SUNPOWER CORP
Form 424B5
April 28, 2009
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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 27, 2009

Filed Pursuant to Rule 424(b)(5)
File Number 333-140272

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated January 29, 2007)

$175,000,000

% Senior Convertible Debentures due 2014

This is an offering by SunPower Corporation of $175,000,000 aggregate principal amount of its % senior convertible debentures due 2014.

The debentures will be convertible, at your option, into shares of our class A common stock initially at a conversion rate of shares per $1,000 principal amount of debentures (equivalent to an initial conversion price of approximately $ per share), subject to adjustment as described in this prospectus supplement, at any time on or prior to the close of business on the business day immediately preceding the maturity date of the debentures. If a holder elects to convert its debentures in connection with a non-stock change in control (as defined in this prospectus supplement), we will, in certain circumstances, increase the conversion rate for debentures converted in connection with such non-stock change in control.

Upon conversion, we will deliver shares of our class A common stock based on the conversion rate in effect on the conversion date.

The debentures will bear interest at a rate of % per year, payable on April 15 and October 15 of each year, commencing October 15, 2009. The debentures will mature on April 15, 2014.

You may require us to repurchase all or a portion of your debentures upon a fundamental change (as defined in this prospectus supplement) at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest.

The debentures will be our senior unsecured obligations. As of March 29, 2009, we and our subsidiaries had $103.9 million of senior bank debt outstanding which is secured, $423.6 million of senior indebtedness outstanding which was not secured and which will rank pari passu with the debentures, and approximately $554.5 million of other liabilities outstanding (excluding any purchase obligations for long-term supply agreements, which amounted to $3,992.2 million as of March 29, 2009).

Concurrently with this offering of debentures, we are offering, by means of a separate prospectus supplement and accompanying prospectus, 9,000,000 shares of our class A common stock to the public at a price of $ per share, which offering is being underwritten by the underwriters of this offering. We refer to the concurrent class A common stock offering as the concurrent equity offering. We estimate that the net proceeds from the sale of shares by us in the concurrent equity offering, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be $219.9 million, based upon the closing price of our class A common stock on The Nasdaq Global Select Market on April 24, 2009, assuming the underwriters overallotment option in that offering is not exercised. Neither offering is conditioned upon the completion of the other offering.

Our class A common stock is listed on The Nasdaq Global Select Market under the symbol SPWRA. The last reported sale price of our class A common stock on April 24, 2009 was $25.41 per share.

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

Investing in the debentures involves risks. See Risk Factors beginning on page S-16 of this prospectus supplement, on page 4 of the accompanying prospectus and in our periodic reports filed with the Securities and Exchange Commission and incorporated by reference herein.

	Per Debenture	Total
Public offering price(1)	100%	$
Underwriting discounts and commissions	%	$
Proceeds to SunPower (before expenses)	%	$

(1) Plus accrued interest, if any, from May 4, 2009.

We have granted the underwriters a 30-day option to purchase up to an additional $26,250,000 aggregate principal amount of debentures on the same terms and conditions set forth above if the underwriters sell more than $175,000,000 aggregate principal amount of debentures.

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

Deutsche Bank Securities, Inc., on behalf of the underwriters, expects to deliver the debentures on or about May 4, 2009.

Joint Book-Running Managers

Deutsche Bank Securities **Credit Suisse**

The date of this prospectus supplement is April , 2009

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and risks related to an investment in the debentures. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering, including a discussion of risks our business faced as of January 29, 2007, the date of such prospectus. If the description of this offering of debentures varies between this prospectus supplement and the accompanying prospectus, you should rely only on the information contained or incorporated by reference in this prospectus supplement.

Any statements made in this prospectus supplement or in a document incorporated or deemed to be incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document which is also incorporated or deemed to be incorporated into this prospectus supplement modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. The information relating to us contained in this prospectus supplement and the accompanying prospectus should be read together with the information in the documents incorporated by reference.

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

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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, and the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). Forward-looking statements are statements that do no represent historical facts. We use words such as may, will, should, could, would, expect, anticipa believe, estimate, predict, potential, continue and similar expressions to identify forward-looking statements. Forward-looking statements in this prospectus supplement and the accompanying prospectus, and the documents incorporated by reference herein and therein include, but are not limited to, statements relating to our plans and expectations regarding our ability to obtain any future financing, future financial and operating results, business strategies, projected costs, products, competitive positions, management s plans and objectives for future operations, industry trends, projected purchase volume from existing, future customers and our preliminary unaudited financial results for the three months ended March 29, 2009 and the effects of the derivative transactions to be entered into in connection with the offering described herein on our stock price. These forward-looking statements are based on information available to us as of the date of this prospectus supplement 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 Risk Factors in this prospectus supplement and Item 1A: Risk Factors in our annual report on Form 10-K for the fiscal year ended December 28, 2008, which is incorporated in this prospectus supplement by reference, as well as our other filings with the Securities and Exchange Commission from time to time, 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, except as required by law.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information that you should consider before deciding whether to invest in our debentures. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the Risk Factors sections beginning on page S-16 of this prospectus supplement, page 4 of the accompanying prospectus and in our periodic reports filed with the Securities and Exchange Commission, or the SEC, (in particular our annual report on Form 10-K for the fiscal year ended December 28, 2008, including our consolidated financial statements and the related notes).

Unless otherwise specified or unless the context requires otherwise, all references in this prospectus supplement to SunPower, we, us, our or similar references mean SunPower Corporation and its subsidiaries. SunPower s fiscal year consists of 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30 and December 31 of each year.

Our Company

Business

We are a vertically integrated solar products and services company that designs, manufactures and markets high-performance solar electric power technologies. Our solar cells and solar panels are manufactured using proprietary processes, and our technologies are based on more than 15 years of research and development. 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. Our solar power products are sold through our components business segment, or Components Segment. Through our systems business segment, or our Systems Segment, we develop, engineer, manufacture and deliver large-scale solar power systems. Our solar power systems, which generate electricity, integrate solar cells and panels manufactured by us as well as other suppliers.

Business Segments Overview

Components Segment: Our Components Segment sells solar power products, including solar cells, solar panels and inverters, which convert sunlight to electricity compatible with the utility network. We believe our solar cells provide the following benefits compared with conventional solar cells:

- superior performance, including the ability to generate up to 50% more power per unit area;
- superior aesthetics, with our uniformly black surface design that eliminates highly visible reflective grid lines and metal interconnect ribbons; and
- more efficient use of silicon, a key raw material used in the manufacture of solar cells.

We sell our solar components products to installers and resellers, including our global dealer network, for use in residential and commercial applications where the high efficiency and superior aesthetics of our solar power products provide compelling customer benefits. We also

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sell products for use in multi-megawatt solar power plant applications. In many situations, we offer a materially 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 commercial solar thin film technologies. We sell our products primarily in North America, Europe and Asia, principally in regions where public policy has accelerated solar power adoption. In fiscal 2008, 2007 and 2006, components revenue represented approximately 43%, 40% and 100%, respectively, of total revenue.

We manufacture our solar cells at our two facilities in the Philippines, and are developing a third solar cell manufacturing facility in Malaysia. Almost all of our solar cells are then combined into solar panels at our solar panel assembly facility located in the Philippines. Our solar panels are also manufactured for us by a third-party subcontractor in China.

Systems Segment: Our Systems Segment generally sells solar power systems directly to system owners and developers. When we sell a solar power system, it may include services such as development, engineering, procurement of permits and equipment, construction management, access to financing, monitoring and maintenance. We believe our solar systems provide the following benefits compared with competitors systems:

- superior performance delivered by maximizing energy delivery and financial return through systems technology design;
- superior systems design to meet customer needs and reduce cost, including non-penetrating, fast roof installation technologies; and
- superior channel breadth and delivery capability including turnkey systems.

Our Systems Segment is comprised primarily of the PowerLight (now known as SP Systems) business we acquired in January 2007. Our customers include commercial and governmental entities, investors, utilities, production home builders and home owners. We work with development, construction, system integration and financing companies to deliver our solar power systems to customers. Our solar power systems are designed to generate electricity over a system life typically exceeding 25 years and are principally designed to be used in large-scale applications with system ratings of typically more than 500 kilowatts. Worldwide, more than 500 SunPower solar power systems have been constructed or are under contract, rated in the aggregate at more than 400 megawatts of peak capacity. In fiscal 2008 and 2007, systems revenue represented approximately 57% and 60%, respectively, of total revenue.

