction Loans in respect of which such Defaulting Lender has not fully funded its appropriate share and (y) such Construction Loans were made at a time when the conditions set forth in Section 3.2 were satisfied or waived, such payment shall be applied solely to pay the Construction Loans owed to all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Construction Loans of such Defaulting Lender. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held to be applied) pursuant to this Section 2.24(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and such Defaulting Lender shall have no recourse to any Loan Party for the payment of such amounts, and each Lender irrevocably consents hereto and the application of such payments in accordance with this Section shall not constitute an Event of Default or a Default, and no payment of principal of or interest on the Construction Loans of such Defaulting Lender shall be considered to be overdue for purposes of any Loan Document, if, had such payments been applied without regard to this Section, no such Event of Default or Default would have occurred and no such payment of principal of or interest on the Construction Loans of such Defaulting Lender would have been overdue. Notwithstanding the application of amounts received from the Borrower (including in respect of Debt Service, interest payments, fee payments or other obligations) to satisfy a Defaulting Lender's obligations under this Section 2.24 , the receipt of payments from the Borrower will credit the obligations of the Borrower so paid.

(iii) Certain Fees. Commitment fees under Section 2.6(b) shall cease to accrue on the Commitment of such Defaulting Lender, for any period during which such Lender is a Defaulting Lender (and the Borrower shall not be required to pay any such fees that otherwise would have been required to have been paid to such Defaulting Lender).

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent and the Lenders agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any collateral), such Lender will, to the extent applicable, purchase that

portion of outstanding Construction Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the outstanding Construction Loans to be held on a pro rata basis by the Lenders in accordance with their respective Proportionate Share, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Loan Party while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder in any Lender's status from Defaulting Lender to non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) Termination. Unless an Event of Default or an Additional Termination Event (as each such term is defined in the relevant Interest Rate Agreement) has occurred with respect to the relevant Counterparty, the Borrower shall not terminate any Interest Rate Agreement in whole or in part unless such termination is on a pro rata basis with respect to all relevant Interest Rate Agreements.

(d) No Waiver. The rights and remedies against, and with respect to, a Defaulting Lender under this Section 2.24 are in addition to, and cumulative and not in limitation of, all other rights and remedies that the Administrative Agent and each Lender, the Borrower or any other Loan Party may at any time have against, or with respect to, such Defaulting Lender.

(e) Duration. The provisions set forth in this Section 2.24 shall only apply to the period before the Term Conversion Date.

## ARTICLE 3.

## CONDITIONS PRECEDENT

3.1 Conditions Precedent to the Closing Date. The obligation of the Lenders to make the initial Construction Loan and other extensions of credit on the Closing Date is subject to the prior satisfaction of each of the following conditions (unless waived in writing by the Administrative Agent and the Lenders):

(a) Delivery to the Administrative Agent of (i) duly authorized and executed originals of this Agreement and each other Loan Document entered into on the Closing Date and (ii) any Construction Loan Notes requested by Lenders, each as duly authorized, executed and delivered by the Borrower.

(b) Delivery to the Administrative Agent of the Construction Budget and Schedule and the Closing Date Base Case Model (each certified as having been prepared in good faith by a Responsible Officer of the Borrower), in form and substance satisfactory to the Administrative Agent, the Issuing Banks, the Lenders and the Independent Engineer; provided, however, that such Base Case Model shall contain pro forma projections for a period of 20 years from the projected Commercial Operation Date under the SCE Power Purchase Agreement and shall demonstrate, based on the assumptions contained therein, that (i) the Borrower is able to maintain the Minimum Debt Service Coverage Ratios and (ii) the Borrower has sufficient funds pursuant to the Construction Loan Commitments and Equity Commitment to achieve COD and Final Completion.

(c) Each representation and warranty set forth in the Loan Documents is true and correct on the Closing Date (or, if any representation or warranty is stated to have been made as of a specific date, as of such specific date).

(d) No Default or Event of Default has occurred and is continuing or will result from the funding of the initial Construction Loan.

(e) Receipt by the Administrative Agent of:

(i) a copy of the articles of incorporation, certificate of formation, certificate of limited partnership, certificate of registration or other formation documents, including all amendments thereto, of each of the Loan Parties, each certified as of a recent date by the Secretary of State of the state of such Person's formation or organization, and a certificate as to the good standing of such Person as of a recent date from such Secretary of State;

(ii) a certificate of a Responsible Officer, Secretary or Assistant Secretary, or, if applicable, a Managing Member, of each of the Loan Parties (certifying as to (B), (C) (D) and (E) below only), dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the limited liability company operating agreement, bylaws or partnership agreement of such Person (which shall be in form and substance reasonably satisfactory to the Administrative Agent, the other Agents, the Issuing Banks and the Lenders), as in effect on the Closing Date and the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the appropriate governing entity or body of such Person, authorizing the execution, delivery and performance of the Operative Documents to which such Person is a party and, if applicable, the borrowings hereunder and the granting of the Liens contemplated to be granted by the applicable Loan Party under the Security Documents (if any), and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the articles of incorporation, certificate of formation, certificate of limited partnership, certificate of registration or other formation documents of such Person have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, (D) as to the incumbency and specimen signature of each officer executing any Operative Document or any other document delivered in connection herewith on behalf of such Person and (E) as to the absence of any pending proceeding for the dissolution or liquidation of such Person or, to the Knowledge of such Secretary or Assistant Secretary, threatening the existence of such Person; and

(iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above.

(f) Delivery to the Administrative Agent of a certificate issued by the Secretary of State of the State of California certifying that the Borrower is in good standing and is authorized to transact business in such state.

(g) Delivery to the Administrative Agent of a true, complete and correct copy of each Material Project Document (other than the CCSF Mitigation Agreement and the Second Interconnection Agreement Amendment) and any existing supplements or amendments thereto, all of which Material Project Documents and supplements or amendments thereto shall be satisfactory in form and substance to the Administrative Agent, the Issuing Banks and the Lenders, shall have been duly authorized, executed and delivered by the parties thereto, and all of which Material Project Documents shall be in full force and effect on the Closing Date and shall be certified by a Responsible Officer of the Borrower as being true, complete and correct copies and in full force and effect pursuant to the certificate referred to in Section 3.1(h), below, and delivery to the Administrative Agent of a certificate of a Responsible Officer of the Borrower, that to the best of the Borrower's Knowledge no party to any such Material Project

Document is, or but for the passage of time or giving of notice or both will be, in breach of any obligation thereunder which would reasonably be expected to have a Material Adverse Effect.

(h) Delivery to the Administrative Agent of a closing certificate, dated as of the Closing Date, signed by a Responsible Officer of the Borrower, in substantially the form of Exhibit I to this Agreement.

(i) Each document (including any UCC financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (subject only to Permitted Liens that, pursuant to applicable law, are entitled to a higher priority than the Lien of the Collateral Agent) shall be in proper form for filing, registration or recordation.

(j) Delivery to the Administrative Agent of the Deed of Trust with respect to the Mortgaged Property, executed and delivered by a duly authorized officer of Borrower as trustor and:

(i) Deliver to the Administrative Agent and the Title Company an ALTA/ACSM survey of the land and improvements constituting the Mortgaged Property certified to the Administrative Agent and the Title Company in a manner satisfactory to them, dated within (30) days of the Closing Date, prepared by an independent professional licensed land surveyor satisfactory to the Administrative Agent and the Title Company and in form and substance satisfactory to the Administrative Agent and the Title Company.

(ii) The Administrative Agent shall have received in respect of the Mortgaged Property the Title Policy, which Title Policy shall be in form and substance satisfactory to the Administrative Agent, contain such endorsements as reasonably requested by the Administrative Agent (including forms FA-61, the “Energy Projects – Encroachment Endorsement” (without any exceptions to full encroachments coverage), and “Minerals and Other Subsurface Substance Endorsement” (without any exceptions to full mineral coverage). The Administrative Agent shall have received evidence satisfactory to the Administrative Agent, the Issuing Banks and the Lenders that all premiums in respect of the Title Policy, all recording tax charges, and related expenses shall have been paid.

(iii) The Administrative Agent shall have received (A) a policy of flood insurance that (1) covers any parcel of real property upon which is located a building and that is encumbered by the Deed of Trust and which is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards, (2) is written in an amount reasonably satisfactory to the Administrative Agent, and (3) has a term ending not later than the maturity of the Indebtedness secured by the Deed of Trust and (B) confirmation that the Borrower has received the notice required pursuant to Section 208.25(i) of Regulation H of the Board.

(iv) The Administrative Agent shall have received a copy of all recorded documents referred to, or listed as exceptions to title in, the Title Policy and a copy of all other material documents affecting the Mortgaged Property of which the Borrower has any Knowledge.

(k) Delivery to the Collateral Agent of (i) the certificates representing the shares of Capital Stock pledged pursuant to the Pledge Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of Holdings and (ii) each promissory note (if

any) pledged to the Collateral Agent pursuant to the Security Documents endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(l) Delivery to the Administrative Agent of the results of a recent lien search in each of the jurisdictions where assets of the Borrower and Holdings are located, and such searches shall reveal no Liens on any of the assets of the Borrower or Holdings except for Permitted Liens or Liens discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Administrative Agent, the Issuing Banks and the Lenders.

(m) The Collateral Accounts shall have been established in compliance with this Agreement and the Depositary Agreement.

(n) Delivery to the Administrative Agent of (i) counterparty consents or estoppels (the "Consents") to collateral assignment of the SCE Power Purchase Agreement, the O&M Agreement, the O&M Parent Guaranty, the EPC Agreement, the EPC Parent Guaranty, the Site Lease Agreements, and the Asset Management Agreement, in each case in form and substance as shall be reasonably satisfactory to the Administrative Agent, the Issuing Banks and the Lenders. The Borrower shall also have provided notices, in form and substance as shall be reasonably satisfactory to the Administrative Agent, the Issuing Banks and the Lenders, to the Transmission Utility and CAISO of the collateral assignment of the Interconnection Agreement.

(o) Insurance complying with Schedule 5.4 shall be in full force and effect. Delivery to the Administrative Agent of the Insurance Consultant's certificate and the Insurance Consultant's report to the effect that all the Borrower's insurance policies required for the construction phase of the Project are in full force and effect, are not subject to cancellation without thirty (30) days' prior notice (ten (10) days for non-payment of premiums) and otherwise materially conform with the insurance requirements set forth in Section 5.4(a) and Schedule 5.4 and the Material Project Documents set forth in Appendix B of the Insurance Consultant's report, and otherwise in form and substance satisfactory to the Administrative Agent, the Issuing Banks and the Lenders.

(p) Delivery to the Administrative Agent of the Environmental Site Assessments (in form and substance acceptable to the Administrative Agent and the Lenders).

(q) Delivery to the Administrative Agent of the Independent Engineer's report (in form and substance acceptable to the Administrative Agent, the Issuing Banks and the Lenders) of its satisfactory review of the Project, such review confirming, without limitation, the Closing Date Equity Contribution, the reasonableness of operating cost, major maintenance assumptions, adequacy of the proposed construction contingency and the expectation that the Project can support the assumptions set forth in the Base Case Model pro forma projections, the useful life estimate for the Project, overall design and technical aspects of the Project, including the adequacy of the construction plan, the equipment and the proposed civil, mechanical and electrical works, confirming the adequacy of the Environmental Site Assessments and any remediation programs necessary for the Project, confirming the adequacy of the EPC Agreement and the Project Schedule (under and as defined in the EPC Agreement), the Interconnection Agreement and the other Material Project Documents and the ability of the counterparties to execute the construction schedule in a timely manner and confirming that, upon completion of the Project in accordance with the relevant engineering design documentation and plans, the Project shall be a facility using solar energy to produce electricity.

(r) Delivery to the Administrative Agent of:

(i) a solar energy forecast provided by the Solar Resource Consultant as to the adequacy and stability of the solar energy resource of the Project Site, in form and substance reasonably satisfactory to the Administrative Agent, the Issuing Banks and the Lenders, together with a reliance letter with respect to the Solar Resource Consultant's report that shall entitle the Administrative Agent, the Collateral Agent, the Issuing Banks and the Lenders to rely upon such report as of the Closing Date, and shall be in form and substance reasonably satisfactory to the Administrative Agent, the Issuing Banks and the Lenders; and

(ii) the Transmission Consultant's report as to the adequacy of transmission capacity for the Project to deliver all of its expected electrical output, shall be in form and substance acceptable to the Administrative Agent, the Issuing Banks and the Lenders, together with a reliance letter with respect to the Transmission Consultant's report that shall entitle the Administrative Agent, the Collateral Agent, the Issuing Banks and the Lenders to rely upon such report as of the Closing Date, and shall be in form and substance reasonably satisfactory to the Administrative Agent, the Issuing Banks and the Lenders.

(s) Delivery to the Administrative Agent of the unaudited pro forma balance sheet of the Borrower as at the Closing Date (including the notes thereto), which balance sheet shall have been prepared giving effect (as if such events had occurred on such date) to (i) the Construction Loans to be made hereunder and the use of proceeds thereof and (ii) the payment of fees and expenses in connection with the foregoing.

(t) Delivery to the Administrative Agent and the Collateral Agent of opinions, dated the Closing Date, of:

(i) Akin Gump Strauss Hauer & Feld LLP, special counsel for the Borrower and Holdings in form and substance satisfactory to the Administrative Agent, the Collateral Agent, the Issuing Banks and the Lenders, addressing such matters as the Administrative Agent and the Collateral Agent may request, including a New York law opinion, a California law opinion and an opinion addressing energy and regulatory matters relevant to the Borrower and the Project;

(ii) Allen Matkins Leck Gamble Mallory & Natsis LLP, special counsel for the Borrower, in form and substance satisfactory to the Administrative Agent, the Issuing Banks and the Lenders, and addressing such matters as the Administrative Agent may request, including environmental and land use permitting matters relevant to the Borrower and the Project; and

(iii) such other legal opinions as the Administrative Agent may reasonably request. (u)The closing certificate delivered pursuant to Section 3.1(h) shall confirm that all insurance premium payments due and payable as of the Closing Date have been paid or will be paid from proceeds of the initial Construction Loan and that the insurance materially complies with the requirements of Section 5.4 and Schedule 5.4 and the Material Project Documents. Such insurance shall be in full force and effect and the Administrative Agent shall have received certified copies of all policies evidencing such insurance (or a binder, commitment or certificates signed by the insurer or a broker authorized to bind the insurer), in form and substance satisfactory to Administrative Agent, the Issuing Banks and the Lenders, and a certificate from the Borrower's insurance broker(s), dated as of the Closing Date and identifying underwriters, type of insurance, insurance limits and policy terms, listing the special provisions required as set forth in Schedule 5.4, describing the insurance obtained, stating that the insurance materially complies with the requirements of Section 5.4, Schedule 5.4 and the Material Project Documents and stating that such insurance is in full force and effect and that all premiums then due thereon have been paid.

(v) Delivery to the Administrative Agent of certified true, correct and complete copies of all Applicable Permits required to own, develop, construct or operate the Project that are identified on Part I of Schedule 4.15, in form and substance reasonably satisfactory to the Administrative Agent, the Issuing Banks and the Lenders.

(w) No action, suit, proceeding or investigation shall have been instituted or threatened, nor shall any rule, regulation, order, judgment or decree have been issued or proposed to be issued by any Governmental Authority that, (i) could, if such action, suit, proceeding or investigation were adversely determined, reasonably be expected to have a Material Adverse Effect on the Project or any Loan Party or (ii) solely as a result of the Borrower's construction, ownership, leasing or operation of the Project, the sale of electricity therefrom by the Borrower, or the Borrower's entering into of any Operative Document or any transaction contemplated hereby or thereby, would cause or deem (1) the Administrative Agent or the other Lenders or any Affiliate of any of them to be subject to, or not exempt from, regulation under the FPA, PUHCA 2005 or any financial, organizational or rate regulation as a "public utility" or "electric utility" under California Public Utilities Code, as amended, or under any other state laws and regulations respecting the rates or the financial or organizational regulation of electric utilities, except as set forth in the proviso set forth in Section 4.10(b); or (2) the Borrower or Holdings to be subject to, or not exempt from, regulation (A) under the FPA (other than the Borrower as a "public utility"), the federal access to books and records provisions of PUHCA 2005 or any financial, organizational or rate regulation as a "public utility" or "electric utility" under the California Public Utilities Code, as amended, or (B) under any other state laws and regulations respecting the rates or the financial or organizational regulation of electric utilities except, with respect to an Affiliate of the Borrower, any such state laws or regulations that would not result in a Material Adverse Effect.

(x) No Material Adverse Effect or event, condition or circumstance that would reasonably be expected to constitute a Material Adverse Effect shall have occurred and be continuing.

(y) On the Closing Date, the Borrower shall have paid (or shall simultaneously pay with the proceeds of the initial Borrowing of the Construction Loans) all fees, costs and other expenses and all other amounts then due and payable by the Borrower pursuant to this Agreement (including Section 9.5), each Agent Fee Agreement and each other fee agreement between the Sponsor or the Borrower and any Lender or Agent (the "Other Fee Agreements").

(z) Delivery to the Administrative Agent of evidence that all filing, recordation, subscription and inscription fees and all recording and other similar fees, and all recording, stamp and other taxes and other expenses related to such filings, registrations and recordings necessary for the consummation of the transactions contemplated by this Agreement and the other Loan Documents have been paid in full (to the extent the obligation to make such payment then exists) by or on behalf of the Borrower or are to be paid in full out of the proceeds of the initial Construction Loans on the Closing Date.

(aa) Delivery to the Administrative Agent of a duly executed copy of the notice to proceed required to be issued under the EPC Agreement.

(bb) Delivery by the Borrower to the Administrative Agent of all such documentation and information requested by Administrative Agent and the Lenders that are necessary (including the names and addresses of the Borrower) for Administrative Agent and the Lenders to identify the Borrower in accordance with the requirements of the Patriot Act (including the "know your customer" and similar regulations thereunder).

(cc) Delivery of a notice pursuant to Section 2.11, electing to convert the Construction Loans made on the Closing Date to LIBOR Loans with a three-month Interest Period (and such three-month Interest Period is hereby agreed to by all Lenders).

(dd) Delivery to the Administrative Agent and the Coordinating Lead Arranger of the Funds Flow Memorandum, in form and substance satisfactory to the Administrative Agent and the Coordinating Lead Arranger.

(ee) Delivery to the Collateral Agent of the letter of credit required to be provided by the EPC Contractor to the Borrower pursuant to the EPC Agreement.

(ff) Delivery to the Administrative Agent of evidence of the expiration or termination of the Development Services Agreement as of the Closing Date (subject to the right of the Developer to receive the Deferred Development Service Fee).

3.2 Conditions Precedent to the Construction Loans. The obligation of the Lenders to make any Construction Loans, including the initial Construction Loan, is subject to the prior satisfaction of each of the following conditions (unless waived in writing by the Administrative Agent and the Required Lenders or, solely with respect to the initial Construction Loan, with the consent of all Lenders):

(a) Each representation and warranty of the Loan Parties set forth in the Loan Documents shall be true and correct in all material respects as of the date of such Borrowing (or, if any representation or warranty is stated to have been made as of a specific date, as of such specific date);

(b) No Default or Event of Default shall have occurred and be continuing or shall occur as a result of the Borrowing of such Construction Loan;

(c) All Operative Documents in effect on the date of the applicable Construction Loan shall be in full force and effect;

(d) The Borrower is in compliance with the Construction Budget and Schedule (or if the Borrower is not in compliance with such schedule the Independent Engineer has certified that the Project is reasonably likely to achieve COD by the Construction Loan Maturity Date in compliance with the budget aspect of the Construction Budget and Schedule or, if Project Costs in excess of those contemplated by such budget (including the contingency) are required to be expended to achieve COD by the Construction Loan Maturity Date, the Borrower has certified that sufficient funds are available pursuant to the Construction Loan Commitments and Equity Commitment to so complete the Project (or certifying that sufficient funds are available pursuant to the Construction Loan Commitments, Equity Commitment plus any other irrevocable funding commitment in form and substance acceptable to the Administrative Agent and the Required Lenders for any shortfall), which in each case shall be satisfactory to the Administrative Agent and the Required Lenders (in consultation with the Independent Engineer));

(e) Delivery to the Administrative Agent of a Notice of Borrowing in accordance with Section 2.2, which Notice of Borrowing shall include a certification as to certain of the matters set forth in this Section 3.2.

(f) Delivery to the Administrative Agent, no later than six (6) Business Days prior to the requested borrowing date (other than the Closing Date), of a Construction Requisition (as defined in the Depositary Agreement), dated the date such Construction Loans are to be made and signed by the Borrower, as to the amount and purpose(s) of the requested borrowing of Construction Loans accompanied by appropriate invoices or other evidence of payment (or an obligation to make payment)

representing Project Costs then due and payable to third parties (other than subcontractors) and together with, among other things, a certification that the proceeds of such Construction Loans shall be used solely for Project Costs set forth in the Construction Budget and Schedule, or otherwise as permitted under this Agreement, and further certifying that sufficient funds are available pursuant to the Construction Loan Commitments (prior to being fully utilized), Equity Commitment to complete the Project and achieve Substantial Completion (or certifying that sufficient funds are available pursuant to the Construction Loan Commitments (prior to being fully utilized), Equity Commitment plus any other irrevocable funding commitment in form and substance acceptable to the Administrative Agent and the Required Lenders for any shortfall).

(g) The Independent Engineer shall have reviewed the Borrower's certificates and supporting invoices or other evidence of payment (or an obligation to make payment) and other information referred to in Section 3.2(f), above, and shall have delivered an IE Requisition Certificate (as defined in the Depositary Agreement) to the Administrative Agent no later than four (4) Business Days prior to the requested borrowing date (other than the Closing Date) approving such Borrower's certificates and invoices or other evidence of payment.

(h) Delivery to the Administrative Agent of duly executed acknowledgements of payments and releases of mechanics' and materialmen's liens, (i) with respect to any payment to the EPC Contractor and all contractors and materialmen of the Borrower to the extent such payment, either alone or when combined with all payments previously made to such the EPC Contractor or contractor or materialman, exceeds $1,000,000, in a form reasonably satisfactory to the Administrative Agent, from the EPC Contractor or all contractors and materialmen for all work, services and materials, including equipment and fixtures of all kinds, done, previously performed or furnished for the construction of the Project, and (ii) with respect to any payment made to any subcontractor of any contractor referred to in clause (i), to the extent such payment, either alone or when combined with all payments previously made to such subcontractor, exceeds $1,000,000, but only to the extent such acknowledgments of payment and releases of mechanics' and materialmen's liens of such subcontractors are required to be delivered to the Borrower by the relevant counterparty under the subject agreement to which the Borrower is party.

(i) All Applicable Permits with respect to the construction and operation of the Project required to have been obtained by the date of such Construction Loans from any Governmental Authority shall have been issued and shall be in full force and effect and no appeal of such Applicable Permits shall be pending and all statutorily prescribed appeal or rehearing periods with respect to the issuance of such Applicable Permits have expired, and such Permits shall not be subject to any unsatisfied conditions that would reasonably be expected to allow for material modification or revocation. The Borrower shall be in material compliance with all Applicable Permits. With respect to any of the Applicable Permits not yet required, the Administrative Agent shall have concluded (acting reasonably) that there is no reason to believe that any such Applicable Permits will not be obtained by the time required, all of which shall be reasonably satisfactory to the Administrative Agent (in consultation with the Independent Engineer).

(j) All of the Operative Documents (including the corresponding consents to collateral assignment in the case of any Additional Project Agreement entered into after the date of this Agreement to the extent consents to collateral assignment are required pursuant to Section 6.10) that were not in effect as of the date of any previous Borrowing and that are required, in connection with the development and construction of the Project, to be executed and delivered on or prior to the date of such Construction Loans shall be in full force and effect and in a form, including any change or amendment thereto made since the respective dates of their execution and delivery, approved by the Required Lenders, unless approval of such form, change or amendment was not required in accordance with Section 6.8 or 6.10 or otherwise pursuant to this Agreement.

(k) If at the time of making the Construction Loans the Project shall have been materially damaged by flood, fire or other casualty, the Administrative Agent shall have received insurance proceeds or money or other assurances sufficient in the reasonable judgment of the Administrative Agent (acting at the direction of the Required Lenders), Insurance Consultant and the Independent Engineer to assure restoration and Substantial Completion on or prior to the Construction Loan Maturity Date.

(l) There has not been any uncured default under any Material Project Document, Applicable Permit, certificate, insurance policy or any other similar approval or agreement that would reasonably be expected to have a Material Adverse Effect.

(m) Except in respect of the initial Construction Loan, receipt by the Administrative Agent of a Form FA-61.1 endorsement to the Title Policy after delivery by the Borrower to the Title Company of all deliverables and any other items required by the Title Company to issue such endorsement. Each Form FA-61.1 endorsement shall (i) show that since the effective date of the Title Policy (or the effective date of the last such endorsement, if any) there has been no change in the status of the Borrower's title to the Project Site and no new Lien thereon other than matters constituting Permitted Liens, (ii) state the amount of coverage then existing under the FA 61 endorsement to the Title Policy which shall be not less than the total of all disbursements of the Construction Loan, including the disbursement which is being made concurrently with the reissuance of such endorsement and (iii) updating the "Date of Coverage" (as defined in the Form FA 61.1 endorsement) to the date of such disbursement.

(n) No Material Adverse Effect, or event condition or circumstance that would reasonably be expected to constitute a Material Adverse Effect, shall have occurred and be continuing for which adequate provision reasonably satisfactory to the Administrative Agent has not been made.

3.3 Conditions Precedent to the Issuance of Letters of Credit. The obligation of an Issuing Bank to issue a Letter of Credit is subject to the prior satisfaction of each of the following conditions (unless waived in writing by the Administrative Agent and the applicable Issuing Bank):

(a) Each representation and warranty of the Loan Parties set forth in the Loan Documents is true and correct in all material respects as if made on such date (unless such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

(b) No Default or Event of Default has occurred and is continuing or will result from the issuance of the applicable Letter of Credit.

(c) No Material Adverse Effect, or event conditions or circumstance that would reasonably be expected to constitute a Material Adverse Effect, shall have occurred and be continuing for which adequate provision reasonably satisfactory to the Administrative Agent has not been made.

(d) The Borrower shall have delivered to the Issuing Banks an LC Issuance Notice in respect of the Letters of Credit in accordance with Section 2.16(b) at least three (3) Business Days prior to the requested date of issuance of the Letters of Credit..

3.4 Conditions Precedent to the Term Conversion Date. The Construction Loans shall Term Convert to Term Loans and the applicable DSR Issuing Bank shall issue the DSR Letters of Credit pursuant to the terms and conditions of, and as otherwise set forth in, Section 2.16 upon the satisfaction of the conditions precedent set forth in this Section 3.4 (unless waived in writing by the Administrative Agent and the Required Lenders):

(a) Delivery to the Administrative Agent of a certificate from the Borrower dated the date such Construction Loans are proposed to be Term Converted, certifying that:

(i) Each representation and warranty of the Borrower and Holdings set forth in the Loan Documents is true and correct in all material respects as if made on such date (unless such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

(ii) No Default or Event of Default has occurred and is continuing or will result from the Term Conversion.

(iii) Each Operative Document (other than Material Project Documents that have not yet been executed or been fully and finally performed or have terminated in accordance with the terms thereof) and Applicable Permit remains in full force and effect; to the Knowledge of the Borrower, no material defaults have occurred and are continuing under any Material Project Document.

(b) The Borrower shall have obtained and delivered to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent, copies of all Applicable Permits not previously delivered by the Borrower to the Administrative Agent and a certificate executed by a Responsible Officer of the Borrower certifying that all such Applicable Permits are in full force and effect, including the Notice of Self-Certification of Exempt Wholesale Generator Status of Solar Star California XIII, LLC, market-based rate authority under Section 205 of the FPA.

(c) Evidence reasonably satisfactory to the Administrative Agent shall have been received by the Administrative Agent that all material work in connection with the Project requiring inspection by any Governmental Authorities having jurisdiction has been duly inspected and approved in all material respects by such authorities and that any certificates or notices required by Governmental Rules to be issued in connection therewith have been issued by such Governmental Authorities. All Performance Liquidated Damages (as defined in the Depositary Agreement) shall have been paid in accordance with the applicable Material Project Contracts.

(d) The Borrower shall have requested the Term Conversion pursuant to a Notice of Term Conversion delivered to Administrative Agent in the form of Exhibit A-2 to this Agreement.

(e) No material action, suit, proceeding, or investigation shall have been instituted or, to the Knowledge of the Borrower, threatened against the Borrower or the Project, which in each such case, could, if adversely determined, reasonably be expected to result in a Material Adverse Effect.

(f) Delivery to the Administrative Agent of a certificate of the Independent Engineer, in form and substance acceptable to the Administrative Agent and the Lenders, confirming that (i) "Substantial Completion" under the EPC Agreement has occurred, including, for the avoidance of doubt, that all Power Blocks have been commissioned and completed in accordance with all acceptance tests required to achieve COD, (ii) the "Commercial Operation Date" has occurred under the SCE Power Purchase Agreement and (iii) the "Commercial Operation Date" has occurred under the Interconnection Agreement and addressing such other matters related to COD and Term Conversion as the Administrative Agent and the Lenders may reasonably request.

(g) Delivery by the Borrower to the Administrative Agent of a certificate certifying the occurrence of COD.

(h) Delivery to the Administrative Agent of an as-built ALTA/ACSM survey of the Project Site, showing that the Improvements are located on the Mortgaged Property, in form and substance reasonably satisfactory to the Administrative Agent and Title Company, within thirty (30) days prior to the Term Conversion Date. Such as-built survey shall show that all Improvements and other elements of the Project are located within the boundaries of the Mortgaged Property.

(i) Delivery to the Administrative Agent of an endorsement, dating down the Title Policy to the date of Term Conversion, insuring the continuing first priority Lien of the Deed of Trust, setting forth no exceptions other than Permitted Liens and otherwise in form, substance and amount satisfactory to the Administrative Agent, including a Form FA-61.2 endorsement.

(j) Delivery to the Administrative Agent of the first Annual Operating Budget with respect to the Project in compliance with the Term Conversion Date Base Case Model.

(k) The Borrower shall have made all the mandatory prepayments required under Section 2.8, to the extent applicable. The Equity Investor shall have performed all of its obligations under the Equity Contribution Agreement required to be performed as of the Term Conversion Date (including the making of the Equity Contribution pursuant to Section 2.1(a)(iii) of the Equity Contribution Agreement).

(l) Delivery to the Administrative Agent of a certificate, dated as of the Term Conversion Date, duly executed by the Borrower or its authorized insurance broker, in form and substance reasonably satisfactory to the Administrative Agent, confirming that all insurance premium payments due and payable as of the Term Conversion Date have been paid and that the insurance complies with the requirements of Section 5.4(a) and Schedule 5.4 and the Material Project Documents set forth in Appendix B of the Insurance Consultant's report delivered pursuant to this Section 3.4(l). The Administrative Agent shall have received certified copies of all policies evidencing such insurance (or a binder, commitment or certificates signed by the insurer or a broker authorized to bind the insurer) in effect as of the Term Conversion Date, in form and substance reasonably satisfactory to the Administrative Agent and the Lenders. The Administrative Agent shall have received a certificate of the Insurance Consultant with the Insurance Consultant's report, dated as of the Term Conversion Date, attached thereto, in each such case, in form and substance reasonably satisfactory to the Administrative Agent and the Lenders, and confirming that all insurance policies required by such Insurance Consultant's report are in full force and effect, are not subject to cancellation without thirty (30) days' prior notice (ten (10) days for non-payment of premiums) and otherwise materially conform with the insurance requirements set forth in Section 5.4(a) and Schedule 5.4 and the Material Project Documents set forth in Appendix B of the Insurance Consultant's report delivered pursuant to this Section 3.4(l).

(m) Delivery to the Administrative Agent of the Term Conversion Date Base Case Model in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders which shall be the Closing Date Base Case Model updated to reflect final capacity of the Project, the date that COD occurred and other factors reasonably selected by the Administrative Agent. The Term Conversion Date Base Case Model shall demonstrate the satisfaction of the Minimum Debt Service Coverage Ratios as of the Term Conversion Date.

(n) There has not been filed with or served upon the Borrower with respect to the Project or any part thereof any notice of any Lien or claim of any Lien (other than Permitted Liens) that has not been released or for which a bond has not been obtained.

(o) The Borrower shall have delivered to the Issuing Banks an LC Issuance Notice in respect of the PPA Performance Letter of Credit in accordance with Section 2.16(b) at least three (3) Business Days prior to the requested date of issuance of the Letters of Credit.

(p) The Borrower shall have made all deposits required to be made to the Debt Service Reserve Account and Major Maintenance Reserve Account and other accounts on or before the Term Conversion Date pursuant to the Depositary Agreement.

(q) Delivery to the Administrative Agent of an updated Amortization Schedule, reflecting (i) certain prepayments made by or on behalf of the Borrower in accordance with Section 2.7 or Section 2.8, as applicable and (ii) the Term Loan Resizing Prepayment Amount, in form and substance reasonably satisfactory to the Administrative Agent.

(r) There shall be no LC Loans outstanding.

(s) The Borrower shall have delivered evidence reasonably satisfactory to the Administrative Agent that the Borrower has submitted the registration application for the Project in the WREGIS, as required under Section 3.01(d)(v) of the Power Purchase Agreement.

3.5 Confirmation. Each Borrowing by (including Term Conversion) and issuance of the Letters of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the applicable conditions contained in this Article 3 have been satisfied or waived.

## ARTICLE 4.

## REPRESENTATIONS AND WARRANTIES

The Borrower hereby makes the following representations and warranties to and in favor of the Administrative Agent, the Collateral Agent and the Lenders. All of such representations and warranties shall survive the Closing Date and the making of the Loans:

4.1 Existence; Compliance with Laws. Each Loan Party (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification (including, with respect to the Borrower, California) and (d) is in compliance with all Legal Requirements except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.2 Ownership of Capital Stock. The Capital Stock of the Borrower has been duly authorized and validly issued and is fully paid and non-assessable. There are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower, except as created by the Loan Documents. As of the Closing Date, Holdings owns 100% of all issued and outstanding membership interests in the Borrower.

4.3 Power; Authorization; Enforceable Obligations; No Legal Bar.

(a) Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Operative Documents to which it is a party and to consummate the transactions contemplated thereby and, in the case of the Borrower, to obtain extensions of credit hereunder. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the

Operative Documents to which it is a party and to consummate the transactions contemplated thereby and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. Each Operative Document has been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Operative Document upon execution will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(b) The execution, delivery and performance of this Agreement and the other Operative Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Legal Requirements applicable to any Loan Party or any Contractual Obligation of any Loan Party and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Legal Requirement or any such Contractual Obligation (other than the Liens created by the Security Documents).

4.4 Governmental Approvals. Except as set forth in Schedule 4.15, no action, consent or approval of, registration or filing with, Permit from, notice to, or any other action by, any Governmental Authority is or will be required in connection with (a) the due execution, delivery and performance by any Loan Party of the Operative Documents to which it is a party, (b) the development, construction, ownership and operation of the Project as contemplated by the Operative Documents (to the extent required to be obtained by or on behalf of any Loan Party), (c) the consummation of the transactions contemplated by the Operative Documents by the Loan Parties or (d) the grant by the Loan Parties of the Liens granted under the Security Documents or the validity, perfection and enforceability thereof or for the exercise by the Collateral Agent of its rights and remedies thereunder, except, in each case, (i) the filing of UCC financing statements and the filing and recording of the Deed of Trust, (ii) such as have been made or obtained and are in full force and effect, (iii) such as are required by securities, regulatory or applicable law in connection with an exercise of remedies, (iv) as contemplated by Section 4.15 and (v) in the case of clauses (b) and (c) above, such actions, consents, registrations, filings, notices, actions and approvals where the failure to obtain or make could not reasonably be expected to have a Material Adverse Effect.

4.5 ERISA and Labor Matters.

(a) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (i) each Loan Party and each of their respective ERISA Affiliates is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to ERISA Plans and the regulations and published interpretations thereunder; (ii) no ERISA Event has occurred or is reasonably expected to occur; and (iii) all amounts required by applicable law with respect to, or by the terms of, any retiree welfare benefit arrangement maintained by any Loan Party or any ERISA Affiliate or to which any Loan Party or any ERISA Affiliate has an obligation to contribute have been accrued in accordance with Accounting Standards Codification Topic 715-60. The present value of all accumulated benefit obligations under each Pension Plan (based on the assumptions used for purposes of Financial Accounting Standards Codification Topic 715-30) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than a material amount the fair market value of the assets of such Pension Plan allocable to such accrued benefits, and the present value of all accumulated benefit obligations of all underfunded Pension Plans (based on the assumptions used for purposes of Financial Accounting Standards Codification topic 715-30) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than a material amount the fair market value of the assets of all such underfunded Pension Plans.

(b) Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect, (i) all employer and employee contributions required by applicable law or by the terms of any Foreign Benefit Arrangement or Foreign Plan have been made, or, if applicable, accrued in accordance with normal accounting practices; (ii) the accrued benefit obligations of each Foreign Plan (based on those assumptions used to fund such Foreign Plan) with respect to all current and former participants do not exceed the assets of such Foreign Plan; (iii) each Foreign Plan that is required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities; and (iv) each such Foreign Benefit Arrangement and Foreign Plan is in compliance (A) with all material provisions of applicable law and all material applicable regulations and published interpretations thereunder with respect to such Foreign Benefit Arrangement or Foreign Plan and (B) with the terms of such plan or arrangement.

(c) Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Loan Party pending or, to the Knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of each Loan Party have not been in violation of the Fair Labor Standards Act or any other applicable Legal Requirement dealing with such matters; and (c) all payments due from any Loan Party on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Loan Party.

4.6 Taxes. Each Loan Party has filed or caused to be filed all Federal, state and other material Tax returns that are required to be filed and has paid all Taxes shown to be due and payable on said returns or on any material assessments made against it or any of its property and all other material Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Loan Party); no material Tax Lien has been filed (other than Permitted Liens), and to the Knowledge of the Borrower, no claim is being asserted, with respect to any such Tax, fee or other charge.

4.7 Business, Debt, Contracts, Etc. The Borrower has not conducted any business other than the business contemplated by the Operative Documents or in connection with the Project, has no outstanding Indebtedness or other material liabilities other than pursuant to the Operative Documents (and the Deferred Development Fee) and is not a party to or bound by any material contract other than the Operative Documents to which it is a party.

4.8 Filings. All filings and recordings, re-filings or re-recordings necessary to perfect and maintain the perfection and priority of the interest, title or Liens of the Collateral Agent (for the benefit of the Secured Parties), subject to Permitted Liens that pursuant to applicable law are entitled to a higher priority than the Liens created by the Security Documents, have been made as required by the Loan Documents.

4.9 Investment Company; Holding Company Act; EWG. Neither the Borrower nor Holdings is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. Neither the Borrower nor Holdings is subject to regulation under any Legal Requirement (other than Regulation X of the Board and subject to Section 4.10(c)(iii) below) that limits its ability to incur Indebtedness. The Borrower is an EWG, and Holdings is, or will be upon COD, a "holding company" under Section 16451(8) of PUHCA 2005 and the FERC's implementing regulations at 18 C.F.R. § 366, *et seq*. solely with respect to its ownership of one or more EWGs. Neither the Borrower nor Holdings is or has been determined by the FERC to be subject to, or not exempt from, regulation under the federal access to books and records provisions of PUHCA 2005.

4.10 Governmental Regulation.

(a) Each of the Borrower and Holdings is in compliance in all material respects with the applicable requirements of the FPA and PUHCA 2005 and all other Legal Requirements with respect to the ownership, operation, control and sale of energy, capacity and ancillary services and environmental attributes from the Project.

(b) None of any Agent, the Issuing Banks, the Lenders, or any Affiliate of any of them will, solely as a result of the construction, ownership, leasing or operation of the Project by the Borrower, the sale of electricity therefrom by the Borrower or the Borrower's entering into any Operative Document or any transaction contemplated hereby or thereby, be subject to regulation under the FPA or PUHCA 2005 or rate regulation as an "electrical corporation" under the California Public Utilities Code, as amended; provided, however, that in the event that any Agent, the Issuing Banks or any Lender, upon the exercise of remedies under the Operative Documents or otherwise, becomes the owner or operator of the Project or directs the sale of electricity therefrom, such Agent, the Issuing Banks or any Lender may become subject to regulation as a public utility under the FPA and an "electrical corporation" under the California Public Utilities Code, as amended, and unless EWG status or another exemption from regulation under PUHCA 2005 is obtained, any Agent, the Issuing Banks or a Lender, as the case may be, could become, together with its Affiliates, subject to regulation under the federal access to books and records provisions of PUHCA 2005 and could become subject to CPUC regulation of the operations of the Project and, if any retail sales of electric energy, capacity or ancillary services are made from the Project, financial, organizational or rate regulation as a "public utility" or "electric utility" under the California Public Utilities Code, as amended.

