

SUNPOWER™



Kevin Prince
Manager, Federal Programs
SunPower North America

Power Purchase Agreements (PPAs)

© 2010 SunPower Corporation

Safe Harbor Statement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not represent historical facts and may be based on underlying assumptions. SunPower uses words and phrases such as “may,” “will,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” and similar words and phrases to identify forward-looking statements in this presentation, including forward-looking statements regarding: (a) plans and expectations regarding future financial results, operating results, liquidity, capital expenditure and business strategies, (b) management’s plans and objectives for future operations, (c) the company’s projected costs and cost reduction roadmap, (d) forecasted demand growth, and projected bookings and pipelines, (e) construction, completion, ability to obtain financing and revenue recognition timing, (f) growth in dealer partners, (g) product development and competitive position, (h) manufacturing ramp plan and scalability, (i) future government award funding, (j) future solar and traditional electricity rates and cost savings of our systems, (k) trends and growth in the solar industry, and (l) the success and benefits of our joint ventures and partnerships. Such forward-looking statements are based on information available to the company as of the date of this presentation and involve a number of risks and uncertainties, some beyond the company’s control, that could cause actual results to differ materially from those anticipated by these forward-looking statements, including risks and uncertainties such as: (i) potential difficulties associated with operating the joint venture with AUO and integrating the SunRay business, and the company’s ability to achieve the anticipated synergies and benefits from these transactions; (ii) the company’s ability to obtain and maintain an adequate supply of raw materials, components, and solar panels, as well as the price it pays for such items; (iii) general business and economic conditions, including seasonality of the industry; (iv) growth trends in the solar power industry; (v) the continuation of governmental and related economic incentives promoting the use of solar power; (vi) the significant investment required to construct power plants and the company’s ability to sell or otherwise monetize power plants; (vii) the improved availability of financing arrangements for the company’s customers; (viii) construction difficulties or potential delays, including permitting and transmission access and upgrades; (ix) Increasing competition in the industry and lower ASPs; (x) the joint venture’s ability to ramp new production lines in Fab 3 and the company’s ability to realize expected manufacturing efficiencies; (xi) manufacturing difficulties that could arise; (xii) the success of the company’s ongoing R&D efforts and the acceptance of the company’s new products and services; (xiii) the company’s international operations; (xiv) the company’s liquidity, substantial indebtedness, and its ability to obtain additional financing; (xv) the company’s ability to protect its intellectual property; (xvi) evolving regional permitting, financing, grid interconnection, technical, and other customer or regulatory requirements; (xvii) possible impairment of goodwill; (xviii) possible consolidation of AUO SunPower; and (xix) other risks described in the company’s Annual Report on Form 10-K for the year ended January 3, 2010 and Quarterly Report on Form 10-Q for the quarter ended July 4, 2010, and other filings with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the company’s views as of any subsequent date, and the company is under no obligation to, and expressly disclaims any responsibility to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

© 2010 SunPower Corporation

Agenda

- What is a Power Purchase Agreement (PPA)
- Why Do We Need a PPA
- How to Unlock the PPA market

What is a PPA

Why a PPA

Unlocking the PPA Market

Own, Lease or Rent?