We have solar power system projects completed or in the process of being completed in various countries including Germany, Italy, Portugal, South Korea, Spain and the United States. We sell distributed rooftop and ground-mounted solar power systems as well as central-station power plants. In the United States, distributed solar power systems are typically rated at more than 500 kilowatts of capacity to provide a supplemental, distributed source of electricity for a customer s facility. Many customers choose to purchase solar electricity under a power purchase agreement with a financing company which buys the system from us. In Europe and South Korea, our products and systems are typically purchased by a financing company and operated as a central-station solar power plant. These power plants are rated with capacities of approximately one to twenty megawatts, and generate electricity for sale under tariff to private and public utilities. In 2008, we began serving the utility market in the United States, as regulated utilities began seeking cost-effective renewable energy to meet governmental renewable portfolio standard requirements. Examples include an agreement with Florida Power & Light Company to design and build two solar photovoltaic power plants totaling

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35 megawatts in Florida, and another with Pacific Gas and Electric Company to design and build a 210 megawatt (MW_{AC}) solar power plant in California.

We manufacture certain of our solar power system products at our manufacturing facilities in Richmond, California and at other facilities located close to our customers. Some of our solar power system products are also manufactured for us by third-party suppliers.

Recent Developments

Financial Results for the Three Months Ended March 29, 2009

On April 23, 2009, we announced our first quarter 2009 results. Revenue for the first quarter ended March 29, 2009 was $213.8 million, compared to the prior quarter s revenue of $401.0 million, and first quarter 2008 revenue of $273.7 million. Net loss for the first quarter ended March 29, 2009 was $4.8 million, or $0.06 diluted loss per share.

All financial data for the three months ended March 29, 2009 set forth above are preliminary and unaudited and subject to revision based upon completion of our financial reporting process and a review by our independent registered public accounting firm of our financial condition and results of operations as of such date and for such period.

Accounting for Convertible Debt

On December 29, 2008, we adopted Financial Accounting Standards Board (FASB) Staff Position (FSP) Accounting Principles Board (APB) 14-1 Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement) (FSP APB 14-1), which clarifies the accounting for convertible debt instruments that may be settled in cash upon conversion, including partial cash settlement. In February 2007, we issued $200.0 million in principal amount of our 1.25% senior convertible debentures, or the 1.25% debentures. In the fourth quarter of fiscal 2008, we received notices for the conversion of approximately $1.4 million of the 1.25% debentures. In July 2007, we issued $225.0 million in principal amount of our 0.75% senior convertible debentures, or the 0.75% debentures. Our 1.25% debentures and our 0.75% debentures contain such settlement features and are therefore subject to FSP APB 14-1. Under FSP APB 14-1, we will separately account for the liability and equity components of our convertible debt in a manner that reflects interest expense equal to our non-convertible debt borrowing rate. The new guidance will be applied retrospectively to our historical results of operations, financial condition and cash flows disclosed in our annual report on Form 10-K for the year ended December 28, 2008. Therefore, our future financial statements will reflect a retroactive application of FSP APB 14-1 to previous periods to reflect this guidance.

We recognized non-cash interest expense within interest and other income (expense), net and amortization of capitalized non-cash interest expense within cost of revenue related to the adoption of FSP APB 14-1 as follows:

	Non-cash interest expense	Impact on diluted earnings per share
	(unaudited) (in thousands, other than per share data)	
First quarter 2009	$ 5,021	$ 0.06
First quarter 2008	$ 4,384	$ 0.05

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On a cumulative basis from the respective issuance dates of the 1.25% debentures and 0.75% debentures through March 29, 2009, we will have retroactively recognized $27.7 million in non-cash interest expense related to the adoption of FSP APB 14-1. None of the historical financial statements incorporated by reference herein reflect the adoption of FSP APB 14-1. Our earnings per share in future periods will be reduced by this non-cash interest expense.

Description of Concurrent Equity Offering

Concurrently with this offering of debentures, we are offering an aggregate of 9,000,000 shares of our class A common stock by means of a separate prospectus supplement and accompanying prospectus. The shares of class A common stock being offered by that prospectus supplement and accompanying prospectus are being underwritten by the underwriters of this offering and are being offered to the public at a price of $ per share. We often refer to this concurrent class A common stock offering as the concurrent equity offering. We have also granted a 30-day option to the underwriters of the concurrent equity offering to purchase up to an additional 1,350,000 shares of class A common stock. We cannot give any assurance that the concurrent equity offering will be completed. Neither offering is conditioned on the completion of the other.

Assuming no exercise of the underwriters overallotment option with respect to the concurrent equity offering, we estimate that the net proceeds of the concurrent equity offering, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $219.9 million, based on an assumed offering price of $25.41 per share, the last reported sale price of our class A common stock on The Nasdaq Global Select Market on April 24, 2009. See Use of Proceeds.

Corporate Information

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

Our class A common stock is traded on The Nasdaq Global Select Market under the symbol SPWRA. Our class B common stock is also traded on The Nasdaq Global Select Market, under the symbol SPWRB. Our class A common stock is entitled to one vote per share, and except in certain limited circumstances, our class B common stock is entitled to eight votes per share, on all matters submitted to stockholders for vote.

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THE OFFERING

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

Issuer	SunPower Corporation.
Securities Offered	$175.0 million aggregate principal amount of % senior convertible debentures due 2014, which we often refer to as the debentures. We have also granted the underwriters a 30-day option to purchase up to an additional $26.25 million aggregate principal amount of debentures.
Offering Price	Each debenture will be issued at a price of 100% of its principal amount plus accrued interest, if any, from May 4, 2009.
Maturity	April 15, 2014, unless earlier converted, redeemed or repurchased.
Interest Rate	% per year. Interest will be payable in cash on April 15 and October 15 of each year, beginning October 15, 2009.
Ranking	The debentures will be our senior unsecured obligations and will rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The debentures will be effectively subordinated to our secured indebtedness to the extent of the value of the related collateral and structurally subordinated to indebtedness and other liabilities of our subsidiaries.
As of March 29, 2009, we and our subsidiaries had $103.9 million of senior bank debt outstanding which is secured, $423.6 million of senior indebtedness outstanding (including $198.6 million in outstanding principal amount of 1.25% debentures and $225.0 million in outstanding principal amount of 0.75% debentures), which was not secured and which will rank *pari passu* with the debentures, and approximately $554.5 million of other liabilities outstanding (excluding any purchase obligations for long-term supply agreements, which amounted to $3,992.2 million as of March 29, 2009).	
Conversion Rights	You may convert your debentures into shares of our class A common stock at any time on or prior to the close of business on the business day immediately preceding the maturity date.

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

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

Adjustment to Conversion Rate upon a Non-Stock Change of Control	Prior to April 15, 2014, if and only to the extent holders elect to convert the debentures in connection with a fundamental change described under the first or fourth clauses of the definition of that term in Description of the Debentures Repurchase at the Option of the Holder upon a Fundamental Change pursuant to which 10% or more of the consideration for our class A common stock (other than cash payments for fractional shares and cash payments made in respect of dissenters appraisal rights) consists of cash or securities (or other property) that are not common equity interests or depository receipts traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange, which we refer to as a non-stock change of control, we will increase the conversion rate by a number of additional shares. The number of additional shares will be determined by reference to the table in Description of the Debentures Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control, based on the effective date and the price paid per share of our class A common stock in such non-stock change of control.

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

Redemption by SunPower	We may not redeem the debentures prior to the maturity date.