(c) On and after obtaining the order and approvals required pursuant to Section 5.12(ii), the Borrower shall be (i) subject to regulation as a "public utility" under the FPA; (ii) authorized by FERC to make sales of electric energy, capacity and ancillary services at market-based rates pursuant to Section 205 of the FPA; and (iii) granted blanket authorization by FERC to issue securities and assume liabilities pursuant to Section 204 of the FPA and all other waivers of regulations and blanket authorizations as are customarily granted by FERC to entities with market-based rate authority. So long as the Project is an EWG and does not make retail sales of electric energy, capacity or ancillary services, the Borrower is not subject to any financial, organizational or rate regulation as a "public utility" or "electric utility" under the California Public Utilities Code law; provided that the Project will be subject to applicable CPUC regulation regarding the operations and maintenance of electric generating facilities located in California.

4.11 Federal Reserve Requirements. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used (a) for "buying" or "carrying" any Margin Stock within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for the purpose of reducing or retiring any indebtedness which was originally incurred to buy or carry any Margin Stock or (b) for any purpose that violates any regulation of the Board. No more than 25% of the assets of the Loan Parties consist of Margin Stock. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 Litigation. (a) No litigation, action, suit, investigation or proceeding at law or equity of or before any arbitrator or Governmental Authority is pending or, to the Knowledge of the Borrower, threatened by or against any Loan Party or against any of their respective properties or revenues (including any Material Project Document or Applicable Permit) (i) with respect to any of the Operative Documents or any of the transactions contemplated hereby or thereby or any Applicable Permit, (ii) that could, if adversely determined, reasonably be expected to have a Material Adverse Effect.

(b) There are no condemnation proceedings by or before any Governmental Authority now pending or, to the Knowledge of the Borrower, threatened with respect to the Real Property or Project, or sale of power therefrom or any portion thereof material to the construction, ownership or operation of the Project or sale of power therefrom, unless (i) solely with respect to a condemnation proceeding occurring prior to Final Completion, in the reasonable opinion of the Administrative Agent and the Independent Engineer, such condemnation is capable of being remedied within a satisfactory period without affecting Final Completion with respect to the Project in accordance with the Construction Budget and Schedule and (ii) an adequate reserve, in an amount acceptable to the Administrative Agent and the Independent Engineer, has been established for remedying such condemnation.

4.13 Compliance with Legal Requirements.

(a) No Loan Party is in violation of any laws relating to terrorism or money laundering, including Executive Order No. 13224 on Terrorist Financing, effective September 23, 2001, and the Patriot Act.

(b) The use of the proceeds of the Loans by the Borrower will not violate the Trading with the Enemy Act, the International Emergency Economic Powers Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act, the Iran Threat Reduction and Syria Human Rights Act, the National Defense Authorization Acts of 2012 and 2013, all as amended, any regulations administered or enforced by OFAC (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or in furtherance thereof (collectively "Sanctions"). Neither the Borrower nor any of its subsidiaries, directors, officers or employees, nor, to the knowledge of the Borrower, any agent, or affiliate or other person associated with or acting on behalf of the Borrower or any of its subsidiaries is currently the subject or the target is on the OFAC SDN List, nor is the Borrower or any of its subsidiaries located, organized or resident in a country or territory that is the subject or the target of Sanctions, including, without limitation, Cuba, Burma (Myanmar), Iran, North Korea, Sudan and Syria (each, a "Sanctioned Country"). For the past 5 years, the Borrower and its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(c) Neither the Borrower nor any of its subsidiaries nor any director, officer, or employee of the Borrower or any of its subsidiaries nor, to the knowledge of the Borrower, any agent, affiliate or other person associated with or acting on behalf of the Borrower or any of its subsidiaries has (i) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti- bribery or anti-corruption laws (collectively "Anti-Corruption Laws"); or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit.

(d) Except as otherwise disclosed in Schedule 4.13, neither the Borrower nor its properties or assets has violated or is in violation of (nor will the continued operation of its material properties and

assets as currently conducted violate) any currently applicable Legal Requirements (including any zoning, building, or Environmental Law, ordinance, code or approval or any building permit) or any restriction of record or Site Lease Agreement, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.14 No Default.

No Loan Party is in default under or with respect to any of its Contractual Obligations in any respect that would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.15 Permits.

(a) There are no material Permits issued to, or required to be provided by, or required by the Borrower under any Governmental Rule, including any Environmental Laws, as the Project is currently designed and contemplated to be developed, constructed, owned, leased and operated (excluding, for the avoidance of doubt, any Permits required for the access road constructed in a potential wetlands area south of "Array 2" of the Project, which road is not necessary for the development, construction, ownership, lease or operation of the Project) that are or will become Applicable Permits other than the Permits described in Schedule 4.15. Each Permit described in Schedule 4.15 is either (i) a Permit in full force and effect and is not the subject of any current material legal proceeding and, if an appeal period is specified by a Governmental Rule, the appeal period has expired and no proceedings are pending seeking material modification or revocation, in the case of those Permits listed in Part I of Schedule 4.15, (ii) a Permit that has not yet been obtained or provided (or has been obtained or provided but the applicable appeal period has not expired) and has not been required for Project development activities up to the date of this Agreement and is not required to commence construction of the Project, and which the Borrower has no current actual Knowledge indicating that such Permit will not timely be obtained or provided (or applicable appeal period expire) in the ordinary course of construction or operation of the Project in the case of those Permits listed in Part II of Schedule 4.15, or (iii) a Permit of a type that is routinely granted on application and that would not normally be obtained before the commencement of construction or reconstruction or completion of construction of the Project, as applicable, as in the case of those Permits listed in Part III of Schedule 4.15. The Borrower reasonably believes that any Permit so indicated on Part II and Part III of Schedule 4.15 will be timely obtained or provided without any material expense. The Borrower is not in material violation of any Applicable Permit.

(b) To the Borrower's Knowledge, each Material Project Participant possesses all Permits, or rights thereto necessary to perform its duties under the Operative Documents to which it is a party, other than those Applicable Permits listed in Part II and Part III of Schedule 4.15, and, to the Borrower's Knowledge, such party is not in violation of any valid rights of others with respect to any of the foregoing.

(c) The Borrower has not entered into any stipulations with any Governmental Authority issuing any Applicable Permit(s) which are not expressly set forth in such Permit(s) to develop, construct, own, lease and operate the Project or which have not otherwise been disclosed to the Administrative Agent by the Borrower in writing.

4.16 Use of Proceeds. The proceeds of the Loans shall be used solely in accordance with Section 5.7.

4.17 Insurance. All policies of insurance required to be obtained by the Borrower under the Operative Documents have been obtained, and are in full force and effect; all premiums due thereon have been paid (or will be paid from proceeds of the initial Construction Loan) and, except with respect to policies that have been replaced with other policies in compliance with this Agreement, no notice from any insurer or its representative as to any cancellation or reduction or other change in coverage has been received.

4.18 Environmental Matters.

(a) The Borrower has previously delivered to the Agents the Environmental Site Assessments and except as set forth on Schedule 4.18: (i) neither the Borrower nor Holdings is or has in the past been in violation of (or received any notice that it is in violation of) any Environmental Law or Applicable Permit, which violation would reasonably be expected to subject any Secured Party to liability or to result in a liability to either the Borrower or Holdings or their respective properties or assets; (ii) neither the Borrower nor Holdings has (or has received any notice that it or any third party has) used, Released, discharged, generated, manufactured, produced, stored or disposed of (or arranged for the disposal of) in, on, under or about the Project Site or the Improvements or any other Real Property owned, operated or leased by the Borrower, or transported thereto or therefrom, any Hazardous Substances that would reasonably be expected to subject the Borrower, Holdings or any Secured Party to liability under any Environmental Law; (iii) to the Knowledge of the Borrower after reasonable inquiry, there are no species protected from take under applicable Environmental Laws, historical or cultural artifacts, wetlands or underground tanks (whether operative or temporarily or permanently closed) located on the Project Site or the Improvements or any other Real Property owned, operated or leased by the Borrower; (iv) there are no Hazardous Substances used, stored or present at, on or near the Project Site or the Improvements, except as used, stored or present in the ordinary course of business and in compliance with Environmental Laws; and (v) there is or has been no condition, circumstance, action, activity or event that would reasonably be expected to form the basis of any violation by the Borrower of, or, to the knowledge of the Borrower, liability to the Borrower under, any Environmental Law; in each case of (i) through (v) above that would reasonably be expected to have a Material Adverse Effect.

(b) There is no pending or, to the Knowledge of the Borrower, threatened Environmental Claim, action or proceeding by any Governmental Authority (including the U.S. Environmental Protection Agency) or any other third party with respect to the presence or Release of Hazardous Substances in, on, from or to the Project Site or the Improvements, or any other Real Property owned, operated or leased by the Borrower, or with respect to Environmental Laws, natural resources or Hazardous Substances, that would reasonably be expected to have a Material Adverse Effect.

(c) After due inquiry, except as set forth on Schedule 4.18, the Borrower does not have Knowledge of any past or existing violations or threatened violations of any Environmental Laws by any person relating in any way to the Project Site or the Improvements or any other Real Property owned, operated or leased by the Borrower that would reasonably be expected to have a Material Adverse Effect. As of the Closing Date, the Environmental Site Assessments are the most recent environmental site assessments the Borrower has knowledge or possession of with respect to the Project Site or any of the Real Property.

4.19 Title to Properties; Possession Under Leases.

(a) The Borrower has good title to all its material properties and assets (other than Real Property), except for Permitted Liens. The Borrower has good and marketable fee simple title to or valid leasehold and easement interests in, or other valid right to use, as applicable, all the Real Property set forth on Schedule 4.19(a) (as such Schedule may be updated after the Closing Date by the Borrower with

a copy to the Administrative Agent and the Collateral Agent), in each case in accordance with the applicable lease, easement, right of way, license agreement or other operating right or similar right of use, except for Permitted Liens.

(b) No landlord Lien has been filed, and, to the Knowledge of the Borrower, no claim is being asserted, with respect to any lease payment under the Site Lease or any Site Lease Agreements, subject to Permitted Liens. To the Knowledge of the Borrower, other than Permitted Liens and except as otherwise specified by the Site Lease Agreements, none of the Real Property is subject to any lease, sublease, license, easement or other agreement granting to any person any right to the use, occupancy, possession or enjoyment of the Real Property or any portion thereof.

(c) The Borrower has not received any written notice of, nor has any Knowledge of, (i) any pending or contemplated condemnation proceeding affecting the Real Property or any sale or disposition thereof in lieu of condemnation (except that, with respect to any Loan made other than on the Closing Date, the Borrower has not received any written notice of, nor has any Knowledge of, any pending or threatened condemnation proceeding affecting the Real Property or any sale or disposition thereof in lieu of condemnation or (ii) any existing or threatened change in the zoning classification of any of the Real Property, except as set forth on Schedule 4.19(c).

(d) The Mortgaged Property has been properly subdivided in accordance with all applicable Legal Requirements or entitled to exception therefrom, and for all purposes such Real Property may be mortgaged and conveyed in accordance with applicable legal requirements.

(e) The Mortgaged Property constitutes all of the Real Property owned, leased or otherwise held or used by the Borrower, or in which the Borrower holds a direct or indirect interest, as of the Closing Date. Except for Permitted Liens, the Site Lease and the agreements set forth on Schedule 4.19(e) constitute all of the agreements governing the Mortgaged Property (collectively referred to as the "Site Lease Agreements").

4.20 Utilities. All utility services necessary for the construction and operation of the Project for its intended purposes are available at the Project Site or will be so available as and when required upon commercially reasonable terms or market rates.

4.21 Roads/Feeder Lines.

(a) Except as set forth on Schedule 4.21, all roads necessary for the construction and full utilization of the Project for its intended purposes under the Material Project Documents have either been completed or the necessary rights of way therefor have been acquired, except for permits to cross state, county or township roads that will be granted as a ministerial matter during the construction of the Project, prior to the date such permits are required to be acquired pursuant to any applicable Governmental Authority.

(b) Except as set forth on Schedule 4.21, all necessary easements, rights of way, agreements and other rights for the construction, interconnection and utilization of the feeder lines of the Project have been acquired.

4.22 Sufficiency of Material Project Documents. The rights granted to the Borrower pursuant to the Material Project Documents are sufficient to enable the Project to be located, constructed, operated and routinely maintained as contemplated by the Operative Documents and provide adequate ingress and egress for any reasonable purpose in connection with the construction, operation and routine maintenance of the Project.

4.23 Material Project Documents.

(a) The Borrower has delivered to the Administrative Agent a complete and correct copy of the Material Project Documents in effect, including any amendments, supplements or modifications with respect thereto. None of the Material Project Documents to which the Borrower or Holdings is a party has been amended or modified since the Closing Date, except in accordance with this Agreement.

(b) As of the Closing Date and as of each date upon which this representation is made, each of the Material Project Agreements then in effect is in full force and effect and constitutes the legal, valid and binding obligation of each Loan Party party thereto, and, to the Knowledge of the Borrower, the other parties thereto. Each Loan Party is in compliance with all Material Project Documents in effect, and to the Knowledge of the Borrower, each other party to a Material Project Document in effect is in compliance with its obligations thereunder and no defaults have occurred and are continuing thereunder, except to the extent any such non-compliance or default could not reasonably be expected to result in a Material Adverse Effect.

4.24 Disclosure. Except for projections and pro forma financial information, no statement or information contained in this Agreement, any other Loan Document, or any other document, certificate or statement prepared and furnished by the Borrower, Holdings or any Affiliate thereof to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. There is no fact known to the Borrower, Holdings or any Affiliate thereof that would reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents or in any other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby and by the other Loan Documents. The Base Case Model is based on reasonable assumptions that are consistent with the provisions of the Material Project Documents.

4.25 Construction Budget; Projection. The Borrower has prepared or provided the Construction Budget and Schedule in good faith and on the basis of reasonable assumptions that are consistent with the provisions of the Material Project Documents. As of the date of this Agreement and as of the date when this representation is made or deemed made, to the Borrower's Knowledge, there are no material Project Costs that are not included in the Construction Budget and Schedule that have not otherwise been disclosed to the Administrative Agent in writing.

4.26 Intellectual Property. Each Loan Party owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person against the Borrower challenging or questioning the Borrower's use of any Intellectual Property or the validity or effectiveness of any Intellectual Property used by the Borrower, nor does the Borrower know of any valid basis for any such claim. The use of Intellectual Property by each Loan Party does not infringe on the rights of any Person in a manner that would reasonably be expected to result in a Material Adverse Effect.

4.27 Land Not in Flood Zone. The Deed of Trust does not encumber improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards within the meaning of the National Flood Insurance Act of 1968 unless flood insurance available under such Act has been obtained in accordance with Section 3.1(j)(iii).

4.28 Partnerships and Joint Ventures; Separateness.

(a) The Borrower is not a general partner or a limited partner in any general or limited partnership or a joint venturer in any joint venture.

(b) The Borrower has no Subsidiaries.

(c) The Borrower maintains separate bank accounts and separate books account from the other Loan Parties and all other Persons. The separate liabilities of the Borrower are readily distinguishable from the liabilities of the other Loan Parties and all other Persons.

(d) The Borrower conducts its business solely in its own name in a manner not misleading to other Persons as to its identity.

4.29 Financial Statements; Material Adverse Effect. The financial statements of the Borrower, heretofore delivered to the Administrative Agent with copies for the Lenders, were prepared in accordance with GAAP, as applicable, and fairly present the financial condition and operations of the Borrower at such date and, where applicable, the results of its operations for the period then ended (subject, where applicable, to normal year-end audit adjustments). The unaudited pro forma balance sheet of the Borrower as at the Closing Date (including the notes thereto), copies of which have heretofore been furnished to each Lender, has been prepared giving effect (as if such events had occurred on such date) to (i) the Loans to be made hereunder and the use of proceeds thereof and (ii) the payment of fees and expenses in connection with the foregoing, and such pro forma balance sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated financial position of the Borrower as at the Closing Date, assuming that the events specified in the preceding sentence had actually occurred at such date. Since the respective date of each such statement, there has been no change in the business, Property, condition (financial or otherwise) or results of operations of the Borrower that would reasonably be expected to have a Material Adverse Effect.

4.30 Accounts. The Borrower does not have any “deposit account” with a “bank” (within the meaning of Section 9-102 of the UCC) other than the (a) Collateral Accounts established in accordance with this Agreement and the other Loan Documents and (b) the Local Deposit Account which may contain an amount on deposit therein not in excess of $200,0000, to the extent such account is subject to a deposit account control agreement in favor of the Collateral Agent in form and substance satisfactory to the Administrative Agent and the Collateral Agent.

4.31 Construction of the Project. As of the Term Conversion Date, to the Knowledge of the Borrower, all work done on the Project has been done in a good and workmanlike manner and in accordance with the EPC Agreement and the Interconnection Agreement, and Prudent Industry Practices, except to the extent that any failure would not reasonably be expected to have a Material Adverse Effect.

4.32 Sanctions and Anti-Corruption Laws. The Borrower has established, implemented and will maintain in place processes and procedures designed to ensure that (a) no persons or entities holding any direct or indirect legal or beneficial interest whatsoever in the Borrower appear on the OFAC SDN List; (b) no persons or entities holding any direct or indirect legal or beneficial interest whatsoever in the

Borrower are included in, owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the persons or entities referred to or described in the OFAC SDN List; (c) the Borrower will not conduct business or engage in any transaction with any person or entity in violation of Sanctions or in violation of Anti-Corruption Laws.

4.33 Security Documents. (a) The Security Agreement and the Pledge Agreement are each effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. In the case of the Pledged Stock described in the Pledge Agreement, when stock certificates representing such Pledged Stock are delivered to the Collateral Agent (together with a properly completed and signed stock power or endorsement), the Pledge Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of Holdings in such Pledged Stock and the proceeds thereof, as security for the Secured Obligations (as defined in the Pledge Agreement), and in the case of the other Collateral described in the Security Agreement, when financing statements and other filings specified on Schedule 4.34(a) in appropriate form are filed in the offices specified on Schedule 4.34(a), and with respect to other property that can be perfected by control, upon execution of the Depositary Agreement by each of the parties thereto, the Security Agreement and the Pledge Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower and Holdings in such Collateral and the proceeds thereof, as security for the Secured Obligations (as defined in the Security Agreement or Pledge Agreement, as applicable), in each case prior and superior in right to any other Person (except, in the case of Collateral other than Pledged Stock, Permitted Liens that pursuant to applicable law are entitled to a higher priority than the Liens created by the Security Documents).

(b) The Deed of Trust is effective to create in favor of the Collateral Agent, for the benefit of the Secured Parties, a legal, valid and enforceable Lien on the Mortgaged Property described therein and proceeds thereof, and when the Deed of Trust is filed in the office specified on Schedule 4.34(b), the Deed of Trust shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Borrower in the Mortgaged Property and the proceeds thereof, as security for the Secured Obligations, in each case prior and superior in right to any other Person, other than rights arising under Permitted Liens.

4.34 Solvency. The Borrower is, and after giving effect to the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be and will continue to be, Solvent.

4.35 Sales Tax Exemption; Resale Certificate. The Construction Budget and Schedule accurately represents the Borrower's estimated anticipated sales and use taxes taxable to the Project Company for the construction of the Project. The Project Company has obtained, or will have obtained when required by and to the extent available under applicable law, all necessary resale certificates or other applicable documentation to secure exemption from all sales and use taxes in all applicable jurisdictions.

## ARTICLE 5.

## AFFIRMATIVE COVENANTS OF BORROWER

The Borrower covenants and agrees that, prior to the Discharge Date, it shall, unless the Required Lenders waive compliance in writing, comply with each of the following:

5.1 Reporting Requirements. The Borrower shall deliver to the Administrative Agent and each Lender:

(a) as soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of the Borrower a copy of the audited balance sheet of the Borrower as at the end of such year and the related audited statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Ernst & Young or other independent certified public accountants of nationally recognized standing; provided that all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein) consistently throughout the periods reflected therein and with prior periods;

(b) as soon as available but in any event within forty-five (45) days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited balance sheet of the Borrower as at the end of such quarter and the related unaudited statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of the year, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments); provided that all such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied (except as approved by such accountants or officer, as the case may be, and disclosed in reasonable detail therein) consistently throughout the periods reflected therein and with prior periods;

(c) concurrently with the delivery of the financial statements referred to in Section 5.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no Knowledge was obtained of any Default or Event of Default pursuant to Article 7, except as specified in such certificate (which certificate shall not be required to be delivered if such accounting firm is not delivering certificates of such type as a matter of national policy applied consistently to its clients);

(d) concurrently with the delivery of any financial statements pursuant to Section 5.1(a) or Section 5.1(b), a certificate of a Responsible Officer stating that such Responsible Officer has obtained no Knowledge of any Default or Event of Default except as specified in such certificate or, if any such condition existed or exists, the nature thereof and the corrective actions that the applicable Person has taken or proposes to take with respect thereto;

(e) promptly upon the Borrower acquiring notice or obtaining Knowledge that any Default or Event of Default has occurred, a notice of such event (which should, in accordance with Section 8.5, indicate that such notice is a "notice of default");

(f) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice (including to the Independent Engineer) of (i) any material breach or any default under any Material Project Document, (ii) any termination or material amendment of any Material Project Document, (iii) any litigation, arbitration, material events or material notices with respect to any Material Project Document, (iv) any event of force majeure asserted under any Material Project Document which exists for more than two Business Days (and, to the extent reasonably requested by the Administrative Agent and reasonably available to the Borrower, copies of related invoices, statements, supporting documentation, schedules, data or affidavits delivered under any Material Project Document) and (v) any change order under the EPC Agreement;

(g) promptly upon the Borrower (i) acquiring notice or obtaining Knowledge thereof, notice (x) of any dispute (or in the case of a modification of a material Applicable Permit, a material dispute) between the Borrower and any Governmental Authority involving the revocation, modification, failure to renew or the like of any Applicable Permit or the imposition of additional material conditions with respect thereto and (y) that any Applicable Permit related to the Project may be cancelled, suspended, terminated or impaired, except that no such notice shall be required with respect to the expiration, in the ordinary course of business at the stated expiration date, of a Permit that is no longer required for construction or operation and (ii) obtaining any Applicable Permit, a copy of such Applicable Permit;

(h) promptly upon the Borrower acquiring notice or obtaining Knowledge that (i) a materialman's, mechanic's or other like Lien in an amount in excess of $100,000 or (ii) multiple Liens as described in clause (i) above in an aggregate amount in excess of $200,000, in each case have been recorded against the Borrower or the Project Site, a notice of such recordation describing the reasons for such Lien in reasonable detail, and attaching a copy of any documentation or correspondence relevant to such Lien;

(i) promptly upon the Borrower acquiring notice or obtaining Knowledge of the commencement of proceedings against the Borrower before FERC or the CPUC alleging a violation of the FPA or the regulations of FERC or the CPUC, or asserting jurisdiction over the Borrower under PUHCA 2005 (except as an EWG), a copy of any documentation or correspondence relevant to such proceeding;

(j) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of any (i) fact, circumstance, condition or occurrence at, on or arising from the Mortgaged Property or the Improvements that results in material noncompliance with any Environmental Law or any Release of Hazardous Substances on or from the Project Site, the Improvements or any other part of the Mortgaged Property that has resulted in material property damage or has a Material Adverse Effect, or (ii) pending or, to the Borrower's Knowledge, threatened, material Environmental Claim against the Borrower or, to the Borrower's Knowledge, any of its Affiliates, contractors, lessees or any other Persons, arising in connection with its or their occupying or conducting operations on or at the Project, the Real Property or the Improvements, in each case which would reasonably be expected to impose liability on any Secured Party or have a Material Adverse Effect;

(k) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of the filing or commencement of, or any written threat or written notice of intention of any Person to file or commence any action, suit or proceeding, whether at law or equity or by or before any Governmental Authority or in arbitration, against the Borrower, any Material Project Participant or involving the Project, which involves claims in excess of $500,000 in the aggregate or as to which an adverse determination is reasonably probable and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(l) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of any condemnation, taking by eminent domain or other taking or seizure by a Governmental Authority with respect to a material portion of the Project or the Project Site;

(m) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of any casualty, damage or loss to the Project, whether or not insured, through fire, theft, other hazard or casualty, or any act or omission of the Borrower, its employees, agents, contractors, consultants or representatives, or of any other Person, if such casualty, damage or loss affects the Borrower or the Project in excess of $1,000,000 for any one such event, or $2,000,000 in the aggregate in any policy period, and the Borrower shall keep the Administrative Agent timely apprised of any insurance claim

proceedings related to such casualty or loss, including any notice received from any insurance company indicating that it is not obligated to pay any named insured, or that it is withholding any amounts that the Borrower is claiming are due and payable under any insurance policy maintained by the Borrower;

(n) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of any cancellation or material change in the terms, coverages or amounts of any insurance described in Section 5.4;

(o) promptly, but in no event later than five (5) Business Days after the execution and delivery to the Borrower thereof, a copy of each Additional Project Agreement;

(p) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of any other development specific to the Borrower or the Project that has had, or would reasonably be expected to have, a Material Adverse Effect;

(q) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of any forced outage with respect to all or substantially all of the Project for more than 72 consecutive hours;

(r) promptly, such additional financial and other information with respect to the Borrower or the Project as is reasonably requested by the Administrative Agent or any Lender;

(s) promptly following receipt thereof, copies of any documents described in Section 101(k) and/or Section 101(l) of ERISA that any Loan Party or any ERISA Affiliate may request with respect to any Multiemployer Plan; provided, that if the relevant Loan Party or ERISA Affiliate has not requested such documents or notices from the administrator or sponsor of the applicable Multiemployer Plan, then, upon reasonable request of the Administrative Agent, such Loan Party or the ERISA Affiliate shall promptly make a request for such documents or notices from such administrator or sponsor and the Borrower shall provide copies of such documents and notices promptly after receipt thereof; and

(t) promptly upon the Borrower acquiring notice or obtaining Knowledge thereof, notice of the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liability of any Loan Party or any ERISA Affiliates in excess of $1,000,000;

(u) promptly, but in no event later than five (5) days after the receipt thereof by the Borrower, copies of any agreement referenced in Section 5.1(o) that is obtained or entered into by the Borrower after the Closing Date and any material amendment, supplement or other modification to any such agreement that is received by the Borrower after the Closing Date;

(v) promptly, but in no event later than five (5) Business Days after the receipt thereof by the Borrower, (a) a copy of the final Wetland Delineation report prepared by H.T. Harvey & Associates for submittal to the U.S. Army Corps of Engineers, and (b) any updates or supplements thereto and notices and copies of any material information (but excluding, for the avoidance of doubt, drafts and interim work product of Borrower, its consultants and attorneys) that the Borrower receives from any Governmental Authority or other Person in respect of the Potential Wetlands Area and any other material developments relating to the Potential Wetlands Area.

Each notice pursuant to Section 5.1(e)–(n), (p), (q), (t) and (v) shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto.

5.2 Maintenance of Existence, Properties; Etc. (a) The Borrower shall (i) preserve, renew and keep in full force and effect its organizational existence, (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 6.4 and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower shall maintain good, valid, marketable (subject to the terms of the Operative Documents) and insurable title in (i) all Mortgaged Property that constitutes the Real Property, subject only to Permitted Liens and (ii) all of its other properties and assets (that are individually or in the aggregate material), subject only to Permitted Liens, in each case other than those properties and assets disposed of in accordance with this Agreement or any other Operative Document.

(c) The Borrower shall keep all material property useful and necessary in its business in good working order and condition in accordance with Prudent Industry Practice, ordinary wear and tear excepted.

(d) Notwithstanding anything to the contrary in the Loan Documents, the Borrower shall complete the actions described in Schedule 5.2(d) in a time frame that meets the requirements of the Project and the Administrative Agent will cooperate reasonably with the Borrower in facilitating the completion of such actions.

5.3 Compliance with Legal Requirements; Etc.

(a) The Borrower shall materially comply with all applicable Legal Requirements and exercise diligent good faith efforts to make such alterations to the Project and the Mortgaged Property as may be required for such compliance.

(b) The Borrower shall obtain all Applicable Permits as promptly as possible, have when required all Applicable Permits necessary for the development, construction, ownership, leasing, maintenance and operation of the Project under applicable Legal Requirements and comply in all material respects with all Applicable Permits. The Borrower shall promptly upon receipt or publication furnish a copy (certified by a Responsible Officer of the Borrower) of each such Applicable Permit to the Administrative Agent.

(c) The Borrower shall promptly upon receipt or publication furnish a copy (certified by a Responsible Officer of the Borrower) of each amendment, supplement or modification to any such Applicable Permit to the Administrative Agent and shall promptly furnish copies to the Administrative Agent of all material documents furnished to the Borrower by any Governmental Authority or furnished to any Governmental Authority by the Borrower.

(d) The Borrower shall comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with all applicable Environmental Laws and all applicable or relevant provisions of the Equator Principles, and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all Permits required by applicable Environmental Laws or applicable provisions of the Equator Principles.

(e) The Borrower shall conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws or the Equator Principles.

5.4 Insurance; Events of Loss.

(a) Without cost to the Lenders, the Borrower shall (i) maintain or cause to be maintained on its behalf in effect at all times the types of insurance required pursuant to Schedule 5.4, in the amounts and on the terms and conditions specified therein and (ii) use all commercially reasonable efforts to cause the Material Project Participants and each other party to a Material Project Document to procure at its own expense and maintain in full force and effect, at all times on and after the Closing Date the insurance required to be procured and maintained by such Person under the relevant Material Project Documents.

(b) If the Borrower fails to obtain or maintain, or to cause each Material Project Participant or other party to a Material Project Document to obtain or maintain, the full insurance coverage required by this Section 5.4, the Administrative Agent, upon ten (10) Business Days' prior notice (unless the aforementioned insurance would lapse within such period or has already lapsed, in which event notice shall not be required) to the Borrower of any such failure, may (but shall not be obligated to) obtain the required policies of insurance and pay the premiums on the same. All amounts so advanced by the Administrative Agent shall become an additional obligation of the Borrower to the Administrative Agent, and the Borrower shall forthwith pay such amounts to the Administrative Agent, together with interest from the date of payment by the Administrative Agent at the Default Rate.

(c) No later than March 31st of each calendar year, the Borrower shall deliver to the Administrative Agent a certificate of a Responsible Officer, certifying that (i) the insurance requirements of this Section 5.4 (including Schedule 5.4) have been implemented and are being complied with, (ii) the Borrower has paid all insurance premiums then due and payable and (iii) the Borrower is in compliance with the Borrower's insurance policies.

(d) The Administrative Agent shall be entitled at its option to participate in any compromise, adjustment or settlement in connection with any Event of Loss under any policy or policies of insurance or any proceeding with respect to any condemnation or other taking of property of the Borrower, in each such case, in excess of $5,000,000, and the Borrower shall, within five (5) Business Days after the Administrative Agent's request, reimburse the Administrative Agent for all reasonable out-of-pocket expenses (including reasonable attorneys' and experts' fees) incurred by the Administrative Agent in connection with such participation. The Borrower shall not make any compromise, adjustment or settlement in connection with any such claim in excess of $5,000,000 without the approval of the Administrative Agent (acting on behalf of the Required Lenders).

(e) All Loss Proceeds of any Event of Loss received by the Borrower or the Administrative Agent in respect of all or any part of the Project shall be deposited in the Loss Proceeds Account and the amounts on deposit in the Loss Proceeds Account will be applied as described in the Depositary Agreement.

(f) No provision of this Section 5.4 or any other provision of any Loan Document shall impose on the Administrative Agent, the Collateral Agent or the Lenders any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by the Borrower (nor shall any action taken, or not taken, by the Administrative Agent, the Collateral Agent or the Lenders to verify the existence or adequacy of the insurance coverage maintained by the Borrower affect the obligations of the Borrower pursuant to this Section 5.4), nor shall the Administrative Agent, the Collateral Agent or the Lenders be responsible for any representations or warranties made by or on behalf of the Borrower to any insurance company or underwriter.

5.5 Taxes; Assessments and Utility Charges. The Borrower shall pay, or cause to be paid, as and when due and prior to delinquency, all Taxes, assessments and governmental charges of any kind that

may at any time be lawfully assessed or levied against or with respect to any Loan Party or the Project (including all assessments and charges lawfully made by any Governmental Authority for public improvements that may be secured by a Lien on the Project), and all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project; provided, however, that any Loan Party may contest or cause to be contested in good faith any such Taxes, assessments and other charges and, in such event, may permit the Taxes, assessments or other charges so contested to remain unpaid during any period, including appeals, when such Loan Party is in good faith contesting or causing to be contested the same by appropriate proceedings, so long as (a) reserves reasonably satisfactory to the Administrative Agent have been established on such Loan Party's books in an amount sufficient to pay any such Taxes, assessments or other charges, accrued interest thereon and potential penalties or other costs relating thereto, or other provision for the payment thereof reasonably satisfactory to the Administrative Agent shall have been made, (b) enforcement of the contested Tax, assessment or other charge is effectively stayed for the entire duration of such contest and (c) any Tax, assessment or other charge determined to be due, together with any interest or penalties thereon, is immediately paid after resolution of such contest.

5.6 Properties, Books and Records. (a) The Borrower shall (i) keep proper books of record and account in conformity with GAAP and all Legal Requirements of all dealings and transactions in relation to its business and activities and (ii) permit representatives of the Administrative Agent (including the Independent Consultants) or any Lender to visit and inspect, at the Borrower's expense, the Borrower's financial records, the Project (including the Real Property) and any other properties of the Borrower at any reasonable time and as often as may reasonably be desired and to make extracts from and copies of such financial records, and permit any Person designated by the Administrative Agent or any Lender upon reasonable prior notice to the Borrower to discuss the affairs, finances and condition of the Borrower with the officers thereof and independent accountants therefor (subject to reasonable requirements of confidentiality, safety requirements and other requirements imposed by law or by contract); provided that so long as no Default shall have occurred and be continuing, any such visit in excess of one such visit in any calendar year by any Lender shall be at the expense of such Lender. The Independent Engineer shall have the right to visit and inspect the Project and the books, records and documents of the Borrower from time to time, to witness the construction, installation, testing, start up, commissioning and operation of the Project; provided that the Independent Engineer will comply with all reasonable safety requirements of the Project or the Project Site whether imposed by contract or Governmental Rule and will maintain reasonable and customary liability insurance. The Borrower shall at all times maintain and preserve a complete set of the Plans and Specifications relating to the design, engineering, construction and equipping of the Project at the Project Site and available for inspection by the Independent Engineer, the Administrative Agent and any Lender.

(b) The Borrower shall maintain adequate project, financial and accounting records with respect to the Borrower and Project.

5.7 Use of Proceeds.

(a)

(i) The Borrower shall use the proceeds of each Construction Loan solely to pay a portion of the Project Costs specified in the related borrowing certificate and related certificates delivered by the Borrower in connection with such Construction Loan. Proceeds of the Construction Loans shall be applied by the Borrower in the order and manner set forth in the Depositary Agreement.

(ii) The Borrower shall use the proceeds of the Term Loans solely to repay outstanding Construction Loans upon Term Conversion.

(iii) The Borrower shall use the DSR Letters of Credit solely to support the Borrower's obligations with respect to the Debt Service Reserve Account. The Borrower shall use the Project Letters of Credit solely to support the Borrower's obligations under the Material Project Documents and the Applicable Permits.

(b) Unless otherwise applied by the Administrative Agent pursuant to this Agreement, the Borrower shall deposit all Project Revenues and all Loss Proceeds in accordance with the Depositary Agreement, for application solely for the purposes and in the order and manner provided in the Depositary Agreement.

5.8 Payment of Obligations. The Borrower shall duly and punctually pay and discharge its obligations in respect of its Indebtedness permitted by Section 6.1, subject to the terms and conditions of this Agreement and the other Loan Documents (including Section 7.4 hereof).

5.9 Construction and Operating Reports.

(a) As soon as available and in any event within ten (10) Business Days after the end of each calendar month, commencing with the first full month following the Closing Date until COD, the Borrower shall deliver to the Administrative Agent and each of the Lenders a certificate of a Responsible Officer of the Borrower setting forth in reasonable detail: (a) the estimated date on which Substantial Completion shall be achieved, (b) if the Substantial Completion Date is not anticipated to occur on or before the scheduled Substantial Completion Date under the EPC Agreement, the reasons therefor, (c) the status of construction of the Project (and a description of any material defects or deficiencies with respect thereto or any material discrepancies with the Plans and Specifications) and compliance of the EPC Contractor with the Project Schedule (as such term is defined in the EPC Agreement), (d) the conformance to the Construction Budget and Schedule of the amount of Project Costs incurred to date and during the most recent monthly period, and in the event of a material variance, the reasons therefor, (e) an update on the process of obtaining any Applicable Permits that the Borrower has not yet obtained; (f) confirmation of material ongoing compliance with applicable Environmental Laws, including material compliance with permits required under applicable Environmental Laws and material ongoing compliance with applicable or relevant provisions of the Equator Principles, with descriptions of any instances of material failure to so comply; and (g) a summary of all Potential Wetlands Related Project Cost Overruns (as defined in the ECA Parent Guaranty) incurred to date.

(b) As soon as available and in any event within ten (10) Business Days after the end of each calendar month, commencing with the first full month following the Closing Date until COD, the Borrower shall cause the Independent Engineer to deliver to the Administrative Agent and each of the Lenders a report covering each of the matters referenced in Exhibit Q.

(c) Following the Term Conversion Date, as soon as practicable but no later than forty-five (45) days after the close of each quarterly period of its fiscal year, the Borrower shall deliver to the Administrative Agent a summary operating report, in each case substantially in the form of Exhibit L to this Agreement, which shall include a month and year-to-date numerical and narrative assessment of (A) the Project's electrical production, availability, capacity, delivery and curtailment, if any, (B) the solar resource data with respect to the Project, (C) the Project's availability and unscheduled maintenance performed with respect to the Power Blocks and any other portion of the Project, (D) variance analysis of the Project's compliance with each budgeted category as compared to then applicable Annual Operating Budget, (E) casualty losses that required notice pursuant to Section 5.1(m) in any fiscal year of the

Borrower, (F) replacement of equipment not contemplated by then current Annual Operating Budget of value in excess of $500,000, (G) material disputes with contractors, materialmen, suppliers or others and any related material claims against the Borrower with a value in excess of $500,000, (H) any claims either individually or in the aggregate equal to or greater than $500,000 for warranty under the EPC Agreement made or outstanding during such quarter and (I) confirmation of material ongoing compliance with applicable Environmental Laws, including material compliance with permits required under applicable Environmental Laws and material ongoing compliance with applicable or relevant provisions of the Equator Principles, with descriptions of any instances of material failure to so comply.

(d) The Borrower shall provide to the Administrative Agent promptly upon reasonable request such information concerning the Project at such times as the Administrative Agent shall reasonably require, including such reports and information as are reasonably required by the Independent Consultants.

5.10 Material Project Documents. The Borrower shall (i) perform and observe all of its material covenants and material obligations contained in each of the Material Project Documents, (ii) take all reasonable and necessary action to prevent the termination or cancellation of any Material Project Documents to which the Borrower or Holdings is a party in accordance with the terms of such Material Project Documents or otherwise (except for the expiration of any Material Project Document in accordance with its terms and not as a result of a breach or default thereunder) and (iii) enforce against the relevant Material Project Participant each material covenant or obligation of such Material Project Document to which it is a party in accordance with its terms, including enforcing the rights and remedies of the Borrower under the Material Project Documents to maximize the amount of liquidated damages available to the Borrower under the Material Project Documents.

5.11 Completion; Acceptance Tests. The Borrower shall, subject to the provisions of this Section 5.11, obtain the prior written consent of the Independent Engineer and the Administrative Agent prior to accepting or confirming that the Project has achieved Substantial Completion, and/or "Final Completion" under the EPC Agreement (as such term is defined therein). Prior to accepting or confirming any final acceptance and/or final completion test procedures under the EPC Agreement or the SCE Power Purchase Agreement, the Borrower shall allow the Independent Engineer and the Administrative Agent, at their option, to witness such test procedures and shall provide to the Independent Engineer and the Administrative Agent copies of such test procedures and allow the Independent Engineer and Administrative Agent reasonably sufficient time to review and consult with the Borrower in respect thereof and the Borrower shall take into consideration in good faith the Independent Engineer's and Administrative Agent's comments in respect thereof; provided that the Independent Engineer and the Administrative Agent will comply with all reasonable safety requirements of the Project or the Project Site whether imposed by contract or Governmental Rule and that no such review and consultation shall be required in respect of test procedures already prescribed by the EPC Agreement or the SCE Power Purchase Agreement. Prior to accepting or confirming that the Project has satisfied any of the final acceptance or final completion tests or met any of the performance guarantees or performance criteria pertaining to the Project, the Borrower shall provide to the Independent Engineer and the Administrative Agent sufficient opportunity to review the written items pertaining thereto and allow the Independent Engineer and Administrative Agent reasonably sufficient time to review and consult with the Borrower in respect thereof and the Borrower shall take into consideration in good faith the Independent Engineer's and Administrative Agent's comments in respect thereof. Notwithstanding the foregoing, and so long as the Borrower has provided the Independent Engineer and the Administrative Agent with the information needed for the reviews, consultations and consents required by this Section 5.11 in a manner allowing for a reasonable time period for such Person to review the same, the Borrower shall comply with all time periods required with respect to the relevant acceptance procedures under the EPC Agreement or the SCE Power Purchase Agreement irrespective of whether the Independent Engineer and the Administrative

Agent has provided their consent or consultation hereunder and shall not be required to withhold any approval, acceptance or confirmation of Substantial Completion or "Final Completion" under the EPC Agreement (as such terms are defined therein), test procedures or any final acceptance or final completion tests.