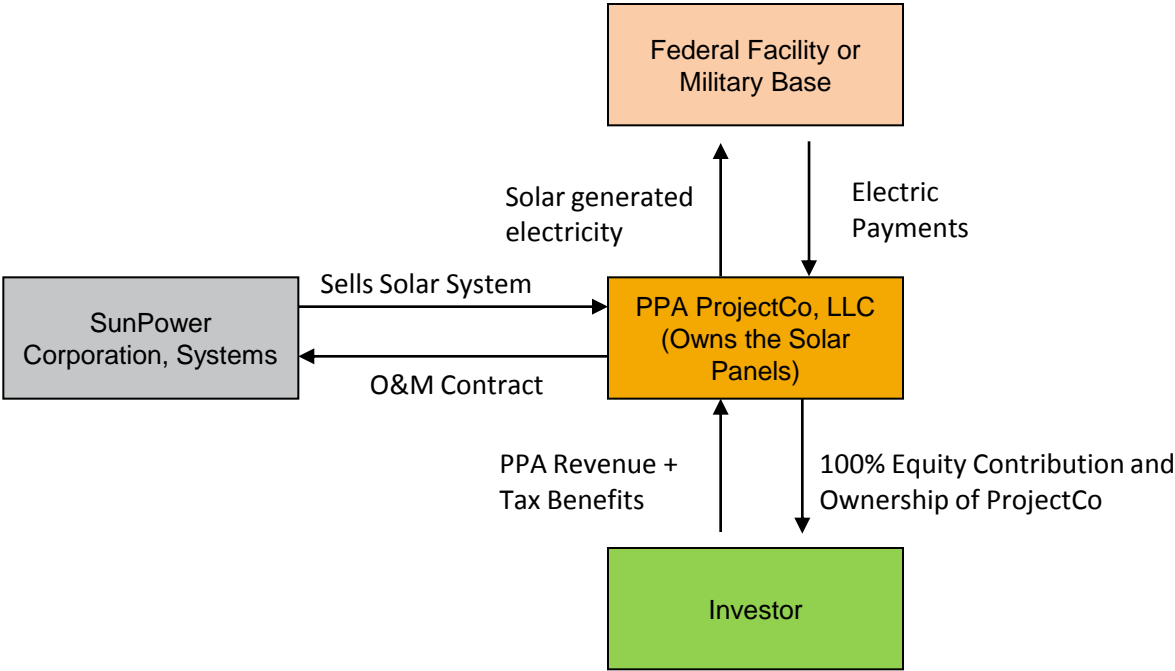
Rent or Lease = Third Party Owner

What is a PPA

Why a PPA

Unlocking the PPA Market

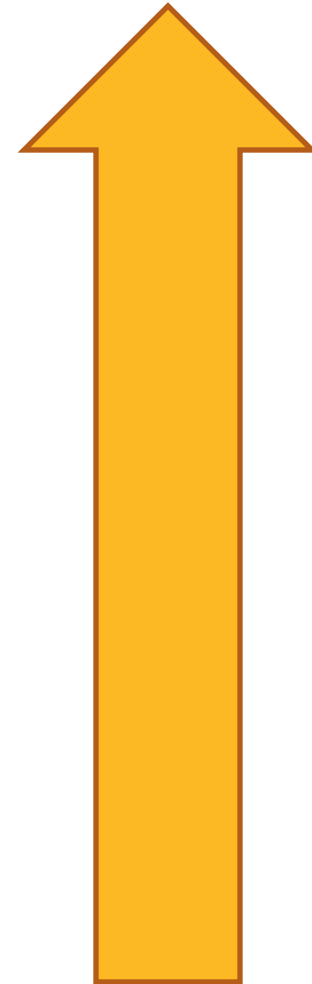
Anatomy of a PPA



Note: Renewable Energy Certificates or other state incentives may flow to Host or be retained by ProjectCo

Federal Renewable Energy Requirements

- EPACT05 7.5% by 2013
- EO 13423 50% from new sources
- EO 13514 20% GHG reduction by 2020
- DOD 25% by 2025
- Navy 50% by 2020