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Fundamental Change Repurchase Right of Holders	If we undergo a fundamental change (as defined in this prospectus supplement) prior to the maturity date of the debentures, you will have the right, at your option, to require us to repurchase for cash some or all of your debentures at a repurchase price equal to 100% of the principal amount of the debentures being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. See Description of the Debentures Repurchase at the Option of the Holder upon a Fundamental Change.
Events of Default	If an event of default on the debentures occurs, the principal amount of the debentures, plus accrued and unpaid interest, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts will automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving SunPower or certain of its subsidiaries.
Absence of a Public Market for the Debentures	The debentures will be a new issue of securities. We cannot assure you that any active or liquid market will develop for the debentures.
Trading	We do not intend to apply for listing of the debentures on any securities exchange or for inclusion of the debentures on any automated quotation system.
Nasdaq Symbol for Our Class A Common Stock	Our class A common stock is listed on The Nasdaq Global Select Market under the symbol SPWRA.
Use of Proceeds	We intend to use the net proceeds from this offering of approximately $170.7 million (or approximately $196.3 million if the underwriters exercise their over-allotment option in full) for general corporate purposes, including working capital and capital expenditures. From time to time, we evaluate potential acquisitions and strategic transactions of business, technologies or products, and we may use a portion of the net proceeds for such acquisitions or transactions. Currently, however, we do not have any agreements with respect to any such material acquisitions or strategic transactions. We may also use a portion of the net proceeds from this offering and from the concurrent equity offering to repurchase some of our presently outstanding 1.25% debentures or 0.75% debentures. We expect that holders of our outstanding 1.25% debentures and 0.75% debentures from whom we

	may repurchase such debentures (which holders may include one or more of the underwriters) may have outstanding short, or hedge, positions in our class A common stock relating to such outstanding debentures. Upon repurchase, we expect that such holders will unwind or offset those hedge positions by purchasing class A common stock in secondary market transactions, including through purchases in the open market, and/or by entering into various derivative transactions with respect to our class A common stock at the time of the pricing of this offering or shortly thereafter. These activities could have the effect of increasing, or preventing a decline in, the market price of our class A common stock concurrently with or shortly after the pricing of this offering. Deutsche Bank Securities Inc. and Credit Suisse Securities (USA) LLC, the underwriters of this offering, may act as our agents in connection with our repurchase of outstanding senior convertible debentures. We also expect to use approximately $20.0 million to $22.0 million of the net proceeds from this offering to pay the cost of certain purchased options and certain sold warrants described under Entry Into Convertible Debenture Hedge and Sale of Warrants below.
Concurrent Equity Offering	Concurrently with this offering of debentures, we are offering 9,000,000 shares of our class A common stock by means of a separate prospectus supplement and accompanying prospectus. These shares of class A common stock are being underwritten by the underwriters of this offering and are being offered to the public at a price of $ per share.
Convertible Debenture Hedge and Warrant Transactions	In connection with this offering of debentures, we intend to enter into convertible debenture hedge transactions with affiliates of certain of the underwriters, which affiliates we refer to as the option counterparties. We also intend to sell warrants to the option counterparties. The convertible debenture hedge transactions are intended to reduce potential dilution with respect to our class A common stock upon conversion of the debentures. However, the warrant transactions could have a dilutive effect on our earnings per share to the extent that the market price of our class A common stock exceeds the strike price of the warrants. We intend to use a portion of the net proceeds of this offering to pay the cost of the convertible debenture hedge and warrant transactions. If the underwriters exercise their overallotment option to purchase additional debentures, we expect to use a portion of the net proceeds from the sale of the additional debentures to increase the size of the convertible debenture hedge transactions. The purchased

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options which are part of these hedge transactions will be settled on a net share basis. In connection with such exercise, we may also sell additional warrants to the option counterparties.

In connection with establishing its initial hedge of these transactions, we expect each option counterparty or affiliates thereof to enter into various derivative transactions with respect to our class A common stock. These activities could have the effect of increasing, or preventing a decline in, the market price of our class A common stock concurrently with or shortly after the issuance of the debentures.

In addition, we expect each option counterparty, or affiliates thereof, to modify such option counterparty s hedge positions by entering into or unwinding various derivative transactions with respect to our class A common stock and/or by purchasing or selling our class A common stock in secondary market transactions during the time that the debentures are outstanding. In particular, such hedge modification transactions are likely to occur during any settlement period for a conversion of debentures, which may have a negative effect on the amount or value of the consideration received in relation to the conversion of those debentures. In addition, we will exercise options we hold under the convertible debenture hedge transactions whenever debentures are converted. In order to unwind its hedge positions with respect to those exercised options, we expect each option counterparty or its affiliates will sell our class A common stock in secondary market transactions or unwind various derivative transactions with respect to our class A common stock during any settlement period for the converted debentures.

In addition, if the convertible debenture hedge and warrant transactions fail to become effective when this offering of debentures is completed, or if the offering is not completed, each option counterparty or its affiliates may unwind such option counterparty s hedge positions with respect to our class A common stock, which could adversely affect the market price of our class A common stock and, as a result, the value of any issued debentures.

The effect, if any, of any of these transactions and activities on the market price of our class A common stock or the debentures will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the market price of our class A common stock and the value of the debentures and, as a result, the number of shares of our class A common stock as well as the value of such class A common stock

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	that you may receive upon the conversion of the debentures.
	The convertible debenture hedge and warrant transactions are separate transactions, entered into by us with each option counterparty, and are not part of the terms of the debentures. As a holder of the debentures, you will not have any rights with respect to the convertible debenture hedge or warrant transactions. For a discussion of the impact of any market or other activity by the option counterparties or their affiliates in connection with these convertible debenture hedge and warrant transactions, see Risk Factors Risks Relating to the Debentures and the Class A Common Stock The convertible debenture hedge and warrant transactions may affect the value of the debentures and our class A common stock, Entry Into Convertible Debenture Hedge, Sale of Warrants and Underwriting.
Risk Factors	You should carefully consider the information set forth in the sections of this prospectus supplement and the accompanying prospectus entitled Risk Factors, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, in particular the risk factors included in our annual report on Form 10-K for the year ended December 28, 2008, before deciding whether to invest in our debentures.
U. S. Federal Income Tax Considerations	Holders are urged consult their own tax advisors. See Material United States Federal Income Tax Considerations.

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Summary Consolidated Financial Data

SunPower s fiscal year consists of 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30 and December 31 of each year. The following summary consolidated financial data reflects the retroactive application of FSP APB 14-1 for all periods presented. Under FSP APB 14-1, we are required to separately account for the liability and equity components of our convertible debt in a manner that reflects interest expense equal to our non-convertible debt borrowing rate.

In addition, on December 29, 2008, we adopted FSP Emerging Issues Task Force Issue (EITF) 03-6-1 Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities (FSP EITF 03-6-1), which clarifies that all outstanding unvested share-based payment awards that contain rights to nonforfeitable dividends participate in undistributed earnings with common shareholders. In fiscal 2007 and 2006, we granted restricted stock awards with the same dividend rights as applicable to our other stockholders, therefore, any unvested restricted stock awards are considered participating securities and the two-class method of computing basic and diluted earnings per share must be applied. The new guidance will be applied retroactively to our historical results of operations and, as a result, our consolidated financial data has been retroactively adjusted to reflect this as well.

The following summary consolidated financial data is only a summary and should be read in conjunction with SunPower s consolidated financial statements, the accompanying notes and management s discussion and analysis of financial condition and results of operations, each of which is incorporated herein by reference. However, since FSP APB 14-1 and FSP EITF 03-6-1 were effective at the start of our current fiscal year, we have not yet issued financial statements to reflect the adoption of these standards. As such, the financial data presented below does not agree with our annual report on Form 10-K for the fiscal year ended December 28, 2008.

Figures in the tables below are in thousands, except share and per share data.