5.12 EWG Status; Market-Based Rate Authority The Borrower (i) is an EWG and (ii) shall take or cause to be taken all necessary or appropriate actions to, at least sixty (60) days prior to the initial generation, delivery or sale of electricity from the Project, or earlier to the extent required by an applicable Governmental Rule and by no later than the Term Conversion Date, apply for an order under Section 205 of the FPA authorizing the Borrower to sell electric energy, capacity and ancillary services at wholesale at market-based rates, with all blanket authorizations and waivers of regulation typically granted to entities with market-based rate authority, including blanket authorization for the issuance of securities and assumption of liabilities and the notice period established by FERC with respect to such blanket authorization for the issuance of securities and assumption of liabilities shall have expired pursuant to Section 204 of the FPA. Once the Borrower obtains the status, authorizations and approvals set forth in clauses (i) and (ii) above, the Borrower shall take or cause to be taken all necessary or appropriate actions to maintain such status, authorizations and approvals.

5.13 Interest Rate Protection.

(a) Interest Rate Agreement. No later than three (3) Business Days after the Closing Date, the Borrower shall have entered into (i) one or more interest rate swap agreements with any Lender (or an Affiliate thereof) (or any Person or an Affiliate of such Person which was a Lender at the time of the execution of each such applicable interest rate swap agreement) (each a "Counterparty") under which the Borrower is a fixed rate payer and variable rate recipient of one or more LIBOR Rate interest rate swap agreements, substantially in the form of Exhibit M to this Agreement, or such other form as is reasonably acceptable to the Administrative Agent with respect to at least 75% (and no more than 100%) of the Term Loans (or, prior to Term Conversion, the estimated amount of the Term Loans ) until the October 31, 2022, and (ii) one or more interest rate swap agreements with one or more Counterparties with respect to at least 50% (and no more than 100%) of the estimated amount of the Borrower's term loans projected to be outstanding until October 31, 2025 (collectively, clauses (i), and (ii) above, the "Interest Rate Agreements"). The Interest Rate Agreements bound under Section 5.13(a)(i) will count towards the Interest Rate Agreements required by Section 5.13(a)(ii) and vice versa. After the date of execution thereof until the Discharge Date, the Borrower shall maintain in full force and effect the Interest Rate Agreements pursuant to the terms hereof, subject to the provisions of this Agreement permitting or requiring unwind or termination. The initial Interest Rate Agreements shall contain a commencement date of October 31, 2015. The initial Interest Rate Agreements will be entered with each Joint Lead Arranger (or an Affiliate thereof) as Counterparties, on a pro rata basis in accordance with their respective Commitments.

(b) Additional Interest Rate Agreements. After the Closing Date, the Borrower may enter into one or more interest rate swap agreements of the type described in Section 5.13(a) with respect to the Term Loans, substantially in the form of Exhibit M, with any Counterparty so long as the Borrower does not hedge more than 100% of the outstanding principal amount of the Term Loans.

(c) Security. The Obligations of the Borrower under each Interest Rate Agreement shall be secured by the Security Documents and shall rank *paripassu* with the Obligations of the Borrower under the other Loan Documents.

5.14 Power Purchase Arrangement. The Borrower shall direct the Power Purchaser to effect all payments due to Borrower from time to time under the SCE Power Purchase Agreement directly by wire transfer (or other commercially accepted means) to the Revenue Account.

5.15 Sanctions and Anti-Corruption Laws. If the Borrower obtains actual knowledge or receives any written notice that the Borrower, any affiliate, subsidiary or any person or entity holding any legal or beneficial interest whatsoever therein (whether directly or indirectly) is named on the OFAC SDN List, is under investigation for a possible violation of Sanctions or for a possible violation of Anti-Corruption Laws, the Borrower shall promptly (x) give written notice to the Administrative Agent of such occurrence, and (y) comply with all applicable laws with respect to such occurrence (regardless of whether the party included on the OFAC SDN List is located within the jurisdiction of the United States of America), including Sanctions and Anti-Corruption Laws, and the Borrower hereby authorizes and consents to the Agents' and Lenders' taking any and all steps such Person deems necessary, in their sole discretion, to comply with all Sanctions and Anti-Corruption Laws (including the "freezing" and/or "blocking" of assets and reporting such action to OFAC). The Borrower will not directly or knowingly use the proceeds of the Loans or Letters of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person or entity (i) to fund or facilitate any activities of or business with any Person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any Person (including any person participating in the transaction, whether as lender or otherwise) of Sanctions.

5.16 Operation of Project and Annual Operating Budget.

(a) Following the Term Conversion Date, the Borrower shall operate and maintain the Project, or cause the same to be operated and maintained, in good operating condition consistent in all material respects with (i) Prudent Industry Practices, (ii) all Applicable Permits, (iii) Legal Requirements, (iv) all applicable requirements of the Operative Documents (including the warranties provided for thereunder), and (v) applicable Annual Operating Budget and Annual Operating Plan, and make or cause to be made all repairs (structural and non-structural, extraordinary or ordinary) necessary to operate and maintain the Project in such condition (subject to the Borrower's other rights hereunder, including the Borrower's rights to access amounts in the Collateral Accounts in accordance with the terms of this Agreement and the Depositary Agreement); provided, however, the parties hereto acknowledge that actual construction and operating costs may vary from those set forth in the Annual Operating Budget and Annual Operating Plan and the Borrower shall not be considered in violation of this Section 5.16(a) solely due to annual expenses exceeding the amounts contemplated in the Annual Operating Budget or Annual Operating Plan by no greater than 25% of the corresponding amount set forth with respect to any category in the applicable Annual Operating Budget or Annual Operating Plan or 10% in the aggregate in the applicable Annual Operating Budget or Annual Operating Plan for such year.

(b) At least forty-five (45) days before the Term Conversion Date and thereafter no later than forty-five (45) days prior to the end of each calendar year, the Borrower shall prepare and deliver to Administrative Agent a draft annual operating plan and a draft annual operating budget, in each case, substantially in the form of Exhibit F to this Agreement for the ensuing calendar year. Each draft annual operating budget shall be prepared on a substantially similar basis to the immediately preceding Annual Operating Budget and consistent with the methodology set forth in the Term Conversion Date Base Case Model, and shall include the same general categories of revenue and cost, including all operating, repair and maintenance costs (including reasonable allowance for contingencies), Debt Service, proposed distributions, costs and expenses related to the purchase of parts or other personal property of any nature necessary or useful to the operation, maintenance, service or repair of the Project, management expenses and fees, taxes, insurance premiums, reserves and all other Operating Costs payable by the Borrower,

except as may otherwise be approved by the Administrative Agent (in consultation with the Independent Engineer), such approval not to be unreasonably withheld. The draft annual operating budget shall reflect escalation of Operating Costs in accordance with the Material Project Documents, as applicable.

(c) If the projected Operating Costs set forth in any draft Annual Operating Budget are greater than 110% of the Operating Costs budgeted for in the prior year's Annual Operating Budget, the draft annual operating budget and draft annual operating plan shall be subject to the approval of the Administrative Agent unless the Independent Engineer certifies to the Lenders that such excess Operating Costs are reasonable in light of the applicable year's projected operation and maintenance requirements for the Project. Upon approval of the Administrative Agent (if required hereunder), such draft shall become the Annual Operating Budget and the Annual Operating Plan for purposes of this Agreement (such approval or disapproval to be communicated to the Borrower within 30 days after Administrative Agent's receipt of such draft annual operating budget or draft annual operating plan). Any approved Annual Operating Budget and Annual Operating Plan may be amended with the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld or delayed.

(d) If the Administrative Agent disapproves a draft annual operating budget or draft annual operating plan under circumstances where its approval is required as provided in Section 5.16(c), Administrative Agent shall notify the Borrower and detail the items that are disapproved and the reason for such disapproval. The Borrower shall be entitled to revise any such draft annual operating budget or draft annual operating plan and deliver such revised draft to the Administrative Agent, whereupon the provisions of Section 5.16(c) shall apply. Until any draft annual operating budget becomes the Annual Operating Budget as provided herein, the Annual Operating Budget most recently in effect shall continue to apply subject to escalation for any increase in the Consumer Price Index from the prior year and any additional escalation expressly required pursuant to the terms of the Material Project Documents, except that any items of then-proposed draft annual operating budget that have been approved by the Administrative Agent shall be given effect in substitution of the corresponding items in the Annual Operating Budget most recently in effect.

5.17 Final Completion. The Borrower shall use commercially reasonable efforts to cause Final Completion under the EPC Agreement to occur no later than the corresponding date required in the EPC Agreement. The Borrower shall prepare and deliver to the Administrative Agent and the Independent Engineer, at least five (5) Business Days prior to the Term Conversion Date, a reasonably detailed construction status report describing the milestones remaining to be completed by EPC Contractor, the timing of such milestone completion as compared to the schedule in the EPC Agreement and the amount of Project Costs estimated to be incurred under the Material Project Documents ("Construction Status Report"). The Administrative Agent and the Independent Engineer shall be entitled to reasonably verify and, if necessary, reasonably correct and add to such Construction Status Reports in a manner reasonably acceptable to Administrative Agent and the Independent Engineer. Upon approval of such Construction Status Report, an amount equal to the amount of the Project Costs required to be paid under the Material Project Documents to achieve Final Completion, as calculated by the Borrower and confirmed by the Independent Engineer, shall be deposited into the Construction Completion Subaccount on the Term Conversion Date.

5.18 Debt Service Coverage Ratio. The Borrower shall deliver to Administrative Agent the Borrower's calculation of the Debt Service Coverage Ratio as of each applicable Repayment Date no later than ten (10) Business Days after such Repayment Date. The Administrative Agent shall notify the Borrower in writing no later than five (5) Business Days following receipt thereof of any suggested corrections, changes or adjustments of the calculation of the Debt Service Coverage Ratio. The Borrower shall incorporate all timely received and demonstrably correct comments that are consistent with the terms of this Agreement and deliver to the Administrative Agent such revised Debt Service Coverage

Ratio calculations on or before the date that is five (5) Business Days following the date of the Borrower's receipt of the applicable comments. The calculations of the Debt Service Coverage Ratio hereunder shall be used in determining deposits to and releases from the Revenue Account and the Distribution Reserve Account, as applicable, pursuant to the Depositary Agreement. If the Borrower fails to produce the information and calculations relating to the Debt Service Coverage Ratio required to be produced pursuant to this Section 5.18, then, until such time as such information and calculations are provided, no funds shall be released from the Revenue Account to the Distribution Account or from the Distribution Reserve Account, as applicable.

5.19 Separateness Provisions.

(a) The Borrower shall conduct its business solely in its own name in a manner not misleading to other Persons as to its identity. Without limiting the generality of the foregoing, all oral and written communications of the Borrower (if any), including letters, invoices, purchase orders, contracts, statements, and applications shall be made solely in the name of the Borrower.

(b) The Borrower shall maintain entity records and books of account separate from those of any other entity which is an Affiliate of the Borrower and shall not commingle its funds or assets with those of any other entity which is an Affiliate of the Borrower.

(c) The Borrower shall provide that its board of directors or other analogous governing body will hold all appropriate meetings to authorize and approve the Borrower's actions, which meetings will be separate from those of other entities.

5.20 Further Assurances.

(a) The Borrower shall, and shall cause the other Loan Parties to, promptly upon request by the Administrative Agent, correct any material defect or manifest error that may be discovered in any Loan Document or in the execution, acknowledgement, filing or recordation thereof.

(b) The Borrower shall, and shall cause the other Loan Parties to, promptly upon request by the Administrative Agent, execute, acknowledge, deliver, record, re-record, file, re-file, register and re- register any and all such further acts, deeds, conveyances, pledge agreements, mortgages, deeds of trust, trust deeds, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as the Administrative Agent may reasonably require from time to time in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by applicable Legal Requirements, subject any Collateral to the Liens now or hereafter intended to be covered by any of the Security Documents, (iii) perfect and maintain the validity, effectiveness and priority of any of the Security Documents and any of the Liens intended to be created thereunder and (iv) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which such Loan Party is or is to be a party.

5.21 Additional Collateral.

(a) With respect to any property acquired after the Closing Date by the Borrower (other than any property described in paragraph (b) below) as to which the Collateral Agent, for the benefit of the Secured Parties, does not have a perfected Lien, promptly (i) execute and deliver to the Collateral Agent such amendments to the Security Agreement as the Administrative Agent deems necessary or advisable to grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in such property,

subject to Permitted Liens and (ii) take all actions necessary or advisable to grant to the Collateral Agent, for the benefit of the Secured Parties, a perfected first priority security interest in such property, including the filing of UCC financing statements in such jurisdictions as may be required by the applicable Security Agreement or by law or as may be requested by the Collateral Agent or the Administrative Agent, except for Permitted Liens.

(b) If the Borrower shall at any time acquire any real property or leasehold or other interest in real property not covered by the Deed of Trust, promptly upon such acquisition, the Borrower shall execute, deliver and record a supplement to the Deed of Trust, reasonably satisfactory in form and substance to the Administrative Agent and the Collateral Agent, subjecting such real property or leasehold or other interests to the lien and security interest created by the Deed of Trust.

(c) The Borrower shall use its commercially reasonable efforts to cause each other party to each Additional Project Agreement (other than the Second Interconnection Agreement Amendment, the CCSF Mitigation Agreement and the agreements described on Schedule 5.2(d)) to execute and deliver to the Administrative Agent, concurrently with the execution of such Additional Project Agreement, a consent to collateral assignment in form and substance reasonably satisfactory to the Administrative Agent.

5.22 Construction Contracts. As of the Term Conversion Date, the Borrower shall have paid and discharged or caused to be paid or discharged all material liabilities and obligations for payments of amounts then due to each Material Project Participant with respect to the completion of the Project under the relevant Material Project Documents, other than amounts being contested in good faith and by appropriate proceedings, so long as the Borrower has reserved sufficient amounts to pay such liabilities and obligations in accordance with Section 5.17 and Section 3.1(b)(iii)(B) of the Depositary Agreement.

5.23 COD. The Borrower shall achieve COD on or before the Date Certain.

5.24 Participating Intermittent Resource Status.

(a) If the Borrower is required under the SCE Power Purchase Agreement to become a Participating Intermittent Resource (as such term is defined in the SCE Power Purchase Agreement), the Borrower shall make all submissions and take such other actions as required to obtain such status on a timely basis so as to be in compliance with its obligations under the SCE Power Purchase Agreement. In such case, the Borrower shall thereafter cause the Project to remain at all times certified as a Participating Intermittent Resource (as such term is defined in the SCE Power Purchase Agreement) as and to the extent required under the SCE Power Purchase Agreement.

(b) Until the Borrower obtains CEC Certification (as such term is defined in the SCE Power Purchase Agreement) and CEC Verification (as such term is defined in the SCE Power Purchase Agreement), the Borrower shall maintain CEC Pre-Certification (as such term is defined in the SCE Power Purchase Agreement). The Borrower shall (i) apply for CEC Certification under California's renewable portfolio standard not later than thirty (30) days of achieving the "Commercial Operation Date" as defined in the SCE Power Purchase Agreement, (ii) provide the Administrative Agent with a copy of such application and (iii) thereafter diligently pursue obtaining such CEC Certification and CEC Verification. Once obtained, the Borrower shall maintain CEC Certification and CEC Verification as required under the SCE Power Purchase Agreement.

5.25 Equity Commitment. The Borrower shall cause the Equity Investor to fund its Equity Commitment as and to the extent required under the Equity Contribution Agreement. The Borrower shall apply all proceeds of the Equity Contributions in accordance with the Equity Contribution Agreement.

5.26 Consultants. After Term Conversion, the Borrower shall provide such documents and information to the Independent Engineer, the Insurance Consultant and the Lenders as they may reasonably request and consider necessary in order to deliver annually to the Administrative Agent a report on the status of the Project or compliance with applicable insurance requirements, as the case may be.

5.27 Compliance with General Order 167. The Borrower shall take or cause to be taken all necessary and appropriate actions to, within ninety (90) days following the date on which the Project is interconnected, capable of operating in parallel with the electricity grid, and has achieved commercial operation, file with the Electric Safety and Reliability Branch of the Safety and Enforcement Division of the CPUC the initial operation and maintenance certifications and plan summaries required under CPUC General Order 167. Once the Borrower has made such filings: (i) the Borrower shall take or cause to be taken all necessary or appropriate actions to maintain such certifications and plan summaries, including, without limitation, periodically filing recertifications as required under General Order 167 and notifying the CPUC of any material change as required under General Order 167; and (ii) the Borrower shall comply with all requirements under General Order 167 applicable to the Borrower and/or the Project, including the requirement under Operation Standard 25 to notify the CPUC and the CAISO in writing at least ninety (90) days prior to any change in ownership.

5.28 SLTP Project. Promptly after the public release of any material information or other material development relating to the environmental review and permitting process for the SLTP Project (including release of the Draft and Final Environmental Impact Report/Environmental Impact Statement, staff reports, comment letters or other correspondence and testimony provided by Borrower, draft conditions of approval, and approval or denial documents), the Borrower shall notify the Administrative Agent and the Lenders, which notice shall include a reasonably detailed summary and interpretation of such information or development and the potential impact on the Project as well as describe any actions that the Borrower has taken or proposes to take with respect thereto. Should the SLTP Project be approved for construction with an alignment that results in a material adverse effect to the Project, the Borrower shall provide a report on the impact of the SLTP Project on the Project and shall include a plan that is intended to mitigate such impact, including an estimate of costs and the time required to implement such plan, which shall be confirmed by the Independent Engineer and, acting reasonably, the Required Lenders. The Borrower shall, to the extent commercially reasonable, implement any such mitigation plan in accordance with such report.

## ARTICLE 6.

## NEGATIVE COVENANTS OF BORROWER

The Borrower covenants and agrees that, prior to the Discharge Date, it shall, unless the Required Lenders waive compliance in writing, not do any of the following:

6.1 Indebtedness. The Borrower shall not directly or indirectly create, incur, assume, suffer to exist or otherwise be or become liable with respect to any Indebtedness except for Permitted Indebtedness.

6.2 Liens. The Borrower shall not create, incur, assume or suffer to exist (a) any Lien on any of its Property (including any Collateral) except for Permitted Liens or (b) any Lien on its Capital Stock, except (i) the Lien granted under the Pledge Agreement and (ii) any non-consensual Permitted Lien that arises by operation of law.

6.3 Investments. The Borrower shall not make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any other assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "Investments"), except investments in Permitted Investments.

6.4 Prohibition of Fundamental Changes; Sale of Assets, Fiscal Year, Etc.

(a) The Borrower shall not change its legal form, merge into or consolidate with, or acquire all or any substantial part of the assets or any class of stock of (or other equity interest in), any other Person and shall not liquidate or dissolve and shall not modify its organizational documents in any manner adverse to the Agents, the Issuing Banks or the Lenders.

(b) The Borrower shall not convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, any assets of the Borrower except (i) pursuant to the Loan Documents, (ii) the disposition of obsolete, worn out or replaced personal property not used or useful in the development or operation of the Project, (iii) in the ordinary course of business and which assets, except in the case of the sale of electrical energy and related energy, tax and environmental attributes, unless replaced, have a fair market value not in excess of $1,000,000 per transaction and $1,000,000 in the aggregate during a 12-month period commencing on the date of this Agreement, (iv) the disposition of any funds on deposit in the Distribution Account in accordance with the Depositary Agreement, (v) sales, leases or transfers of assets as expressly contemplated by the Material Project Documents as in existence on the Closing Date (or the CCSF Mitigation Agreement, Second Interconnection Agreement Amendment or the agreements contemplated by Schedule 5.2(d), when executed) or the, (vi) the liquidation, sale or use of cash and Permitted Investments, or (vii) the granting of easements or other interests in the Real Property related to the Project to other Persons so long as such grant is in the ordinary course of business, not substantial in amount and does not or would not reasonably be expected to materially detract from the value or use of the affected property or to interfere in any material respect with the Borrower's ability to construct or operate the Project or sell or distribute power therefrom.

(c) The Borrower shall not purchase or acquire any assets other than: (i) the purchase of assets required for the development, construction, completion, operation and maintenance of the Project in accordance with the Material Project Documents and as contemplated by the Construction Budget and Schedule or the Annual Operating Budget, in each case including budget deviations permitted by this Agreement and including the purchase of land required to mitigate environmental impacts of the Project (provided that customary environmental site assessments (in form and substance reasonably acceptable to the Administrative Agent) with respect to such to be purchased land are delivered to the Administrative Agent prior to such purchase), (ii) the purchase of assets required in connection with any restoration, repair or rebuilding of the Project in accordance with Section 5.4(e) or (iii) the purchase of assets necessary to prevent or mitigate an emergency situation.

(d) The Borrower shall not change its name, principal place of business, its fiscal year, its method of determining fiscal quarters or its federal employer identification number.

6.5 Nature of Business. The Borrower shall not enter into any activities other than the ownership, development, construction, operation, maintenance and financing of the Project and any activities incidental to the foregoing.

6.6 Transactions With Affiliates. The Borrower shall not enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate unless such transaction is (a) (i) otherwise

permitted under this Agreement, (ii) in the ordinary course of business of the Borrower, (iii) upon fair and reasonable terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate and (iv) in which expenses (if any) are reasonably equally allocated among the Affiliate parties thereto, or (b) an obligation under any Material Project Document as in existence on the Closing Date.

6.7 No Distributions. The Borrower shall not directly or indirectly, (a) make or declare any payment or distribution (in cash, property or obligation) to any of its Affiliates (including any distributions contemplated under the Borrower's limited liability company operating agreement and any payments in respect of management (or other) fees to any of Holdings or its Affiliates not expressly provided for by the O&M Agreement, the Asset Management Agreement or the EPC Agreement) and (b) make any payment of principal or interest in respect of any subordinated indebtedness (including Permitted Affiliate Subordinated Indebtedness) (each payment described in clauses (a) and (b) being hereinafter referred to as a "Restricted Payment"), unless, in the case of any Restricted Payment:

(i) no Default or Event of Default has occurred and is continuing and such Restricted Payment will not result in an Event of Default, (ii) the first Repayment Date has occurred;

(iii) the Debt Service Coverage Ratio calculated in accordance with Section 5.18 shall be equal to or greater than the Required DSCR;

(iv) such Restricted Payment is made from funds deposited into, and disbursed from, the Distribution Account in accordance with Section 3.11 of the Depositary Agreement;

(v) there are no Reimbursement Obligations or LC Loans outstanding as a result of a Drawing on the Letters of Credit; and

(vi) the Borrower shall have delivered to Administrative Agent a certificate pursuant to Section 3.2(c)(ix) or 3.10(b)(ii), as applicable, of the Depositary Agreement certifying to the effect that each of the foregoing conditions shall have been satisfied.

6.8 Material Project Documents. The Borrower shall not (i) cancel or terminate any Material Project Document to which it is a party or consent to or accept any cancellation or termination of any such Material Project Document, (ii) sell, assign (other than pursuant to the Security Documents) or otherwise dispose of (by operation of law or otherwise) any part of its interest in any Material Project Document to which it is a party or consent to any assignment by the other party thereto, (iii) waive any material default under, or material breach of, any Material Project Document to which it is a party or waive, fail to enforce, forgive, compromise, settle, adjust or release any material right, interest or entitlement, howsoever arising, under, or in respect of any such Material Project Document or in any way vary, or consent or agree to the variation of, any material provision of such Material Project Document or of the performance of any material covenant or obligation by any other Person or consent to any assignment by any other Person under any such Material Project Document, (iv) petition, request or take any other legal or administrative action that seeks, or may be expected, to materially impair the Borrower's rights under any Material Project Document to which it is a party or seeks to amend, modify or supplement any such Material Project Document in any material respect, (v) amend, supplement or modify in any material respect any Material Project Document (in each case as in effect when originally delivered to and accepted by the Administrative Agent) to which it is a party or (vi) enter into any new agreement or instrument replacing or supplementing any Material Project Document; in each case of clauses (i) through (vi) above without first obtaining, in the case of the SCE Power Purchase Agreement,

the prior written approval of all Lenders, and in the case of each other Material Project Document, the prior written approval of the Required Lenders, provided that the Borrower may execute the Second Interconnection Agreement Amendment, the CCSF Agreement and the agreements contemplated by Schedule 5.2(d) without approval of the Administrative Agent or the Lenders.

For the avoidance of doubt, change orders under the EPC Agreement shall be governed exclusively by Section 6.9.

6.9 Budget; Change Orders. (a) The Borrower shall not amend or modify the Construction Budget and Schedule to reallocate any portion of any line item of the Construction Budget and Schedule, use the contingency line item in the Construction Budget and Schedule to pay for Project Costs or agree to any change order under the EPC Agreement (except as contemplated in the Construction Budget and Schedule as a separate line item) without the prior consent of the Required Lenders (in consultation with the Independent Engineer) except to (i) reallocate or use up to the full amount of the contingency or the amount identified under "Wetlands Additional "Plan C" Contingency" in the Construction Budget and Schedule to pay for change orders under the EPC Agreement or otherwise to pay other Project Costs, (ii) apply cost-savings from any line of the Construction Budget and Schedule (which cost-savings has been confirmed by the Independent Engineer) to the contingency line item of the Construction Budget and Schedule or (iii) implement changes that do not violate Section 6.9(b) (and the Borrower shall deliver to the Administrative Agent copies of all amendments to the Construction Budget and Schedule and change orders effected without the consent of the Required Lenders pursuant to this paragraph (a)).

(b) Notwithstanding anything to the contrary in Section 6.9(a) or any other provisions of this Agreement, the Borrower shall not agree to any change order otherwise permitted under Section 6.9(a) that represents a change in (i) to the extent such change is individually or, in conjunction with other changes, in the aggregate material, the design of the Project (excluding, for the avoidance of doubt, any change in design relating to mitigation of the Potential Wetlands Areas reflected in the Independent Engineer report delivered to the Administrative Agent pursuant to Section 3.1(q)), (ii) "Guaranteed Capacity," "Guaranteed Substantial Completion Date or the "Long-stop Date" (each as defined in the EPC Agreement), (iii) "Substantial Completion" (as defined in the EPC Agreement), (iv) any liquidated damages payable under the EPC Agreement, (v) any performance guarantees set forth in the EPC Agreement or (vi) the warranty obligations set forth in the EPC Agreement, in each case without the consent of the Required Lenders (in consultation with the Independent Engineer).

6.10 Additional Project Agreements. The Borrower shall not enter into any Additional Project Agreement (other than the Second Interconnection Agreement Amendment, the CCSF Mitigation Agreement or any agreement referenced in Schedule 5.2(d)) without first (a) delivering to the Administrative Agent, in no event later than ten (10) Business Days before the anticipated execution date of such Additional Project Agreement, a final draft thereof and (b) obtaining the prior written approval of the Required Lenders.

6.11 Swap Agreements. The Borrower shall not enter into any Swap Agreement (other than as contemplated by Section 5.13).

6.12 ERISA. The Borrower shall not engage in or suffer any ERISA Event that would subject the Borrower to any tax, penalty or other liabilities in an amount that would reasonably be expected to have a Material Adverse Effect.

6.13 Subsidiaries. The Borrower shall not create, form or acquire any Subsidiary or enter into any partnership or joint venture.

6.14 Accounts. The Borrower shall not have any "deposit accounts" with a "bank" (within the meaning of Section 9-102 of the UCC) other than (a) the Collateral Accounts, as applicable, established in accordance with this Agreement and the other Loan Documents and (b) the Local Deposit Account which may contain an amount on deposit therein not in excess of $200,000, to the extent such account is subject to a deposit account control agreement in favor of the Collateral Agent in form and substance satisfactory to the Administrative Agent and the Collateral Agent.

6.15 Capital Expenditures Except to the extent that the Borrower is permitted to make such expenditures from the O&M Account or the MMR Required Deposit Account under the provisions of the Depositary Agreement, the Borrower shall not make any capital expenditures other than with amounts permitted to be distributed from the Distribution Account in accordance with the Depositary Agreement.

6.16 Lease Transactions. The Borrower shall not enter into any transaction for the lease of any of its assets, whether operating leases, capital leases or otherwise, other than the Site Lease Agreements.

6.17 Hazardous Substances. The Borrower shall not use or Release any Hazardous Substances or take any other action in violation of any Environmental Laws, other Legal Requirements or Applicable Permits or in a manner that could subject the Secured Parties to material liability or would reasonably be expected to result in a Material Adverse Effect.

6.18 Regulations. The Borrower shall not directly or indirectly apply any part of the proceeds of any Loan or other extensions of credit hereunder or other revenues to the purchasing or carrying of any Margin Stock or take any other action that might result in a violation of any regulation of the Board.

6.19 Prepayment of Permitted Affiliate Subordinated Indebtedness. The Borrower shall not make, or agree to offer to pay or make, directly or indirectly, any payment or other distribution (whether in cash, securities or other property) of or in respect of principal of or interest on any Permitted Affiliate Subordinated Indebtedness, or any payment or other distribution (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Permitted Affiliate Subordinated Indebtedness, in each case except as permitted pursuant to Section 6.7.

6.20 Modification of Additional Documents. The Borrower shall not amend or modify, or permit the amendment or modification of, any provision of any Permitted Affiliate Subordinated Indebtedness or any agreement relating thereto.

6.21 Fiscal Year. The Borrower shall not permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

6.22 Permitted Tax Equity Investment.

(a) The Borrower shall not permit a passive tax equity investment related to the Borrower or the Project to be consummated unless the following conditions are met: (i) such tax equity investment is made by a Person that is a Permitted Tax Equity Investor (the "Tax Equity Investor"); (ii) such tax equity investment is made in Holdings or a parent of Holdings (such entity, the "Tax Equity JV"); (iii) the Sponsor, a Permitted Transferee or an Affiliate of the Sponsor or a Permitted Transferee (provided, in each case, that no Change of Control occurs as a result thereof) that holds the non-tax equity interest in the Tax Equity JV (the "Sponsor Member") will control the day to day operations of the Borrower as the managing member of the Tax Equity JV pursuant to the tax equity operating agreement (subject to customary approval rights of the Tax Equity Investor with respect to major decisions); and (iv) the

Sponsor Member shall agree to pledge its membership interests in the Tax Equity JV to the Collateral Agent pursuant to a pledge agreement substantially similar to the Pledge Agreement, and the tax equity operating agreement shall permit such pledge and the transfer of the pledged membership interests to the Collateral Agent or its designee or a third party transferee upon foreclosure on terms reasonably satisfactory to the Lenders (and from and after the date such operating agreement is entered into, such transfer provisions may not be amended without the consent of the Required Lenders); provided that if the Tax Equity JV is not Holdings, the Tax Equity JV shall, directly or indirectly through other 100% owned intermediate holding companies, own 100% of the equity interests in Holdings, and the Tax Equity JV and any such intermediate holding companies shall pledge all of their equity interests in such intermediate holdings companies and Holdings to the Collateral Agent pursuant to pledge agreements substantially similar to the Pledge Agreement (and thereafter, (x) the references to "Holdings" in clauses (a)(iii) and (b)(iii) of the definition of "Change of Control" shall be deemed to refer to the Tax Equity JV (and the intermediate holding companies, if any) and (y) the Tax Equity JV and each other pledgor under such pledge agreements shall be deemed "Loan Parties" hereunder and such pledge agreements shall be deemed "Security Documents"); provided further that in no event shall the Forbearance Agreement require the Lenders to forbear from exercising remedies under the Loan Documents prior to the Forbearance Start Date.

(b) As soon as practicable after a tax equity investor has been identified, but in any event no later than 30 days prior to the proposed execution date of a Forbearance Agreement, the Borrower shall give the Administrative Agent and the Lenders written notice containing the name of such investor and such other information necessary (or reasonably requested by the Lenders) and not later than 10 Business Days thereafter the Lenders shall confirm in writing to Borrower whether such investor is a Permitted Tax Equity Investor (it being understood that (i) the confirmations with respect to clauses (a) and (c) of the definition of Permitted Tax Equity Investor are subject to final confirmation on the date any Forbearance Agreement becomes effective and (ii) the confirmation with respect to clause (b) of the definition shall be irrevocable for a period of 90 days after such confirmation). Notwithstanding the failure of a Person to meet each of the requirements included in the definition a Permitted Tax Equity Investor, any Lender may, in its own discretion, acting solely for itself and not for any other Lender, waive any or all of the requirements included in the definition a Permitted Tax Equity Investor and confirm such Person is a Permitted Tax Equity Investor and, for the avoidance of doubt, in the case of any such waiver and confirmation (x) the waiver and confirmations with respect to clauses (a) and (c) of the definition of Permitted Tax Equity Investor shall be subject to final confirmation on the date any Forbearance Agreement becomes effective and (y) the waiver and confirmation with respect to clause (b) of the definition shall be irrevocable for a period of ninety (90) days after such confirmation. The Borrower shall provide the Lenders for review a copy of the proposed operating agreement for the Tax Equity JV at least 10 Business Days prior to its execution and the Borrower agrees to use commercially reasonable efforts to address any comments the Lenders may have with respect to provisions in such agreement that may materially affect the Lenders (except that the transfer provisions must be reasonably satisfactory to the Lenders as provided in clause (a)(iv) above).

(c) Each Lender agrees to negotiate in good faith the terms of a forbearance agreement with the Tax Equity Investor, and agrees to enter into a forbearance agreement with terms satisfactory to it (which if agreed to by such Lender may contain terms similar to those set forth on Annex 2) (the "Forbearance Agreement"). Nothing in the Forbearance Agreement shall limit the ability of the Collateral Agent to exercise its rights and remedies under the pledge agreement with the Sponsor Member or the other pledge agreements referred to above. After the procedures set forth in this Section 6.22 have been followed, if any Lender fails to agree to a Forbearance Agreement, the Borrower shall have the right, set forth in Section 2.23, which shall be the Borrower's exclusive rights in connection therewith.

6.23 Network Upgrades. The Borrower has elected to receive refund payments under the Interconnection Agreement for amounts paid by the Borrower toward Network Upgrades (as defined in the Interconnection Agreement) over a five-year period on a levelized basis, paid quarterly (as reflected in the Base Case Model), and shall not change this election during such five-year period without the prior written consent of the Required Lenders.

## ARTICLE 7.

## EVENTS OF DEFAULT; REMEDIES

The occurrence prior to the Discharge Date of any of the following events, described in Sections 7.1 through 7.19 inclusive, shall constitute an event of default (individually, an "Event of Default," and collectively, the "Events of Default") hereunder:

7.1 Failure to Make Payments. (a) (i) The Borrower shall fail to pay any principal of any Loan when due in accordance with the terms hereof; or (ii) the Borrower shall fail to pay any interest on any Loan, or any other amount payable hereunder or under any other Loan Document, within five (5) Business Days after any such interest or other amount becomes due in accordance with the terms hereof.

(b) An Event of Default or Termination Event (as defined under the Interest Rate Agreements) by the Borrower shall have occurred and be continuing under any Interest Rate Agreement as the result of the Borrower's failure to pay any amount due under such Interest Rate Agreement.

7.2 Misrepresentations. Any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document, any amendment or modification thereof or waiver thereto or that is contained in any certificate, document or financial or other statement furnished by it or at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made and, if such misrepresentation is susceptible of cure, (a) the adverse effect of the misrepresentation is not remedied within thirty (30) days of the Borrower receiving notice or knowledge thereof or (b) as remedied, would reasonably be expected to have a Material Adverse Effect.

7.3 Breach of Terms of This Agreement, Other Loan Documents.

(a) The Borrower or Holdings shall default in the observance or performance of any agreement contained in Sections 5.1(e), 5.2(a), 5.4(a) or (b), 5.7, 5.11, 5.13 or 5.25, or Article 6 (other than as provided in Section 7.3(b)). The Equity Investor shall default in the observance or performance of any agreement contained in the Equity Contribution Agreement, provided that the timely observation, performance or cure of the Equity Contributor's obligations by the Equity Contributor Guarantor shall be deemed an observance or performance, as the case may be, by the Equity Contributor. The ECA Parent Guarantor shall (subject to any applicable cure period under the ECA Parent Guaranty) default in the observance or performance of any agreement contained in the ECA Parent Guaranty. The Borrower shall default in the bservance or performance of any agreement contained in Section 3.1(b)(i) of the Depositary Agreement.

(b) The Borrower shall default in the observance or performance of any agreement contained in Section 6.2 as a result of non-consensual Permitted Lien failing or ceasing to qualify as a Permitted Lien hereunder and such default shall continue unremedied for a period of fifteen (15) days.

(c) Any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided elsewhere in this

Article 7), and such default shall continue unremedied for a period of thirty (30) days after notice to the Borrower from the Administrative Agent or the Required Lenders; provided, that if such default cannot be cured within such thirty (30) day time period but is susceptible to cure within ninety (90) days, if such Loan Party, as applicable, commences action reasonably designed to cure such default within such thirty (30) day time period and diligently pursues such cure, then such Loan Party, as applicable, shall have an additional time period not to exceed sixty (60) days to cure such default.

7.4 Cross Default. Any Loan Party shall (i) default in making any payment of any principal of any Indebtedness (including any Guarantee obligation, but excluding the Loans) on the due date with respect thereto (after giving effect to available cure periods); or (ii) default in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) default in the observance or performance of any other material agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee obligation) to become payable; provided, that a default, event or condition described in clause (i), (ii) or (iii) above shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) above shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $1,000,000.

7.5 Bankruptcy; Insolvency. Subject to items (i) through (iii) below, (a) Any Loan Party or any of the Material Project Participants (the "Subject Persons") shall commence any case, proceeding or other action (i) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (ii) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets; or (b) there shall be commenced against any Subject Persons any case, proceeding or other action of a nature referred to in clause (a) above that (i) results in the entry of an order for relief or any such adjudication or appointment or (ii) remains undismissed or undischarged for a period of sixty (60) days; or (c) there shall be commenced against any Subject Persons any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or (d) any Subject Persons shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (a), (b), or (c) above; or (e) any Subject Persons shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or (f) any Subject Person shall make a general assignment for the benefit of its creditors; provided, however, that such Event of Default with respect to such Subject Person (except for any Loan Party or the Power Purchaser) shall not be deemed to have occurred if (i) such Subject Person has been replaced within sixty (60) days of the occurrence of a Default under this Section 7.5 by any other Person reasonably acceptable to the Required Lenders, (ii) the Material Project Document to which such Subject Person is a party has expired or terminated in accordance with this Agreement (except for the SCE Power Purchase Agreement, the Interconnection Agreement and the Site Lease) or been replaced within sixty (60) days of the occurrence of a Default under this Section 7.5 by a replacement Material Project Document in form and substance reasonably acceptable to the Required Lenders or (iii) the Subject Person is a Material Project Participant

(other than the Power Purchaser, the EPC Contractor or the EPC Parent Guarantor) and the applicable event could not reasonably be expected to have a Material Adverse Effect on the Borrower or the Project.

7.6 ERISA Events. (a) an ERISA Event shall have occurred, (b) a trustee shall be appointed by a United States district court to administer any Pension Plan, (c) the PBGC shall institute proceedings to terminate any Pension Plan(s), (d) any Loan Party or any of their respective ERISA Affiliates shall have been notified by the sponsor of a Multiemployer Plan that it has incurred or will be assessed Withdrawal Liability to such Multiemployer Plan and such entity does not have reasonable grounds for contesting such Withdrawal Liability or is not contesting such Withdrawal Liability in a timely and appropriate manner; or (e) any other event or condition shall occur or exist with respect to an ERISA Plan, a Foreign Plan or a Foreign Benefit Arrangement; and in each case in clauses (a) through (e) above, such event or condition, together with all other such events or conditions, if any, could, in the sole judgment of the Required Lenders, reasonably be expected to result in a Material Adverse Effect.

7.7 Judgments. One or more judgments or decrees shall be entered against any Loan Party involving in the aggregate a liability (which liability is not paid or is not covered by available insurance as acknowledged in writing by the provider of such insurance or as certified to the Administrative Agent by the Insurance Consultant) of $1,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof.

7.8 Security. (a) Any of the Loan Documents shall cease, for any reason, to be in full force and effect (other than as expressly permitted by this Agreement), any Loan Party or any Affiliate thereof shall so assert or (b) any security interest in the Collateral purported to be created by any Security Document shall cease to be, or shall be asserted in writing by any Loan Party not to be, a valid and perfected security interest having the priority required by this Agreement or the relevant Security Document in the securities, assets or properties covered thereby shall be invalidated or otherwise cease to be legal, valid and binding obligations of the parties thereto, enforceable in accordance with their terms.