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	December 28, 2008	Year Ended December 30, 2007	December 31, 2006
Consolidated Statements of Operations Data:			
Revenue:			
Systems	$ 820,632	$ 464,178	$
Components	614,287	310,612	236,510
	1,434,919	774,790	236,510
Costs and expenses:			
Cost of systems revenue(2)	$ 653,907	$ 386,532	
Cost of components revenue(2)	418,333	240,507	186,042
Research and development	21,474	13,563	9,684
Sales, general and administrative	173,740	108,256	21,677
Purchased in-process research and development		9,575	
Impairment of acquisition-related intangible assets		14,068	
Total costs and expenses(2)	1,267,454	772,501	217,403
Operating income(2)	167,465	2,289	19,107
Interest income	10,789	13,882	10,086
Interest expense(2)	(20,501)	(10,762)	(1,809)
Other income (expense), net(2)	(28,626)	1,103	1,077
Income before income taxes and equity in earnings of unconsolidated investees(2)	129,127	6,512	28,461
Income tax provision (benefit)(2)	44,017	(22,084)	1,945
Income before equity in earnings of unconsolidated investees(2)	85,610	28,596	26,510
Equity in earnings of unconsolidated investees, net of taxes	14,077	(278)	
Net income(2)	$ 99,187	$ 28,318	$ 26,516
Net income per share:			
Basic(1)(2)(3)	$ 1.22	$ 0.37	$ 0.40
Diluted(1)(2)(3)	$ 1.17	$ 0.35	$ 0.37
Weighted-average shares:			
Basic(1)(2)(3)	81,518	76,986	65,940
Diluted(1)(2)(3)	84,943	82,012	71,087

(1) As of September 15, 2008, the date on which Lehman Brothers Holdings, Inc., or Lehman, filed a petition for protection under Chapter 11 of the U.S. bankruptcy code and Lehman Brothers International (Europe) Limited, or LBIE, an affiliate of Lehman and one of the underwriters of the 1.25% debentures, commenced administrative proceedings (analogous to bankruptcy) in the United Kingdom, approximately 2.9 million shares of class A common stock lent to LBIE in connection with the 1.25% debentures are included in basic weighted-average common shares. Basic weighted-average common shares exclude approximately 1.8 million shares of class A common stock lent to Credit Suisse International, or CSI, an affiliate of Credit Suisse Securities (USA) LLC, one of the underwriters in this offering, in connection with the 0.75% debentures. See note 15 of the notes to our consolidated financial statements in our annual report on Form 10-K for the fiscal year ended December 28, 2008, which is incorporated herein by reference, for a detailed explanation of the determination of the shares used in computing basic and diluted net income per share.

(2) As reflected above under Recent Developments Accounting for Convertible Debt , on December 29, 2008 we adopted FSP APB 14-1. As a result of this adoption, we have retroactively applied this staff position to our historical financial statements to reflect an additional $22.0 million and $5.7 million in non-cash interest expense for the fiscal years ended December 28, 2008 and December 30, 2007, respectively. Without considering the adoption of FSP APB 14-1, our basic net income per share would have been $1.15 and $0.12 for the fiscal years ended December 28, 2008 and December 30, 2007, respectively, and our diluted net income per share would have been $1.09 and $0.11 for the fiscal years ended December 28, 2008 and December 30, 2007, respectively.

(3) As reflected above, on December 29, 2008 we adopted FSP EITF 03-6-1. As a result of this adoption, we have retroactively applied this staff position to our historical financial statements to reflect additional shares of our unvested restricted stock awards in the calculation of basic and diluted weighted-average shares. Without considering the adoption of FSP EITF 03-6-1, we would have had: (a) 80,522, 75,413, and 65,864 basic weighted-average shares outstanding as of December 28, 2008, December 30, 2007 and December 31, 2006, respectively; (b) 84,446, 81,227, and 71,087 diluted weighted-average shares as of December 28, 2008, December 30, 2007 and December 31, 2006, respectively; and (c) after giving effect to the adoption of FSP APB 14-1, our basic net income per share would have been $1.23 and $0.38 for the years ended December 28, 2008 and December 30, 2007, respectively.

	December 28, 2008	December 30, 2007	December 31, 2006
Consolidated Balance Sheet Data:			
Cash, cash equivalents restricted cash (current portion) and short term investments	$ 232,750	$ 390,667	$ 182,092
Working capital	435,187	205,549	228,269
Total assets	2,120,158	1,671,193	576,836
Long-term debt	54,598		
Convertible debt	357,173	333,210	
Deferred tax liabilities	44,175	45,512	46
Customer advances, net of current portion	91,359	60,153	27,687
Other long-term liabilities	25,950	14,975	
Total stockholders equity	1,109,174	945,184	488,771

RISK FACTORS

Investing in the debentures involves risks. In addition to the risks of owning the debentures, as a result of the conversion feature of the debentures, a holder may also be exposed to the risks of owning SunPower s class A common stock, and the value of debentures may fluctuate with the value of our class A common stock. You should carefully consider the risks described below relating to an investment in debentures and our class A common stock, as well as the risks relating to SunPower s business described under Risk Factors in the accompanying prospectus, and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, in particular the risk factors included in our annual report on Form 10-K for the year ended December 28, 2008, before making an investment decision. The risks and uncertainties described below, in the accompanying prospectus and in our other filings with the SEC incorporated by reference herein and therein are not the only ones facing SunPower. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also adversely affect us. If any of the following risks occur, our business, financial condition or results of operations could be materially harmed. In such case, the value of the debentures could decline and you could lose part or all of your investment.

Risks Relating to the Debentures and the Class A Common Stock

We currently have a significant amount of debt outstanding. As a result of this offering, we will have an even greater amount of debt. Our substantial indebtedness, along with our other contractual commitments, could adversely affect our business, financial condition and results of operations, as well as our ability to meet any of our payment obligations under the debentures and our other debt.

We currently have, and, as a result of this offering will continue to have, a significant amount of debt and debt service requirements. As of March 29, 2009, after giving effect to this offering, we would have had approximately $702.5 million of outstanding debt for borrowed money, or $728.8 million if the underwriters option to purchase additional debentures is exercised in full.

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

- making it more difficult for us to meet our payment and other obligations under the 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, which event of default could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, 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 Wells Fargo Bank, N.A.;
- 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 to our competitors that have less debt or are less leveraged.

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Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the debentures and our other debt.

In addition, we also have significant contractual commitments under long-term supply agreements for the purchase of raw materials such as polysilicon, which amounted to $3,992.2 million as of March 29, 2009, and we may enter into additional, similar agreements in the future. These commitments could have an adverse effect on our liquidity and our ability to meet our payment obligations under the debentures and our other debt.

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, 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 flow 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 the debentures and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the debentures, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the debentures and our other debt and other obligations.

The debentures will be effectively subordinated to any existing and future secured indebtedness and structurally subordinated to existing and future liabilities and other indebtedness of our subsidiaries.

The debentures will be our general, unsecured obligations and will rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness, including our $198.6 million in outstanding principal amount 1.25% debentures and our $225.0 million in outstanding principal amount of 0.75% debentures. As of March 29, 2009 we had $133.8 million of senior bank debt outstanding which is secured. As a result, the debentures are effectively subordinated to our existing and any future secured indebtedness we may have to the extent of the value of the assets securing such indebtedness, and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. The debentures do not restrict us or our 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.

The convertible debenture hedge and warrant transactions may affect the value of the debentures and our class A common stock.

We intend to enter into convertible debenture hedge transactions with the option counterparties. See Entry Into Convertible Debenture Hedge below. We also intend to sell warrants to the option counterparties. See Sale of Warrants below. The convertible debenture hedge transactions are intended to reduce potential dilution with respect to our class A common stock upon conversion of the debentures. However, the warrant transactions could have a dilutive effect on our earnings per share to the extent that the market price of our class A common stock exceeds the strike price of the warrants. We intend to use a portion of the net proceeds of this offering to pay the cost of the convertible debenture hedge and warrant transactions. If the underwriters exercise their overallotment option to purchase additional

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debentures, we expect to use a portion of the net proceeds from the sale of the additional debentures to increase the size of the convertible debenture hedge transactions. In connection with such exercise, we may also sell additional warrants to the option counterparties.

In connection with establishing its initial hedge of these transactions, we expect each option counterparty or affiliates thereof to enter into various derivative transactions with respect to our class A common stock. These activities could have the effect of increasing, or preventing a decline in, the market price of our class A common stock concurrently with or shortly after the pricing of the debentures.