7.9 Loss of Applicable Permits. Any Applicable Permit necessary for the construction or operation of the Project shall be materially modified in an adverse manner, revoked or cancelled by the issuing agency or other Governmental Authority having jurisdiction or the Borrower shall fail to obtain, renew, maintain or comply in all respects with any Applicable Permit, if such event, together with all such other events, could, in the sole judgment of the Required Lenders, reasonably be expected to result in a Material Adverse Effect (each an "Adverse Permit Event"); provided, however, that an Event of Default with respect to an Applicable Permit shall not be deemed to have occurred if such Applicable Permit has been replaced within sixty (60) days of the occurrence of a Default under this Section 7.9 by a replacement Applicable Permit in form and substance reasonably acceptable to the Required Lenders, so long as no Material Adverse Effect shall have occurred during such sixty (60) day period provided further that the period set forth in the preceding proviso shall be increased from sixty (60) days to ninety (90) days upon the submission by the Borrower of evidence reasonably satisfactory to the Required Lenders that the Borrower has asserted in writing pursuant to the EPC Agreement that a Force Majeure Event (as defined in the EPC Agreement) has occurred and the Adverse Permit Event results from such Force Majeure Event or the existence of such Adverse Permit Event has entitled the Borrower to assert the existence of such Force Majeure Event under the EPC Agreement.

7.10 Holdings. Holdings shall (a) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of the Borrower, (b) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (i) nonconsensual obligations imposed by operation of law, (ii) obligations pursuant to the Loan Documents to which it is a party and (iii) obligations with respect to its Capital Stock, (c) own, lease, manage or otherwise operate any

properties or assets (including cash (other than cash received in connection with dividends made by the Borrower in accordance with Section 6.7) and cash equivalents) other than the ownership of shares of Capital Stock of the Borrower or (d) create, incur, assume or suffer to exist any Lien upon any of its property, except Liens created pursuant to the Loan Documents and any tax Liens similar to those described in clause (b) of the definition of Permitted Liens.

7.11 Equity Commitment. The Equity Investor shall have failed to fund (either directly or by a draw under Acceptable Credit Support in accordance with the Equity Contribution Agreement) all or any portion of its Equity Commitment as and when required pursuant to the terms of the Equity Contribution Agreement (including Section 2.1(a) thereof) or (b) Acceptable Credit Support shall cease to be in full force and effect for any reason in an amount at least equal to the Equity Requirement in accordance with the Equity Contribution Agreement (unless such Acceptable Credit Support has been fully drawn by the Administrative Agent or the Equity Commitment is cash collateralized as contemplated by the Equity Contribution Agreement in an amount at least equal to the Equity Requirement).

7.12 Change of Control. A Change of Control shall have occurred.

7.13 Abandonment of Project. The Borrower shall have abandoned the development, construction or operation of the Project for a period of at least ten (10) consecutive days; provided that none of (A) scheduled maintenance of the Project, (B) repairs to the Project, whether or not scheduled or (C) a forced outage or scheduled outage of the Project, shall constitute abandonment or suspension of the Project, so long as Borrower is diligently attempting to end such suspension

7.14 Breach of Material Project Documents.

(a) Subject to Section 7.15, any Loan Party or any other party thereto shall breach or be in default under any material term, condition, provision, covenant, representation or warranty contained in any Material Project Document and the Required Lenders shall have determined that the effect of such breach or default could be reasonably expected to have a Material Adverse Effect on the Borrower or the Project and such breach or default shall continue unremedied for thirty (30) days after notice from the Administrative Agent or Lenders to the Borrower; provided, however, that if (i) such breach or default cannot be cured within such thirty (30) day period, (ii) such breach or default is susceptible of cure within ninety (90) days, (iii) such breach or default has not resulted, and could not, with the additional cure time contemplated by this proviso, be reasonably expected to result, in a Material Adverse Effect, and (iv) such other party is proceeding with all requisite diligence and in good faith to cure such failure, then the time within which such failure may be cured shall be extended to such date, not to exceed a total of sixty (60) days after the end of the initial thirty (30) day period, as shall be necessary for such party diligently to cure such failure.

(b) A Material Project Participant has delivered to the Borrower a written notice of default pursuant to the relevant Material Project Document (or the occurrence of any default that does not require a notice to affect a termination of such Material Project Document), such default, if not cured, gives such Material Project Participant the right to terminate such Material Project Document, the cure period provided thereunder in respect of such default has expired (or there is no cure period), and such default continues unremedied.

7.15 Loss of Material Project Document. Notwithstanding Section 7.14, any Material Project Document shall cease for any reason to be in full force and effect unless terminated in accordance with its terms and not as a result of a default thereunder; provided, however, that such Event of Default with respect to a Material Project Document (except for the SCE Power Purchase Agreement, the

Interconnection Agreement and the Site Lease) shall not be deemed to have occurred if such Material Project Document has been replaced within sixty (60) days of the occurrence of a Default under this Section 7.15 by a replacement Material Project Document in form and substance reasonably acceptable to the Required Lenders.

7.16 Loss of Collateral. Any material portion of the Borrower's property is damaged, seized or appropriated without fair value being paid therefor such as to allow replacement of such property and to allow the Borrower, in the reasonable judgment of the Administrative Agent, to continue satisfying its obligations hereunder and under the other Operative Documents, in each case after giving effect to any insurance proceeds or cash contributions to the common equity of the Borrower (other than pursuant to the Equity Contribution Agreement) made to the Borrower after the Closing Date and applied to such replacement.

7.17 Term Conversion. Term Conversion shall not have occurred on or prior to the Date Certain.

7.18 Remedies. Upon the occurrence and during the continuation of (a) an Event of Default specified in Section 7.5 with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents shall become immediately due and payable and the Administrative Agent shall be deemed to have made a demand for cash collateral to the full extent permitted under Section 2.16(n), without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding and (b) an Event of Default with respect to any Person other than the Borrower or an Event of Default with respect to the Borrower other than the Events of Default specified in clause (a) above, either or all of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate, (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable, (iii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, cause the Collateral Agent to draw in whole or in part upon the Acceptable Credit Support, (iv) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, demand cash collateral pursuant to Section 2.16(n), (v) with the consent of the Required Lenders, and after taking action in accordance with clauses (i) or (ii) above, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, upon one (1) Business Day prior notice to the Borrower, enter into possession of the Project and perform any and all work and labor necessary to complete the Project substantially according to the EPC Agreement or operate and maintain the Project, and all sums expended by the Administrative Agent in so doing, together with interest on such total amount at the Default Rate, shall be repaid by the Borrower to the Administrative Agent upon demand and shall be secured by the Loan Documents, notwithstanding that such expenditures may, together with amounts advanced under this Agreement, exceed the amount of the total Commitments, (vi) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, shall, or cause the Collateral Agent to, apply or execute upon any amounts on deposit in any Collateral Account, any Loss Proceeds or any other moneys of the Borrower on deposit with the Agents, any Secured Party or Depositary Bank (other than moneys in the Distribution Account) in the manner provided in the UCC and other relevant statutes and decisions and interpretations thereunder with respect to cash collateral, and (vii) with the consent of the Required

Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, or cause the Collateral Agent to, draw upon or make a demand under any Security Document or any Material Project Document collaterally assigned to Collateral Agent by the Borrower.

Notwithstanding anything to the contrary contained herein, (i) the Lenders may make disbursements or Loans to or on behalf of the Borrower to cure any Event of Default hereunder and to cure any default and render any performance required by the Borrower or Holdings under any Material Project Documents to which it is party as the Lenders in their sole discretion may consider necessary or appropriate, whether to preserve and protect the Collateral or the Lenders' interests therein or for any other reason, and all sums so expended, together with interest on such total amount at the Default Rate (but in no event shall the rate exceed the maximum lawful rate), shall be repaid by the Borrower to the Administrative Agent on demand and shall be secured by the Loan Documents, notwithstanding that such expenditures may, together with amounts advanced under this Agreement, exceed the amount of the total Commitments and (ii) the Administrative Agent and the Collateral Agent may exercise any and all rights and remedies available to them under any of the Loan Documents at law or in equity, including judicial or non-judicial foreclosure or public or private sale of any of the Collateral pursuant to the Security Documents.

## ARTICLE 8.

## ADMINISTRATIVE AGENT AND COLLATERAL AGENT; OTHER AGENTS

8.1 Appointment.

(a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto.

(b) Each Lender and each Counterparty hereby irrevocably designates and appoints the Collateral Agent as the agent of such Lender or Counterparty under this Agreement and the other Loan Documents, and each such Lender or Counterparty irrevocably authorizes the Collateral Agent, in such capacity, to enter into each of the Loan Documents to which it is party, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms of this Agreement and the other Loan Documents to which it is party, together with such other powers as are reasonably incidental thereto.

(c) Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agents shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, Counterparty or Loan Party, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agents.

8.2 Delegation of Duties. Each of the Agents may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

8.3 Exculpatory Provisions. None of the Agents nor any of its respective officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by such Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party. No Agent shall be responsible for the negligence or misconduct of any other Agent.

8.4 Reliance by Agents. Each of the Agents shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy or email message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to Holdings or the Borrower), independent accountants and other experts selected by such Agent. Each of the Agents may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. Each of the Agents shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless such Agent shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) in the case of the Administrative Agent, or of the Administrative Agent and Counterparties, if applicable, in the case of the Collateral Agent, as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders and Counterparties, if applicable, against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders) in the case of the Administrative Agent, or of the Administrative Agent and the Counterparties, if applicable, in the case of the Collateral Agent, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and Counterparties, if applicable, and all future holders of the Loans.

8.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender, Holdings or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders and the Collateral Agent. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders. The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Collateral Agent has received the notice from the Administrative Agent referred to above.

8.6 Non-Reliance on the Agents and Other Lenders. Each Lender and Counterparty expressly acknowledges that none of the Administrative Agent, the Collateral Agent nor any of their respective officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by the Agents hereafter taken, including any review of the affairs of a Loan Party or any of their Affiliates, shall be deemed to constitute any representation or warranty by the Agents to any Lender or Counterparty. Each Lender and Counterparty represents to the Agents that it has, independently and without reliance upon any other Lender or Counterparty, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Affiliates and made its own decision to make its Loans or enter into Interest Rate Agreements, as applicable, hereunder and enter into this Agreement. Each Lender and Counterparty also represents that it will, independently and without reliance upon the Agents or any other Lender or Counterparty, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders and Counterparties by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Lender or Counterparty with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any of their Affiliates that may come into the possession of the Agents or any of their officers, directors, employees, agents, advisors, attorneys-in-fact or affiliates.

8.7 Indemnification. The Lenders agree to indemnify each of the Administrative Agent, the Collateral Agent and their officers, directors, employees, affiliates, agents, advisors and controlling persons (each, an "Agent Indemnitee") (to the extent not reimbursed by the Borrower or Holdings and without limiting the obligation of the Borrower or Holdings to do so), ratably according to their respective pro rata share in effect on the date on which indemnification is sought under this Section (with such pro rata share calculated as such Lender's pro rata share of the aggregate outstanding Loans), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, claims, including Environmental Claims, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent Indemnitee in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent Indemnitee's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder, and the resignation or removal of any Agent hereunder.

8.8 Agents in Their Individual Capacity. Each of the Agents and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it, each of the Agents shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include such Agent in its individual capacity.

8.9 Successor Agents. The Administrative Agent (i) may resign as Administrative Agent upon thirty (30) Business Days' notice to the Lenders and the Borrower or (ii) may be removed at the

direction of the Required Lenders. If the Administrative Agent shall resign or be removed as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 7.1 or Section 7.5 with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is thirty (30) Business Days following an Administrative Agent's notice of resignation or the effective date of the Administrative Agent's removal (as determined by the Required Lenders), the Administrative Agent's resignation or removal shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any Administrative Agent's resignation or removal as Administrative Agent, the provisions of this Article 8 and of Section 9.5 shall continue to inure to its benefit. The Collateral Agent may resign as Collateral Agent upon 30 days' notice to the Administrative Agent, the Lenders and the Borrower. If the Collateral Agent shall resign as Collateral Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 7.1 or 7.5 with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Collateral Agent, and the term "Collateral Agent" shall mean such successor agent effective upon such appointment and approval, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act or deed on the part of such former Collateral Agent or any of the parties to this Agreement or any holders of the Loans. If no successor Collateral Agent shall have been appointed by the Required Lenders and shall have accepted such appointment within 25 days after the retiring Collateral Agent's giving of notice of resignation or if an Event of Default shall have then occurred and be continuing, then the retiring Collateral Agent may apply to a court of competent jurisdiction to appoint a successor Collateral Agent, which shall be a bank or trust company which (A) has an office in New York, New York, (B)(1) has a combined capital surplus of at least $500,000,000 or (2) has a combined capital surplus of at least $100,000,000 and is a wholly-owned subsidiary of a bank or trust company that has a combined capital surplus of at least $500,000,000 and (C) is reasonably acceptable to the Administrative Agent and the Required Lenders. After any retiring Collateral Agent's resignation as Collateral Agent, the provisions of this Article 8 and of Section 9.5 shall continue to inure to its benefit.

8.10 Agents under Security Documents. Each Lender and each Counterparty hereby authorizes the Administrative Agent or Collateral Agent, as applicable, on behalf of and for the benefit of the Secured Parties, to be the agent for and representative of the Lenders and the Counterparties with respect to the Collateral and the Security Documents. For the avoidance of doubt, the Collateral Agent shall receive direction either from the Administrative Agent or from the Administrative Agent on behalf of the Required Lenders.

8.11 Collateral Agent's Duties.

(a) Whenever reference is made in this Agreement or any Security Document to any action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any amendment, waiver or other modification of this Agreement to

be executed (or not to be executed) by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion or rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be acting, giving, withholding, suffering, omitting, making or otherwise undertaking and exercising the same (or shall not be undertaking and exercising the same) as directed by the Administrative Agent in accordance with this Agreement and the Security Documents. Notwithstanding anything in this Agreement or any Security Document to the contrary, the Collateral Agent will in no event be required to take any action which exposes the Collateral Agent to personal liability, which is contrary to this Agreement, the Security Documents or law or with respect to which the Collateral Agent does not receive adequate instructions or full indemnification and/or security to its satisfaction. The Collateral Agent shall not be required to take any such action or give any such approval prior to receiving such written statements. This provision is intended solely for the benefit of the Collateral Agent and its permitted successors and assigns and is not intended to, and will not, entitle the other parties hereto to any defense, claim or counterclaims under or in relation to any Security Documents, or confer any rights or benefits on any party hereto.

(b) The Collateral Agent is authorized, without further action or direction by the Administrative Agent or the Lenders, to make, complete or confirm any grant of Collateral required by this Agreement or any of the Security Documents and to release (or, if applicable, subordinate or grant non-disturbance rights in respect of) its Lien upon any Collateral (and execute such documents as are reasonably required in connection therewith) that is otherwise permitted to be transferred, sold, encumbered, released, conveyed or otherwise disposed of under the terms of this Agreement and the Security Documents. The Collateral Agent shall be entitled to rely on an Officer's Certificate of any Loan Party that has been countersigned by the Administrative Agent requesting such a release, subordination or non-disturbance, certifying that such release is permitted pursuant to the terms of this Agreement, and making specific reference to the provisions of this Agreement and the other Loan Documents permitting the transfer, sale, encumbrance, release, conveyance or disposition in connection with which the release, subordination or non-disturbance is being requested.

(c) The Collateral Agent shall not be responsible for and makes no representation as to the existence, genuineness, value or protection of any Collateral (provided that the Collateral Agent shall be responsible for the protection of any Collateral being held by it), for the legality, effectiveness or sufficiency of any Security Document, or for the creation, perfection, priority, sufficiency or protection of any liens securing the Obligations.

(d) Nothing herein shall require the Agents to file financing statements or continuation statements, or be responsible for maintaining the security interests purported to be created as described herein (except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder or under any other Loan Document) and such responsibility shall be solely that of the Borrower.

(e) The Collateral Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility under any Loan Document by reason of any occurrence beyond the control of the Collateral Agent (including but not limited to any present or future Legal Requirement, any act of god or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

(f) In the event that the Collateral Agent is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any obligation for the benefit of another, which in the Collateral Agent's sole discretion may cause the Collateral Agent to incur potential liability for any Environmental Claim or arising under any Environmental Law, the Collateral

Agent reserves the right, instead of taking such action, to either resign as the Collateral Agent or arrange for the transfer of the title or control of the asset to a court-appointed receiver. The Collateral Agent shall not be liable to the Borrower, the Secured Parties or any other Person for any Environmental Claims or any liability arising under any Environmental Law by reason of the Collateral Agent's actions and conduct as authorized, empowered and directed under the Financing Documents or relating to the presence, Release or threatened Release of Hazardous Substances.

8.12 Right to Realize on Collateral. Notwithstanding anything to the contrary contained in any of the Loan Documents, the Borrower, the Administrative Agent, the Collateral Agent, each Lender and each Counterparty hereby agree that (i) no Lender or Counterparty shall have any right individually to realize upon any of the Collateral, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent, on behalf of the Secured Parties in accordance with the terms hereof, and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent, on behalf of the Secured Parties in accordance with the terms hereof, and (ii) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent, any Lender or any Counterparty may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders or Counterparty or Counterparties in its or their respective individual capacities unless the Required Secured Parties shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other disposition.

8.13 Other Agents. None of the Co-Documentation Agents, Syndication Agent, Interest Rate Hedge Coordination Agents or Joint Lead Arrangers shall have any duties or responsibilities hereunder in its capacity as such.

8.14 Financial Liability. No provision of this Agreement or any other Finance Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby shall require the Collateral Agent to (i) expend or risk its own funds or provide indemnities in the performance of any of its duties hereunder or the exercise of any of its rights or power or (ii) otherwise incur any financial liability in the performance of its duties or the exercise of any of its rights or powers if it shall have reasonable grounds for believing repayment of such funds or adequate indemnity against such risk or liability (including an advance of moneys necessary to take the action requested) is not assured to it except for such liability, if any, arising out of the gross negligence or willful misconduct in the performance of its duties hereunder as determined by a final non-appealable judgment of a court of competent jurisdiction.

## ARTICLE 9.

## MISCELLANEOUS

9.1 Amendments. (a) Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended or modified except in accordance with the provisions of this Section 9.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document shall, from time to time (i) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder, provided that (x) with respect to any amendment or supplement that

adversely affects the Collateral Agent, the written consent of the Collateral Agent shall be required and (y) with respect to any amendment or supplement that adversely affects the Depositary Bank, the written consent of the Depositary Bank shall be required or (ii) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall:

(A) Forgive the principal amount or extend the final scheduled date of maturity of any Loan, reduce the stated rate of any interest or fee payable hereunder (except in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Required Lenders)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby;

(B) eliminate or reduce the voting rights of any Lender under this Section 9.1 without the written consent of such Lender;

(C) (i) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, or (ii) release a material portion of the Collateral, including any of the Power Blocks or any of the Material Project Documents or, in each case without the written consent of all Lenders;

(D) amend, modify or waive any provision of Sections 2.17(b), 2.17(c) or 6.22 without the written consent of all Lenders;

(E) reduce the percentage specified in the definition of Required Lenders without the written consent of all Lenders;

(F) amend, modify or waive any provision of Article 8, Section 9.5 or any other provision of any Loan Document that affects the Agents without the written consent of the applicable Agent;

(G) amend, modify or waive any provision of Sections 2.3, 2.5, 2.6, 2.8, 2.9, 2.10 or 2.16 or any other provision of any Loan Document that uniquely affects the Issuing Banks (solely in their capacity as Issuing Bank) without the consent of the applicable Issuing Bank(s).

(H) amend, modify or waive any provision of Section 4.14 of the Security Agreement or Section 5.04 of the Pledge Agreement without the written consent of the Required Secured Parties;

(I) change the provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders holding Loans of one Class differently from the rights of Lenders holding Loans of any other Class without the prior consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each adversely affected Class;

(J) amend, modify or waive any provision of any Interest Rate Agreement that adversely affects any Counterparty without the written consent of such Counterparty; or

(K) amend, modify or waive any provision of the Equity Contribution Agreement or any Acceptable Credit Support without the written consent of all Lenders.

(b) Notwithstanding anything to the contrary contained in this Section 9.1, any Loan Document, this Agreement or any related document may be amended, supplemented or waived with the consent of the Administrative Agent at the request of the Borrower without the need to obtain the consent of any other Lender if such amendment, supplement or waiver is delivered in order (i) to cure omissions, mistakes or defects or (ii) to cause such Loan Document or other document to be consistent with this Agreement and the other Loan Documents.

(c) Notwithstanding anything to the contrary contained in this Section 9.1 or any other Loan Document, neither the Borrower nor any Affiliate of the Borrower shall be included in the determination of Required Lenders, Required Secured Parties or any consent or other direction of the applicable Lenders or Secured Parties as a result of having Obligations or Secured Obligations registered in the name of, or beneficially owned by, the Borrower or any Affiliate of the Borrower, and such Obligations and Secured Obligations will be deemed not to be outstanding for such purpose.

(d) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of (a) all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders or (b) the Required Lenders may be effected with the consent of 50% or more of the Lenders that are not Defaulting Lenders), except that (A) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (B) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

9.2 Addresses. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three (3) Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case of the Borrower, the Administrative Agent and the Collateral Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

Borrower:

Solar Star California XIII, LLC
1414 Harbour Way, South
Richmond, California 94804 USA
Telecopy: (510) 540-0552
Attention: Manager Representative

and/or

SunPower Capital Services, LLC
2900 Esperanza Crossing, Floor 2
Austin, TX 78758
Telecopy: (512) 681-0288

Attention: Financing Operations

Administrative Agent: Mizuho Bank, Ltd.
1251 Avenue of the Americas
New York, NY 10020
Attention: Rosa Martinez-Bynon
Telecopy: 212-282-3618
Telephone: 212-282-3237

Collateral Agent: Deutsche Bank Trust Company Americas

60 Wall Street – 16th Floor
MSNYC 60-1630
New York, New York 10005
Attention: Institutional Cash & Securities Services – Project Finance
Solar Star California XIII
Telecopy: 732-578-4636
Telephone: 212-250-8452

provided that any notice, request or demand to or upon the Administrative Agent, the Collateral Agent or the Lenders shall not be effective until received during such recipient's normal business hours.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article 2 unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder..

9.5 Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse each of the Agents for all of such Agent’s reasonable fees, costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of one set of transaction and local counsel to the Administrative Agent on behalf of the Lenders, the reasonable fees and disbursements of the Independent

Consultants and filing and recording fees and expenses, the reasonable fees and disbursements of counsel to the Collateral Agent, with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as each such Agent shall deem appropriate, (b) to pay or reimburse each Lender and each Agent for all its costs, fees and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Lender and of counsel to each Agent and the costs and expenses in connection with the establishment and the use of an electronic data room to manage documentation associated with the Loans, (c) to pay, indemnify, and hold each Lender and each Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other Taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and each Agent and their respective officers, directors, employees, affiliates, agents, advisors and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, fees, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans and the Letters of Credit, Acceptable Credit Support, any of the transactions contemplated by the Operative Documents or the non-compliance by any party with the provisions thereof or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Loan Party or any of the Mortgaged Property and the reasonable fees and expenses of legal counsel in connection with claims (including Environmental Claims), actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from (I) to the extent the Indemnitee or the Lender through whom the Indemnitee is making its claim is a Defaulting Lender, a breach of such Defaulting Lender's obligations under this Agreement (II) the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert, and hereby waives, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 9.5 shall be payable not later than ten (10) days after written demand therefor. The agreements in this Section 9.5 shall survive repayment of the Loans and all other amounts payable hereunder.

9.6 Attorney In Fact.

(a) For the purpose of allowing the Administrative Agent to exercise its rights and remedies provided in Article 7 following the occurrence and during the continuation of any Event of Default, the Borrower hereby constitutes and appoints the Administrative Agent its true and lawful attorney-in-fact, with full power of substitution, to complete any part or all of the Project in the name of the Borrower, and hereby empowers such attorney or attorneys, following the occurrence and during the continuation of any Event of Default, as follows:

(i) To use any unadvanced proceeds of the Loans for the purpose of completing, operating or maintaining any or all of the Project as required by the Material Project Documents and the Plans and Specifications.

(ii) To employ such contractors, subcontractors, Agents, architects and inspectors as reasonably shall be required for such purposes;

(iii) To pay, settle or compromise all bills and claims which may be or become Liens or security interests against any or all of the Project or the Collateral, or any part thereof, unless a bond or other security satisfactory to the Administrative Agent has been provided;

(iv) To execute applications and certificates in the name of the Borrower which reasonably may be required by the Loan Documents or any other agreement or instrument executed by or on behalf of the Borrower in connection with any or all of the Project;

(v) To prosecute and defend all actions or proceedings in connection with any or all of the Project or the Collateral or any part thereof and to take such action and require such performance as such attorney reasonably deems necessary under any performance and payment bond and the Loan Documents;

(vi) To do any and every lawful act which the Borrower might do on its behalf with respect to the Collateral or any part thereof or any or all of the Project and to exercise any or all of the Borrower's rights and remedies under any or all of the Material Project Documents; and

(vii) To use any funds contained in any Collateral Account, to pay interest and principal on the Loans.

(b) This power of attorney shall be deemed to be a power coupled with an interest and shall be irrevocable.

9.7 Successors and Assigns; Participations and Assignments.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Borrower (such consent not to be unreasonably withheld), provided that no consent of the Borrower shall be required (1) for an assignment to a Lender, an affiliate of a Lender or an Approved Fund (as defined below); provided further that with respect to any assignment of Construction Loan Commitments to an affiliate of a Lender, (a) such affiliate shall have a combined capital surplus of at least $250,000,000 or (b) such affiliate's obligations shall be fully guaranteed by such Lender or (2) if an Event of Default has occurred and is continuing; and

(B) the Administrative Agent (such consent not to be unreasonably withheld), provided that no consent of the Administrative Agent shall be required for an assignment to a Lender, an affiliate of a Lender or an Approved Fund (as defined below); provided further that with respect to any assignment of Construction Loan Commitments to an affiliate of a Lender, (a) such affiliate shall have a combined capital surplus of at least $250,000,000 or (b) such affiliate's obligations will be fully guaranteed by such Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) (1) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 payable by the assigning Lender and (2) the assigning Lender shall have paid in full any amounts owing by it to the Administrative Agent;

(C) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(D) no Lender (including any assignee of any Lender) may assign any portion of its Commitment to a new lender if such assignment would result, at the time of such transfer only, in claims made by such new lender for costs pursuant to Section 2.21 hereof in excess of those which could be made by the assigning Lender were it not to make such assignment, unless such new lender waives its right to claim such costs; and

(E) in the case of an Assignment of any DSR LC Commitment, the assignee thereof shall be an Acceptable Letter of Credit Provider.

For the purposes of this Section 9.7, "Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an affiliate of a Lender or (c) an entity or an affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment

and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.19, 2.20, 2.21, and 9.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.7 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it anda register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to Section 9.1(a) and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.19, 2.20 and 2.21 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.8(b) as though it were a Lender, provided such Participant shall be subject to Section 9.8(a) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters

of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered from under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(ii) A Participant shall not be entitled to receive any greater payment under Sections 2.19 or 2.20 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent or except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the Participant acquired the applicable participation. Any Participant that is a Non-U.S. Lender shall not be entitled to the benefits of Section 2.20 unless such Participant complies with Section 2.20(e). In no event shall the Borrower be responsible for any costs or expenses of any counsel engaged by a Participant.

(d) Any Lender may at any time, without notice, pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank or a central bank purporting to have jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Section 9.7(b). Each of the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(g) Notwithstanding anything herein to the contrary, any corporation into which the Collateral Agent may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Collateral Agent shall be a party, or any corporation succeeding to the corporate trust business of the Collateral Agent, shall be the successor of the Collateral Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession; provided that the Collateral Agent shall forthwith notify the parties hereto in writing of any such event.

9.8 Adjustments; Set-off.

(a) Except to the extent that this Agreement, any other Loan Document or a court order expressly provides for payments to be allocated to a particular Lender or to the Lenders, if any Lender (a "Benefited Lender") shall receive any payment of all or part of the Obligations owing to it (other than in connection with an assignment made pursuant to Section 9.7), or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 7.5, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest; provided, further, that in the event that any Defaulting Lender shall exercise any such right of set-off, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.24 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of set-off.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any Obligations becoming due and payable by the Borrower (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such application made by such Lender, provided that the failure to give such notice shall not affect the validity of such application.

9.9 Independent Consultants. (a) The Administrative Agent and the Required Lenders, in their reasonable discretion, may remove from time to time, any one or more of the Independent Consultants and appoint replacements reasonably acceptable to the Borrower. Notice of any replacement Independent Consultant shall be given by the Administrative Agent to the Borrower, the Lenders and to the Independent Consultant being replaced. All reasonable fees and expenses of the Independent Consultants (whether the original Independent Consultants or replacements) shall be paid by the Borrower; provided, however, that unless an Event of Default shall have occurred and be continuing, the Administrative Agent shall request that each such Independent Consultant provide the Borrower with its proposed scope of work and proposed budget therefor, and the Administrative Agent shall consult with the Borrower with regard to the matters contained therein.

(b) Each Independent Consultant (other than the Independent Engineer, which consultants were hired directly by the Borrower) shall be contractually obligated to the Administrative Agent to carry out the activities required of it in this Agreement and as otherwise requested by the Administrative Agent and shall be responsible solely to the Administrative Agent for these activities. The Borrower acknowledges that it shall not have any cause of action or claim against any Independent Consultant resulting from any decision made or not made, any action taken or not taken or any advice given by such

Independent Consultant in the due performance in good faith of its duties to the Administrative Agent hereunder.

9.10 Entire Agreement. This Agreement and the other Loan Documents represent the entire agreement of Holdings, the Borrower, the Administrative Agent, the Collateral Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Collateral Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

9.11 Governing Law. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK**.

9.12 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to Holdings or the Borrower, as the case may be at its address set forth in Section 9.2 or at such other address of which the Administrative Agent and the Collateral Agent shall have been notified pursuant thereto; and

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction.

9.13 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.14 Headings. Paragraph headings and a table of contents have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such paragraph headings are not a part of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

9.15 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) None of the Administrative Agent, the Collateral Agent or any Lender has any fiduciary relationship with or duty the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent, the Collateral Agent and Lenders, on the one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

9.16 Deed of Trust/Security Documents. The Loans and the other Obligations are secured in part by the Deed of Trust encumbering the Project Site in California. Reference is hereby made to the Deed of Trust and the other Security Documents for the provisions, among others, relating to the nature and extent of the security provided thereunder, the rights, duties and obligations of the Borrower and the rights of the Agents, the Depositary Bank and the Lenders with respect to such security.

9.17 Limitation on Liability. NO CLAIM SHALL BE MADE BY THE BORROWER OR ANY OF ITS AFFILIATES, DIRECTORS, EMPLOYEES, ATTORNEYS OR AGENTS AGAINST ANY OTHER PARTY HERETO OR ANY OF ITS AFFILIATES, DIRECTORS, EMPLOYEES, ATTORNEYS OR AGENTS FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (WHETHER OR NOT THE CLAIM THEREFOR IS BASED ON CONTRACT, TORT, DUTY IMPOSED BY LAW OR OTHERWISE), IN CONNECTION WITH, ARISING OUT OF OR IN ANY WAY RELATED TO THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR THE OTHER OPERATIVE DOCUMENTS OR ANY ACT OR OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH; AND EACH PARTY HEREBY WAIVES, RELEASES AND AGREES NOT TO SUE UPON ANY SUCH CLAIM FOR ANY SUCH SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER OR NOT ACCRUED AND WHETHER OR NOT KNOWN OR SUSPECTED TO EXIST IN ITS FAVOR.

9.18 Waiver of Jury Trial. **THE BORROWER, THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

9.19 Usury. Nothing contained in this Agreement or the Notes shall be deemed to require the payment of interest or other charges by the Borrower or any other Person in excess of the amount which the holders of the Notes may lawfully charge under any applicable usury laws. In the event that the holders of the Notes shall collect moneys which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of the holder of the Notes, be returned to the Borrower or credited against the principal balance of the Notes then outstanding.

9.20 Confidentiality. Each of the Agents and each Lender agrees to keep confidential all non- public information provided to it by any Loan Party, any Agent or any Lender pursuant to or in connection with this Agreement that is designated by the provider thereof as confidential; provided that nothing herein shall prevent the Agents or any Lender from disclosing any such information (a) to another Agent, any other Lender or any affiliate thereof, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Interest Rate Agreement (or any professional advisor to such counterparty), (c) to its employees,

directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Legal Requirement, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document, or (j) if agreed by the Borrower in its sole discretion, to any other Person.

Each Lender acknowledges that information furnished to it pursuant to this Agreement or the other Loan Documents may include material non-public information concerning the Borrower and its Affiliates and their related parties or their respective securities, and confirms that it has developed compliance procedures regarding the use of material non-public information and that it will handle such material non-public information in accordance with those procedures and applicable law, including Federal and state securities laws.

All information, including requests for waivers and amendments, furnished by the Borrower or the Agents pursuant to, or in the course of administering, this Agreement or the other Loan Documents will be syndicate-level information, which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities. Accordingly, each Lender represents to the Borrower and the Agents that it has identified in its administrative questionnaire a credit contact who may receive information that may contain material non-public information in accordance with its compliance procedures and applicable law, including Federal and state securities laws.

9.21 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by email or facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

9.22 Third Party Beneficiaries. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, any participants to the extent provided in Section 9.7(c) of this Agreement, and any other Person entitled to indemnification under Section 9.5) any legal or equitable right, remedy, benefit, interest or claim under or by reason of this Agreement.

9.23 Patriot Act Compliance. The Administrative Agent hereby notifies the parties hereto that, pursuant to the requirements of the Patriot Act, it and the Collateral Agent, the Issuing Banks and any Lender shall be required to obtain, verify and record information that identifies the party, which information includes the names and addresses and other information that will allow it, the Issuing Banks, the Collateral Agent or any Lender to identify the party in accordance with the requirements of the Patriot Act. The party shall promptly deliver information described in the immediately preceding sentence when requested by the Administrative Agent, the Issuing Banks, any other Agent or any Lender in writing pursuant to the requirements of the Patriot Act.

9.24 Limited Recourse. Anything herein to the contrary notwithstanding, the obligations of the Borrower under this Agreement and the other Loan Documents, and any certificate, notice, instrument or document delivered pursuant hereto or thereto are obligations of the Borrower and do not constitute a

debt or obligation of (and no recourse shall be had with respect thereto to) the Sponsor or any of its Affiliates, other than the Borrower, or any shareholder, partner, member, officer, director or employee of the Sponsor or such Affiliates, other than the Borrower (collectively, the "Nonrecourse Parties"), except to the extent of the obligations of any such Nonrecourse Parties expressly provided for in any of the Loan Documents. Except as provided in the Loan Documents to which they are a party, no action shall be brought against the Nonrecourse Parties, and no judgment for any deficiency upon the obligations hereunder or under the other Loan Documents, shall be obtainable by any Secured Party against the Nonrecourse Parties; provided, that nothing contained in this Section 9.24 shall be deemed to release any Nonrecourse Party from liability for its own fraudulent actions or willful misconduct.

**[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

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

SOLAR STAR CALIFORNIA XIII, LLC

By: /s/ Natalie Jackson
Name: Natalie Jackson
Title: President

*[Signature Page to Credit Agreement]*

SANTANDER BANK, N.A., as Issuing Bank,
Documentation Agent and as a Lender

By: /s/ Jorge Camiña
Name: Jorge Camiña
Title: Managing Director

By: /s/ Nuno Andrade
Name: Nuno Andrade
Title: Executive Director

*[Signature Page to Credit Agreement]*

MIZUHO BANK LTD., as Administrative Agent,
Issuing Bank and as a Lender

By: /s/ Christopher Stolarksi
Name: Christopher Stolarksi
Title: Senior Vice President

*[Signature Page to Credit Agreement]*

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK, as Issuing Bank, Syndication Agent, Interest Rate Hedge Coordinating Agent and as a Lender

By: /s/ Evan S. Levy
Name: Evan S. Levy
Title: Managing Director

By: /s/ Frédéric Petit
Name: Frédéric Petit
Title: Managing Director

*[Signature Page to Credit Agreement]*

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Collateral Agent
By: Deutsche Bank National Trust Company

By: /s/ Wanda Camacho
Name: Wanda Camacho
Title: Vice President

By: /s/ Rodney Gaughan
Name: Rodney Gaughan
Title: Vice President

*[Signature Page to Credit Agreement]*

FORM OF CONSTRUCTION LOAN NOTICE OF BORROWING

To: Mizuho Bank, Ltd., as Administrative Agent
1251 Avenue of the Americas
New York, NY 10020

Attention: Rosa Martinez-Bynon

Fax: ###-###-####

__, 20__

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Borrower hereby requests a borrowing of Construction Loans to be made on the terms set forth below:

| | |
|---|---|
| (A) Borrowing Date (the "Borrowing Date") | _____ |
| (B) Principal amount | _____ |
| (C) Type of Loan | _____ |
| [(D) Interest Period | _____[1]] |

The Borrower hereby requests that the proceeds of Construction Loans described in this Borrowing Notice be applied in accordance with Section 5.7 of the Credit Agreement and directed to the following Collateral Accounts or Persons, as applicable, in the amounts specified below:

| | Person and Account Information | Amount |
|---|---|---|
| (1) | [Construction Account | _____] |
| (2) | [ | _____] |

[1] NTD: Use Interest Period if LIBOR Loans are requested.

The Borrower hereby represents that:

(a) Each representation and warranty of the Loan Parties set forth in the Loan Documents will be true and correct in all material respects as of the date the Borrowings requested hereby are funded (or, if any representation or warranty is stated to have been made as of a specific date, as of such specific date).

(b) No Default or Event of Default has occurred and is continuing on the Borrowing Date or shall occur as a result of the borrowing of such Construction Loans.

(c) As of the date the Borrowings requested hereby are funded, all other conditions set forth in Section 3.2 of the Credit Agreement will have been satisfied or waived in accordance with the terms of the Credit Agreement.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SOLAR STAR CALIFORNIA XIII, LLC,
as Borrower

By: _____
Name:
Title:

FORM OF NOTICE OF TERM CONVERSION

**NOTICE OF TERM CONVERSION**

Date: _____ __, ____
Requested Term Conversion Date: _____ __, ____

Mizuho Bank, Ltd., as Administrative Agent
1251 Avenue of the Americas
New York, NY 10020
Attention: Rosa Martinez-Bynon
Telephone: (212) ###-####
Telecopier: (212) ###-####

Re: Solar Star California XIII, LLC

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions and entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. Request for Term Conversion. Pursuant to, and in accordance with, Section 2.4 of the Credit Agreement, the Borrower hereby gives you notice that the conditions for Term Conversion have been satisfied or waived in accordance with the terms of the Credit Agreement, and in that connection sets forth below the terms on which the Term Loan Borrowing is requested to be made in accordance with the applicable terms and conditions of the Credit Agreement on [_____] (the "Term Conversion Date"):

(a) Requested Term Conversion Date[1]: _____

(b) Aggregate principal amount of Construction Loans outstanding on the Term Conversion Date to be

[1] NTD: Term Conversion Date must be a Business Day, no later than the Date Certain.

converted to Term Loans: $ _____

(c) Interest Period _____

2. Certifications. The Borrower hereby certifies to the Lenders that the following statements are accurate and complete as of the date hereof and shall be accurate and complete as of the Term Conversion Date after giving effect to the proposed Term Conversion:

(a) Each representation and warranty of the Borrower and Holdings set forth in theLoan Documents is true and correct in all material respects as if made on the Term Conversion Date (unless such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date).

(b) No Default or Event of Default has occurred and is continuing or will result from the Term Conversion.

(c) Each Operative Document (other than Material Project Documents that have been fully and finally performed or have terminated in accordance with the terms thereof) and Applicable Permit remains in full force and effect; to the Knowledge of Borrower, no material defaults have occurred under any Material Project Document.

(d) All insurance premium payments due and payable as of the Term ConversionDate have been paid and the insurance complies with the requirements of Section 5.4(a) and Schedule 5.4 of the Credit Agreement and the Material Project Documents set forth in Appendix B of the Insurance Consultant's report delivered pursuant to Section 3.4(l) of the Credit Agreement

(e) As of the Term Conversion Date, each of the conditions precedent specified in Section 3.4 of the Credit Agreement has been satisfied or waived in accordance with the terms of the Credit Agreement.

(f) As of the Term Conversion Date, COD has occurred.

(g) As of the Term Conversion Date, all Applicable Permits (including the Notice of Self-Certification of Exempt Wholesale Generator Status of Solar Star California XIII, LLC, market-based rate authority under Section 205 of the FPA) are in full force and effect.

IN WITNESS WHEREOF, the Borrower has caused this Notice of Term Conversion to be duly executed and delivered by a Responsible Officer of the Borrower as of the date first written above.

SOLAR STAR CALIFORNIA XIII, LLC,
as Borrower

By: _____
Name:
Title:

FORM OF NOTICE OF CONVERSION OR CONTINUATION

**NOTICE OF CONVERSION OR CONTINUATION**

Mizuho Bank, Ltd.
1251 Avenue of the Americas
New York, NY. 10020
Attn: Rosa Martinez-Bynon

Re: Solar Star California XIII, LLC

Ladies and Gentlemen:

This Notice of Continuation or Conversion is delivered to you pursuant to Section 2.11[(a)]/[(b)] of the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among Solar Star California XIII, LLC (the "Borrower"), various financial institutions and other Persons from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as the Administrative Agent. Terms used herein, unless otherwise defined herein, have the meanings provided in the Credit Agreement.