In addition, we expect each option counterparty or affiliates thereof are likely to modify such option counterparty s hedge positions by entering into or unwinding various derivative transactions with respect to our class A common stock and/or by purchasing or selling our class A common stock in secondary market transactions during the time the debentures are outstanding. In particular, such hedge modification transactions are likely to occur during any settlement period for a conversion of debentures, which may have a negative effect on the amount or value of the consideration received in relation to the conversion of those debentures. In addition, we will exercise options we hold under the convertible debenture hedge transactions whenever debentures are converted. In order to unwind its hedge positions with respect to those exercised options, we expect each option counterparty or its affiliates will likely sell our class A common stock in secondary market transactions or unwind various derivative transactions with respect to our class A common stock during any settlement period for the converted debentures.

In addition, if the convertible debenture hedge and warrant transactions fail to become effective when this offering of debentures is completed, or if the offering is not completed, each option counterparty or its affiliates may unwind such option counterparty s hedge positions with respect to our class A common stock, which could adversely affect the market price of our class A common stock and, as a result, the value of any issued debentures.

The effect, if any, of any of these transactions and activities on the market price of our class A common stock or the debentures will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the market price of our class A common stock and the value of the debentures and, as a result, the amount of cash and/or number of shares of our class A common stock, if any, as well as the value of such class A common stock that you may receive upon the conversion of the debentures and, under certain circumstances, your ability to convert the debentures.

The repurchase by us of our 1.25% debentures and 0.75% debentures may affect the market price of our class A common stock.

We may use a portion of the proceeds from this offering and the concurrent equity offering to repurchase a portion of our 1.25% debentures and 0.75% debentures. See Use of Proceeds.

We expect that holders of our 1.25% debentures and 0.75% debentures from whom we may repurchase such debentures (which holders may include one or more of the underwriters) may have outstanding short or hedge positions in our class A common stock relating to such debentures. Upon repurchase, we expect that such holders will unwind or offset those hedge positions by purchasing class A common stock in secondary market transactions, including purchases in the open market, and/or entering into various derivative transactions with respect to our class A common stock. These activities could have the effect of increasing, or preventing a decline in, the market price of our class A common stock.

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The effect, if any, of any of these transactions and activities on the market price of our class A common stock or the debentures will depend in part on market conditions and cannot be ascertained at this time, but may be material.

The terms of the debentures will not contain restrictive covenants and will provide only limited protection in the event of a change of control.

The indenture under which the debentures will be issued will not contain restrictive covenants that would protect you from several kinds of transactions that may adversely affect you. In particular, the indenture will not contain covenants that will limit our ability to pay dividends or make distributions on or redeem our capital stock or limit our ability to incur additional indebtedness and, therefore, may not protect you in the event of a highly leveraged transaction or other similar transaction. The requirement that we offer to repurchase the debentures upon a change of control is limited to the transactions specified in the definition of a fundamental change under Description of the Debentures Repurchase at the Option of the Holder upon a Fundamental Change. Similarly, the circumstances under which we are required to adjust the conversion rate upon the occurrence of a non-stock change of control are limited to circumstances where a debenture is converted in connection with such a transaction as set forth under Description of the Debentures Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control.

Accordingly, subject to restrictions contained in our other debt agreements, we could enter into certain transactions, such as acquisitions, refinancings or recapitalizations, that could affect our capital structure and the value of the debentures and our class A common stock but would not constitute a fundamental change under the debentures.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the debentures.

Upon the occurrence of a fundamental change, you will have the right to require us to repurchase the debentures. However, the fundamental change provisions will not afford protection to holders of the debentures in the event of certain transactions. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us, as well as stock acquisitions by certain companies, would not constitute a fundamental change requiring us to repurchase the debentures. In the event of any such transaction, the holders of debentures would not have the right to require us to repurchase the debentures, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of the debentures.

Provisions of the debentures, and of our other currently outstanding series of debentures, could discourage an acquisition of us by a third party.

Certain provisions of the debentures, and of the 1.25% debentures and the 0.75% 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, holders of the 1.25% debentures and the 0.75% 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 of their debentures or any portion of the principal amount of such debentures in integral multiples of $1,000. We may also be required to issue additional shares of our class A common stock upon conversion of any debentures in the event of certain fundamental changes.

The adjustment to the conversion rate upon the occurrence of certain types of fundamental changes may not adequately compensate you for the lost option time value of your debentures as a result of such fundamental change.

If certain types of fundamental changes occur prior to the maturity date of the debentures, we may adjust the conversion rate of the debentures to increase the number of shares issuable upon conversion. The number of additional shares to be added to the conversion rate will be determined based on the date on which the fundamental change becomes effective and the price paid per share of our class A common stock in the fundamental change as described under Description of the Debentures Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control. Although this adjustment is designed to compensate you for the lost option value of your debentures as a result of certain types of fundamental changes, the adjustment is only an approximation of such lost value based upon assumptions made on the date of this prospectus supplement and may not adequately compensate you for such loss. In addition, if the price paid per share of our class A common stock in the fundamental change is less than $ or more than $ (subject to adjustment) there will be no such adjustment. Moreover, in no event will the total number of shares issuable upon conversion as a result of this adjustment exceed per $1,000 principal amount of the debentures, subject to adjustment in the same manner as the conversion rate set forth under Description of the Debentures Conversion Rights Conversion Rate Adjustments.

There is currently no public market for the debentures, and an active trading market may not develop for the debentures. The failure of a market to develop for the debentures could adversely affect the liquidity and value of your debentures.

The debentures are a new issue of securities, and there is no existing market for the debentures. We do not intend to apply for listing of the debentures on any securities exchange or for quotation of the debentures on any automated dealer quotation system. Although we have been advised by the underwriters that the underwriters intend to make a market in the debentures, none of the underwriters is obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market, if any, for the debentures.

A market may not develop for the debentures, and there can be no assurance as to the liquidity of any market that may develop for the debentures. If an active, liquid market does not develop for the debentures, the market price and liquidity of the debentures may be adversely affected. If any of the debentures are traded after their initial issuance, they may trade at a discount from their initial offering price.

The liquidity of the trading market, if any, and future trading prices of the debentures will depend on many factors, including, among other things, the market price of our class A common stock, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities markets, and may be adversely affected by unfavorable changes in any of these factors. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the debentures will be subject to disruptions which may have a negative effect on the holders of the debentures, regardless of our operating results, financial performance or prospects.

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

Our credit agreements contain, and any of our other future debt agreements may contain, covenant restrictions that limit our ability to operate our business, including restrictions on our ability to:

- incur additional debt or issue guarantees;
- create liens;
- make certain investments;
- 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.

In addition, our credit agreements contain additional affirmative and negative covenants that are more restrictive than those contained in the indenture governing the debentures. 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.

As a result of these covenants, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. In addition, our failure to comply with these covenants could result in a default under the debentures and our other debt, 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.

The counterparties to our convertible debenture hedge and warrant transactions are various financial institutions, and we are subject to risks that these counterparties cannot, or do not, fulfill their obligations under these transactions.

Recent global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If one or more of the counterparties to one or more of our convertible debenture hedge and warrant transactions, which are various financial institutions, are unwilling or unable to perform their obligations under their respective hedge agreements namely, the sale to us of shares of our class A common stock at a predetermined price under the convertible debenture hedge transactions for any reason, we would not be able to receive the benefit of these agreements. As a result, we would not have effectively reduced any potential dilution upon conversion of the debentures, and the value of our class A common stock may be reduced accordingly. We cannot provide any assurances as to the financial stability or viability of any of these counterparties.

The effect of the concurrent issuance of shares of class A common stock may be to lower the market price of our class A common stock.

Concurrently with this offering of debentures, we are offering 9,000,000 shares of our class A common stock in the concurrent equity offering. The increase in the number of

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outstanding shares of our class A common stock as a result of the concurrent equity offering as well as the shares underlying the debentures, could have a negative effect on the market price of our class A common stock.

The conversion rate of the debentures may not be adjusted for all dilutive events that may adversely affect the trading price of the debentures or the class A common stock issuable upon conversion of the debentures.

The conversion rate of the debentures is subject to adjustment upon certain events, including the issuance of stock dividends on our class A common stock, the issuance of rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness or assets, cash dividends and issuer tender or exchange offers as described under Description of the Debentures Conversion Rights Conversion Rate Adjustments. The conversion rate will not be adjusted for certain other events, including, for example, upon the issuance of additional shares of stock for cash, any of which may adversely affect the trading price of the debentures or the class A common stock issuable upon conversion of the debentures. Even if the conversion price is adjusted for a dilutive event, such as a leveraged recapitalization, it may not fully compensate you for your economic loss.

If you hold debentures, you will not be entitled to any rights with respect to our class A common stock, but you will be subject to all changes made with respect to our class A common stock.

If you hold debentures, you will not be entitled to any rights with respect to our class A common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our class A common stock), but you will be subject to all changes affecting our class A common stock. You will have rights with respect to our class A common stock only if you convert your debentures. For example, in the event that an amendment is proposed to our articles of incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of our class A common stock to you, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or rights of our class A common stock.

Conversion of the debentures, or certain other occurrences with respect to our currently outstanding series of debentures, will dilute the ownership interest of existing stockholders, including holders who had previously converted their debentures.

To the extent we issue class A common stock upon conversion of the debentures, the 1.25% debentures or the 0.75% debentures, such conversion would dilute the ownership interests of existing stockholders, including holders who had previously converted their debentures. Sales of our class A 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 and could cause the market price of our class A 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 class A common stock. The market price of our class A common stock could also decline as a result of sales of shares of our class A common stock made after this offering or the perception that such sales could occur.

Approximately 4.7 million shares of class A common stock were lent to the underwriters of our 2007 debenture offerings, including approximately 2.9 million shares lent to Lehman

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Brothers International (Europe) Limited, or LBIE, and approximately 1.8 million shares lent to Credit Suisse International, or CSI, an affiliate of one of the underwriters of this offering. Such shares were lent primarily to facilitate later hedging arrangements of future purchases for such debentures in the after-market, but were not considered issued or outstanding at the time of the loan. Shares still held by CSI may be freely sold into the market at any time. In addition, any hedging activities facilitated by these debenture underwriters could involve short sales or privately negotiated derivatives transactions. Any such sales of transactions could depress our stock price. Due to the September 15, 2008 bankruptcy filing of Lehman and commencement of administrative proceedings for LBIE in the United Kingdom, we recorded the shares lent to LBIE as issued and outstanding as of September 15, 2008, for the purpose of computing and reporting basic and diluted earnings per share. If Credit Suisse Securities (USA) LLC or its affiliates, including CSI, were to file bankruptcy or commence similar administrative, liquidating, restructuring or other proceedings, we may have to consider approximately 1.8 million shares lent to CSI as issued and outstanding for purposes of calculating earnings per share, which would further dilute our earnings per share. These or other similar transactions could further negatively affect our stock price.

The debentures may not be rated or may receive a lower rating than anticipated.

We do not intend to seek a rating on the debentures. However, if one or more rating agencies rates the debentures and assigns the debentures a rating lower than the rating expected by investors, or reduces its rating in the future, the market price of the debentures and our class A common stock could be negatively impacted.

The price of our class A common stock, and therefore of the debentures, may fluctuate significantly.

The trading price of our class A common stock could be subject to wide fluctuations due to the factors discussed in this risk factors section and in the risk factors incorporated by reference. In addition, the stock market in general, and The Nasdaq Global Select Market and the securities of technology companies in particular, have experienced extreme 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 class A common stock, regardless of our actual operating performance. Moreover, because the debentures are convertible into our class A common stock, volatility or depressed prices of our class A common stock could have a similar effect on the trading price of the debentures. In addition, in the past, following periods of volatility in the overall market and the market price of a company s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management s attention and resources.

If securities or industry analysts change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our class A common stock is influenced by the research and reports that industry or securities analysts publish about us, our business or our market. If one or more of the analysts who cover us change their recommendation regarding our stock adversely, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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The difference in the voting rights of our class A and our class B common stock may reduce the value and liquidity of our class A common stock.

The rights of class A and class B common stock are substantially similar, except with respect to certain voting provisions. The class A common stock is entitled to one vote per share and the class B common stock is generally entitled to eight votes per share. Additionally, the existence of two classes of common stock trading simultaneously in the public markets could result in less liquidity for either class of common stock than if there was only one class of our common stock being traded.

Delaware law and our certificate of incorporation and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Provisions in our restated certificate of incorporation and bylaws 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 approximately 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; and
- our board of directors is divided into three classes of directors, with the classes to be as nearly equal in number as possible;
- no action can be taken by stockholders except at an annual or special meeting of the stockholders called in accordance with our bylaws, and stockholders may not act by written consent;
- stockholders may not call special meetings of the stockholders;
- limitations on the voting rights of our stockholders who hold more than 15% of our class B common stock; and
- our board of directors is able to alter our bylaws without obtaining stockholder approval.

In addition, on August 12, 2008, we entered into a Rights Agreement, commonly referred to as a poison pill , with Computershare Trust Company, N.A. and our board of directors declared an accompanying rights dividend. The Rights Agreement contains specific features designed to address the possibility of a potential acquirer or significant investor attempting to acquire significant amounts of our stock or take advantage of our capital structure and unfairly discriminate between classes of our common stock. The Rights Agreement is designed, in part, to address certain potential inequities that could result if an investor, by acquiring 20% or more of the outstanding shares of either our class B common stock or both classes of our common stock, were able to gain significant voting influence over our company without making a correspondingly significant economic investment. The existence of the Rights Agreement could delay or discourage takeover attempts that stockholders may consider favorable.

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Our management has broad discretion over the use of proceeds from this offering.

Our management has significant flexibility in applying the proceeds that we receive from this offering. Because the proceeds are not required to be allocated to any specific investment or transaction, you cannot determine the value or propriety of our management s application of the proceeds on our behalf. In addition, the proceeds of this offering may be used in a manner which does not generate a favorable return for us.

Risks Related to our Business

The risk set forth below is not the only risk related to our business that we face. Instead, this risk is the only risk related to our business that we have updated since the filing of our annual report on Form 10-K for the fiscal year ended December 28, 2008. For information regarding additional risks related to our business, please see the risks set forth under the caption Item IA Risk Factors Risks Related to Our Business in such annual report.

Our operating results will be subject to fluctuations and are inherently unpredictable.

In order to return to profitability, we will need to generate and sustain higher revenue while maintaining reasonable cost and expense levels. In our most recent quarter we experienced a loss. We do not know if our revenue will grow, or if it will grow sufficiently to outpace our expenses, which we expect to increase as we expand our manufacturing capacity. We may not be able to become profitable on a quarterly or an annual basis. Our quarterly revenue and operating results will be difficult to predict and have in the past fluctuated from quarter to quarter. In particular, our Systems Segment is difficult to forecast and is susceptible to large fluctuations in financial results. The amount, timing and mix of sales of our Systems Segment, often for a single medium or large-scale project, may cause large fluctuations in our revenue and other financial results. Further, our revenue mix of high margin materials sales versus lower margin projects in the Systems Segment can fluctuate dramatically quarter to quarter, which may adversely affect our revenue and financial results in any given period. Finally, our ability to meet project completion schedules for an individual project 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. This may cause us to miss any future guidance announced by us.

We base our planned operating expenses in part on our expectations of future revenue, and a significant portion of our expenses will be 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 harm our operating results for that quarter. This may cause us to miss any guidance announced by us.

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratio of earnings to fixed charges for the period from December 29, 2003 to November 8, 2004, for the period from November 9, 2004 to January 2, 2005, and for the years ended January 1, 2006, December 31, 2006, December 30, 2007 and December 28, 2008 is set forth below. We were not required to pay, nor did we pay, dividends on any preferred stock outstanding during any of these periods. As a result, our ratio of earnings to combined fixed charges and preferred stock dividends did not differ from the ratio below during any of these periods.

For the period from November 9, 2004 through January 2, 2005, we were a wholly owned subsidiary of Cypress Semiconductor Corporation. The ratio of earnings to fixed charges and ratio of earnings to combined fixed charges and preferred stock dividends refers to the Predecessor Company for the periods prior to and during which we were a wholly owned subsidiary of Cypress, and refers to Successor Company for all periods subsequent to such times. A black line has been drawn between these periods in the following table to distinguish between these periods.