The Borrower hereby requests that on _____, 20__:

a) $_____ of the presently outstanding principal amount of the Loans originally made on _____, 20__, presently being maintained as [Base Rate Loans] [LIBOR Loans],

b) be [converted into] [continued as],

c) [LIBOR Loans having an interest Period of [1] [2] [3] [6] month(s)] [Base Rate Loans].

IN WITNESS WHEREOF, the Borrower has caused this Notice of Continuation or Conversion to be executed and delivered, and the certifications and warranties contained herein to be made, by its duly Authorized Officer this ____ day of _____, 20___.

SOLAR STAR CALIFORNIA XIII, LLC

By: _____
Title:

CLOSING DATE BASE CASE MODEL

See Attached.

EXHIBIT C-1

FORM OF CONSTRUCTION LOAN NOTE

THIS CONSTRUCTION LOAN NOTE ("NOTE") AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

$**[_____]**

New York, New York
Date: _____ __, ____

FOR VALUE RECEIVED, the undersigned, SOLAR STAR CALIFORNIA XIII, LLC, a Delaware limited liability company (the "Borrower"), hereby unconditionally promises to pay to **[_____]** (the "Lender") or its registered assigns at the office specified in the Credit Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, on the Construction Loan Maturity Date the principal amount of (a) $**[_____]**, or, if less, (b) the aggregate unpaid principal amount of all Construction Loans made by the Lender under the Credit Agreement. The principal amount shall also be paid in the amounts and on the dates specified in Sections 2.2, 2.4**,** 2.7, 2.8, and 2.9 of the Credit Agreement. The Borrower further agrees to pay interest in like money at such office specified in the Credit Agreement on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.13 of the Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of the Construction Loan and the date and amount of each payment or prepayment of principal with respect thereto, each conversion of all or a portion thereof to another Type, each continuation of all or a portion thereof as the same Type and, in the case of LIBOR Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in any such endorsement shall not affect the obligations of the Borrower in respect of the Construction Loan.

This Note (a) is one of the promissory notes relating to Construction Loans referred to in the Credit Agreement, dated as of October 17, 2014 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders party thereto from time to time, Mizuho Bank, Ltd., as Administrative Agent, Deutsche Bank Trust Company Americas, solely in its capacity as Collateral Agent, and the other agents from time to time parties thereto, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured as provided in the

Security Documents. Reference is hereby made to the Security Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security, the terms and conditions upon which the security interests were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more Events of Default, all principal and accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 9.7 OF THE CREDIT AGREEMENT.**

**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

SOLAR STAR CALIFORNIA XIII, LLC

By: _____
Name:
Title:

Schedule A
to Exhibit C-1

LOANS, CONVERSIONS AND REPAYMENTS OF BASE RATE LOANS

| Date | Amount of Base Rate Loans | Amount Converted to Base Rate Loans | Amount of Principal of Base Rate Loans Repaid | Amount of Base Rate Loans Converted to LIBOR Loans | Unpaid Principal Balance of Base Rate Loans | Notation Made By |
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Schedule B
to Exhibit C-1

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF LIBOR LOANS

| Date | Amount of LIBOR Loans | Amount Converted to LIBOR Loans | Interest Period and LIBOR Rate with Respect Thereto | Amount of Principal of LIBOR Loans Repaid | Amount of LIBOR Loans Converted to Base Rate Loans | Unpaid Principal Balance of LIBOR Loans | Notation Made By |
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FORM OF TERM LOAN NOTE

THIS TERM LOAN NOTE ("NOTE") AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

$**[_____]**

New York, New York
Date: _____ __, ____

FOR VALUE RECEIVED, the undersigned, SOLAR STAR CALIFORNIA XIII, LLC, a Delaware limited liability company (the "Borrower"), hereby unconditionally promises to pay to **[_____]** (the "Lender") or its registered assigns at the office specified in the Credit Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, on the Term Loan Maturity Date the principal amount of (a) $**[_____]**, or, if less, (b) the aggregate unpaid principal amount of all Term Loans made by the Lender under the Credit Agreement. The principal amount shall also be paid in the amounts and on the dates specified in Sections 2.5, 2.7, 2.8, and 2.9 of the Credit Agreement. The Borrower further agrees to pay interest in like money at such office specified in the Credit Agreement on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.13 of the Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of the Term Loan and the date and amount of each payment or prepayment of principal with respect thereto, each conversion of all or a portion thereof to another Type, each continuation of all or a portion thereof as the same Type and, in the case of LIBOR Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in any such endorsement shall not affect the obligations of the Borrower in respect of the Term Loan.

This Note (a) is one of the promissory notes relating to Term Loans referred to in the Credit Agreement, dated as of October 17, 2014 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders party thereto from time to time, Mizuho Bank, Ltd., as Administrative Agent, Deutsche Bank Trust Company Americas, solely in its capacity as Collateral Agent and the other agents from time to time parties thereto, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured as provided in the Security Documents. Reference is hereby made to the Security Documents for a description of the properties and
assets in which a security interest has been granted, the nature and extent of the security, the terms and conditions upon which the security interests were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more Events of Default, all principal and accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 9.7 OF THE CREDIT AGREEMENT.**

**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

SOLAR STAR CALIFORNIA XIII, LLC

By: _____
Name:
Title:

Schedule A
to Exhibit C-2

LOANS, CONVERSIONS AND REPAYMENTS OF BASE RATE LOANS

| Date | Amount of Base Rate Loans | Amount Converted to Base Rate Loans | Amount of Principal of Base Rate Loans Repaid | Amount of Base Rate Loans Converted to LIBOR Loans | Unpaid Principal Balance of Base Rate Loans | Notation Made By |
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Schedule B
to Exhibit C-2

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF LIBOR LOANS

| Date | Amount of LIBOR Loans | Amount Converted to LIBOR Loans | Interest Period and LIBOR Rate with Respect Thereto | Amount of Principal of LIBOR Loans Repaid | Amount of LIBOR Loans Converted to Base Rate Loans | Unpaid Principal Balance of LIBOR Loans | Notation Made By |
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FORM OF LC LOAN NOTE

THIS LC LOAN NOTE ("NOTE") AND THE OBLIGATIONS REPRESENTED HEREBY MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS AND PROVISIONS OF THE CREDIT AGREEMENT REFERRED TO BELOW. TRANSFERS OF THIS NOTE AND THE OBLIGATIONS REPRESENTED HEREBY MUST BE RECORDED IN THE REGISTER MAINTAINED BY THE ADMINISTRATIVE AGENT PURSUANT TO THE TERMS OF SUCH CREDIT AGREEMENT.

$**[_____]**

New York, New York
Date: _____ __, ____

FOR VALUE RECEIVED, the undersigned, SOLAR STAR CALIFORNIA XIII, LLC, a Delaware limited liability company (the "Borrower"), hereby unconditionally promises to pay to **[_____]** the "Issuing Bank") or its registered assigns at the office specified in the Credit Agreement (as hereinafter defined) in lawful money of the United States and in immediately available funds, on the LC Loan Maturity Date the principal amount of (a) $**[_____]**, or, if less, (b) the aggregate unpaid principal amount of all LC Loans made by Issuing Bank to the Borrower under the Credit Agreement. The principal amount shall also be paid in the amounts and on the dates specified in Sections 2.5, 2.7, 2.8, and 2.9 of the Credit Agreement. The Borrower further agrees to pay interest in like money at such office specified in the Credit Agreement on the unpaid principal amount hereof from time to time outstanding at the rates and on the dates specified in Section 2.13 of the Credit Agreement.

The holder of this Note is authorized to endorse on the schedules annexed hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof the date, Type and amount of each LC Loan made pursuant to the Credit Agreement and the date and amount of each payment or prepayment of principal thereof, each continuation thereof, each conversion of all or a portion thereof to another Type and, in the case of LIBOR Loans, the length of each Interest Period with respect thereto. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement or any error in any such endorsement shall not affect the obligations of the Borrower in respect of any LC Loan.

This Note (a) is one of the promissory notes relating to LC Loans referred to in the Credit Agreement, dated as of October 17, 2014 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders party thereto from time to time, Mizuho Bank, Ltd., as Administrative Agent, Deutsche Bank Trust Company Americas, solely in its capacity as Collateral Agent and the other agents from time to time parties thereto, (b) is subject to the provisions of the Credit Agreement and (c) is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is secured as provided in the Security Documents. Reference is hereby made to the Security Documents for a description of the properties and assets in which a security interest has been granted, the nature and extent of the security, the terms and conditions upon which the security interests were granted and the rights of the holder of this Note in respect thereof.

Upon the occurrence of any one or more Events of Default, all principal and accrued interest then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and all other notices of any kind, except as expressly set forth in the Credit Agreement.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

**NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR IN THE CREDIT AGREEMENT, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT PURSUANT TO AND IN ACCORDANCE WITH THE REGISTRATION AND OTHER PROVISIONS OF SECTION 9.7 OF THE CREDIT AGREEMENT.**

**THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

SOLAR STAR CALIFORNIA XIII, LLC

By: _____
Name:
Title:

Schedule A
to Exhibit C-3

LOANS, CONVERSIONS AND REPAYMENTS OF BASE RATE LOANS

| Date | Amount of Base Rate Loans | Amount Converted to Base Rate Loans | Amount of Principal of Base Rate Loans Repaid | Amount of Base Rate Loans Converted to LIBOR Loans | Unpaid Principal Balance of Base Rate Loans | Notation Made By |
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Schedule B
to Exhibit C-3

LOANS, CONTINUATIONS, CONVERSIONS AND REPAYMENTS OF LIBOR LOANS

| Date | Amount of LIBOR Loans | Amount Converted to LIBOR Loans | Interest Period and LIBOR Rate with Respect Thereto | Amount of Principal of LIBOR Loans Repaid | Amount of LIBOR Loans Converted to Base Rate Loans | Unpaid Principal Balance of LIBOR Loans | Notation Made By |
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FORM OF
ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement dated as of the Effective Date set forth below is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meaning given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions set forth in Annex 1 attached hereto and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the Credit Agreement and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action, and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interests"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment Agreement, without representation or warranty by the Assignor.

1. Assignor: _____

2. Assignee: [and as an Affiliate/ Approved Fund of [*identify Lender*][1]

3. Borrower: Solar Star California XIII, LLC

[1] NTD: Select as Applicable

4. Administrative Agent: Mizuho Bank, Ltd., as the administrative agent under the Credit Agreement (in such capacity, the "Administrative Agent")

5. Credit Agreement:Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time) among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), the Administrative Agent and the other agents and parties from time to time parties thereto.

6. Assigned Interest:

| Aggregate Amount of Commitment/Loans for all Lenders[1] | Amount of Commitment/Loans Assigned | Percentage Assigned of Commitment/Loans[2] |
|---|---|---|
| $ | $ | % |

Effective Date: _____, 20__

The Assignee, if it shall not be a Lender, agrees to deliver to the Administrative Agent a completed administrative questionnaire, in the form supplied by the Administrative Agent, in which the Assignee designates one or more contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their related parties or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including federal and state securities laws.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[1] NTD: Specify applicable facility for which Commitments/Loans are being assigned.

[2] NTD: Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

[NAME OF ASSIGNOR], as Assignor

By: _____
Name:
Title:

[NAME OF ASSIGNEE], as Assignee

By: _____
Name:
Title:

[Consented to and ][1]Accepted:

SOLAR STAR CALIFORNIA XIII, LLC,
as Borrower

By: _____
Name:
Title:

MIZUHO BANK, LTD.,
as Administrative Agent

By: _____
Name:
Title:

1 NTD: To be added if consent is required under Section 9.7(b) of the Credit Agreement. Note that consent is required for Affiliates of Lenders under certain circumstances as described in Section 9.7(b) of the Credit Agreement.

**ANNEX I TO THE ASSIGNMENT AND ASSUMPTION AGREEMENT:**

**STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION AGREEMENT**

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Documents, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received and/or had the opportunity to review a copy of the Credit Agreement to the extent it has in its sole discretion deemed necessary, together with copies of the most recent financial statements delivered pursuant to the Credit Agreement thereof, as applicable and such other documents and information as it has in its sole discretion deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to the Assignment Agreement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees, and other amounts) to the Assignor for amounts which have accrued to but excluding the

Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment Agreement. This Assignment Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF CONSTRUCTION BUDGET AND SCHEDULE

See Attached.

EXHIBIT F

FORM OF ANNUAL OPERATING BUDGET

See Attached.

EXHIBIT G

FORM OF LC ISSUANCE NOTICE

NOTICE OF LC ISSUANCE

Date: _____, ____

Mizuho Bank, Ltd., as Administrative Agent
1251 Avenue of the Americas
New York, NY 10020
Attention: Rosa Martinez-Bynon
Telephone: (212) ###-####
Telecopier: (212) ###-####

_____
as Issuing Bank
[Address]
[Contact Information]

Re: Solar Star California XIII, LLC

Ladies and Gentlemen:

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

1. Request for LC Activity. Pursuant to Section 2.16 of the Credit Agreement, the Borrower hereby requests the issuance of the Project Letter of Credit in accordance with the applicable terms and conditions of the Credit Agreement on [_____] (the "Credit Event Date").

(a) Date of issuance**:**
(which is a Business Day) _____

(b) Date of expiration of Letter

of Credit[1]: _____

(c) Amount of Project Letter of Credit: _____

(d) Name of beneficiary of Project Letter of Credit: _____

(e) Address of beneficiary of Project Letter of Credit: _____

_____

_____

(f) Purpose of Project Letter of Credit[2]: _____

Upon request, the Borrower will make available any other information as shall be necessary to prepare such Project Letter of Credit.

2. Certifications. The Borrower hereby certifies to the Lenders that the following statements are accurate and complete as of the date hereof and shall be accurate and complete as of the proposed Credit Event Date after giving effect to the requested Project Letter of Credit:

(a) Each representation and warranty of the Loan Parties set forth in the Loan Documents is true and correct in all material respects as if made on such date(unless such representation or warranty relates solely to an earlier date, in which case it shall have been true and correct in all material respects as of such earlier date). [3]

(b) No Default or Event of Default has occurred and is continuing or will result from the issuance of the Project Letter of Credit.

(c) [Insert event/time that requires issuance of applicable Project Letter of Credit.]

[*Signature page follows*]

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[1] NTD: If letter of credit will include automatic renewals, please also indicate the requested final expiration date after giving effect to all such extensions.

[2] NTD: Attach requested form if applicable.

3 NTD: This certification is not required in connection with an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount thereof.

IN WITNESS WHEREOF, the Borrower has caused this LC Issuance Notice to be duly executed and delivered by a Responsible Officer of the Borrower as of the date first written above.

SOLAR STAR CALIFORNIA XIII, LLC,
as the Borrower

By: _____
Name:
Title:

FORM OF EXEMPTION CERTIFICATE
(For Non-U.S. Lenders That Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.20(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. person status on Internal Revenue Service Form W-8BEN or, if applicable, an Internal Revenue Service Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____, 20[ ]

FORM OF EXEMPTION CERTIFICATE
(For Non-U.S. Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.20(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners'/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with Internal Revenue Service Form W-8IMY accompanied by one of the following forms from each of its partners/members claiming the portfolio interest exemption: (i) an Internal Revenue Service Form W-8BEN or, if applicable, an Internal Revenue Service Form W-8BEN-E or (ii) an Internal Revenue Service Form W-8IMY accompanied by an Internal Revenue Service Form W-8BEN or, if applicable, an Internal Revenue Service Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: _____, 20[ ]

FORM OF EXEMPTION CERTIFICATE
(For Non-U.S. Participants That Are Not Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.20(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. person status on Internal Revenue Service Form W-8BEN or, if applicable, an Internal Revenue Service Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____, 20[ ]

FORM OF EXEMPTION CERTIFICATE
(For Non-U.S. Participants That Are Partnerships for U.S. Federal Income Tax Purposes)

Reference is made to the Credit Agreement, dated as of October 17, 2014 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement") among Solar Star California XIII, LLC (the "Borrower"), the several banks and other financial institutions or entities from time to time parties thereto (the "Lenders"), Mizuho Bank, Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, solely in its capacity as collateral agent (in such capacity, the "Collateral Agent") and the other agents from time to time parties thereto. Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

Pursuant to the provisions of Section 2.20(e) of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners'/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with Internal Revenue Service Form W-8IMY accompanied by one of the following forms from each of its partners/members claiming the portfolio interest exemption: (i) an Internal Revenue Service Form W-8BEN or, if applicable, an Internal Revenue Service Form W-8BEN-E or (ii) an Internal Revenue Service Form W-8IMY accompanied by an Internal Revenue Service Form W-8BEN or, if applicable, an Internal Revenue Service Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: _____, 20[ ]

FORM OF CLOSING DATE CERTIFICATE

October 17, 2014

I, [*officer's name*], am the duly elected, qualified and acting [*officer's title*] of Solar Star California XIII, LLC, a Delaware limited liability company (the "**Company**"). I am delivering this Closing Certificate pursuant to Section 3.l(h) of the Credit Agreement, dated as of October 17, 2014 (the "**Credit Agreement**"), by and among the Company, the several lenders from time to time parties thereto, Mizuho Bank, Ltd., as administrative agent, Deutsche Bank Trust Company Americas, as collateral agent, and the other agents from time to time party thereto. Capitalized terms not otherwise defined in this Closing Certificate shall have the meanings set forth in the Credit Agreement.

I hereby certify in my capacity as a representative of the Borrower, and not individually on behalf of the Company as follows:

1. Each representation and warranty set forth in the Loan Documents is true and correct on and as of the Closing Date as if made on and as of the Closing Date (or, if any representation or warranty is stated to have been made as of a specific date, as of such specific date).

2. No Default or Event of Default has occurred and is continuing on the Closing Date or will result from the funding of the initial Construction Funding Loans.

3. The Material Project Documents (including any supplements or amendments thereto), delivered to the Administrative Agent [in a closing CD] [thumb drive] on [October __, 2014] pursuant to Section 3.1(g) of the Credit Agreement, are true, complete and correct copies and are in full force and effect. To the best of my knowledge no party to any Material Project Document is, or but for the passage of time or giving of notice or both will be, in breach of any obligation thereunder which could reasonably be expected to have a Material Adverse Effect.

4. All insurance premium payments due and payable as of the date hereto have been paid or will be paid from proceeds of the initial Construction Funding Loans, and the Company's insurance materially complies with the requirements ofSection 5.4 of the Credit Agreement, Schedule 5.4 of the Credit Agreement and the Material Project Documents.

5. The Applicable Permits, delivered to Administrative Agent [in a closing CD] [thumbdrive] on [October __, 2014] pursuant to Section 3.l(v) of the Credit Agreement, are true, complete and correct copies thereof.

6. No Material Adverse Effect and no event, condition or circumstance that would reasonably be expected to constitute a Material Adverse Effect has occurred and is continuing on the Closing Date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has hereunto signed his name on behalf of the Company as of the date first written above.

_____
[*officer's name*]
[*officer's title*]

FORM OF PLEDGE AGREEMENT

**Execution Version**

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# PLEDGE AGREEMENT

among

SOLAR STAR CALIFORNIA XIII PARENT, LLC,

MIZUHO BANK LTD.,
as Administrative Agent

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Agent

Dated as of October 17, 2014

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**PLEDGE AGREEMENT**

PLEDGE AGREEMENT, dated as of October 17, 2014 (this "Agreement"), between SOLAR STAR CALIFORNIA XIII PARENT, LLC, a Delaware limited liability company (the "Pledgor"), MIZUHO BANK LTD., as administrative agent (together with its permitted successors and assigns in such capacity, the "Administrative Agent"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, not in its individual capacity but solely as collateral agent for the Secured Parties (in such capacity, together with any successor collateral agent appointed pursuant to Section 8.9 of the Credit Agreement referred to below, the "Collateral Agent").

**WITNESSETH:**

WHEREAS, the Borrower proposes to develop, construct, finance and operate an approximately 108 MWac solar photovoltaic power project to be located in Merced County, California (as more fully described in the Credit Agreement referred to below, the "Project");

WHEREAS, in order to finance the costs of the development, construction, ownership and operation of the Project, the Borrower is entering into that certain Credit Agreement, dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), with the several banks and other financial institutions and entities from time to time party thereto as lenders (the "Lenders"), the Administrative Agent and the Collateral Agent;

WHEREAS, the Pledgor owns 100% of the Capital Stock of the Borrower; and

WHEREAS, in order to secure the obligations of the Borrower under the Loan Documents, the Pledgor is willing to pledge and grant a first priority security interest in 100% of the Capital Stock of the Borrower pursuant to this Agreement.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

**AGREEMENT:**

**ARTICLE I**
**DEFINITIONS**

Section 1.01. Defined Terms. Each capitalized term used and not otherwise defined herein (including the introductory paragraph and recitals) shall have the meaning assigned to such term (whether directly or by reference to another agreement or document) in the Credit Agreement. In addition to the terms defined in the Credit Agreement, the following terms shall have the meanings specified below:

"Administrative Agent" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Agreement" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, and any other federal or state insolvency, reorganization, moratorium or similar law for the relief of debtors, or any successor statute.

"Borrower Obligations" shall have the meaning given to the term "Obligations" in the Credit Agreement.

"Collateral Agent" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Credit Agreement" shall have the meaning given to such term in the recitals to this Agreement.

"Financing Statements" shall mean all financing statements, continuation statements, recordings, filings or other instruments of registration necessary or appropriate to perfect a Lien by filing in any appropriate filing or recording office in accordance with the UCC or any other relevant applicable law.

"Insolvency Proceeding" shall mean any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution or assignment for the benefit of creditors, in each of the foregoing events whether under the Bankruptcy Code or similar federal, state or foreign bankruptcy, insolvency, reorganization, receivership or similar law.

"Knowledge" shall mean the actual knowledge of any person listed on Schedule II.

"Lenders" shall have the meaning given to such term in the recitals to this Agreement.

"LLC Interests" shall have the meaning given to such term in Section 2.01(a).

"Operating Agreement" shall mean the Amended and Restated Limited Liability Company Agreement of the Borrower, dated as of October 6, 2014, as amended, amended and restated, supplemented or otherwise modified from time to time.

"Pledged Collateral" shall have the meaning given to such term in Section 2.01.

"Pledgor" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Pledgor Obligations" shall mean all obligations and liabilities of the Pledgor which may arise under or in connection with this Agreement (including, without limitation, Section 2) or any other Loan Document to which the Pledgor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent, the Collateral Agent or the Lenders that are required to be paid by the Pledgor pursuant to the terms of this Agreement or any other Loan Document).

"Project" shall have the meaning given to such term in the recitals to this Agreement.

"Secured Obligations" shall mean the collective reference to (a) the Borrower Obligations and (b) the Pledgor Obligations.

"Securities Act" shall mean the Securities Act of 1933, as amended.

Section 1.02. Rules of Interpretation. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the rules of interpretation set forth in Section 1.2 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis, as if fully set forth herein.

Section 1.03. UCC Definitions. All terms defined in the UCC shall have the respective meanings given to those terms in the UCC, except where the context otherwise requires. As used in this Agreement, "proceeds" of Pledged Collateral shall mean (a) all "proceeds" as defined in Article 9 of the UCC, (b) payments or distributions made with respect to any Pledged Collateral and (c) whatever is receivable or received when Pledged Collateral or proceeds are sold, leased, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

## ARTICLE II
## PLEDGED COLLATERAL

Section 2.01. Pledge. As collateral security for the prompt and complete payment and performance when due, whether at stated maturity, by acceleration or otherwise, of all of the Secured Obligations, whether now existing or hereafter arising and howsoever evidenced, the Pledgor hereby pledges, grants, assigns, hypothecates, transfers and delivers to the Collateral Agent, for the ratable benefit of the Secured Parties, a first priority security interest in all of the property of the Pledgor identified below, in each case, wherever located and now owned or hereafter acquired by the Pledgor or in which the Pledgor now has or at any time in the future may acquire any right, title or interest (collectively, the "Pledged Collateral"):

(a) all of the Pledgor's limited liability company interests in the Borrower described on Schedule I and all after acquired limited liability company interests in the Borrower (collectively, the "LLC Interests"), and all of the Pledgor's rights to acquire limited liability company interests in the Borrower in addition to or in exchange or substitution for the LLC Interests;

(b) all of the Pledgor's rights, privileges, authority and powers as a member of the Borrower under the Operating Agreement;

(c) all certificates or other documents representing any and all of the foregoing in clauses (a) and (b);

(d) all dividends, distributions, cash, securities, instruments and other property or proceeds of any kind to which the Pledgor may be entitled in its capacity as member of the Borrower by way of distribution, return of capital or otherwise;

(e) without affecting any obligations of the Pledgor or the Borrower under any of the other Loan Documents, in the event of any consolidation or merger in which the Borrower is not the surviving Person, all ownership interests of any class or character in the successor Person formed by or resulting from such consolidation or merger;

(f) any other claim which the Pledgor now has or may in the future acquire in its capacity as member of the Borrower against the Borrower and its property; and

(g) all proceeds, products and accessions of and to any of the property described in the preceding clauses (a) through (f) above.

Section 2.02. Delivery of Certificates and Instruments. All certificates and instruments representing or evidencing any of the Pledged Collateral shall be delivered to and be held by or on behalf of, the Collateral Agent in accordance with Section 4.07 and shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. The Collateral Agent shall have the right, at any time following the occurrence and during the continuation of an Event of Default, without prior notice to the Pledgor, to transfer to or to register in its name or in the name of any of its nominees any or all of the Pledged Collateral. In the event of such a transfer, the Collateral Agent shall within a reasonable period of time thereafter give the Pledgor notice of such transfer or registration; provided, however, that (a) failure to give such notice shall have no effect on the rights of the Collateral Agent hereunder and (b) the Collateral Agent shall not be required to deliver any such notice if the Pledgor is the subject of an Insolvency Proceeding or the delivery of such notice is otherwise prohibited by applicable law. In addition, the Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing any of the LLC Interests for certificates or instruments of smaller or larger denominations.

Section 2.03. Voting; Distributions.

(a) Voting Rights. Unless an Event of Default shall have occurred and be continuing and the Collateral Agent shall have given notice to the Pledgor of the Collateral Agent's intent to exercise its rights under this Section 2.03(a) (it being acknowledged and agreed that the Collateral Agent shall not be required to deliver any such notice if the Pledgor is the subject of an Insolvency Proceeding, which in the case of an involuntary proceeding has not been dismissed within sixty (60) days of its filing), the Pledgor shall be entitled to exercise all voting and other rights with respect to the Pledged Collateral; provided, however, that no vote with respect to the Pledged Collateral shall be cast, right exercised or other action taken which would be inconsistent with, or result in any violation of, any provision of any of this Agreement or any other Loan Documents. Upon the occurrence and during the continuation of an Event of Default and after notice thereof from the Collateral Agent to the Pledgor (it being acknowledged and agreed that the Collateral Agent shall not be required to deliver any such notice if the Pledgor is the subject of an Insolvency Proceeding, which in the case of an involuntary proceeding has not been dismissed within sixty (60) days of its filing), all voting and other rights of the Pledgor with respect to the Pledged Collateral which the Pledgor would otherwise be entitled to exercise pursuant to the terms of this Agreement or otherwise shall cease, and all such rights shall be vested in the Collateral Agent which shall thereupon have the sole right to exercise such rights.

(b) Distributions. Any and all distributions paid in respect of the LLC Interests shall be paid only to the extent permitted, and then strictly in accordance with, the Loan Documents. To the extent that such distributions and payments are made in accordance with the terms of the Loan Documents, the further distribution or payment of such monies shall not give rise to any claims or causes of action on the part of any of the Secured Parties against the Borrower or the Pledgor seeking the return or disgorgement of any such distributions or other payments unless the distributions or payments involve or result from the fraud or willful misconduct of the Borrower or the Pledgor. Upon the occurrence and during the continuation of an Event of Default, all rights of the Pledgor to receive and retain any such distributions shall cease, and all such rights shall be vested in the Collateral Agent which shall thereupon have the sole right to exercise such rights.

(c) Turnover. All distributions and other amounts which are received by the Pledgor contrary to the provisions of this Agreement shall be received in trust for the benefit of the Collateral Agent on behalf of the Secured Parties, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to the Collateral Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(d) Authorization. At any time after the occurrence and during the continuance of an Event of Default, the Pledgor hereby authorizes the Borrower to (i) comply with any instructions received by it from the Collateral Agent in writing that (x) states that an Event of Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from the Pledgor, and (ii) unless otherwise expressly permitted hereby, pay any distribution or other payments in respect of the Pledged Collateral directly to the Collateral Agent.

Section 2.04. Secured Parties Not Liable.

(a) Notwithstanding any other provision contained in this Agreement, the Pledgor shall remain liable under the Operating Agreement to observe and perform all of the conditions and obligations to be observed and performed by the Pledgor thereunder. None of the Collateral Agent, any other Secured Party or any of their respective directors, officers, employees, Affiliates or agents shall have any obligations or liability under or with respect to any Pledged Collateral by reason of or arising out of this Agreement, except as set forth in Section 9-207(a) of the UCC, nor shall any of the Collateral Agent, any other Secured Party or any of their respective directors, officers, employees, Affiliates or agents be obligated in any manner to (i) perform any of the obligations of the Pledgor under or pursuant to the Operating Agreement or any other agreement to which the Pledgor is a party, (ii) make any payment or inquire as to the nature or sufficiency of any payment or performance with respect to any Pledged Collateral, (iii) present or file any claim or collect the payment of any amounts or take any action to enforce any performance with respect to the Pledged Collateral or (iv) take any other action whatsoever with respect to the Pledged Collateral.

(b) Notwithstanding any other provision contained in this Agreement, (i) the Pledgor shall remain liable under each of the Loan Documents to which it is a party to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed and (ii) the exercise by the Collateral Agent or the other Secured Parties (or any of their respective directors, officers, employees, Affiliates or agents) of any of their rights, remedies or powers hereunder shall not release the Pledgor from any of its duties or obligations under any of the Loan Documents to which it is a party.

Section 2.05. Attorney-in-Fact.

(a) Without limiting any rights or powers granted by this Agreement to the Collateral Agent, the Pledgor hereby appoints the Collateral Agent, on behalf of the Secured Parties, or any Person, officer or agent whom the Collateral Agent may designate, as its true and lawful attorney-in-fact and proxy, with full irrevocable power and authority in the place and stead of the Pledgor and in the name of the Pledgor or in its own name, at the Pledgor's sole cost and expense, from time to time to take any action and to execute any instrument which may be necessary or reasonably advisable to enforce its rights under this Agreement upon and during the continuation of an Event of Default. This appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Pledgor hereby gives the Collateral Agent the power and right, on behalf of the Pledgor, without notice to or assent by the Pledgor, upon the occurrence and during the continuation of an Event of Default, (i) to ask, demand, collect, sue for, recover, receive and give receipt and discharge for amounts due and to become due under and in respect of all or any part of the Pledged Collateral, (ii) to file any claims or take any action or proceeding that the Collateral Agent may deem necessary or advisable for the collection of all or any part of the Pledged Collateral, (iii) to execute, in connection with any sale or disposition of the Pledged Collateral under Article V, any endorsements, assignments or other instruments of conveyance or transfer with respect to all or any part of the Pledged Collateral, (iv) direct any party liable for any payment under any Pledged Collateral to make payment of any monies due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct, (v) commence and

prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect any Pledged Collateral and to enforce any other right in respect of any Pledged Collateral, (vi) defend any suit, action or proceeding brought against the Pledgor with respect to any Pledged Collateral, (vii) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate, and (viii) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Pledged Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Collateral Agent's option and the Pledgor's expense, at any time, or from time to time, all acts and things that the Collateral Agent reasonably deems necessary to protect, preserve or realize upon the Pledged Collateral and the Collateral Agent's and the other Secured Parties' Liens thereon and to effect the intent of this Agreement, all as fully and effectively as the Pledgor might do.

(b) The Pledgor hereby ratifies all that said attorney shall lawfully do or cause to be done by virtue hereof, in each case pursuant to the powers granted hereunder. The Pledgor hereby acknowledges and agrees that the Collateral Agent shall have no fiduciary duties to the Pledgor in acting pursuant to this power-of-attorney and the Pledgor hereby waives any claims or rights of a beneficiary of a fiduciary relationship hereunder.

Section 2.06. Performance by Collateral Agent. If the Pledgor fails to perform any agreement contained herein after receipt of a written request to do so from the Collateral Agent, the Collateral Agent (acting at the direction of the Administrative Agent on behalf of the Required Lenders) may (but shall not be obligated to) cause performance of such agreement, and the reasonable and documented fees and expenses of the Collateral Agent, including such fees and expenses of its outside counsel, incurred in connection therewith shall be payable by the Pledgor; provided, however, that if an Insolvency Proceeding shall have occurred with respect to the Pledgor, the written request described in this Section 2.06 shall not be required.

Section 2.07. Reasonable Care.

(a) The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if the Pledged Collateral is accorded treatment substantially equivalent to that which the Collateral Agent accords its own property of the type of which the Pledged Collateral consists, it being understood that the Collateral Agent shall have no responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Collateral, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, (ii) taking any necessary steps to preserve rights against any parties with respect to any Pledged Collateral (except, in the case of clauses (i) and (ii), to the extent the same constitutes gross negligence or willful misconduct on the part of the Collateral Agent) or (iii) filing any financing statements or continuation statements or recording any documents or maintaining the perfection of any security interests in the Pledged Collateral.

(b) The Collateral Agent shall not be responsible for (i) the existence, genuineness or value of any of the Pledged Collateral, (ii) the validity, perfection, priority or enforceability of the Liens in any of the Pledged Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder (except to the extent such action or omission constitutes gross negligence or willful misconduct on the part of the Collateral Agent), (iii) the validity or sufficiency of the Pledged Collateral or any agreement or assignment contained therein, (iv) the validity of the title of the Pledgor to the Pledged Collateral, (v) insuring the Pledged Collateral, (vi) the payment of taxes, charges, assessments or Liens upon the Pledged Collateral or (vii) any other maintenance of the Pledged Collateral.

Section 2.08. Security Interest Absolute; Waivers.

(a) To the maximum extent permitted by law, all rights and security interests of the Collateral Agent purported to be granted hereunder and all obligations of the Pledgor hereunder shall be absolute and unconditional irrespective of:

(i) any lack of validity or enforceability of any of the Loan Documents or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other amendment or waiver of or any consent to any departure from the Loan Documents or any other agreement or instrument relating thereto; provided that no such amendment shall increase any obligations of the Pledgor without its consent;

(iii) any exchange, release or non-perfection of any other collateral or any release (excluding any release pursuant to Section 6.16), amendment or waiver of, or consent to any departure from, any guaranty for, all or any of the Secured Obligations;

(iv) any judicial or non-judicial foreclosure or sale of, or other election of remedies with respect to, any interest in real property or other collateral serving as security for all or any part of the Secured Obligations, even though such foreclosure, sale or election of remedies may impair the subrogation rights of the Borrower or the Pledgor or may preclude the Borrower or the Pledgor from obtaining reimbursement, contribution, indemnification or other recovery from the Borrower or the Pledgor and even though the Borrower or the Pledgor may or may not, as a result of such foreclosure, sale or election of remedies, be liable for any deficiency;

(v) any act or omission of the Collateral Agent or any other Person (other than payment of the Secured Obligations) that directly or indirectly results in or aids the discharge or release of the Pledgor or any part of the Secured Obligations or any security or guarantee (including any letter of credit) for all or any part of the Secured Obligations by operation of law or otherwise;

(vi) the election by the Collateral Agent, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the U.S. Bankruptcy Code;

(vii) any extension of credit or the grant of any Lien under Section 364 of the U.S. Bankruptcy Code;

(viii) any use of cash collateral under Section 363 of the U.S. Bankruptcy Code;

(ix) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person;

(x) the avoidance of any Lien in favor of the Collateral Agent for any reason;

(xi) any Insolvency Proceeding in respect of any Person, including any discharge of, or bar or stay against collecting, all or any part of the Secured Obligations (or any interest on all or any part of the Secured Obligations) in or as a result of any such proceeding; or

(xii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Pledgor, except as otherwise provided herein.

(b) The Pledgor hereby expressly waives, to the maximum extent permitted by law, (i) promptness, diligence, presentment, demand for payment or performance and protest, (ii) filing of claims with any court, (iii) any proceeding to enforce any provision of the Loan Documents, (iv) notice of acceptance of and reliance on this Agreement by any Secured Party, (v) notice of the creation of any Secured Obligations, and (except with respect to any notice required by the Loan Documents relating to the Secured Obligations) any other notice whatsoever, (vi) any requirement that the Collateral Agent exhaust any right, power or remedy, or proceed or take any other action against the Pledgor under any Loan Document to which the Pledgor is a party or any Lien on, or any claim of payment against, any property of the Pledgor or any other agreement or instrument referred to therein, or any other Person under any guarantee of, or Lien securing, or claim for payment of, any of the Secured Obligations, (vii) any right to require a proceeding by the Collateral Agent first against the Borrower, whether to marshal any assets or to exhaust any right or take any action against the Borrower or any other Person or any collateral or otherwise, or any diligence in collection or protection for realization upon any Secured Obligations, (viii) any obligation hereunder or any collateral security for any of the foregoing, (ix) any claims of waiver, release, surrender, alteration or compromise, and (x) all other defenses, set-offs counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise. The Pledgor further waives (A) any requirement that any other Person be joined as a party to any proceeding for the enforcement by the Collateral Agent of any Secured Obligations and (B) the filing of claims by the Collateral Agent in the event of an Insolvency Proceeding in respect of the Borrower or the Pledgor.

(c) The Pledgor hereby expressly waives, to the maximum extent permitted by applicable law:

(i) any claim that, as to any part of the Pledged Collateral, a public sale is, in and of itself, not a commercially reasonable method of sale for the Pledged Collateral;

(ii) the right to assert in any action or proceeding between it and the Collateral Agent any offsets or counterclaims that it may have;

(iii) except as otherwise provided in this Agreement, NOTICE OR JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT TAKING POSSESSION OF, OR DISPOSITION OF, ANY OF THE PLEDGED COLLATERAL INCLUDING ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT THAT THE PLEDGOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, AND ALL OTHER REQUIREMENTS AS TO THE TIME, PLACE AND TERMS OF SALE OR OTHER REQUIREMENTS WITH RESPECT TO THE ENFORCEMENT OF THE COLLATERAL AGENT'S RIGHTS HEREUNDER;

(iv) all rights of redemption, appraisement, valuation, stay and extension or moratorium; and

(v) all other rights the exercise of which would, directly or indirectly, prevent, delay or inhibit the enforcement of any of the rights or remedies of the Collateral Agent and the other Secured Parties under this Agreement or the absolute sale of the Pledged Collateral, now or hereafter in force under any applicable law, and the Pledgor, for itself and all who may

claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws and rights.

Section 2.09. Financing Statements. The Pledgor authorizes the Administrative Agent to file (but the Administrative Agent shall not be so obligated to file) such Financing Statements in such offices as are or shall be necessary or appropriate to create, perfect and establish the priority of the Liens granted by this Agreement in any and all of the Pledged Collateral, to preserve the validity, perfection or priority of the Liens granted by this Agreement in any and all of the Pledged Collateral or to enable the Collateral Agent to exercise its remedies, rights, powers and privileges under this Agreement.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES

The Pledgor represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, as follows, which representations and warranties shall survive the execution and delivery of this Agreement:

Section 3.01. Organization; Power and Authority. The Pledgor (a) is duly formed, validly existing and in good standing under the laws of the State of Delaware, (b) has all requisite limited liability company power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business and is in good standing in each other jurisdiction where such qualification is required for the Pledgor to grant the Liens on the Pledged Collateral intended to be granted hereby or otherwise perform its obligations hereunder, and (d) has the limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and to grant the Liens on the Pledged Collateral intended to be granted hereunder.

Section 3.02. Authorization; No Conflict. The execution, delivery and performance by the Pledgor of this Agreement and the granting of the Liens on the Pledged Collateral intended to be granted hereunder (a) have been duly authorized by all limited liability company action required to be taken or obtained by the Pledgor and (b) will not (i) violate (A) any provision of any Legal Requirement or of the operating agreement or any other constitutive documents of the Pledgor, or (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority, (ii) be in conflict with, violate, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a material benefit under any indenture, lease, agreement or other instrument to which the Pledgor is a party or by which it or any of its property is or may be bound, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by the Pledgor, other than the Liens intended to be granted hereunder.

Section 3.03. Enforceability. This Agreement has been duly executed and delivered by the Pledgor and constitutes a legal, valid and binding obligation of the Pledgor enforceable against the Pledgor in accordance with its terms, subject to (a) the effects of bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other similar laws affecting creditors' rights generally, (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law) and (c) implied covenants of good faith and fair dealing.