	Predecessor Company		Successor Company Year Ended			
	Dec. 29, 2003 through Nov. 8, 2004	Nov. 9, 2004 through Jan. 2, 2005	January 1, 2006	December 31, 2006	December 30, 2007	December 28, 2008
Ratio of Earnings to Fixed Charges(1)	(2)	(2)	(2)	13.8	0.7(2)	5.8

(1) For purposes of calculating the ratio of earnings to fixed charges, fixed charges are calculated by adding (a) interest on all indebtedness and amortization of debt discount and expense, (b) interest capitalized and (c) an estimate of the interest within rental expense. Earnings are calculated by adding (a) pretax income from continuing operations, (b) fixed charges and (c) amortization of capitalized interest.

(2) Earnings were inadequate to cover fixed charges by $23.3 million, $5.6 million, $15.8 million, $1.3 million and $6.5 million for period from December 29, 2003 to November 8, 2004, for the period from November 9, 2004 to January 2, 2005 and for the years ended January 1, 2006 and December 30, 2007, respectively.

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CAPITALIZATION

The following table sets forth our capitalization as of March 29, 2009:

- on an actual basis; and
- on an as adjusted basis to reflect (i) the completion of our sale of the debentures in this offering and the receipt of the proceeds therefrom, after deducting the estimated underwriters discounts and commissions and estimated offering expenses payable by us, including the payments of amounts in connection with certain hedging transactions we expect to enter into in connection therewith (assuming the underwriters option to purchase additional debentures is not exercised and that the cost of the hedging transactions is $21.0 million, the midpoint of our estimated range of prices for such transactions); and (ii) the completion of our concurrent equity offering of 9,000,000 shares of our class A common stock at the public offering price of $25.41 per share, the closing price on April 24, 2009, and after deducting the estimated underwriters discounts and commissions and estimated offering expenses payable by us (assuming the underwriters option to purchase additional shares of class A common stock is not exercised).

You should read this table in conjunction with the historical financial statements of SunPower as of December 28, 2008 and December 30, 2007, and for the years ended December 28, 2008, December 30, 2007 and December 31, 2006, included in SunPower s annual report on Form 10-K for the year ended December 28, 2008, which is incorporated herein by reference.

	March 29, 2009	
	Actual	As Adjusted
	(Dollars in thousands, except per share data)	
Cash and cash equivalents	$ 149,110	$ 518,688
Debt:		
Long term note payable	103,850	103,850
Obligations under capital leases	576	576
1.25% senior convertible debentures due 2027	159,311	159,311
0.75% senior convertible debentures due 2027	204,457	204,457
% senior convertible debentures due 2014 offered hereby		175,000
Total debt	468,194	643,194
Preferred stock, $0.001 par value per share; 10,042,490 shares authorized; none issued or outstanding		
Class A common stock, $0.001 par value; 217,500,000 shares authorized; 44,274,852 shares issued; 43,999,060 shares outstanding, actual; 53,274,852 shares issued; and 52,499,060 shares outstanding, as adjusted	44	53
Class B common stock, $0.001 par value; 150,000,000 shares authorized; 42,033,287 shares issued and outstanding, actual and as adjusted	42	42
Less: 275,792 shares of class A common stock held in treasury, at cost	(11,016)	(11,016)
Additional paid-in capital	1,077,851	1,297,739
Accumulated other comprehensive loss	(19,677)	(19,677)
Accumulated earnings	72,825	72,825
Total stockholders equity	1,120,069	1,339,966
Total capitalization	$ 1,737,373	$ 2,501,848

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The number of shares of class A and class B common stock on an as adjusted basis shown as issued and outstanding in the table above is based on the number of shares of our class A and class B common stock outstanding as of March 29, 2009, giving effect to the adjustments described above, but excluding:

- 1,625,092 shares of class A common stock issuable upon the exercise of options outstanding as of March 29, 2009, at a weighted average exercise price of $4.26 per share;

- 4,800,870 shares of class A common stock reserved for future issuance as of March 29, 2009 under our various equity incentive plans and other arrangements; and

- 8,426,834 shares of class A common stock issuable upon conversion of the senior convertible debentures offered hereby or the shares of class A common stock issuable upon conversion of the 1.25% debentures and the 0.75% debentures, in each case at the presently applicable conversion rates.

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USE OF PROCEEDS

The net proceeds from the sale of the debentures offered by this prospectus supplement and the accompanying prospectus are expected to be approximately $170.7 million, after deducting the underwriters discount and estimated offering expenses payable by us. If the underwriters exercise their option to purchase additional debentures in full, the net proceeds will be approximately $196.3 million.

We intend to use the net proceeds for general corporate purposes, including working capital and capital expenditures. From time to time, we evaluate potential acquisitions and strategic transactions of business, technologies or products, and we may use a portion of the net proceeds for such acquisitions or transactions. Currently, however, we do not have any agreements with respect to any such material acquisitions or strategic transactions.

We may use a portion of the proceeds from this offering and the concurrent equity offering to repurchase some of our outstanding 1.25% debentures, which mature on February 15, 2027, and our 0.75% debentures, which mature on August 1, 2027. We expect that holders of our outstanding 1.25% debentures or 0.75% debentures from whom we may repurchase such debentures (which holders may include one or more of the underwriters), may have outstanding short hedge positions in our class A common stock relating to such debentures. Upon repurchase, we expect that such holders will unwind or offset those hedge positions by purchasing class A common stock in secondary market transactions, including purchases in the open market, and/or entering into various derivative transactions with respect to our class A common stock. These activities could have the effect of increasing, or preventing a decline in, the market price of our class A common stock. The effect, if any, of any of these transactions and activities on the market price of our class A common stock or the debentures will depend in part on market conditions and cannot be ascertained at this time, but may be material. We also expect to use approximately $20.0 million to $22.0 million of the net proceeds from this offering to pay the cost of the purchased options and the sold warrants described under Entry Into Convertible Debenture Hedge and Sale of Warrants below.

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PRICE RANGE OF OUR CLASS A COMMON STOCK AND DIVIDEND POLICY

Our class A common stock is listed on The Nasdaq Global Select Market under the symbol SPWRA. Set forth below, for the periods indicated, are the high and low sale prices per share of class A common stock as reported by The Nasdaq Global Select Market.

For the year ending January 3, 2010	**High**	**Low**
Second quarter (through April 24, 2009)	$ 27.30	$ 22.97
First Quarter	45.15	20.91
For the year ended December 28, 2008	**High**	**Low**
Fourth Quarter	$ 77.25	$ 19.00
Third Quarter	97.55	61.23
Second Quarter	99.58	72.71
First Quarter	131.29	54.95
For the year ended December 30, 2007	**High**	**Low**
Fourth Quarter	$ 164.49	$ 81.50
Third Quarter	86.93	59.64
Second Quarter	65.55	45.84
First Quarter	48.11	35.40

On April 24, 2009, the last reported sale price of our class A common stock on The Nasdaq Global Select Market was $25.41 per share.

We have never declared or paid any cash dividends on our class A common stock, and we do not currently intend to pay any cash dividends on our class A common stock in the foreseeable future. We intend to retain future earnings, if any, to finance the operation and expansion of our business.

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DESCRIPTION OF THE DEBENTURES

The debentures will be issued under an indenture dated as of February 7, 2007, between SunPower Corporation, as issuer, and Wells Fargo Bank, National Association, as trustee, as supplemented by a supplemental indenture expected to be dated as of May 4, 2009, which together we refer to as the indenture.

The following description is only a summary of the material provisions of the debentures and the indenture. We urge you to read the indenture in its entirety because it, and not this description, defines your rights as a holder of debentures. You may request copies of the indenture as set forth under the caption Where You Can Find More Information.

When we refer to SunPower, we, our or us in this section, we refer only to SunPower Corporation and not its subsidiaries.

Brief Description of the Debentures

The debentures will:

- initially be issued in aggregate principal amount of $175.0 million ($201.25 million aggregate principal amount if the underwriters exercise their option to purchase additional debentures in full);

- bear interest at a rate of % per year, payable semi-annually in arrears, on April 15 and October 15 of each year, commencing on October 15, 2009;

- be general unsecured obligations, ranking equally with all of our other unsecured senior indebtedness and senior in right of payment to any subordinated indebtedness;

- be convertible by you at any time on or prior to the business day preceding the maturity date as described under Conversion Rights into shares of our class A common stock initially based on a conversion rate of shares of our class A common stock per $1,000 principal amount of debentures, which represents an initial conversion price of approximately $ per share. In the event of certain types of fundamental changes, we will increase the conversion rate for a limited period of time;

- be subject to repurchase by us, at your option, if a fundamental change occurs, at a cash repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to, but not including, the repurchase date, as set forth under Repurchase at the Option of the Holder upon a Fundamental Change; and

- mature on April 15, 2014, unless earlier converted or repurchased by us at your option.

Neither we nor any of our subsidiaries will be subject to any financial covenants under the indenture. In addition, neither we nor any of our subsidiaries will be restricted under the indenture from paying dividends, incurring debt or issuing or repurchasing our securities. You are not afforded protection under the indenture in the event of a highly leveraged transaction or a change in control of us, except to the extent described below under Repurchase at the Option of the Holder upon a Fundamental Change.

No sinking fund is provided for the debentures and the debentures will not be subject to defeasance.

The debentures initially will be issued in book-entry form only in denominations of $1,000 principal amount and whole multiples thereof. Beneficial interests in the debentures will be

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shown on, and transfers of beneficial interests in the debentures will be effected only through, records maintained by The Depository Trust Company, or DTC, or its nominee, and any such interests may not be exchanged for certificated debentures except in limited circumstances. For information regarding conversion, registration of transfer and exchange of global debentures held through DTC, see Form, Denomination and Registration Global Debentures, Book-Entry Form.

If certificated debentures are issued, you may present them for conversion, registration of transfer and exchange, without service charge, at our office or agency in Minnesota, which will initially be the office or agency for service of process of the trustee in Minnesota. The trustee may also be served with process at its agency for service of process in New York City.

Additional Debentures

We may, without the consent of the holders of the debentures, increase the principal amount of the debentures by issuing additional debentures in the future on the same terms and conditions, except for any differences in the issue price and interest accrued prior to the issue date of such additional debentures; provided that such differences do not cause the additional debentures to constitute a different class of securities than the debentures for U.S. federal income tax purposes; and provided further that the additional debentures have the same CUSIP number as the debentures offered hereby. The debentures offered by this prospectus supplement and the accompanying prospectus and any additional debentures would rank equally and ratably and would be treated as a single class for all purposes under the indenture. No additional debentures may be issued if any event of default has occurred and is continuing.

Payment at Maturity

On the maturity date, each holder will be entitled to receive on such date $1,000 in cash for each $1,000 in principal amount of debentures, together with accrued and unpaid interest to, but not including, the maturity date. With respect to global debentures, principal and interest will be paid to DTC in immediately available funds. With respect to any certificated debentures, principal and interest will be payable at our office or agency in Minnesota, which initially will be the office or agency for service of process of the trustee. The trustee may also be served with process at its agency for service of process in New York City.

Interest

The debentures will bear interest at a rate of % per year. Interest will accrue from May 4, 2009 or from the most recent date to which interest has been paid or duly provided for. We will pay interest semi-annually, in arrears on April 15 and October 15 of each year, commencing on October 15, 2009, to holders of record at 5:00 p.m., New York City time, on the preceding March 31 and September 30, respectively. However, there are two exceptions to the preceding sentence:

- we will not pay accrued interest on any debentures when they are converted, except as described under Conversion Rights; and

- we will pay accrued interest to a person other than the holder of record on the record date on the maturity date. On the maturity date, we will pay accrued and unpaid interest only to the person to whom we pay the principal amount.

We will pay interest on:

- global debentures to DTC in immediately available funds;

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- any certificated debentures having a principal amount of less than $2,000,000, by check mailed to the holders of those debentures; provided, however, at maturity, interest will be payable as described under Payment at Maturity; and

- any certificated debentures having a principal amount of $2,000,000 or more, by wire transfer in immediately available funds at the election of the holders of those debentures duly delivered to the trustee at least five business days prior to the relevant interest payment date or by check if no such election is made; provided, however, at maturity, interest will be payable as described under Payment at Maturity.

Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. If a payment date is not a business day, payment will be made on the next succeeding business day, and no additional interest will accrue thereon.

To the extent lawful, payments of principal or interest on the debentures that are not made when due will accrue interest at the annual rate of 1% above the then applicable interest rate from the required payment date.

Conversion Rights

General

Holders may convert their debentures into shares of our class A common stock at any time prior to the close of business on the business day immediately preceding the maturity date based on an initial conversion rate of shares of class A common stock per $1,000 principal amount of debentures (equivalent to an initial conversion price of approximately $ per share), unless earlier repurchased by us, at your option, as set forth under Repurchase at the Option of the Holder upon a Fundamental Change. The conversion rate will be subject to adjustment as described below.

Except as provided in the immediately following sentence and in the next paragraph, upon conversion, you will not receive any separate cash payment of accrued and unpaid interest on the debentures being converted. We will not issue fractional shares of our class A common stock upon any conversion of the debentures, but instead we will pay cash in lieu of fractional shares based on the closing price of our class A common stock on the trading day immediately prior to the applicable conversion date. Accrued and unpaid interest and accrued tax original issue discount, if any, to the conversion date will be deemed to be paid in full with the shares of our class A common stock issued upon conversion, together with any cash in lieu of fractional shares, rather than cancelled, extinguished or forfeited.

If you convert your debentures after the record date for an interest payment but prior to the corresponding interest payment date, you will receive on the corresponding interest payment date the interest accrued and unpaid on your debentures, notwithstanding your conversion of those debentures prior to the interest payment date, assuming you were the holder of record on the corresponding record date. However, except as provided in the next sentence, at the time you surrender your debentures for conversion, you must pay us an amount equal to the interest that has accrued and will be paid on the debentures being converted on the corresponding interest payment date. You are not required to make such payment:

- if you convert your debentures in connection with a fundamental change and we have specified a fundamental change repurchase date that is after a record date and on or prior to the corresponding interest payment date;

- with respect to any debentures converted after the record date immediately preceding the maturity date of the debentures; or

to the extent of any overdue interest, if overdue interest exists at the time of conversion with respect to your debentures.
The closing sale price of a share of our class A common stock on any trading day means the closing sale price of such security (or if no closing sale price is reported, the average of the closing bid and closing ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) on such day as reported in composite transactions for the principal U.S. securities exchange (or if not so listed, on the principal regional securities exchange) on which our class A common stock is traded or, if our class A common stock is not listed on a U.S. national or regional securities exchange, as reported by Pink OTC Markets Inc. In the absence of such a quotation, the closing sale price will be determined by a nationally recognized securities dealer retained by us for that purpose. The closing sale price will be determined without reference to extended or after hours trading. The conversion price on any day will equal $1,000 divided by the conversion rate in effect on that day.

Except as described under Conversion Rate Adjustments, we will not make any payment or other adjustment for dividends on any class A common stock issuable upon conversion of the debentures.

Conversion Procedures

If you hold a beneficial interest in a global debenture, to convert you must deliver to DTC the appropriate instruction form for conversion pursuant to DTC s conversion program and, if required, pay funds equal to interest payable on the next interest payment date to which you are not entitled and, if required, pay all taxes or duties, if any.

If you hold a certificated debenture, to convert you must:

- complete and manually sign the conversion notice on the back of the debentures or a facsimile of the conversion notice;
- deliver the completed conversion notice and the debentures to be converted to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents;
- if required, pay funds equal to interest payable on the next interest payment date to which you are not entitled; and
- if required, pay all transfer or similar taxes, if any.

The conversion date will be the date on which you have satisfied all of the foregoing requirements. The debentures will be deemed to have been converted immediately prior to 5:00 p.m., New York City time, on the conversion date. Once delivered, a conversion notice shall be irrevocable.

You will not be required to pay any taxes or duties relating to the issuance or delivery of our class A common stock if you exercise your conversion rights, but you will be required to pay any tax or duty that may be payable relating to any transfer involved in the issuance or delivery of the class A common stock in a name other than the name in which the debentures were registered. Certificates representing shares of class A common stock will be issued and delivered only after all applicable taxes and duties, if any, payable by you have been paid in full.