Section 3.04. Valid Security Interest. Subject to the immediately following sentence, upon the proper filing thereof by or on behalf of the Administrative Agent of forms of UCC-1 in the office of the Secretary of State of the State of Delaware, all filings, registrations and recordings necessary to create, preserve, protect and perfect the Liens granted to the Collateral Agent hereby in respect of the Pledged Collateral shall have been accomplished. Possession by the Collateral Agent of the notes,

certificates or instruments representing Pledged Collateral and possession of the proceeds thereof are the only actions necessary to perfect or protect the Collateral Agent's Liens (for the benefit of the Secured Parties) in the Pledged Collateral represented by such notes, certificates or instruments and the proceeds thereof under the UCC, and, upon delivery to the Collateral Agent of the certificate evidencing the LLC Interests described on Schedule I, together with an instrument of transfer duly endorsed in blank, the Liens granted to the Collateral Agent pursuant to this Agreement in and to the Pledged Collateral constitutes a valid and enforceable perfected security interest therein superior and prior to the rights of all other Persons therein and, in each case, subject to no other Liens, sales, assignments, conveyances, settings over or transfers other than Liens permitted under Section 6.2 of the Credit Agreement which arise by operation of law and the Liens to be created pursuant to this Agreement.

Section 3.05. Title. The Pledgor is the sole beneficial owner of the property in which the Pledgor purports to grant a Lien pursuant to this Agreement.

Section 3.06. Other Financing Statements. There is no Financing Statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Pledged Collateral, except Financing Statements filed or to be filed in respect of and covering the Liens granted hereby by the Pledgor.

Section 3.07. Consents. No consent, authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or any other Person is required either (a) for the pledge by the Pledgor of the Pledged Collateral pursuant to this Agreement or for the due execution, delivery or performance of this Agreement by the Pledgor or (b) for the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or of the remedies in respect of the Pledged Collateral pursuant to this Agreement, except, (i) in each case, such as have been made or obtained and are in full force and effect and (ii) in the case of clause (b), such as may be required in connection with the sale, transfer or other disposition of the Pledged Collateral by laws affecting the offering and sale of securities generally.

Section 3.08. Chief Executive Office, Etc.

(a) The chief executive office of the Pledgor and the office where the Pledgor keeps its records concerning the Pledged Collateral is located at:

Solar Star California XIII Parent, LLC
c/o SunPower Corporation
77 Rio Robles
San Jose, CA 95134

(b) The Pledgor has not, since its date of formation, (i) changed its location (as defined in Section 9-307(a) of the UCC), (ii) changed its name or (iii) become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC).

Section 3.09. LLC Interests.

(a) The LLC Interests identified on Schedule I comprise 100% of the authorized, issued and outstanding Capital Stock of the Borrower; such LLC Interests are duly authorized, validly existing, fully paid and non-assessable; and no transfer of those LLC Interests in the manner contemplated by this Agreement is subject to any contractual restriction, or any restriction under the limited liability company agreement of the Pledgor or the Operating Agreement.

(b) The LLC Interests are "certificated securities" as such term is defined in Article 8 of the UCC.

Section 3.10. Litigation. There are no actions, suits, investigations or proceedings at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending against, or, to the Knowledge of the Pledgor, threatened in writing against or affecting, the Pledgor or any business, property or rights of the Pledgor which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Pledgor's ability to grant the Liens on the Pledged Collateral intended to be granted hereby or otherwise perform its obligations hereunder.

Section 3.11. Investment Company Act. The Pledgor is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

Section 3.12. Indebtedness. The Pledgor does not have outstanding any Indebtedness which is or purports to be senior in priority to the Pledgor's obligations under this Agreement.

Section 3.13. Regulation. The business activities of the Pledgor are not subject to any special or industry-specific regulation or governmental oversight or review, other than the Delaware Limited Liability Company Act.

Section 3.14. Loan Documents. The Pledgor has reviewed and is familiar with the terms of the Loan Documents that are material to its obligations hereunder.

**ARTICLE IV**
**COVENANTS**

The Pledgor hereby covenants and agrees from and after the Closing Date until the termination of this Agreement in accordance with the provisions of Section 6.16:

Section 4.01. Maintenance of Existence. Except as otherwise expressly permitted by this Agreement, the Pledgor shall (a)(i) maintain and preserve its existence as a Delaware limited liability company in good standing and (ii) maintain its qualification to do business in each other jurisdiction where such qualification is necessary to perform its obligations hereunder and (b) engage only in businesses consistent with the Loan Documents.

Section 4.02. Sale of Pledged Collateral. The Pledgor shall not, without the prior written consent of the Collateral Agent (acting at the direction of the Administrative Agent acting at the direction of the Required Secured Parties), sell or otherwise dispose of, or grant any option or warrant with respect to, any of the Pledged Collateral, except to the extent such disposition remains subject to the pledge in favor of the Collateral Agent hereunder.

Section 4.03. No Other Liens. The Pledgor shall not create, incur or permit to exist, shall defend the Pledged Collateral against and shall take such other action as is reasonably necessary to remove, any Lien or claim on or to the Pledged Collateral, other than Liens which arise by operation of law and the Liens created pursuant to this Agreement, and shall defend the right, title and interest of the Collateral Agent and the other Secured Parties in and to the Pledged Collateral against the claims and demands of all Persons whomsoever.

Section 4.04. Chief Executive Office, Etc.

(a) The Pledgor shall promptly notify the Collateral Agent of any new location for its chief executive office or at which the records concerning the Pledged Collateral are kept. The Pledgor shall clearly describe such new location and shall take all action necessary in connection therewith to maintain the Liens of the Collateral Agent in the Pledged Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

(b) The Pledgor shall not change its name until (i) it has given to the Collateral Agent not less than ten (10) days' prior written notice of its intention to do so, clearly specifying such new name, and (ii) with respect to such new name, it shall have taken all action necessary to maintain the Liens of the Collateral Agent in the Pledged Collateral intended to be granted hereby at all times fully perfected and in full force and effect.

Section 4.05. Supplements; Further Assurances. The Pledgor shall at any time and from time to time, at its own cost and expense, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Collateral Agent may reasonably request in writing, in order to perfect and protect any Lien granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Pledged Collateral.

Section 4.06. Termination or Amendment of Operating Agreement. Unless otherwise expressly permitted by the terms of the Loan Documents, the Pledgor shall not, without the prior written consent of the Collateral Agent (acting at the direction of the Administrative Agent on behalf of the Required Lenders), agree to or permit the amendment (other than immaterial amendments), cancellation or termination of the Operating Agreement.

Section 4.07. Certificates and Instruments.

(a) The Pledgor shall deliver all certificates or other documents representing the Pledged Collateral to the Collateral Agent with all necessary and appropriate instruments of transfer or assignment duly endorsed in blank on the Closing Date. In the event the Pledgor obtains possession of any certificates or any securities or instruments forming a part of the Pledged Collateral, the Pledgor shall promptly deliver the same to the Collateral Agent together with all necessary and appropriate instruments of transfer or assignment duly endorsed in blank. Prior to any such delivery, any Pledged Collateral in the Pledgor's possession shall be held by the Pledgor in trust for the Collateral Agent.

(b) The Pledgor shall at all times cause the LLC Interests to be "certificated securities" as such term is defined in Article 8 of the UCC.

Section 4.08. Records; Statements and Schedules. The Pledgor shall keep and maintain, at its own cost and expense, records of the Pledged Collateral owned by it, including records of all payments received with respect thereto, and it shall make the same available to the Collateral Agent for inspection at the Pledgor's chief executive office, at the Pledgor's cost and expense, upon reasonable notice (except after the occurrence and during the continuance of an Event of Default), at any time during normal business hours. The Pledgor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Pledged Collateral and such other reports in connection with the Pledged Collateral as the Collateral Agent may reasonably request in writing, all in reasonable detail.

Section 4.09. Improper Distributions. Notwithstanding any other provision contained in this Agreement, the Pledgor shall not accept any distributions, dividends or other payments (or any collateral in lieu thereof) in respect of the Pledged Collateral, except to the extent the same are expressly permitted by the terms of this Agreement and the other Loan Documents.

Section 4.10. Taxes. The Pledgor shall pay, or cause to be paid, as and when due and prior to delinquency, all taxes, assessments and governmental charges of any kind that may at any time be lawfully assessed or levied against or with respect to the Pledgor, the Borrower or the LLC Interests, except to the extent non-compliance could not reasonably be expected to have a Material Adverse Effect; provided, however, that the Pledgor may contest or cause to be contested in good faith any such taxes, assessments and other charges and, in such event, may permit the taxes, assessments or other charges so contested to remain unpaid during any period, including appeals, when the Pledgor is in good faith contesting or causing to be contested the same by appropriate proceedings, so long as (a) reserves consistent with GAAP have been established on the Pledgor's books in an amount sufficient to pay any such taxes, assessments or other charges, accrued interest thereon and potential penalties or other costs relating thereto, or other provision for the payment thereof reasonably satisfactory to the Administrative Agent shall have been made, (b) enforcement of the contested tax, assessment or other charge is effectively stayed for the entire duration of such contest and (c) any tax, assessment or other charge determined to be due, together with any interest or penalties thereon, is immediately paid after resolution of such contest.

Section 4.11. Notices. The Pledgor shall promptly, upon obtaining actual knowledge of (a) any action, suit or proceeding at law or in equity by or before any Governmental Authority, arbitral tribunal or other body pending or threatened against the Pledgor which could reasonably be expected to result in a Material Adverse Effect or a material adverse effect on the Pledgor's ability to grant the Liens on the Pledged Collateral intended to be granted hereby or otherwise perform its obligations hereunder, (b) the occurrence of any other circumstance, act or condition (including the adoption, amendment or repeal of any Legal Requirement or notice (whether formal or informal, written or oral) of the failure to comply with the terms and conditions of any Legal Requirement) which could reasonably be expected to result in a Material Adverse Effect or a material adverse effect on the Pledgor's ability to grant the Liens on the Pledged Collateral intended to be granted hereby or otherwise perform its obligations hereunder, or (c) the occurrence of any Event of Default relating solely to the Pledgor, in each case furnish to the Collateral Agent a notice of such event describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a written description of the action that the Pledgor has taken or proposes to take with respect thereto.

Section 4.12. Filing Fees. The Pledgor shall pay any applicable filing fees and related expenses in connection with any filing made by the Administrative Agent in accordance with Section 2.09.

Section 4.13. Bankruptcy; Dissolution. The Pledgor shall not authorize or permit the Borrower to:

(a) except upon compliance with the requirements of the Operating Agreement as in effect on the date hereof, (i) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Borrower or the Borrower's debts under the Bankruptcy Code now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of the Borrower or any substantial part of the Borrower's property, (ii) consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against the Borrower or (iii) make a general assignment for the benefit of the Borrower's creditors;

(b) commence or join with any other Person (other than the Collateral Agent and the other Secured Parties) in commencing any proceeding against the Borrower under the Bankruptcy Code or any other statute now or hereafter in effect in any jurisdiction; or

(c) except as permitted by the Loan Documents, liquidate, wind-up or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of its property, assets or business or combine, merge or consolidate with or into any other entity, or change its legal form, or implement any material acquisition or purchase of assets from any Person.

Section 4.14. Compliance with Operating Agreement. The Pledgor shall comply in all material respects with the terms of the Operating Agreement.

Section 4.15. Compliance with Laws. The Pledgor shall comply with all applicable Legal Requirements, except such non-compliance as would not reasonably be expected to have a material adverse effect on the ability of the Pledgor to perform its obligations hereunder.

Section 4.16. No Merger or Consolidation. The Pledgor shall not (a) liquidate, wind- up or dissolve, or (b) combine, merge or consolidate with or into any other entity, unless, if applicable, the transferee or surviving Person assumes all of its obligations hereunder by operation of law or otherwise.

Section 4.17. Separate Existence. The Pledgor shall (a) maintain entity records and books of account separate from those of the Borrower; (b) not commingle its funds or assets with those of the Borrower; and (c) provide that its board of directors or other analogous governing body will hold all appropriate meetings (or take such other actions permitted under its organizational documents) to authorize and approve the Pledgor's actions, which meetings will be separate from those of the Borrower.

Section 4.18. Access and Inspection. The Pledgor hereby grants to the Collateral Agent all rights of access to and inspection and use, at reasonable times during business hours, of all books, correspondence, credit files, records, invoices, tapes, cards, computer runs and files and other papers and documents in connection with, but only to the extent relating to, any of the Pledged Collateral in the possession of or under the control of the Pledgor after reasonable prior written notice to the Borrower (and subject to reasonable requirements of confidentiality, safety requirements and other requirements imposed by law or by contract), provided that the costs and expense of any such visit shall be governed by the provisions of Section 5.6 of the Credit Agreement.

Section 4.19. Additional Pledgor Covenants. The Pledgor shall not (a) conduct, transact or otherwise engage in, or commit to conduct, transact or otherwise engage in, any business or operations other than those incidental to its ownership of the Capital Stock of the Borrower, (b) incur, create, assume or suffer to exist any Indebtedness or other liabilities or financial obligations, except (i) nonconsensual obligations imposed by operation of law, (ii) obligations pursuant to the Loan Documents to which it is a party and (iii) obligations with respect to its Capital Stock, (c) own, lease, manage or otherwise operate any properties or assets (including cash (other than cash received in connection with distributions made by the Borrower in accordance with Section 6.7 of the Credit Agreement) and cash equivalents) other than the ownership of shares of Capital Stock of the Borrower, (d) create, incur, assume or suffer to exist any Lien upon any of its property, except Liens created pursuant to the Loan Documents, (e) make any Investments, except investments in Permitted Investments, or (f) create, form or acquire any Subsidiary or enter into any partnership or joint venture.

**ARTICLE V**
**REMEDIES**

Section 5.01. Remedies Generally.

(a) Upon the occurrence and during the continuation of an Event of Default, the Collateral Agent may (but shall not be obligated to), without notice to the Pledgor (except as required by applicable law) and at such times as the Collateral Agent in its sole judgment may determine, exercise any or all of the Pledgor's rights in, to and under, or in any way connected to, the Pledged Collateral, and the Collateral Agent shall otherwise have and may (but shall not be obligated to) exercise all of the rights, powers, privileges and remedies with respect to the Pledged Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights, powers, privileges and remedies are asserted) and such additional rights, powers, privileges and remedies to which a Secured Party is entitled under the laws in effect in any jurisdiction where any rights, powers, privileges and remedies hereunder may be asserted, including the right, to the maximum extent permitted by applicable law, to exercise all voting, consensual and other powers of ownership pertaining to the Pledged Collateral as if the Collateral Agent were the sole and absolute owner thereof (and the Pledgor agrees to take all such action as may be appropriate to give effect to such right).

(b) Without limiting the generality of the foregoing, upon the occurrence and during the continuation of an Event of Default:

(i) the Collateral Agent in its discretion may require the Pledgor to, and the Pledgor shall, assemble the Pledged Collateral owned by it at such place or places, reasonably convenient to both the Collateral Agent and the Pledgor, designated in the Collateral Agent's request; and

(ii) the Collateral Agent in its discretion may, to the fullest extent provided by law, have a court having jurisdiction appoint a receiver, which receiver shall take charge and possession of and protect, preserve and replace the Pledged Collateral or any part thereof, and manage and operate the same, and receive and collect all income, receipts, royalties, revenues, issues and profits therefrom (it being agreed that the Pledgor irrevocably consents and shall be deemed to have hereby irrevocably consented to the appointment thereof, and upon such appointment, the Pledgor shall immediately deliver possession of such Pledged Collateral to such receiver).

Section 5.02. Sale of Pledged Collateral.

(a) Without limiting the generality of Section 5.01, if an Event of Default shall have occurred and be continuing, the Collateral Agent may, without notice except as specified below, sell the Pledged Collateral or any part thereof in one or more parcels at public or private sale or at any of the Collateral Agent's corporate trust offices or elsewhere, for cash, on credit or for future delivery and at such price or prices and upon such other terms as are commercially reasonable, irrespective of the impact of any such sale on the market price of the Pledged Collateral at any such sale. Each purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the Pledgor, and the Pledgor hereby waives (to the extent permitted by law) all rights of redemption, stay or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Pledgor agrees that at least ten (10) days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private

sale from time to time by announcement at the time and place fixed therefore and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Collateral Agent shall incur no liability as a result of the sale of the Pledged Collateral, or any part thereof, at any public or private sale. The Pledgor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Pledged Collateral may have been sold at such a private sale, if commercially reasonable, was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer the Pledged Collateral to more than one offeree.

(b) The Pledgor recognizes that, if an Event of Default shall have occurred and be continuing, the Collateral Agent may elect to sell all or any part of the Pledged Collateral to one or more purchasers in privately negotiated transactions in which the purchasers will be obligated to agree, among other things, to acquire the Pledged Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Pledgor acknowledges that any such private sales may be at prices and on terms less favorable than those obtainable through a public sale (including a public offering made pursuant to a registration statement under the Securities Act) and the Pledgor and the Collateral Agent agree that such private sales shall be made in a commercially reasonable manner and that the Collateral Agent has no obligation to engage in public sales and no obligation to delay sale of any Pledged Collateral to permit the issuer thereof to register the Pledged Collateral for a form of public sale requiring registration under the Securities Act. If the Collateral Agent exercises its right to sell any or all of the Pledged Collateral, upon written request the Pledgor shall, from time to time, furnish to the Collateral Agent all such information as is necessary in order to determine the LLC Interests, any other interests in the Pledged Collateral and any other instruments included in the Pledged Collateral which may be sold by the Collateral Agent as exempt transactions under the Securities Act and rules of the United States Securities and Exchange Commission thereunder, as the same are from time to time in effect.

Section 5.03. Purchase of Pledged Collateral. The Collateral Agent or any other Secured Party may be a purchaser of the Pledged Collateral or any part thereof or any right or interest therein at any sale thereof, whether pursuant to foreclosure, power of sale or otherwise hereunder and the Collateral Agent may apply the purchase price to the payment of the Secured Obligations. Any purchaser of all or any part of the Pledged Collateral shall, upon any such purchase, acquire good title to the Pledged Collateral so purchased, free of the security interests created by this Agreement.

Section 5.04. Application of Proceeds; Deficiency. The Collateral Agent shall apply any proceeds from time to time held by it and the net proceeds of any collection, recovery, receipt, appropriation, realization or sale with respect to the Pledged Collateral to the payment of the Secured Obligations in the following order:

First, to pay incurred and unpaid fees and expenses of the Agents under the Loan Documents, pro rata among the Agents according to the amount of the unpaid fees and expenses then due and owing and remaining unpaid to the Agents;

Second, to the Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Secured Obligations, pro rata among the Secured Parties according to the amounts of the Secured Obligations then due and owing and remaining unpaid to the Secured Parties;

Third, to the Administrative Agent, for application by it towards prepayment of the Secured Obligations, pro rata among the Secured Parties according to the amounts of the Secured Obligations then held by the Secured Parties; and

Fourth, any balance remaining after the Secured Obligations shall have been paid in full and the Commitments shall have terminated shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

For the avoidance of doubt, it is understood that the Borrower and the Pledgor shall remain liable to the extent of any deficiency between the amount of proceeds of the Pledged Collateral and the aggregate amount of the Borrower Obligations or Pledgor Obligations, respectively, in accordance with the Loan Documents.

Section 5.05. Notice. The Collateral Agent shall within a reasonable period of time thereafter give the Pledgor notice of any action taken under this Article V; provided, however, that (a) failure to give such notice shall have no effect on the rights of the Collateral Agent hereunder and (b) the Collateral Agent shall not be required to deliver any such notice if the Pledgor is the subject of an Insolvency Proceeding or if the delivery of such notice is otherwise prohibited by applicable law.

Section 5.06. Enforcement Expenses. The Pledgor agrees to pay or reimburse the Collateral Agent and each Secured Party for all its fees and documented out-of-pocket expenses (including reasonable and documented legal fees, charges and disbursements) incurred by the Collateral Agent or such Secured Party, as applicable, in connection with the enforcement and protection of its rights under this Agreement.

## ARTICLE VI
## MISCELLANEOUS

Section 6.01. No Waiver; Remedies Cumulative. Neither the Collateral Agent nor any Secured Party shall by any act (except by a written instrument pursuant to Section 5.05), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

Section 6.02. Notices. All notices, requests and other communications provided for herein (including any modifications of, or waivers or consents under, this Agreement) shall be given or made in writing in the manner set out in Section 9.2 of the Credit Agreement. Unless otherwise so changed in accordance with the Credit Agreement by the respective parties hereto, all notices, requests and other communications to each party hereto shall be sent to the address of such party set forth in Section 9.2 of the Credit Agreement. Notices to the Pledgor shall be sent to the following address:

Solar Star California XIII Parent, LLC
c/o SunPower Corporation
77 Rio Robles
San Jose, CA 95134
Attn: General Counsel
Facsimile No.: (510) 540-0552

Section 6.03. Amendments and Waivers. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 9.1 of the Credit Agreement.

Section 6.04. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Pledgor and shall inure to the benefit of the Collateral Agent and the Secured Parties and their successors and assigns; provided that (a) the Pledgor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent, (b) the Collateral Agent shall only transfer or assign its rights under this Agreement in connection with a resignation or removal of such Person from its capacity as "Collateral Agent" in accordance with the terms of this Agreement and the Credit Agreement and (c) the Collateral Agent may delegate certain of its responsibilities and powers under this Agreement as contemplated by Section 6.08 below and Section 8.2 of the Credit Agreement. Notwithstanding anything herein to the contrary, any corporation into which the Collateral Agent may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Collateral Agent shall be a party, or any corporation succeeding to the corporate trust business of the Collateral Agent, shall be the successor of the Collateral Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession; provided that the Collateral Agent shall forthwith notify the parties hereto in writing in reasonable advance of any such event.

Section 6.05. Survival; Reliance. The representations and warranties of the Pledgor set out in this Agreement or contained in any documents delivered to the Collateral Agent or any other Secured Party pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties in entering into the Loan Documents and extending the credit or otherwise performing the transactions thereunder, notwithstanding any investigation on their respective parts.

Section 6.06. Effectiveness; Continuing Nature of this Agreement. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement and any Secured Party may continue, at any time and without notice to any other Person, to extend credit and other financial accommodations and lend monies to or for the benefit of the Pledgor or the Borrower constituting Secured Obligations in reliance hereof. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency Proceeding. All references to the Pledgor shall include the Pledgor as debtor and debtor-in-possession and any receiver or trustee for the Pledgor (as the case may be) in any Insolvency Proceeding.

Section 6.07. Entire Agreement. This Agreement constitutes the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement.

Section 6.08. Agents, Etc. The Collateral Agent may employ agents, experts and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents, experts or attorneys-in-fact selected by it with reasonable care.

Section 6.09. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the

invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 6.10. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or .pdf), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

Section 6.11. Headings. Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 6.12. Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 6.13. Jurisdiction; Consent to Service of Process. The Pledgor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any courts thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Pledgor at its address referred to in Section 9.2 of the Credit Agreement or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

Section 6.14. Waiver of Jury Trial. THE PLEDGOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 6.15. Specific Performance. The Collateral Agent may demand specific performance of this Agreement. The Collateral Agent and the Pledgor hereby irrevocably waive any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar

the remedy of specific performance in any action which may be brought by the Collateral Agent or any other Secured Parties.

Section 6.16. Release; Termination. Upon the occurrence of the Discharge Date, the Administrative Agent shall provide notice to the Collateral Agent of such payment in full and the termination of the Commitments and the Collateral Agent, at the sole cost and expense of the Pledgor, (a) shall execute and deliver all such documentation, UCC termination statements and instruments as are reasonably provided by the Borrower to release the Liens created pursuant to this Agreement and to terminate this Agreement, (b) upon written notice to the Collateral Agent, authorizes the Pledgor to prepare and file UCC termination statements terminating all of the Financing Statements filed in connection herewith and (c) agrees, at the request of the Pledgor, to execute and deliver such documents, instruments, certificates, notices or further assurances as the Pledgor may reasonably furnish as necessary or desirable to effect such termination and release, including the execution of a customary pay-off letter, all at the Pledgor's sole cost and expense.

Section 6.17. Reinstatement. This Agreement and the Liens created hereunder shall automatically be reinstated if and to the extent that for any reason any payment by or on behalf of the Pledgor or the Borrower in respect of the Secured Obligations is rescinded or must otherwise be restored by any Secured Party, whether as a result of any Insolvency Proceeding or reorganization or otherwise, and the Pledgor shall indemnify the Collateral Agent, each other Secured Party and their respective employees, officers and agents on demand for all reasonable and documented fees, costs and expenses (including reasonable fees, costs and expenses of counsel) incurred by the Collateral Agent, such other Secured Party or its respective employees, officers or agents in connection with such reinstatement, rescission or restoration.

Section 6.18. No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of the Collateral Agent and the other Secured Parties. Nothing in this Agreement shall impair, as between the Pledgor and the Borrower, on the one hand, and the Collateral Agent and the other Secured Parties, on the other hand, the obligations of the Pledgor and the Borrower to pay principal, interest, fees and other amounts as provided in the Loan Documents.

Section 6.19. Collateral Agent. Notwithstanding any other provision contained in this Agreement, the Collateral Agent shall be afforded all of the rights, powers, immunities and indemnities of the Collateral Agent set forth in the Loan Documents, as if such rights, powers, immunities and indemnities were specifically set forth herein. The Pledgor hereby acknowledges the appointment of the Collateral Agent pursuant to the Credit Agreement. The rights, privileges, protections and benefits given to the Collateral Agent, including its right to be indemnified, are extended to, and shall be enforceable by, the Collateral Agent in its capacity hereunder, and to each agent, custodian and other Person employed by the Collateral Agent in accordance herewith to act hereunder.

Section 6.20. Independent Security. The security provided for in this Agreement shall be in addition to and shall be independent of every other security which the Secured Parties may at any time hold for any of the Secured Obligations hereby secured, whether or not under the Loan Documents. The execution of any other Loan Document shall not modify or supersede the security interest or any rights or obligations contained in this Agreement and shall not in any way affect, impair or invalidate the effectiveness and validity of this Agreement or any term or condition hereof. The Pledgor hereby waives its right to plead or claim in any court that the execution of any other Loan Document is a cause for extinguishing, invalidating, impairing or modifying the effectiveness and validity of this Agreement or any term or condition contained herein. The Collateral Agent shall be at liberty to accept further security from the Pledgor or from any third party and/or release such security without notifying the Pledgor and

without affecting in any way the obligations of the Pledgor or the Borrower under the other Loan Documents. The Collateral Agent (acting at the direction of the Required Secured Parties) shall determine if any security conferred upon the Secured Parties under the Loan Documents shall be enforced by the Collateral Agent as well as the sequence of securities to be so enforced.

Section 6.21. Independent Obligations. The obligations of the Pledgor under this Agreement are independent of those of the Borrower. The Collateral Agent may bring a separate action against the Pledgor without first proceeding against the Borrower or any other Person or any other security held by the Collateral Agent and without pursuing any other remedy.

Section 6.22. Subrogation. Notwithstanding any payment or payments made by the Pledgor or the exercise by the Collateral Agent of any of the remedies provided under this Agreement or any other Loan Document, until the Loans and the Secured Obligations shall have been paid in full and the Commitments have been terminated, the Pledgor shall not have any claim (as defined in 11 U.S.C. § 101(5)) of subrogation to any of the rights of the Collateral Agent against the Borrower, the Pledged Collateral or any guaranty held by the Collateral Agent for the satisfaction of any of the Secured Obligations, nor shall the Pledgor have any claims (as defined in 11 U.S.C. § 101(5)) for reimbursement, indemnity, exoneration or contribution from the Borrower in respect of payments made by the Pledgor hereunder. Notwithstanding the foregoing, if any amount shall be paid to the Pledgor on account of such subrogation, reimbursement, indemnity, exoneration or contribution rights at any time, such amount shall be held by the Pledgor in trust for the Collateral Agent segregated from other funds of the Pledgor, and shall be turned over to the Collateral Agent in the exact form received by the Pledgor (duly endorsed by the Pledgor to the Collateral Agent if required) to be applied against the Secured Obligations in such amounts and in such order as the Collateral Agent may elect.

Section 6.23. Enforcement Expenses; Indemnification. (a) The Pledgor agrees to pay or reimburse each Secured Party and the Collateral Agent for all its fees, costs and expenses incurred in collecting against the Pledgor or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which the Pledgor is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Secured Party and of counsel to the Collateral Agent.

(b) The Pledgor agrees to pay, and to save the Collateral Agent and the Secured Parties harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) The Pledgor agrees to pay, and to save the Collateral Agent and the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement.

(d) The agreements in this Section 6.23 shall survive repayment of the Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents, and any resignation or removal of the Collateral Agent.

Section 6.24. Acknowledgements. The Pledgor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) neither the Collateral Agent nor any Secured Party has any fiduciary relationship with or duty to the Pledgor arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Pledgor, on the one hand, and the Collateral Agent and Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Pledgor and the Secured Parties.

Section 6.25. Patriot Act Documentation. The parties hereto acknowledge that in accordance with Section 326 of the USA Patriot Act and other similar laws and regulations in any other applicable jurisdiction, the Collateral Agent is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Collateral Agent. The parties to this Agreement agree that they will provide the Collateral Agent with such information as it may reasonably request in order for the Collateral Agent to satisfy such requirements.

(*Signature pages follows*)

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

SOLAR STAR CALIFORNIA XIII, LLC, as Borrower

By: _____
Name:
Title:

MIZUHO BANK LTD., as Administrative Agent

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, not in its individual capacity, but solely as Collateral Agent

By: Deutsche Bank National Trust Company

By: _____
Name:
Title:

By: _____
Name:
Title:

**SCHEDULE I**
**INTERESTS**

500 Units (equal to 100% of the limited liability company membership interests) of Solar Star California XIII, LLC, a Delaware limited liability company, represented by Certificate Number 1, a copy of which is attached hereto.

**SCHEDULE II**
**KNOWLEDGE PARTIES**

Natalie Jackson

Scott Piscitello

Chris Baker

Renee Robin

Alan Comnes

FORM OF
SECURITY AGREEMENT

**Execution Version**

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SECURITY AGREEMENT

among

SOLAR STAR CALIFORNIA XIII, LLC,
as Borrower,

MIZUHO BANK LTD.,
as Administrative Agent,

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Agent

Dated as of October 17, 2014

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**SECURITY AGREEMENT**

SECURITY AGREEMENT, dated as of October 17, 2014 (this "Agreement"), between SOLAR STAR CALIFORNIA XIII, LLC, a Delaware limited liability company (the "Borrower"), MIZUHO BANK LTD., as administrative agent (together with its permitted successors and assigns, in such capacity the "Administrative Agent"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation, not in its individual capacity but solely as collateral agent for the Secured Parties (in such capacity, together with any successor collateral agent appointed pursuant to Section 8.9 of the Credit Agreement referred to below, the "Collateral Agent").

**WITNESSETH:**

WHEREAS, the Borrower proposes to develop, construct, finance and operate an approximately 108 MWac solar photovoltaic power project to be located in Merced County, California (as more fully described in the Credit Agreement referred to below, the "Project");

WHEREAS, in order to finance a portion of the costs of the development, construction, operation and maintenance of the Project, the Borrower is entering into that certain Credit Agreement, dated as of the date hereof (the "Credit Agreement"), among the Borrower, the lenders from time to time party thereto (the "Lenders"), the Administrative Agent and the other agents named therein;

WHEREAS, in order to secure its obligations under the Loan Documents, the Borrower is granting a first priority security interest in the Collateral (as defined herein) pursuant to this Agreement to the Collateral Agent for the benefit of the Secured Parties.

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

**AGREEMENT:**

**ARTICLE I**
**DEFINITIONS**

Section 1.01 Defined Terms. Each capitalized term used and not otherwise defined herein (including the introductory paragraph and recitals) shall have the meaning assigned to such term (whether directly or by reference to another agreement or document) in the Credit Agreement. In addition to the terms defined in the Credit Agreement, the following terms shall have the meanings specified below:

"Administrative Agent" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Agreement" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Assigned Agreements" shall mean all agreements, contracts and documents, including the Equity Contribution Agreement and each Material Project Document to which the Borrower is a party (including all exhibits and schedules thereto), as each such agreement, contract and document may be amended, supplemented or modified and in effect from time to time, including (i) all rights of the Borrower to receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii)

all rights of the Borrower to receive proceeds of any insurance, bond, indemnity, warranty, letter of credit or guaranty with respect to the Assigned Agreements, (iii) all claims of the Borrower for damages arising out of or for breach of or default under the Assigned Agreements and (iv) all rights of the Borrower to terminate, amend, supplement, modify or waive performance under the Assigned Agreements, to perform thereunder and to compel performance and otherwise to exercise all remedies thereunder.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, and any other federal or state insolvency, reorganization, moratorium or similar law for the relief of debtors, or any successor statute.

"Borrower" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Collateral" shall have the meaning given to such term in Section 3.01(a).

"Collateral Agent" shall have the meaning given to such term in the introductory paragraph of this Agreement.

"Copyright Licenses" shall mean any written agreement naming the Borrower as licensor or licensee, granting any right under any Copyright, including, without limitation, the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

"Copyrights" shall mean (i) all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, all registrations, recordings and applications in the United States Copyright Office, and (ii) the right to obtain all renewals thereof.

"Credit Agreement" shall have the meaning given to such term in the recitals to this Agreement.

"Deposit Account" shall have the meaning as defined in the UCC of any applicable jurisdiction and, in any event, including, without limitation, any demand, time, savings, passbook or like account maintained with a depositary institution.

"Equity Investor" shall have the meaning given to such term in the Equity Contribution Agreement.

"Excluded Assets" shall mean any property to the extent that a grant of a security interest in such property is prohibited by any Legal Requirements of a Governmental Authority, requires a consent not obtained of any Governmental Authority pursuant to such Legal Requirements or is prohibited by, or constitutes a breach or default under or results in the termination of, or grants any Person (other than the Borrower) the right to terminate its obligations thereunder, or constitutes or results in the abandonment, invalidation or unenforceability of any right, title or interest of the Borrower therein, or requires any consent not obtained under, any lease, contract, Permit, license, agreement, instrument or other document evidencing or giving rise to such property, except to the extent that such Legal Requirements or the term in such lease, contract, Permit, license, agreement, instrument or other document providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law (including, without limitation, pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC); provided that any such property shall constitute an Excluded Asset only to the extent and for so long as the consequences specified above shall exist and shall cease to be an Excluded Asset

and shall become subject to the Lien of the Security Documents immediately and automatically, at such time as such consequence shall no longer exist.

"Financing Statements" shall mean all financing statements, continuation statements, recordings, filings or other instruments of registration necessary or appropriate to perfect a Lien by filing in any appropriate filing or recording office in accordance with the New York UCC or any other relevant applicable law.

"Insolvency Proceeding" shall mean any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution or assignment for the benefit of creditors, in each of the foregoing events whether under the Bankruptcy Code or similar federal, state or foreign bankruptcy, insolvency, reorganization, receivership or similar law.

"Intellectual Property" shall mean the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including, without limitation, the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks and the Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Investment Property" shall mean the collective reference to (i) all "investment property" as such term is defined in Section 9-102(a)(49) of the New York UCC and (ii) whether or not constituting "investment property" as so defined, (x) all promissory notes issued to or held by the Borrower and (y) all Capital Stock owned by the Borrower, together with any other shares, stock certificates, options, interests or rights of any nature whatsoever in respect of the Capital Stock of any Person that may be issued or granted to, or held by, the Borrower while this Agreement is in effect.

"Lenders" shall have the meaning given to such term in the recitals to this Agreement.

"New York UCC" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York.

"Non-Delivered Instruments" shall have the meaning given to such term in Section 2.03.

"Patent Licenses" shall mean all agreements, whether written or oral, providing for the grant by or to the Borrower of any right to manufacture, use or sell any invention covered in whole or in part by a Patent.

"Patents" shall mean (i) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, (ii) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, and (iii) all rights to obtain any reissues or extensions of the foregoing.

"Proceeds" shall mean all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include, without limitation, all dividends or other income from the Investment Property and any other Collateral, collections thereon or distributions or payments with respect thereto, and whatever is receivable or received when Collateral or proceeds are sold, leased, licensed, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

"Project" shall have the meaning given to such term in the recitals of this Agreement.

"Receivable" shall mean any right to payment for goods sold or leased or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper and whether or not it has been earned by performance (including, without limitation, any Account).

"Secured Obligations" shall have the meaning given to the term "Obligations" in the Credit Agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Trademarks" shall mean (i) all trademarks, trade names, domain names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, and (ii) the right to obtain all renewals thereof.

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to the Borrower of any right to use any Trademark.

Section 1.02 Rules of Interpretation. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the rules of interpretation set forth in Section 1.2 of the Credit Agreement are hereby incorporated by reference, mutatis mutandis, as if fully set forth herein.

Section 1.03 UCC Definitions. All terms defined in the New York UCC shall have the respective meanings given to those terms in the New York UCC, except where the context otherwise requires, including the following terms: Accounts, Certificated Security, Chattel Paper, Commercial Tort Claims, Documents, Equipment, Fixtures, General Intangibles, Instruments, Inventory, Letter-of-Credit Rights and Supporting Obligations.

## ARTICLE II
## REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, as follows, which representations and warranties shall survive the execution and delivery of this Agreement:

Section 2.01 Inventory and Equipment. All existing Inventory and Equipment owned by the Borrower (other than such Inventory and Equipment in transit or in the possession of third parties in the ordinary course of business) is located at the addresses set forth in Schedule 3 or at the Project.

Section 2.02 Location; Records. The place of business or, if there is more than one place of business, the chief executive office of the Borrower is located at the Borrower's address for notices set forth in Section 9.2 of the Credit Agreement, and the Borrower has no books and records concerning the Collateral at any location other than at the address set forth on Schedule 4 of this Agreement. The Borrower is duly organized as a Delaware limited liability company and is not organized under the laws of any other jurisdiction.

Section 2.03 Certificated Securities and Instruments; Receivables. The Borrower has delivered to the Collateral Agent, on the Closing Date, without exception, all (a) Collateral that is

represented by Certificated Securities, (b) Collateral that consists of Instruments or Chattel Paper (other than Instruments and Chattel Paper deposited or to be deposited for collection (collectively, "Non- Delivered Instruments")), including any Receivable that is evidenced by any Instrument or Chattel Paper. None of the obligors on any Receivables with a value in excess of $100,000 is a Governmental Authority except as notified in writing to the Collateral Agent. All Collateral consisting of Instruments, Chattel Paper or Certificated Securities (other than Non-Delivered Instruments) and owned by the Borrower as of the Effective Date, to the actual knowledge of the Borrower, is listed on Schedule 1 hereto.

Section 2.04 Changes in Circumstances. Since the date of its formation, the Borrower has not (i) changed its jurisdiction of formation, (ii) changed its name or (iii) become a "new debtor" (as defined in Section 9-102(a)(56) of the UCC).

Section 2.05 Intellectual Property. The Borrower owns no material Copyrights, Patents or Trademarks in its own name.

Section 2.06 Commercial Tort Claims. As of the Effective Date, except to the extent listed in Schedule 2, the Borrower has no rights in any Commercial Tort Claim with potential value in excess of $100,000.

**ARTICLE III**
**COLLATERAL**

Section 3.01 Grants of Security Interests.

(a) Collateral. The Borrower hereby assigns and transfers to the Collateral Agent, and hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in, all of the following property now owned or at any time hereafter acquired by the Borrower or in which the Borrower now has or at any time in the future may acquire any right, title or interest, in each case to the extent of Borrower's full right, title and interest therein (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations:

(i) all Accounts;

(ii) all Assigned Agreements;

(iii) all Chattel Paper;

(iv) all Deposit Accounts;

(v) all Documents;

(vi) all Equipment;

(vii) all Fixtures;

(viii) all General Intangibles;

(ix) all Instruments;

(x) all Intellectual Property;

(xi) all Inventory;

(xii) all Investment Property;

(xiii) all Letter-of-Credit Rights;

(xiv) all Permits now or hereafter held in the name, or for the benefit of, the Borrower;

(xv) all Commercial Tort Claims listed on Schedule 2;

(xvi) all books and records pertaining to the Collateral;

(xvii) to the extent not otherwise included above, all other personal property relating to any of the foregoing (other than any property specifically excluded from any clause in this section above, and any property specifically excluded from any defined term used in any clause of this section above); and

(xviii) to the extent not otherwise included above, all Proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to any of the foregoing;

provided that in no event shall the Collateral include (i) any Excluded Assets or (ii) any right, title or interest in any agreement which has been released from the Liens created hereunder pursuant to Section 4.17(c) hereof.

(b) Certain Limitations. The Borrower and the Collateral Agent hereby acknowledge and agree that the Liens created hereby in the Collateral are not, in and of themselves, to be construed as a grant of a fee interest (as opposed to a Lien) in any Intellectual Property.

(c) Security for Secured Obligations. This Agreement, and the Liens granted and created herein in the Collateral, secure the payment and the performance of all Secured Obligations now or hereafter in effect, whether direct or indirect, absolute or contingent, and including all amounts that constitute part of the Secured Obligations and would be owed by the Borrower but for the fact that they are unenforceable or not allowed due to a pending Insolvency Proceeding.

Section 3.02 Performance of Obligations.

(a) Notwithstanding anything herein to the contrary, (i) the Borrower shall remain liable for all obligations under and in respect of the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Collateral Agent or any other Secured Party, (ii) the Borrower shall remain liable under each of the contracts and agreements included in the Collateral, including the Assigned Agreements, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under any of such contracts and agreements by reason of or arising out of this Agreement or any other document related hereto nor shall the Collateral Agent or any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any contract or agreement included in the Collateral, including the Assigned Agreements, and (iii) the exercise by the Collateral Agent of any of its rights hereunder shall not release the Borrower from any of its duties or obligations under the contracts and agreements included in the Collateral, including the Assigned Agreements.

(b) Notwithstanding anything herein to the contrary, (i) the Borrower shall remain liable under each of the Loan Documents to which it is a party to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed and (ii) the exercise by the Collateral Agent or the other Secured Parties (or any of their respective directors, officers, employees, affiliates or agents) of any of their rights, remedies or powers hereunder shall not release the Borrower from any of its duties or obligations under each of the Loan Documents to which it is a party.

## ARTICLE IV
## CERTAIN ASSURANCES; REMEDIES

In furtherance of the grant of the Liens on the Collateral pursuant to Section 3.01, the Borrower agrees with the Collateral Agent (for the benefit of the Secured Parties) as follows:

Section 4.01 Delivery and Other Perfection Activities. The Borrower shall:

(a) deliver to the Collateral Agent any and all Instruments and Chattel Paper (other than the Non-Delivered Instruments), and Certificated Securities, endorsed and/or accompanied by instruments of assignment and transfer in such form and substance as the Collateral Agent may reasonably request; provided that so long as no Event of Default shall have occurred and be continuing, the Collateral Agent shall, promptly upon request of the Borrower and approval of the Administrative Agent, make appropriate arrangements for making any Instrument or Chattel Paper pledged by the Borrower and held by the Collateral Agent available to the Borrower for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent requested by the Collateral Agent, against trust receipt or like document);

(b) maintain the Liens created by this Agreement as a perfected security interest having at least the priority described in Section 4.34 of the Credit Agreement and, at the sole cost and expense of the Borrower, (i) give, execute, deliver, file and/or record any Financing Statement (x) to create, preserve, perfect or validate and maintain the Liens granted pursuant hereto or (y) to enable the Collateral Agent to exercise and enforce its rights hereunder with respect to such Liens; provided that notices to account debtors in respect of any Accounts or Instruments shall be subject to the provisions of clause (d), and (ii) in the case of Investment Property, Deposit Accounts, Letter-of-Credit Rights and any other relevant Collateral, take any actions necessary to enable the Collateral Agent to obtain "control" (within the meaning if the applicable Uniform Commercial Code) with respect thereto;

(c) promptly notify the Collateral Agent upon the acquisition after the date hereof by the Borrower of any Equipment covered by a warehouse receipt (other than Equipment with a fair market value of $500,000 or less individually), and upon the request of the Collateral Agent (acting at the direction of the Administrative Agent), cause the Collateral Agent to be listed as the lienholder on such warehouse receipt and within sixty (60) days of the acquisition thereof deliver evidence of the same to the Collateral Agent;

(d) upon request of the Collateral Agent (upon the occurrence and during the continuation of any Event of Default and acting at the direction of the Administrative Agent), promptly notify (and the Borrower hereby authorizes the Collateral Agent so to notify) each account debtor in respect of any Accounts or Instruments that such Collateral has been assigned to the Collateral Agent hereunder, and that any payments due or to become due in respect of such Collateral are to be made directly to the Collateral Agent, with a copy of such notice to the Borrower; and

(e) upon request of the Collateral Agent (acting at the direction of the Administrative Agent) upon the occurrence and during the continuation of any Event of Default, furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the assets and properties of the Borrower and such other reports in connection therewith that the Collateral Agent may reasonably request, all in reasonable detail.

Section 4.02 Intellectual Property. Whenever the Borrower, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, and the loss of such Intellectual Property could reasonably be expected to have a Material Adverse Effect, the Borrower shall report such filing to the Collateral Agent within thirty (30) Business Days after the last day of the fiscal quarter in which such filing occurs. At the request of the Collateral Agent (at the direction of the Administrative Agent on behalf of the Required Lenders), the Borrower shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Collateral Agent may request to evidence the Collateral Agent's and the Secured Parties' security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of the Borrower relating thereto or represented thereby.

Section 4.03 Commercial Tort Claims. If the Borrower shall obtain an interest in any Commercial Tort Claim with a potential value in excess of $100,000, the Borrower shall within thirty (30) days of obtaining such interest sign and deliver documentation acceptable to the Collateral Agent (acting at the direction of the Administrative Agent) granting a security interest under the terms and provisions of this Agreement in and to such Commercial Tort Claim.

Section 4.04 Other Financing Statements and Liens. Except with respect to Liens permitted under Section 6.2 of the Credit Agreement, without the prior written consent of the Collateral Agent (acting at the direction of the Administrative Agent on behalf of the Required Lenders), the Borrower shall not file or authorize to be filed in any jurisdiction, any effective Financing Statement or like instrument with respect to the Collateral in which the Collateral Agent is not named as the sole secured party for the benefit of the Secured Parties.

Section 4.05 Preservation of Rights. The Collateral Agent shall not be required to take any steps to preserve any rights against prior parties to any of the Collateral.

Section 4.06 Special Provisions Relating to Certain Collateral.

(a) Adverse Claims. The Borrower shall defend, all at its own cost and expense, the Borrower's title and the existence, perfection and priority of the Collateral Agent's (for the benefit of the Secured Parties) security interests in the Collateral against all adverse claims (subject to any Liens permitted under Section 6.2 of the Credit Agreement).

(b) Assigned Agreements.

(i) Upon the request of the Collateral Agent (acting at the direction of the Administrative Agent) at any time after the occurrence and the continuance of an Event of Default, the Borrower shall notify the parties to any Assigned Agreement that is not subject to a Consent or a consent to collateral assignment entered into pursuant to Section 6.10 of the Credit Agreement that such Assigned Agreement has been assigned to the Collateral Agent for the benefit of the Secured Parties and that payments in respect thereof shall be made directly to the Collateral Agent.

(ii) In the event of a default by the Borrower in the performance of any of its obligations under any Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under any such Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable another party of such Assigned Agreement to terminate or suspend its performance under such Assigned Agreement, the Collateral Agent (acting at the direction of the Administrative Agent acting at the direction of the Required Secured Parties) may (but shall not be obligated to), with prior written notice to the Borrower (it being acknowledged and agreed that the Collateral Agent shall not be required to deliver any such notice if the Borrower is the subject of an Insolvency Proceeding or if the delivery of such notice is otherwise prohibited by applicable law), cause the performance of such obligations (to the extent contemplated by the applicable Consent or consent referred to above, if any), and the reasonable and documented fees, costs and expenses (including fees and expenses of outside counsel) of the Collateral Agent incurred in connection therewith shall be payable by or on behalf of the Borrower.

(c) Intellectual Property.

(i) For the purpose of enabling the Collateral Agent to exercise rights and remedies under Section 4.10 at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies (for the avoidance of doubt, only during the continuation of an Event of Default), and for no other purpose, the Borrower hereby grants to the Collateral Agent, to the extent assignable, an irrevocable, non-exclusive world-wide license (exercisable without payment of royalty or other compensation to the Borrower) to use, assign, license or sublicense any of the Intellectual Property now owned or hereafter acquired by the Borrower, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout thereof.

(ii) Notwithstanding anything herein to the contrary, but subject to the provisions of the Loan Documents that limit the rights of the Borrower to dispose of its property, so long as no instruction by the Required Lenders has been delivered in connection with an Event of Default that has occurred and is continuing, the Borrower will be permitted to exploit, use, enjoy, protect, license, sublicense, assign, sell, dispose of or take other actions with respect to the Intellectual Property in the ordinary course of the business of the Borrower. In furtherance of the foregoing, so long as no instruction by the Required Lenders has been delivered in connection with an Event of Default that has occurred and is continuing, the Collateral Agent shall from time to time, upon the request and at the sole cost and expense of the Borrower, execute and deliver any instruments, certificates or other documents, in the form so requested, that the Borrower shall have certified are appropriate (in its judgment) to allow it to take any action permitted above. Further, upon the release of the Collateral Agent's Liens on the Collateral pursuant to Section 4.17, the Collateral Agent shall transfer to the Borrower the license granted pursuant to clause (i) immediately above. The exercise of rights and remedies under Section 4.10 by the Collateral Agent shall not terminate the rights of the holders of any licenses or sublicenses theretofore granted by the Borrower in accordance with the first sentence of this clause (ii).

(iii) Upon the occurrence and during the continuance of an Event of Default, the Borrower shall, upon the request of the Collateral Agent (acting at the direction of the Administrative Agent), deliver to the Collateral Agent a schedule listing all then existing Intellectual Property and take such other action as the Collateral Agent shall deem necessary to perfect the Liens created hereunder in all such Collateral.

Section 4.07 Custody and Preservation.

(a) Subject to applicable law, the Collateral Agent's obligation to use reasonable care in the custody and preservation of the Collateral shall be satisfied if it uses the same care as it uses in the custody and preservation of its own property. Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any of the Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto, and the Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral.

(b) The Collateral Agent shall not be responsible for (i) the existence, genuineness or value of any of the Collateral, (ii) the validity, perfection, priority or enforceability of the Liens on any of the Collateral, whether impaired by the operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence or willful misconduct on the part of the Collateral Agent, (iii) the validity or sufficiency of the Collateral or any agreement or assignment contained therein, (iv) the validity of the title of the Borrower to the Collateral, (v) insuring the Collateral, (vi) the payment of taxes, charges, assessments or Liens upon the Collateral or (vii) any other maintenance of the Collateral.

Section 4.08 Rights to Preserve and Protect. After the occurrence and during the continuation of an Event of Default, the Collateral Agent (acting at the direction of the Administrative Agent on behalf of the Required Lenders) may, but shall not be obligated to, pay or secure payment of any overdue tax or other claim that may be secured by or result in a Lien on any Collateral. After the occurrence and during the continuation of an Event of Default, the Collateral Agent (acting at the direction of the Administrative Agent on behalf of the Required Lenders) may, but shall not be obligated to, do or cause to be done any other thing that is necessary or desirable to preserve, protect or maintain the Collateral. The Borrower shall promptly reimburse the Collateral Agent or any other Secured Party for any reasonable and documented fee, payment or expense (including reasonable fees and expenses of outside counsel) that the Collateral Agent or such other Secured Party may incur pursuant to this Section 4.09.

Section 4.09 Remedies Generally.

(a) Upon the occurrence and during the continuation of an Event of Default:

(i) the Borrower shall, at the request of the Collateral Agent, assemble movable Collateral owned by it (and not otherwise in the possession of the Collateral Agent), if any, at such place or places, reasonably convenient to both the Collateral Agent and the Borrower, designated in such request;

(ii) the Collateral Agent (acting at the direction of the Required Secured Parties) may (but shall not be obligated to), without notice to the Borrower (except as required by applicable law) and at such times as the Collateral Agent in its sole judgment may determine, exercise any or all of the Borrower's rights in, to and under, or in any way connected to, the Collateral (including the performance of the Borrower's obligations, and the exercise of the Borrower's rights and remedies, under the Assigned Agreements), and the Collateral Agent shall otherwise have and may (but shall not be obligated to) exercise all of the rights, powers, privileges and remedies with respect to the Collateral of a secured party under the UCC (whether or not the UCC is in effect in the jurisdiction where the rights, powers, privileges and remedies

are asserted) and such additional rights, powers, privileges and remedies to which a secured party is entitled under the laws or equity in effect in any jurisdiction where any rights, powers, privileges and remedies hereunder may be asserted, including the right, to the maximum extent permitted by applicable law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if the Collateral Agent were the sole and absolute owner thereof (and the Borrower agrees to take all such action as may be appropriate to give effect to such right);

(iii) the Collateral Agent may (but shall not be obligated to) make any reasonable compromise or settlement it deems desirable with respect to any of the Collateral and may (but shall not be obligated to) extend the time of payment, arrange for payment in installments, or otherwise modify the terms, of all or any part of the Collateral;

(iv) the Collateral Agent may (but shall not be obligated to), in its name or in the name of the Borrower or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange for any of the Collateral;

(v) the Collateral Agent may (but shall not be obligated to) sell, lease, assign or otherwise dispose of all or any part of the Collateral, at such place or places as the Required Secured Parties deem reasonable, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required by applicable statute and cannot be waived). If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least ten (10) days before such sale or other disposition. The Collateral Agent or any other Secured Party or anyone else may be the purchaser, lessee, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the maximum extent permitted by applicable law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Borrower, any such demand, notice and right or equity being hereby expressly waived and released to the maximum extent permitted by applicable law. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and

(vi) the Collateral Agent may (but shall not be obligated to), to the full extent provided by law, have a court having jurisdiction appoint a receiver, which receiver shall take charge and possession of and protect, preserve and replace the Collateral or any part thereof, and manage and operate the same, and receive and collect all income, receipts, royalties, revenues, issues and profits therefrom (it being agreed that the Borrower irrevocably consents and shall be deemed to have hereby irrevocably consented to the appointment thereof, and upon such appointment, it shall immediately deliver possession of such Collateral to such receiver).

(b) The proceeds of each collection, sale or other disposition under this Agreement shall be applied in accordance with Section 4.14.

(c) The Borrower recognizes that, if an Event of Default shall have occurred and be continuing, the Collateral Agent may elect to sell all or any part of the Collateral to one or more purchasers in privately negotiated transactions in which the purchasers will be obligated to agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. The Borrower acknowledges that any such private sales may be at prices

and on terms less favorable than those obtainable through a public sale (including a public offering made pursuant to a registration statement under the Securities Act) and the Borrower and the Collateral Agent agree that such private sales shall be made in a commercially reasonable manner and that the Collateral Agent has no obligation to engage in public sales and no obligation to delay sale of any Collateral to permit the issuer thereof to register the Collateral for a form of public sale requiring registration under the Securities Act. If the Secured Parties exercise their right to sell any or all of the Collateral, upon written request the Borrower shall, from time to time, furnish to the Collateral Agent all such information as is necessary in order to determine the Collateral and any other instruments included in the Collateral which may be sold by the Collateral Agent as exempt transactions under the Securities Act and rules of the United States Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(d) The Collateral Agent shall within a reasonable period of time thereafter give the Borrower notice of any action taken under this Section 4.10; provided, however, that (i) failure to give such notice shall have no effect on the rights of the Collateral Agent hereunder and (ii) the Collateral Agent shall not be required to deliver any such notice if the Borrower is the subject of an Insolvency Proceeding or if the delivery of such notice is otherwise prohibited by applicable law.

Section 4.10 Deficiency. If the proceeds of sale, collection or other realization of or upon the Collateral by virtue of the exercise of remedies under Section 4.10 are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, the Collateral Agent shall retain all rights and remedies under the Loan Documents, and the Borrower shall remain liable, with respect to any deficiency to the extent the Borrower is obligated under this Agreement and the other Loan Documents.

Section 4.11 Change of Name or Location. Without at least thirty (30) days' prior written notice to the Collateral Agent, the Borrower shall not change its organizational name from the name shown on the signature pages hereto or its jurisdiction of formation from the State of Delaware. The Borrower shall not effect any such name change or change in jurisdiction of organization until all necessary steps have been taken to maintain the perfection and priority of the Liens granted herein or in any other Security Document.

Section 4.12 Private Sale. The Collateral Agent and the other Secured Parties shall incur no liability as a result of the sale of the Collateral, or any part thereof, at any private sale pursuant to Section 4.10 conducted in a commercially reasonable manner. Subject to and without limitation of the preceding sentence, the Borrower hereby waives, to the maximum extent permitted under applicable law, any claims against the Collateral Agent or any other Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such a private sale to an unrelated third party was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Collateral Agent accepts the first offer received and does not offer the Collateral to more than one offeree.

Section 4.13 Application of Proceeds.

(a) Application of Proceeds. The proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by the Collateral Agent under this Article IV with respect to the Collateral, shall be held by the Collateral Agent as Collateral hereunder and shall be applied by the Collateral Agent to the payment of the Secured Obligations in the following order:

(i) First, to pay incurred and unpaid fees and expenses of the Agents under the Loan Documents, pro rata among the Agents according to the amounts of such unpaid fees and expenses then due and owing and remaining unpaid to the Agents;

(ii) Second, to the Administrative Agent, for application by it towards payment of amounts then due and owing and remaining unpaid in respect of the Secured Obligations, pro rata among the Secured Parties according to the amounts of the Secured Obligations then due and owing and remaining unpaid to the Secured Parties;

(iii) Third, to the Administrative Agent, for application by it towards prepayment of the Secured Obligations, pro rata among the Secured Parties according to the amounts of the Secured Obligations then held by the Secured Parties; and

(iv) Fourth, any balance remaining after the Secured Obligations shall have been paid in full and the Commitments shall have terminated shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive the same.

(b) Company Remains Obligated. No sale or other disposition of all or any part of the Collateral pursuant to Section 4.10 shall be deemed to relieve the Borrower of its obligations under any Loan Document except to the extent the proceeds thereof are applied to the payment of such obligations.

(c) Purchase of Collateral. The Collateral Agent or any other Secured Party may be a purchaser of the Collateral or any part thereof or any right or interest therein at any sale thereof, whether pursuant to foreclosure, power of sale or otherwise hereunder and the Collateral Agent may apply the purchase price to the payment of the applicable Secured Obligations. Any purchaser of all or any part of the Collateral shall, upon any such purchase, acquire good title to the Collateral so purchased, free of the Liens created by this Agreement.

Section 4.14 Attorney-in-Fact.

(a) Without limiting any rights or powers granted by this Agreement to the Collateral Agent, the Borrower hereby irrevocably constitutes and appoints the Collateral Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Borrower and in the name of the Borrower or in its own name, at the Borrower's sole cost and expense, for the purpose of carrying out the provisions of this Agreement upon the occurrence and during the continuation of an Event of Default, or otherwise as contemplated by Sections 4.07 and 5.01, to (a) take any appropriate action and to execute any document or instrument that may be necessary or desirable to accomplish the purposes of this Agreement (including taking actions under any Consent or other consent referred to in Section 4.07(b)(i)), (b) preserve the validity, perfection and priority of the Liens granted by this Agreement and (c) exercise its rights, remedies, powers and privileges under this Agreement (including taking actions under any Consent or other consent referred to in Section 4.07(b)(i)). This appointment as attorney-in-fact is irrevocable and coupled with an interest. Without limiting the generality of the foregoing, the Borrower hereby gives the Collateral Agent the power and right, on behalf of the Borrower, without notice to or assent by the Borrower, upon the occurrence and during the continuation of an Event of Default (or as otherwise provided in Section 4.07 or 5.01) to:

(i) ask, demand, collect, sue for, recover, receive and give receipt and discharge for amounts due and to become due under and in respect of all or any part of the Collateral,

(ii) in the name of the Borrower or its own name or otherwise, take possession of, receive and indorse and collect any check, Account, Chattel Paper, draft, note, acceptance or other Instrument for the payment of moneys due under any Account or general intangible,

(iii) file any claims or take any other action that the Collateral Agent may deem necessary or advisable for the collection of all or any part of the Collateral,

(iv) execute, in connection with any sale or disposition of the Collateral under this Agreement, any endorsements, assignments, bills of sale or other instruments of conveyance or transfer with respect to all or any part of the Collateral,

(v) in the case of any Intellectual Property, execute and deliver, and have recorded, any agreement, instrument, document or paper as the Collateral Agent may request to evidence the Collateral Agent's security interest in such Intellectual Property and the goodwill and general intangibles of the Borrower relating thereto or represented thereby,

(vi) pay or discharge Taxes and Liens levied or placed on or threatened against the Collateral (other than Liens permitted under Section 6.2 of the Credit Agreement), effect any repair or pay or discharge any insurance called for by the terms of this Agreement or the other Loan Documents (including all or any part of the premiums therefor and the costs thereof),

(vii) direct any party liable for any payment under any Collateral to make payment of any moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct,

(viii) sign and indorse any invoice, freight or express bill, bill of lading, storage or warehouse receipt, draft against debtors, assignment, verification, notice or other document in connection with any Collateral,

(ix) commence and prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect any Collateral and to enforce any other right in respect of any Collateral,

(x) defend any suit, action or proceeding brought against the Borrower with respect to any Collateral,

(xi) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate,

(xii) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Trademark pertains) throughout the world for such term or terms, on such conditions and in such manner as the Collateral Agent shall in its sole discretion determine, including the execution and filing of any document necessary to effectuate or record such assignment,

(xiii) cure any default by the Borrower under any Assigned Agreement, and

(xiv) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes, and do, at the Collateral Agent's option and the

Borrower's expense, at any time, or from time to time, all acts and things that the Collateral Agent reasonably deems necessary to protect, preserve or realize upon the Collateral and the Collateral Agent's and the other Secured Parties' Liens thereon and to effect the intent of this Agreement, all as fully and effectively as the Borrower might do.

(b) The Borrower hereby ratifies all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof, in each case pursuant to the powers granted hereunder. Upon the occurrence and during the continuation of an Event of Default (or as otherwise provided in Section 4.07 or 5.01), the Borrower hereby acknowledges and agrees that the Collateral Agent shall have no fiduciary duties to the Borrower in acting pursuant to this power of attorney and the Borrower hereby waives any claims or rights of a beneficiary of a fiduciary relationship hereunder.

Section 4.15 Perfection. Without relieving it of its obligations under Section 4.01 or otherwise under the Loan Documents, the Borrower authorizes the Administrative Agent to file (but the Administrative Agent shall not be so obligated to file) such Financing Statements in such offices as are or shall be necessary or appropriate to create, perfect and establish the priority of the Liens granted by this Agreement in any and all of the Collateral, to preserve the validity, perfection or priority of the Liens granted by this Agreement in any and all of the Collateral or to enable the Collateral Agent to exercise its remedies, rights, powers and privileges under this Agreement. Such Financing Statements may describe the Collateral in the same manner as described herein or may contain an indication or description of collateral that describes the Collateral in any other manner as the Collateral Agent may determine, as directed by the Administrative Agent, is necessary, advisable or prudent to ensure the perfection of the security interests in the Collateral granted to the Collateral Agent hereunder, including describing such property as "all assets whether now owned or hereafter acquired", "all assets of the Debtor" or "all personal property whether now owned or hereafter acquired". Copies of any such Financing Statement or amendment thereto shall promptly be delivered to the Borrower.

Section 4.16 Release of Liens.

(a) If any of the Collateral shall be sold or disposed of to any Person in a transaction consented to pursuant to, or contemplated by, the Loan Documents, such Collateral shall be automatically released from the Liens created hereunder.

(b) Upon the release of all of the Collateral Agent's Liens on all of the Collateral pursuant to Section 5.19, this Agreement shall terminate, all rights to the Collateral shall revert to the Borrower, and the Collateral Agent shall (at the written request and sole cost and expense of the Borrower) promptly cause to be transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral and money received in respect thereof, to or on the order of the Borrower and to be released and cancelled all licenses and rights referred to in Section 4.07. The Collateral Agent shall also (at the written request and sole cost and expense of the Borrower) promptly execute and deliver to the Borrower upon such termination such UCC termination statements and such other documentation and take such other action as shall be reasonably requested by the Borrower to effect the termination and release, including the execution of a customary pay-off letter, of the Liens on the Collateral.

## ARTICLE V
## MISCELLANEOUS

Section 5.01 Collateral Agent's Right to Perform on Borrower's Behalf. If the Borrower shall fail to observe or perform any of the terms, conditions, covenants and agreements to be observed or performed by it under this Agreement, the Collateral Agent (at the direction of the

Administrative Agent on behalf of the Required Lenders) may (but shall not be obligated to), upon reasonable notice to the Borrower, cause such terms, conditions, covenants and agreements to be done or performed or observed by experts, agents or attorneys, with reasonable care at the sole cost and expense of the Borrower, either in the Collateral Agent's name or in the name and on behalf of the Borrower, and the Borrower hereby authorizes the Collateral Agent so to do.

Section 5.02 Set-Off. In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any Secured Obligations becoming due and payable by the Borrower (whether at the stated maturity, by acceleration or otherwise), to apply to the payment of such Secured Obligations, by setoff or otherwise, any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender, any affiliate thereof or any of their respective branches or agencies to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Collateral Agent after any such application made by such Lender, provided that the failure to give such notice shall not affect the validity of such application.

Section 5.03 No Waiver; Remedies Cumulative. Neither the Collateral Agent nor any Secured Party shall by any act (except by a written instrument pursuant to Section 5.05), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of the Collateral Agent or any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Agent or any Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Collateral Agent or such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

Section 5.04 Notices. All notices, requests and demands to or upon the Collateral Agent or the Borrower hereunder shall be effected in the manner provided for in Section 9.2 of the Credit Agreement; provided that any such notice, request or demand to or upon the Borrower shall be addressed to the Borrower at its notice address set forth on Section 9.2 of the Credit Agreement.

Section 5.05 Amendments, Etc. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 9.1 of the Credit Agreement.

Section 5.06 Successors and Assigns. This Agreement shall be binding upon the successors and assigns of the Borrower and shall inure to the benefit of the Collateral Agent and the Secured Parties and their successors and assigns; provided that (a) the Borrower may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Administrative Agent, (b) the Collateral Agent shall only transfer or assign its rights under this Agreement in connection with a resignation or removal of such Person from its capacity as "Collateral Agent" in accordance with the terms of this Agreement and the Credit Agreement and (c) the Collateral Agent may delegate certain of its responsibilities and powers under this Agreement as contemplated by Section 5.10 below and Section 8.2 of the Credit Agreement. Notwithstanding anything herein to the contrary, any corporation into which the Collateral Agent may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Collateral Agent shall be a party, or any corporation succeeding to the corporate trust business of the

Collateral Agent, shall be the successor of the Collateral Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession; provided that the Collateral Agent shall forthwith notify the parties hereto in writing in reasonable advance of any such event.

Section 5.07 Survival; Reliance. The representations and warranties of the Borrower set out in this Agreement or contained in any documents delivered to the Collateral Agent or any other Secured Party pursuant to this Agreement shall be considered to have been relied upon by the Secured Parties in entering into the Loan Documents and extending the credit or otherwise performing the transactions thereunder, notwithstanding any investigation on their respective parts.

Section 5.08 Effectiveness; Continuing Nature of this Agreement. This Agreement shall become effective when executed and delivered by the parties hereto. This is a continuing agreement and any Secured Party may continue, at any time and without notice to any other Person, to extend credit and other financial accommodations and lend monies to or for the benefit of the Borrower constituting Secured Obligations in reliance hereof. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Insolvency Proceeding. All references to the Borrower shall include the Borrower as debtor and debtor-in-possession and any receiver or trustee for the Borrower (as the case may be) in any Insolvency Proceeding.

Section 5.09 Integration. This Agreement and the other Loan Documents represent the agreement of the Borrower, the Collateral Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Collateral Agent or any Lender relative to subject matter hereof and thereof not expressly set forth or referred to herein or in the other Loan Documents.

Section 5.10 Agents, Etc. The Collateral Agent may employ agents, experts and attorneys-in-fact in connection herewith and shall not be responsible for the negligence or misconduct of any such agents, experts or attorneys-in-fact selected by it with reasonable care.

Section 5.11 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 5.12 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or .pdf), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

Section 5.13 Headings. Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 5.14 Governing Law. **THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK**.

Section 5.15 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any courts thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower at its address referred to in Section 9.2 of the Credit Agreement or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 5.15 any special, exemplary, punitive or consequential damages.

Section 5.16 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(b) neither the Collateral Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Borrower, on the one hand, and the Collateral Agent and Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

Section 5.17 Waiver of Jury Trial. **THE BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

Section 5.18 Security Interest Absolute. To the maximum extent permitted by applicable law, the rights and remedies of the Collateral Agent hereunder, the Liens created hereby, and the obligations of the Borrower under this Agreement are absolute, irrevocable and unconditional and will remain in full force and effect without regard to, and will not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever (other than termination pursuant to Section 5.19), including:

(a) any renewal, extension, amendment or modification of, or addition or supplement to or deletion from, any of the Loan Documents or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof;

(b) any waiver of, consent to or departure from, extension, indulgence or other action or inaction under or in respect of any of the Secured Obligations, this Agreement, any other Loan Document or other instrument or agreement relating thereto, or any exercise or non-exercise of any right, remedy, power or privilege under or in respect of the Secured Obligations, this Agreement, any other Loan Document or any such other instrument or agreement relating thereto;

(c) any furnishing of any additional security for the Secured Obligations or any part thereof to the Collateral Agent or any other Person or any acceptance thereof by the Collateral Agent or any other Person or any substitution, sale, exchange, release, surrender or realization of or upon any such security by the Collateral Agent or any other Person or the failure to create, preserve, validate, perfect or protect any other Lien granted to, or purported to be granted to, or in favor of, the Collateral Agent or any other Secured Party;

(d) any invalidity, irregularity or unenforceability of all or any part of the Secured Obligations, any other Loan Document or any other agreement or instrument relating thereto or any security therefor;

(e) the acceleration of the maturity of any of the Secured Obligations or any other modification of the time of payment thereof;

(f) any judicial or nonjudicial foreclosure or sale of, or other election of remedies with respect to, any interest in real property or other collateral serving as security for all or any part of the Secured Obligations, even though such foreclosure, sale or election of remedies may impair the subrogation rights of the Borrower or may preclude the Borrower from obtaining reimbursement, contribution, indemnification or other recovery and even though the Borrower may or may not, as a result of such foreclosure, sale or election of remedies, be liable for any deficiency;

(g) any act or omission of the Collateral Agent or any other Person (other than payment of the Secured Obligations) that directly or indirectly results in or aids the discharge or release of the Borrower or any part of the Secured Obligations or any security or guarantee (including any letter of credit) for all or any part of the Secured Obligations by operation of law or otherwise;

(h) the election by the Collateral Agent, in any bankruptcy proceeding of any Person, of the application or non-application of Section 1111(b)(2) of the U.S. Bankruptcy Code;

(i) any extension of credit or the grant of any Lien under Section 364 of the U.S. Bankruptcy Code;

(j) any use of cash collateral under Section 363 of the U.S. Bankruptcy Code;

(k) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person;

(l) the avoidance of any Lien in favor of the Collateral Agent for any reason;

(m) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against any Person, including any discharge of, or

bar or stay against collecting, all or any part of the Secured Obligations (or any interest on all or any part of the Secured Obligations) in or as a result of any such proceeding; or

(n) any other event or circumstance whatsoever which might otherwise constitute a legal or equitable discharge of a surety or a guarantor, it being the intent of this Section 5.18 that the obligations of the Borrower hereunder shall be absolute, irrevocable and unconditional under any and all circumstances.

Section 5.19 Release; Termination. Upon the occurrence of the Discharge Date, the Administrative Agent shall provide notice to the Collateral Agent of such payment in full and termination of the Commitments and the Collateral Agent, at the sole cost and expense of the Borrower, (a) shall execute and deliver all such documentation, UCC termination statements and instruments as are furnished by Borrower to release the Liens created pursuant to this Agreement and to terminate this Agreement, (b) upon written notice to the Collateral Agent, authorizes the Borrower to prepare and file UCC termination statements terminating all of the Financing Statements filed in connection herewith and (c) agrees, at the request of the Borrower, to furnish, execute and deliver such documents, instruments, certificates, notices or further assurances as the Borrower may reasonably request as necessary or desirable to effect such termination and release, all at the Borrower's sole cost and expense, including the execution of a customary pay-off letter.

Section 5.20 Reinstatement. This Agreement and the Liens created hereunder shall automatically be reinstated if and to the extent that for any reason any payment by or on behalf of the Borrower in respect of the Secured Obligations is rescinded or must otherwise be restored by any Secured Party, whether as a result of any Insolvency Proceeding or reorganization or otherwise, and the Borrower shall indemnify the Collateral Agent, each other Secured Party and its respective employees, officers and
agents on demand for all reasonable fees, costs and expenses (including reasonable fees, costs and expenses of counsel) incurred by the Collateral Agent, such other Secured Party or their respective employees, officers or agents in connection with such reinstatement, rescission or restoration.

Section 5.21 No Third Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the parties hereto and its respective successors and assigns and shall inure to the benefit of the Collateral Agent and the other Secured Parties. Nothing in this Agreement shall impair, as between the Borrower and the Collateral Agent and the other Secured Parties, the obligations of the Borrower to pay principal, interest, fees and other amounts as provided in the Loan Documents.

Section 5.22 Enforcement Expenses; Indemnification.

(a) The Borrower agrees to pay or reimburse each Secured Party and the Collateral Agent for all its fees, costs and expenses incurred in collecting against the Borrower or otherwise enforcing or preserving any rights under this Agreement and the other Loan Documents to which the Borrower is a party, including, without limitation, the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Secured Party and of counsel to the Collateral Agent.

(b) The Borrower agrees to pay, and to save the Collateral Agent and the Secured Parties harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) The Borrower agrees to pay, and to save the Collateral Agent and the Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent the Borrower would be required to do so pursuant to Section 9.5 of the Credit Agreement.

(d) The agreements in this Section 5.22 shall survive repayment of the Secured Obligations and all other amounts payable under the Credit Agreement and the other Loan Documents, and any resignation or removal of the Collateral Agent.

Section 5.23 Collateral Agent. Notwithstanding anything herein to the contrary, the Collateral Agent shall be afforded all of the rights, powers, immunities and indemnities of the Collateral Agent set forth in the Loan Documents, as if such rights, powers, immunities and indemnities were specifically set forth herein. The Borrower hereby acknowledges the appointment of the Collateral Agent pursuant to the Credit Agreement. The rights, privileges, protections and benefits given to the Collateral Agent, including its right to be indemnified, are extended to, and shall be enforceable by, the Collateral Agent in its capacity hereunder, and to each agent, custodian and other Person employed by the Collateral Agent in accordance herewith to act hereunder.

Section 5.24 Specific Performance. The Collateral Agent may demand specific performance of this Agreement. The Collateral Agent and the Borrower hereby irrevocably waive any defense based on the adequacy of a remedy at law and any other defense which might be asserted to bar the remedy of specific performance in any action which may be brought by the Collateral Agent or any other Secured Parties.

Section 5.25 LGIA Notice. The Collateral Agent agrees that prior to or upon the exercise of the Collateral Agent's assignment rights pursuant to the Loan Documents, the Collateral Agent will notify the CAISO and Participating TO (as those terms are defined in the Interconnection Agreement) of the date and particulars of any such exercise of assignment right(s), including providing the CAISO and Participating TO with proof that it meets the requirements of Articles 11.5 and 18.3 of the Interconnection Agreement.

(*Signature pages follow*)

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

SOLAR STAR CALIFORNIA XIII, LLC, as Borrower

By: _____
Name:
Title:

MIZUHO BANK LTD., as Administrative Agent

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, not in its individual capacity, but solely as Collateral Agent

By: Deutsche Bank National Trust Company

By: _____
Name:
Title:

By: _____
Name:
Title:

**SCHEDULE 1**
**INSTRUMENT, CHATTEL PAPER AND CERTIFICATED SECURITIES**

None.

**SCHEDULE 2**
**COMMERCIAL TORT CLAIMS**

None.

**SCHEDULE 3**
**LOCATION OF INVENTORY AND EQUIPMENT**

Project Site.

**SCHEDULE 4**
**LOCATION OF BOOKS AND RECORDS**

Solar Star California XIII, LLC
c/o SunPower Corporation
77 Rio Robles
San Jose, CA 95134

EXHIBIT L

FORM OF SUMMARY OPERATING REPORT

See Attached.

FORM OF INTEREST RATE AGREEMENT

See Attached.

**SCHEDULE**
to the
**MASTER AGREEMENT**
dated as of October _, 2014 between

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**
**a banking corporation organized under the laws of the Republic of France**
("**Party A**")

and

**SOLAR STAR CALIFORNIA XIII, LLC,**
**a limited liability company organized under the laws of the State of Delaware**
("**Party B**")

**Part 1. Termination Provisions.**

(a) ***"Specified Entity"*** means in relation to Party A for the purpose of:

| | |
|---|---|
| Section 5(a)(v) (Default Under Specified Transaction) | None |
| Section 5(a)(vi) (Cross Default) | None |
| Section 5(a)(vii) (Bankruptcy) | None |
| Section 5(b)(iv) (Credit Event Upon Merger) | None |

and in relation to Party B for the purpose of:

| | |
|---|---|
| Section 5(a)(v) (Default Under Specified Transaction) | None |
| Section 5(a)(vi) (Cross Default) | None |
| Section 5(a)(vii) (Bankruptcy) | None |
| Section 5(b)(iv) (Credit Event Upon Merger) | None |

(b) ***"Specified Transaction"*** will have the meaning specified in Section 14 of this Agreement.

(c) ***"Cross Default"*** will apply to Party A and Party B provided that (i) the phrase "or becoming capable at such time of being declared" shall be deleted from clause (1) of such Section 5(a)(vi); and (ii) the following language shall be added to the end thereof: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (i) the default was caused solely by error or omission of an administrative or operational nature; (ii) funds were available to enable the party to make the payment when due; and (iii) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay."

"***Specified Indebtedness***" will have the meaning specified in Section 14 of this Agreement except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business.

"***Threshold Amount***" means (i) with respect to Party A, three percent (3%) of its [or Credit Support Provider's] shareholders' equity (as calculated in accordance with generally accepted accounting principles applicable to Party A), and (ii) with respect to Party B, $1,000,000.

(d) "***Credit Event Upon Merger"*** will apply to Party A and will apply to Party B.

(e) The***"Automatic Early Termination"*** provision of Section 6(a) of this Agreement will not apply to Party A and will not apply to Party B.

(f) ***Payments on Early Termination.*** For the purpose of Section 6(e) of this Agreement:

(i) Market Quotation will apply.
(ii) The Second Method will apply.

(g) ***"Termination Currency"*** means United States Dollars ("***USD***").

(h) ***"Additional Termination Event".*** The occurrence at any time with respect to Party B of any of the following events:

(i) The occurrence of an Event of Default under and as defined in the Credit Agreement referred to below where the Required Lenders (as defined in the Credit Agreement) have elected to (a) require repayment in full of all of the Loans (as defined in the Credit Agreement) and/or (b) the termination of any Commitments (as defined in the Credit Agreement) then outstanding thereunder.

"***Credit Agreement***" means that certain Credit Agreement dated as of October __, 2014, by and among Party B, the several banks and other financial institutions or entities from time to time parties thereto as Lenders, Mizuho Bank, Ltd., as Administrative Agent, the Letter of Credit Issuing Banks listed as parties thereto, Santander Bank, N.A. and Crédit Agricole Corporate and Investment Bank, as syndication agents, Deutsche Bank Securities Inc., as documentation agent, Credit Agricole Corporate and Investment Bank and Deutsche Bank Securities Inc., as coordinating agents for the Interest Rate Hedge Counterparties and Deutsche Bank Trust Company Americas, solely in its capacity as Collateral Agent, as such agreement may be amended, supplemented, extended, or otherwise modified, as the case may be, from time to time.

(ii) The Credit Agreement expires, terminates, is cancelled or is replaced, whether by reason of payment, repayment or prepayment of all indebtedness incurred thereunder (including via a refinancing) or otherwise.

(iii) Party A or an Affiliate of Party A ceases to be a Lender under the Credit Agreement (other than by such party's voluntary action).

(iv) Party B's obligations to Party A under this Agreement ceases at any time to rank at least pari passu and pro rata in all respects with all of Party B's payment obligations to the Lenders under the Credit Agreement.

(v) Any term of the Credit Agreement or any Credit Support Document is amended in any manner that would materially and adversely alter the priority of any security interest or lien provided for or purported to be provided for the benefit of Party A (in its capacity as a party to this Agreement) or the priority of payment of amounts due from time to time to Party A under this Agreement or any collateral documents or security documents securing the obligations of Party B hereunder (in each case as compared to the Lenders thereunder); provided that, no Additional Termination Event under this Part 1(h)(v) shall occur if Party A or an Affiliate of Party A, in its capacity as a Lender under the Credit Agreement, provided prior written consent to the relevant amendment.

(vi) Any repayment, prepayment, cancellation or other reduction in part of the aggregate amount of the Term Loans (as defined in the Credit Agreement) which has the effect of causing the aggregate notional amounts under all Interest Rate Agreements referred to in the Credit Agreement covering the same time period (including all Interest Rate Agreements entered into between Party B and

any other counterparty for such time period) to exceed 100% of the aggregate principal amount of then-outstanding Term Loans under the Credit Agreement (such excess amount, the "Hedging Excess"). For the purposes hereof, an Additional Termination Event under this Part 1(h)(vi) shall occur solely with respect to a pro rata portion of the Notional Amount of any Transaction calculated based on the ratio of the Notional Amount of such Transaction to the notional amount of all outstanding Interest Rate Agreements covering the same time period, and such terminated portion shall constitute the sole Affected Transaction for purposes of this Additional Termination Event. For the avoidance of doubt, the remaining portion of each Transaction hereunder shall remain in full force and effect.

For the purposes of each of the foregoing events, Party B will be the sole Affected Party.

**Part 2. Representations.**

(a) ***Party A and Party B Payer Tax Representations.*** For the purpose of Section 3(e) of this Agreement, each of Party A and Party B makes the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on: (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement; (ii) the satisfaction of the agreement contained in Sections 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Sections 4(a)(i) or 4(a)(iii) of this Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, except that it will not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) of this Agreement by reason of material prejudice to its legal or commercial position.

(b) ***Party A and Party B Payee Tax Representations***.

(i) For the purpose of Section 3(f) of this Agreement, Party A makes the following representation:

(A) It is a banking corporation organized under the laws of the Republic of France and its United States Federal Taxpayer Identification Number is 36-2813095 and its Global Intermediary Identification Number is CEQ4EV.00173.ME.250.

(B) (1) Where it enters into the relevant Transaction through its Office in the United States on the applicable Confirmation, any payment received by it will be effectively connected with its conduct of a trade or business in the United States

(2) Where it does not enter into the relevant Transaction through its Office in the United States on the applicable Confirmation, unless it specifies that Part 2(b)(i)(1) of this Schedule applies to such payment, i) it is a "non-U.S. branch of a foreign person" for purposes of section 1.1441-4(a)(3)(ii), a "foreign person" for purposes of section 1.6041- 4(a)(4) and an "exempt recipient" for purposes of section 1.6049-4(c)(1)(ii) of the United States Treasury Regulations and ii) it is fully eligible for the benefits of the "Business Profits" or "Industrial and Commercial Profits" provision, as the case may be, the "Interest" provision or the "Other Income" provision (if any) of the Specified Treaty with respect to any payment described in such provisions and received or to be received by it in connection with this Agreement.

"Specified Treaty" means with respect to Party A: the tax treaty for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, if any, between the Government of France and the United States of America.

(ii) For the purpose of Section 3(f) of this Agreement, Party B makes the following representation:

Party B is a limited liability company organized under the laws of the State of Delaware and for U.S. federal income taxes is treated as an entity disregarded as separate from its single owner, SunPower Corporation. SunPower Corporation is a "U.S. person" (as that term is used in Section 1.1441-4(a)(3)(ii) of the United States Treasury Regulations) for U.S. federal income tax purposes.

**Part 3. Agreement to Deliver Documents.**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are:

| Party required to deliver document | Form/Document/Certificate | Date by which to be delivered |
|---|---|---|
| Party A and Party B | Any document or certificate reasonably required or reasonably requested by a party in connection with its obligations to make a payment under this Agreement which would enable that party to make the payment free from any deduction or withholding for or on account of Tax or as would reduce the rate at which deduction or withholding for or on account of Tax is applied to that payment. | Promptly upon (but no later than 30 days after) the earlier of (i) reasonable demand by the other party and (ii) learning that the form or document is required. |
| Party A and Party B | In the case of Party A, Form W-8-BEN and Form W-8-ECI (or any successor forms, including, Form W-8BEN-E as of January 1, 2015) and in the case of Party B, a correct, complete and executed U.S. Internal Revenue Service Form W-9, or any successor thereto, and appropriate attachments. | (i) Upon execution of this Agreement, (ii) promptly upon (but no later than 30 days after) reasonable demand by either Party and (iii) promptly upon (but no later than 30 days after) any such form previously provided (or any documentation of statement associated with such form) becoming obsolete, incomplete or incorrect. |

(b) Other documents to be delivered are:

| Party required to deliver document | Form/Document/Certificate | Date by which to be delivered | Covered by Section 3(d) Representation |
|---|---|---|---|
| Party A and Party B | Certificate or other documents evidencing the authority and signature of the party entering into this Agreement or a Confirmation, as the case may be | At or promptly following the execution of this Agreement or upon request with respect to a Confirmation, as the case may be. | Yes |

| **Party required to deliver document** | **Form/Document/Certificate** | **Date by which to be delivered** | **Covered by Section 3(d) Representation** |
|---|---|---|---|
| Party B | Certified copies of all corporate resolutions authorizing the execution of this Agreement and any Confirmation hereunder | Upon execution and delivery of this Agreement | Yes |
| Party B | A copy of the annual report of Party B containing audited consolidated financial statements for the relevant fiscal year certified by independent certified public accountants and prepared in accordance with accounting principles that are generally accepted in the United States | As soon as available and in any event within 120 days after the end of each of the fiscal years of Party B | Yes |
| Party B | A copy of each quarterly report of Party B containing consolidated financial statements for the relevant quarter prepared in accordance with accounting principles that are generally accepted in the United States | As soon as available and in any event within 45 days after the end of each of Party B's fiscal quarters | Yes |
| Party B | Copies of all amendments, notices and documents delivered to Lenders in relation to the Credit Agreement. | Simultaneous with delivery to lenders provided that no such delivery will be required so long as Party A or any of its Affiliates is a lender under the Credit Agreement. | Yes |

**Part 4. Miscellaneous.**

(a) ***Addresses for Notices.*** For the purpose of Section 12(a) of this Agreement:

(i) Address for notices or communications to Party A (other than notices or communications with respect to payments which shall be in the relevant Confirmation):

For the purpose of Section 12(a) of the Agreement, notices or communications to Party A with respect to each Transaction shall be sent to the address of the relevant Office specified in the relevant Confirmation or as otherwise notified by Party A to Party B in writing.

Any other notice or other communication (with the exception of notices or other communications under or for purposes of Sections 5 and 6 of this Agreement) shall be delivered to the address of the relevant Office set forth below:

**Paris Head Office:**

To: Crédit Agricole Corporate and Investment Bank
Address: 9, quai du Président Paul Doumer, 92920 Paris La Défense cedex, France
Attention: Legal Department
FacsimileNo: +33 1 41 89 64 79 / + 33 1 41 89 29 86

**New York Office:**

Address: 1301 Avenue of the Americas, New York, NY 10019, United States of America
Attention: Legal Department – Master Agreements
Telephone No: +1 212 ### ####

Any notice or other communication under or for purposes of Sections 5 and 6 of this Agreement shall be delivered to the address of Party A's Head Office:

To: Crédit Agricole Corporate and Investment Bank
Address: 9, Quai du Président Paul Doumer, 92920 Paris La Défense cedex, France
Attention: General Counsel - Legal Department (marked "urgent")

In addition and subject to Section 12(a) of this Agreement, notices or communication given to Party A pursuant to Section 5 or 6 of this Agreement shall also be sent by email to:
eventsofdefaultcreditagricolecorporateandinvestmentbankrisk@ca-cib.com.

(ii) Address for notices or communications to Party B:

Solar Star California XIII, LLC
1414 Harbour Way South
Richmond, California 94804 USA
Facsimile No.: (510) ###-####
Attention: Manager Representative

With a copy to:

SunPower Capital Services, LLC
2900 Esperanza Crossing, Floor 2
Austin, TX 78758
Facsimile: (512) ###-####
Attention: Financing Operations

(b) ***Process Agent.*** For the purpose of Section 13(c) of this Agreement:

(i) Party A irrevocably appoints as its Process Agent: its New York branch Office located at 1301 Avenue of the Americas, New York, New York 10019.

(ii) Party B irrevocably appoints as its Process Agent: Not applicable.

(c) ***Offices***. The provisions of Section 10(a) of this Agreement will apply to Party A and to Party B.

(d) ***Multibranch Party***. For the purpose of Section 10(c) of this Agreement:

Party A is a Multibranch Party and may act out of its Paris head Office or its New York branch Office. Party B is not a Multibranch Party.

(e) "***Calculation Agent.***" The Calculation Agent is Party A unless an Event of Default has occurred and is continuing with respect to Party A, in which case Party B may appoint a leading dealer to act as Calculation Agent for so long as such Event of Default is continuing, unless an Event of Default has also occurred and is continuing with respect to Party B, in which case Party A will remain the Calculation Agent. All calculations and determinations by the Calculation Agent shall be made in good faith and in a commercially reasonable manner.

(f) ***"Credit Support Document"*** means none in relation to Party A and each of the Security Documents (as defined in the Credit Agreement) in relation to Party B.

(g) ***"Credit Support Provider"*** means in relation to Party A: Not applicable.

***"Credit Support Provider"*** means in relation to Party B: Each party to a Security Document (other than Party B) that provides security, a guaranty or other credit support for Party B's obligations under this Agreement. Notwithstanding the foregoing, with respect to any guarantee deemed or security interest granted, pursuant to its terms, to cover the obligations of Party B under this Agreement (the "**Swap Obligations**") that is provided by a guarantor or credit support provider which is not an "Eligible Contract Participant" (as defined in Section 1a(18) the Commodity Exchange Act, as amended) (as such, a "**Non-ECP**") at the time a Transaction under this Agreement is entered into, the Parties hereto agree that such guarantee shall not be effective against any such Non-ECP with respect to Party B's Swap Obligations hereunder relating to such Transaction.

(h) **Governing Law**. This Agreement, and each Transaction entered into hereunder will be governed by, and construed, and enforced in accordance with the law of the State of New York without reference to its choice of law doctrine.

(i) ***Waiver of Jury Trial*****.** EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDINGS RELATING TO THIS AGREEMENT.

(j) ***Netting of Payments.*** Unless the parties otherwise so agree, Subsection 2(c)(ii) will not apply to the Transactions effected hereunder.

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(k) "***Affiliate"*** has the meaning specified in Section 14 of this Agreement.

(l) ***Absence of Litigation*****.** Section 3(c) is hereby amended by deleting the word "affect" in the third line thereof and replacing it with the words "have a material adverse effect on", and by deleting the word "Affiliates" in the second line thereof and replacing it with the words "Specified Entities":

For the purpose of Section 3(c), "***Specified Entity***":

In relation to Party A, means: Not Applicable

In relation to Party B, means: Not Applicable.

(n) ***Additional Representation*** will apply. For the purpose of Section 3 of this Agreement the following Sections 3(g) and 3(h) will constitute Additional Representations:

(g) ***No Agency*****.** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that it is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

(h) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

(1) ***Non-Reliance*****.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction;

(2) ***Assessment and Understanding*****.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and

understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction; and

(3) ***Status of Parties*****.** The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.

(o) ***Recording of Conversations***. Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

(p) ***Condition Precedent; Potential Event of Default; Amendment to Section 2(a)(iii)*****.**

Section 2(a)(iii) is hereby amended by adding the following proviso immediately after the words "this Agreement" at the end thereof: "; *provided*, *however*, that each payment or delivery which would otherwise be required to be made but for this Section 2(a)(iii) shall be made on the thirtieth day after the occurrence of the relevant Event of Default or Potential Event of Default, as the case may be, and on each day thereafter that a payment or delivery is required to be made, unless an Early Termination Date in respect of the Transaction to which such payment or delivery relates has been designated."

**Part 5. <u>Other Provisions</u>.**

(a) ***Additional Representations***. In addition to the provisions addressed above in Part 4 of the Schedule, Section 3 of this Agreement is hereby amended by adding at the end thereof the following sub-paragraphs:

(i) ***Non-ERISA Representation*****.** It continuously represents that it is not (i) an employee benefit plan (hereinafter an "***ERISA Plan***"), as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***"), subject to Title I of ERISA or a plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "***Code***"), or subject to any other statute, regulation, procedure or restriction that is materially similar to Section 406 of ERISA or Section 4975 of the Code (together with ERISA Plans, "***Plans***"), (ii) a person any of the assets of whom constitute assets of a Plan, or (iii) in connection with any Transaction under this Agreement, a person acting on behalf of a Plan, or using the assets of a Plan. It will provide notice to the other party in the event that it is aware that it is in breach of any aspect of this representation or is aware that with the passing of time, giving of notice or expiry of any applicable grace period it will breach this representation.

(ii) ***Eligible Contract Participant.*** It is an "eligible contract participant" within the meaning of Section 1a(18) of the Commodity Exchange Act, as amended.

(b) **Accuracy of Specified Information.** Section 3(d) is hereby amended by adding in the third line thereof after the word "respect" and before the period, the phrase "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of the relevant person."

(c) ***Form of Agreement.*** The parties hereby agree that the text of the body of the Agreement is intended to be the printed form of 1992 ISDA Master Agreement (Multicurrency-Cross Border) as published and copyrighted by ISDA.

(d) ***Scope of Agreement.*** Each transaction of the type described in the definitions of "Specified Transaction" that is entered into on or after the date of this Agreement between the parties will be deemed to be a Transaction for purposes of this Agreement, subject to and governed by the terms of this Agreement, and any confirmation evidencing such Transaction created or exchanged pursuant to Part 5(b) above will constitute a "Confirmation" for purposes of this Agreement and will supplement, form part of, and be subject to and governed by the terms of this Agreement. In the event of any inconsistency between the terms of such Transaction and the terms of this Agreement, the terms of such Transaction shall prevail.

(e) ***Set Off***. Section 6 of this Agreement is hereby amended by adding the following Subsection (f) at the end thereof:

"(f) Upon the designation of any Early Termination Date, the party that is not the Defaulting Party or Affected Party ("X") may, without prior notice to the Defaulting or Affected Party ("Y"), set off any sum or obligation (whether or not arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by Y to X or any Affiliate of X (the "X Set Off Amount") against any sum or obligation (whether or not arising under this Agreement, whether matured or unmatured, whether or not contingent and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y (the "Y Set Off Amount"). X will give notice to the other party of any set off effected under this Section 6(f).

For this purpose, either the X Set Off Amount or the Y Set Off Amount (or the relevant portion of such set off amounts) may be converted by X into the currency in which the other set off amount is denominated at the rate of exchange at which X would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If a sum or obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set off, combination of accounts, lien or other rights to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise)."

(f) ***Transfer*.** The parties agree that references in Section 7(a) to "consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity" shall be amended to include, as additional events, the reorganization, incorporation, reincorporation or reconstitution into or as another entity.

(g) ***Definitions.*** The definitions and provisions contained in the 2006 ISDA Definitions (the "Definitions") as published by ISDA are incorporated into any Confirmation which supplements and forms part of this Agreement, and all capitalized terms used but not otherwise defined in a Confirmation will have the meaning given to them in the Definitions. References herein to a "Transaction" shall be deemed to be references to a "Swap Transaction" for the purposes of the Definitions. Unless expressly provided otherwise, in the event of any inconsistency between any of the documents identified in this Part 4(k), the document listed first will prevail: (i) the Confirmation; (ii) the Schedule; (iii) the printed form of ISDA Master Agreement; and (iv) the Definitions.

(h) Party B may not terminate any interest rate swap transaction (in whole or in part) under any Interest Rate Agreement (as such term is defined in the Credit Agreement) including any Interest Rate Agreement with a counterparty other than Party A, unless such termination is on a *pro rata* basis with respect to all interest rate swap transactions outstanding under all Interest Rate Hedge Agreements; provided that this Part 5(i) shall not apply to any Transaction under an Interest Rate Agreement with respect to which Party A or Party A's counterparty is the Defaulting Party or the Affected Party.

**IN WITNESS WHEREOF**, the parties have executed this Schedule by their duly authorized officers as of the date hereof.

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

By: _____
Name:
Title:
Date:

By: _____
Name:
Title:
Date:

**SOLAR STAR CALIFORNIA XIII, LLC**

By _____
Name:
Title:
Date:

FORM OF DSR LETTER OF CREDIT

[BANK NAME]
[ADDRESS]

Letter Of Credit No. [_____]

Irrevocable Standby Letter Of Credit

Date of Issue:
[_____, 201_]

Stated Expiration Date:
[ ]
(the "Stated Expiration Date")

Applicant:

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, California 94804 USA
Phone Number: (510) 540-0550
Facsimile No.: (510) 540-0552
Attention: Manager Representative
(the "Applicant")

Beneficiary:
Deutsche Bank Trust Company Americas
as Depositary
60 Wall Street
16th Floor
MS NYC60-1623
New York, NY 10005

[Attn: Solar Star California XIII, LLC
Facsimile No.: 415-273-4591
(the "Beneficiary")]

Stated Amount:
$_____

Credit Available With:
[_____]
[_____]
[_____]

Against Presentation of the Documents Detailed
Herein Drawn on Mizuho Bank, Ltd.

Ladies and Gentlemen:

At the request and for the account of Solar Star California XIII, LLC (the "Applicant"), we hereby establish in favor of Deutsche Bank Trust Company Americas (the "Beneficiary"), as Depositary under that certain Depositary Agreement dated as of October 17, 2014 among the Applicant, Mizuho Bank Ltd., as administrative agent (in such capacity, the "Administrative Agent"), Deutsche Bank Trust Company Americas, as collateral agent (in such capacity, the "Collateral Agent"), the Depositary and certain other parties thereto (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Depositary Agreement") in connection with the Debt Service Reserve Account established under the Depositary Agreement, this irrevocable Letter of Credit no. [____] (this "Debt Service Reserve Letter of Credit") expiring on [____] (the "Stated Expiration Date").

We irrevocably authorize you to draw on us, in accordance with the terms and conditions hereinafter set forth, in any amount up to the Available Amount (as defined below) available against presentation of a dated drawing request drawn on [BANK NAME] manually signed by a purported authorized officer of the Beneficiary completed in the form of Annex 1 hereto (a "Drawing Request"). Partial drawings are allowed under this Debt Service Reserve Letter of Credit. Each Drawing Request honored by us shall immediately reduce the amount available to be drawn hereunder by the amount of the payment made in respect of such Drawing Request (each, an "Automatic Reduction").

On any given date, the Stated Amount (as set forth on the first page of this Debt Service Reserve Letter of Credit) minus any Automatic Reductions minus any voluntary reductions pursuant to the terms hereof plus any amounts reinstated pursuant to the terms hereof shall be the aggregate amount available hereunder (the "Available Amount").

Drawing Requests and all communications with respect to this Debt Service Reserve Letter of Credit shall be in writing, addressed or presented in person to us at: [BANK NAME] [ADDRESS] (telephone no.: [NUMBER]), referencing this Debt Service Reserve Letter of Credit No. [ ]. In addition, presentation of a Drawing Request may also be made by fax transmission to [NUMBER], or such other fax number identified by us in a written notice to you. To the extent a Drawing Request is made by fax transmission, you must (i) provide telephone notification to us at [NUMBER] prior to or simultaneously with the sending of such fax transmission and (ii) send the original of such Drawing Request to us by overnight courier, at the same address provided above.

If a Drawing Request is presented in compliance with the terms of this Debt Service Reserve Letter of Credit to us at such address or facsimile number by 11:00 a.m., New York City time, on any Business Day, payment will be made not later than the close of business, New York City time, on such Business Day and if such Drawing Request is so presented to us after 11:00 a.m., New York City time, on any Business Day, payment will be made on the following Business Day not later than the close of business, New York City time. Payment under this Debt Service Reserve Letter of Credit shall be made in immediately available funds by wire transfer to such account as may be designated by the Beneficiary in the applicable Drawing Request.

As used in this Debt Service Reserve Letter of Credit, "Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to remain closed in the State of New York.

This Debt Service Reserve Letter of Credit shall expire on the earliest to occur of (1) our receipt of written confirmation from the Beneficiary authorizing us to cancel this Debt Service Reserve Letter of Credit accompanied by the original of this Debt Service Reserve Letter of Credit; (2) the close of business, New York City time, on the date (the "Early Expiration Date") specified in a notice of early expiration in the form of Annex 2 hereto sent by us to the Beneficiary and a copy to the Applicant by

courier, mail delivery or delivery in person or electronic or facsimile transmission and stating that this Debt Service Reserve Letter of Credit shall terminate on such date, which date shall be no less than thirty (30) days after the date of such notice, with the Beneficiary remaining authorized to draw on us on or prior to such Early Expiration Date in accordance with the terms hereof; and (3) the close of business, New York City time, on the Stated Expiration Date or, if we have delivered an Extension Notice (as defined below) in accordance with the next succeeding sentence, the Extended Stated Expiration Date (as defined below) set forth in the most recently delivered Extension Notice (as so defined).

Prior to the date thirty (30) days prior to the Stated Expiration Date (or the then-current Extended Stated Expiration Date), we may extend the Stated Expiration Date (or the then-current Extended Stated Expiration Date) for a period of up to twelve (12) months (such extended expiration date, an "Extended Stated Expiration Date") as specified in a notice of extended stated expiration date (each such notice, an "Extension Notice") in the form of Annex 6 hereto sent by us to the Beneficiary and a copy to the Applicant by courier mail delivery, delivery in person or facsimile transmission.

This Debt Service Reserve Letter of Credit is effective immediately.

In the event that a Drawing Request fails to comply with the terms of this Debt Service Reserve Letter of Credit, we shall provide the Beneficiary prompt notice of same stating the reasons therefor and shall upon receipt of the Beneficiary's instructions, hold any nonconforming Drawing Request and other documents at your disposal or return any non-conforming Drawing Request and other documents to the Beneficiary at the address set forth above by courier, mail delivery or delivery in person or facsimile transmission. Upon being notified that the drawing was not effected in compliance with this Debt Service Reserve Letter of Credit, the Beneficiary may attempt to correct such non-complying Drawing Request if, and to the extent that you are entitled and able to do so on or before the current Stated Expiration Date or Extended Stated Expiration Date.

This Debt Service Reserve Letter of Credit sets forth in full the terms of our undertaking and this undertaking shall not in any way be modified, amended, limited or amplified by reference to any document, instrument or agreement referred to herein, and any such reference shall not be deemed to incorporate herein by reference any document, instrument, or agreement except for Drawing Requests and certificates.

This Debt Service Reserve Letter of Credit is transferable, in its entirety upon presentation to us of a signed transfer certificate in the form of Annex 3 accompanied by this Debt Service Reserve Letter of Credit (or other evidence satisfactory to us), in which the Beneficiary irrevocably transfers to the Successor Depositary (as defined in Annex 3) all of its rights hereunder, whereupon we agree to either issue a substitute letter of credit to such Successor Depositary or endorse such transfer on the reverse of this Debt Service Reserve Letter of Credit.

Amounts drawn under this Debt Service Reserve Letter of Credit may be reinstated up to the aggregate amount of such draws by notice from us to the Beneficiary in a certificate in the form of Annex 4 hereto (such reinstatement to be in the amount set forth in such certificate), but not in excess of the then Available Amount.

Any voluntary reduction hereunder shall be in the form of Annex 5 hereto. All banking charges are for the account of the Applicant.

This Debt Service Reserve Letter of Credit shall not be amended except with the written concurrence of the Beneficiary.

We hereby engage with you that a Drawing Request drawn strictly in compliance with the terms of this Debt Service Reserve Letter of Credit and any amendments thereto shall be honored.

This Debt Service Reserve Letter of Credit is subject to the rules of the "International Standby Practices 1998", International Chamber of Commerce, Publication No. 590 ("ISP 98") and, as to matters not governed by ISP 98, shall be governed by and construed in accordance with the laws of the State of New York.

Any legal action or proceeding with respect to this Debt Service Reserve Letter of Credit shall be brought in the courts of the State of New York in the County of New York or of the United States of America in the Southern District of New York. You (by your acceptance hereof) and we irrevocably submit to the nonexclusive jurisdiction of such courts solely for the purposes of this Debt Service Reserve Letter of Credit. You (by your acceptance hereof) and we hereby waive to the fullest extent permitted by law any objection either of us may now or hereafter have to the laying of venue in any such action or proceeding in any such court.

[BANK NAME]

_____

Authorized signature

[Letterhead of Depositary]

"Drawn under [BANK NAME],
Letter of Credit Number [_____] dated _____, 201_"
DRAWING REQUEST
[Date]

[BANK NAME]
[ADDRESS]

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Deutsche Bank Trust Company Americas, hereby draws on [BANK NAME] Irrevocable Standby Letter of Credit No. [_____] (the "Debt Service Reserve Letter of Credit") dated _____, 201_ issued by you in favor of us. Any capitalized term used herein and not defined herein shall have its respective meaning as set forth in the Debt Service Reserve Letter of Credit or in the Depositary Agreement referred to in the Debt Service Reserve Letter of Credit.

In connection with this drawing, we hereby certify that:

A) "This drawing in the amount of US$_____is being made pursuant to theDebt Service Reserve Letter of Credit";

***[Use one or more of the following forms of paragraph B, as applicable]***

B-1) "(x) A Debt Payment Deficiency exists and (y) the proceeds of this draw will be applied solely to such Debt Payment Deficiency in accordance with Section 3.7(e) of the Depositary Agreement,"

or

B-2) "(i) The Debt Service Reserve Letter of Credit will expire within thirty (30) days of the date of this Drawing Request and you have failed to extend the expiration date of the Debt Service Reserve Letter of Credit and the Applicant has failed to provide a replacement Debt Service Reserve Letter of Credit from an Acceptable Letter of Credit Provider and satisfying the requirements of the Depositary Agreement; and

(ii) the proceeds of this draw will be transferred to the Debt Service Reserve Account in accordance with the Depositary Agreement";

or

B-3) "A Trigger Event Date as defined in the Depositary Agreement has occurred."

or

B-4) "(i) [BANK NAME] has delivered an Early Expiration Notice and such EarlyExpiration Notice has not been rescinded and the Applicant has failed to provide a

replacement Debt Service Reserve Letter of Credit issued by an Acceptable Letter of Credit Provider and satisfying the requirements of the Depositary Agreement; and

(ii) the proceeds of this draw will be transferred to the Debt Service Reserve Account in accordance with the Depositary Agreement";

or

B-5) "(i) You have ceased to be an Acceptable Letter of Credit Provider (as such term is defined in the Depositary Agreement) and the Applicant has failed to provide a replacement Debt Service Reserve Letter of Credit issued by an Acceptable Letter of Credit Provider and satisfying the requirements of the Depositary Agreement within ten (10) days of you ceasing to be an Acceptable Letter of Credit Provider; and

(ii) the proceeds of this draw will be transferred to the Debt Service Reserve Account in accordance with the Depositary Agreement;"

C) "The amount requested to be drawn does not exceed the maximum AvailableAmount in effect as of the date hereof"; and

D) "You are directed to make payment of the requested drawing to account no.at [insert bank name, address and account number]."

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed and delivered this request on the date first written above.

Deutsche Bank Trust Company Americas, as Depositary

By: _____
Name:
Title:

CC:

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, California 94804 USA
Phone Number: (510) 540-0550
Facsimile No.: (510) 540-0552
Attention: Manager Representative

[Letterhead of Issuing Bank]

NOTICE OF EARLY EXPIRATION OF LETTER OF CREDIT

[Date]

Deutsche Bank Trust Company Americas,
as Depositary
60 Wall Street
16th Floor
MS NYC60-1623
New York, NY 10005
Attn: Solar Star California XIII, LLC

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, CA 94804
Attn: Manager Representative

Ladies and Gentlemen:

Reference is made to [BANK NAME] Irrevocable Standby Letter of Credit No. [ ] (the "Debt Service Reserve Letter of Credit") dated _____, 201_ issued by us in favor of Deutsche Bank Trust Company Americas, as Depositary (the "Beneficiary"). Any capitalized terms used herein and not defined shall have its respective meaning set forth in the Debt Service Reserve Letter of Credit.

This constitutes our notice to you pursuant to the Debt Service Reserve Letter of Credit that the Debt Service Reserve Letter of Credit shall terminate on _____, ____***[insert a date which is thirty (30) or more days after the date of this notice of early expiration]*** (the "Early Expiration Date").

Pursuant to the terms of the Debt Service Reserve Letter of Credit, the Beneficiary is authorized to draw (pursuant to one or more drawings), on or prior to the Early Expiration Date, on the Debt Service Reserve Letter of Credit in an aggregate amount that does not exceed the then Available Amount (as defined in the Debt Service Reserve Letter of Credit).

Very truly yours,

[BANK NAME]

By: _____
Name:
Title:

[Letterhead of Depositary]

TRANSFER OF LETTER OF CREDIT
[Date]

[BANK NAME]
[ADDRESS]

Ladies and Gentlemen:

Reference is made to [BANK NAME] Irrevocable Standby Letter of Credit No. [_____] dated ____, 201_ originally issued by you in favor of Deutsche Bank Trust Company Americas, as Depositary (the "Debt Service Reserve Letter of Credit"). Any capitalized term used herein and not defined shall have its respective meaning as set forth in the Debt Service Reserve Letter of Credit.

For value received, the undersigned, as the current beneficiary under the Debt Service Reserve Letter of Credit, hereby irrevocably transfers to (the "Transferee") all rights of the undersigned to draw under the Debt Service Reserve Letter of Credit in its entirety. We certify that the Transferee is the successor Depositary pursuant to and in accordance with the terms of Section 4.4 of the Depositary Agreement (the "Successor Depositary").

By this transfer, all rights of the undersigned, as beneficiary under the Debt Service Reserve Letter of Credit, are transferred to the Transferee, and the Transferee shall have the sole rights with respect to such Letter of Credit (to the exclusion of the undersigned) including without limitation all rights relating to any amendments thereof and any notices thereunder. All amendments to such Letter of Credit are to be consented to by the Transferee without necessity of any consent of or notice to the undersigned.

Simultaneously with the delivery of this notice to you, copies of this notice are being transmitted to the Transferee and the Applicant.

The original Debt Service Reserve Letter of Credit and amendment(s), if any (or other evidence satisfactory to you), is/are returned herewith, and we ask you to either issue a substitute letter of credit for the benefit of the Transferee or endorse the transfer on the reverse thereof, and forward it directly to the Transferee with your customary notice of transfer.

Very truly yours,

Deutsche Bank Trust Company Americas,
as Depositary

By: _____
Name:
Title:

cc: ***[Insert name and address of Transferee]***

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, California 94804 USA
Phone Number: (510) 540-0550
Facsimile No.: (510) 540-0552
Attention: Manager Representative

[Letterhead of Issuing Bank]

CERTIFICATE OF REINSTATEMENT

[Date]

Deutsche Bank Trust Company Americas,
as Depositary
60 Wall Street
16th Floor
MS NYC60-1623
New York, NY 10005
Attn: Solar Star California XIII, LLC

Ladies and Gentlemen:

Reference is made to [BANK NAME] Irrevocable Standby Letter of Credit No. [ ] (the "Debt Service Reserve Letter of Credit") dated _____, 201_ issued by us in your favor. Any capitalized term used herein and not defined shall have its respective meaning as set forth in the Debt Service Reserve Letter of Credit.

This constitutes our notice to you pursuant to the Debt Service Reserve Letter of Credit that as of , the Available Amount is hereby reinstated by [$_____] to [$_____]; provided that in no event shall the Available Amount as hereby reinstated exceed the Stated Amount.

Very truly yours,

[BANK NAME]

By: _____

cc:

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South Richmond, California 94804 USA Phone Number: (510) 540-0550
Facsimile No.: (510) 540-0552
Attention: Manager Representative

VOLUNTARY REDUCTION REQUEST CERTIFICATE
[Date]

[BANK NAME]
[ADDRESS]

Ladies and Gentlemen:

The undersigned duly authorized officer of the Beneficiary, having been so directed by Solar Star California XIII, LLC (the "Applicant') hereby refers to [BANK NAME], Irrevocable Standby Letter of Credit No. [_____] (the "Letter of Credit") dated _____, 201_ issued by you in our favor for the account of the Applicant. Any capitalized term used herein and not defined herein shall have its respective meaning as set forth in the Letter of Credit.

We hereby request that the Stated Amount be reduced by [$_____] to [$_____].

We hereby certify that the undersigned is a duly authorized officer of the Beneficiary.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned has executed and delivered this request on this date first written above.

Deutsche Bank Trust Company Americas,
as Depositary

By: _____
Name:
Title:

cc:
Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, California 94804 USA
Phone Number: (510) 540-0550
Facsimile No.: (510) 540-0552
Attention: Manager Representative

[Letterhead of Issuing Bank]

NOTICE OF EXTENSION OF EXPIRATION DATE OF LETTER OF CREDIT

[Date]

Deutsche Bank Trust Company Americas,
as Depositary
60 Wall Street
16th Floor
MS NYC60-1623
New York, NY 10005
Attn: Solar Star California XIII, LLC

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, CA 94804
Attn: Manager Representative

Ladies and Gentlemen:

Reference is made to [BANK NAME] Irrevocable Standby Letter of Credit No. [ ] (the "Debt Service Reserve Letter of Credit") dated _____, 201_ issued by us in favor of Deutsche Bank Trust Company Americas, as Depositary (the "Beneficiary"). Any capitalized terms used herein and not defined shall have its respective meaning set forth in the Debt Service Reserve Letter of Credit.

This constitutes our notice to you pursuant to the Debt Service Reserve Letter of Credit that [Stated Expiration Date][current Extended Stated Expiration Date] of the Debt Service Reserve Letter of Credit shall be extended by [_____] [____] months to [_____] [____], 20[___] (the "Extended Stated Expiration Date"). ]

Very truly yours,

[BANK NAME]

By: _____
Name:
Title:

cc:

Solar Star California XIII, LLC
c/o SunPower AssetCo, LLC
1414 Harbour Way South
Richmond, California 94804 USA
Phone Number: (510) 540-0550
Facsimile No.: (510) 540-0552
Attention: Manager Representative

FORM OF SECOND INTERCONNECTION AGREEMENT AMENDMENT

See Attached

FORM OF CCSF MITIGATION AGREEMENT

See Attached.

EXHIBIT Q

MONTHLY INDEPENDENT ENGINEER REPORT

SCHEDULE 1.1A

**Commitments**

**[See attached]**

## ALLOCATIONS

### Facility Summary

| Facilties | Amounts | % |
|---|---|---|
| Construction Loan / Term Loan | 317,973,487.16 | 84.24% |
| PPA Performance Letter of Credit / PPA Development Letter of Credit | 38,651,040.00 | 10.24% |
| DSR Letter of Credit | 17,488,832.59 | 4.63% |
| Decommissioning Letter of Credit | 3,335,742.15 | 0.88% |
| TOTAL | 377,449,101.90 | 100.00% |

### Construction Loan Commitment

| Banks | Amounts | |
|---|---|---|
| Santander Bank, N.A. | 133,180,599.97 | 41.88% |
| Mizuho Bank, Ltd. | 94,802,819.86 | 29.81% |
| Credit Agricole Corporate & Investment Bank | 89,990,067.33 | 28.30% |
| TOTAL | 317,973,487.16 | 100.00% |

### DSR LC Commitment

| Issuing Banks | Amounts | % |
|---|---|---|
| Santander Bank, N.A. | 7,116,624.44 | 40.69% |
| Mizuho Bank, Ltd. | 6,000,000.00 | 34.31% |
| Credit Agricole Corporate & Investment Bank | 4,372,208.15 | 25.00% |
| TOTAL | 17,488,832.59 | 100.00% |

### Project LC Commitment

| Issuing Banks | Amounts | % |
|---|---|---|
| Santander Bank, N.A. (Decomissioning LC) | 3,335,742.15 | 7.94% |
| Mizuho Bank, Ltd. (PPA Performance and PPA Development LC) | 38,651,040.00 | 92.06% |
| TOTAL | 41,986,782.15 | 100.00% |

### Term Loan Commitment

| Banks | Amounts | |
|---|---|---|
| Santander Bank, N.A. | 133,180,599.97 | 41.88% |
| Mizuho Bank, Ltd. | 94,802,819.86 | 29.81% |
| Credit Agricole Corporate & Investment Bank | 89,990,067.33 | 28.30% |
| TOTAL | 317,973,487.16 | 100.00% |

SCHEDULE 1.1B

**Amortization Schedule**

**[See attached]**

## AMORTIZATION SCHEDULE

| Semester | Date | $ Principal Repaid | $ Principal Remaining | % Principal Repaid | % Principal Remaining |
|---|---|---|---|---|---|
| | 12/31/2015 | | 317,973,487.16 | | 100.0% |
| 1 | 6/30/2016 | 5,041,720.96 | 312,931,766.20 | 1.6% | 98.4% |
| 2 | 12/31/2016 | 9,555,924.64 | 303,375,841.56 | 3.0% | 95.4% |
| 3 | 6/30/2017 | 5,658,969.47 | 297,716,872.09 | 1.8% | 93.6% |
| 4 | 12/31/2017 | 10,013,734.97 | 287,703,137.11 | 3.1% | 90.5% |
| 5 | 6/30/2018 | 6,064,851.45 | 281,638,285.67 | 1.9% | 88.6% |
| 6 | 12/31/2018 | 10,505,716.89 | 271,132,568.78 | 3.3% | 85.3% |
| 7 | 6/30/2019 | 6,179,891.58 | 264,952,677.19 | 1.9% | 83.3% |
| 8 | 12/31/2019 | 11,083,470.93 | 253,869,206.26 | 3.5% | 79.8% |
| 9 | 6/30/2020 | 6,265,239.59 | 247,603,966.67 | 2.0% | 77.9% |
| 10 | 12/31/2020 | 10,111,470.17 | 237,492,496.50 | 3.2% | 74.7% |
| 11 | 6/30/2021 | 3,242,468.90 | 234,250,027.60 | 1.0% | 73.7% |
| 12 | 12/31/2021 | 8,295,476.36 | 225,954,551.24 | 2.6% | 71.1% |
| 13 | 6/30/2022 | 3,618,111.28 | 222,336,439.96 | 1.1% | 69.9% |
| 14 | 12/31/2022 | 222,336,439.96 | 0.00 | 69.9% | 0.0% |

**EXHIBIT 21.1**

Subsidiaries of SunPower Corporation

| **Subsidiary Name** | **Jurisdiction** |
|---|---|
| SunPower Corporation, Systems | Delaware |
| SunPower Corporation Malta Holdings Limited | Malta |
| Tenesol SAS | France |
| SunPower Philippines Manufacturing Ltd. | Cayman Islands |
| SunPower Systems Sarl | Switzerland |
| SunPower Technology Ltd. | Cayman Islands |
| SunPower Corporation Mexico S de RL de CV | Mexico |

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SunPower Corporation does business under the following names

| **Company** | **dba** |
|---|---|
| SunPower Corporation | SunPower Solar Corporation (Texas), Inc. |
| SunPower Corporation | SPWR Solar Corporation |
| SunPower Corporation | SPWR Solar |
| SunPower Corporation | SPWR Energy |

SunPower Corporation, Systems does business under the following names

| **Subsidiary** | **dba** |
|---|---|
| SunPower Corporation, Systems | SunPower Energy Systems (Texas), Inc. |
| SunPower Corporation, Systems | SunPower Energy Corporation |

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-130340, 333-140197, 333-142679, 333-150789, 333-172477, 333-178027, 333-179833, 333-186821 and 333-195608) of SunPower Corporation, of our reports dated February 24, 2015, with respect to the consolidated financial statements of SunPower Corporation and the effectiveness of internal control over financial reporting of SunPower Corporation included in this Annual Report (Form 10-K) for the year ended December 28, 2014.

/s/ Ernst & Young LLP

San Jose, California
February 24, 2015

**Exhibit 24.1**

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENT: That the undersigned officers and directors of SunPower Corporation do hereby constitute and appoint Thomas H. Werner, Charles D. Boynton, Eric Branderiz, and Lisa Bodensteiner, and any one of them, the lawful attorney and agent or attorneys and agents with power and authority to do any and all acts and things and to execute any and all instruments which said attorneys and agents, or either of them, determine may be necessary or advisable or required to enable SunPower Corporation to comply with the Securities and Exchange Act of 1934, as amended, and any rules or regulations or requirements of the Securities and Exchange Commission in connection with its annual report on Form 10-K for the fiscal year ended December 28, 2014 (the "Report"). Without limiting the generality of the foregoing power and authority, the powers granted include the power and authority to sign the names of the undersigned officers and directors in the capacities indicated below to the Report or amendments or supplements thereto, and each of the undersigned hereby ratifies and confirms all that said attorneys and agents, or either of them, shall do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated opposite the name.

| Signature | Title | Date |
|---|---|---|
| /S/ THOMAS H. WERNER<br>Thomas H. Werner | President, Chief Executive Officer and Director<br>(Principal Executive Officer) | February 24, 2015 |
| /S/ CHARLES D. BOYNTON<br>Charles D. Boynton | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) | February 24, 2015 |
| /S/ ERIC BRANDERIZ<br>Eric Branderiz | Senior Vice President, Corporate Controller and Principal Accounting Officer<br>(Principal Accounting Officer) | February 24, 2015 |
| /S/ ARNAUD CHAPERON<br>Arnaud Chaperon | Director | February 24, 2015 |
| /S/ BERNARD CLEMENT<br>Bernard Clement | Director | February 24, 2015 |
| /S/ DENIS GIORNO<br>Denis Giorno | Director | February 24, 2015 |
| /S/ CATHERINE A. LESJAK<br>Catherine A. Lesjak | Director | February 24, 2015 |
| /S/ THOMAS R. MCDANIEL<br>Thomas R. McDaniel | Director | February 24, 2015 |
| /S/ JEAN-MARC OTERO DEL VAL<br>Jean-Marc Otero del Val | Director | February 24, 2015 |
| /S/ HUMBERT DE WENDEL<br>Humbert de Wendel | Director | February 24, 2015 |
| /S/ PATRICK WOOD III<br>Patrick Wood III | Director | February 24, 2015 |

**EXHIBIT 31.1**

**CERTIFICATIONS**

I, Thomas H. Werner, certify that:

1 I have reviewed this Annual Report on Form 10-K of SunPower Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2015

/S/ THOMAS H. WERNER

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

**EXHIBIT 31.2**

**CERTIFICATIONS**

I, Charles D. Boynton, certify that:

1 I have reviewed this Annual Report on Form 10-K of SunPower Corporation;

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4 The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

5 The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2015

/S/ CHARLES D. BOYNTON

Charles D. Boynton

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

**EXHIBIT 32.1**

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

In connection with the Annual Report of SunPower Corporation (the "Company") on Form 10-K for the period ended December 28, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of Thomas H. Werner and Charles D. Boynton certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge and belief:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 24, 2015

/S/ THOMAS H. WERNER

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

/S/ CHARLES D. BOYNTON

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

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