What is a PPA

Why a PPA

Unlocking the PPA Market

Current Solutions Won't Get Us There

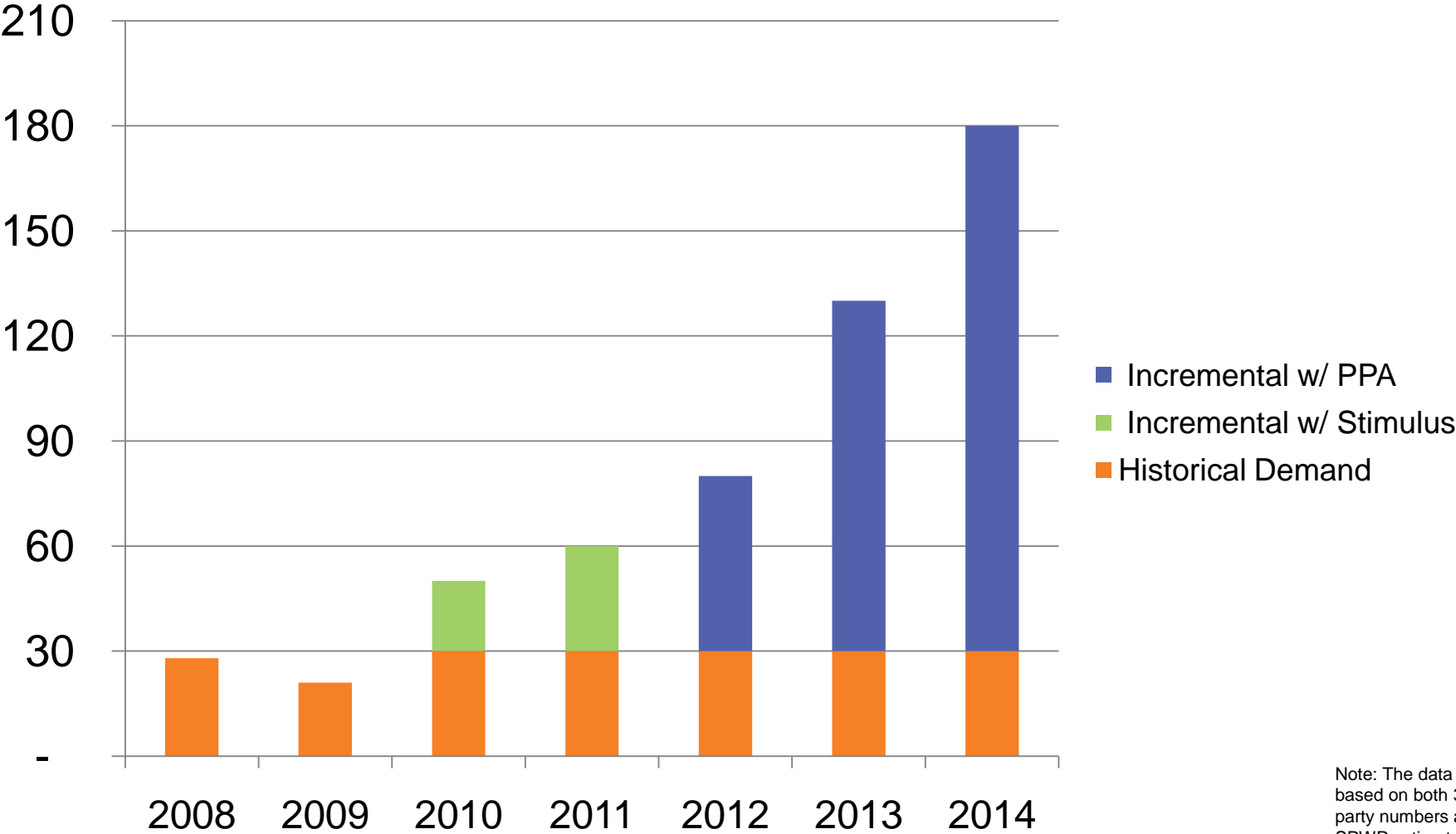
- Purchase RECs
 - Still Need to Satisfy the Onsite Requirement
 - Political Pressure to Install Systems
- Cash/Appropriations
 - Hard to Come By
 - Owning Systems is not the Mission
- PPA
 - 2922a
 - WAPA
 - 10 Year Authority

What is a PPA

Why a PPA

Unlocking the PPA Market

2008 - 2014 Federal Market Projections



What is a PPA

Why a PPA

Unlocking the PPA Market

Solution: Power Purchase Agreements

- Hedge against rising electricity prices
- No ownership risk / Performance Risk (pay only for what's produced)
- Costs nothing up front; no special appropriations needed
- Helps to achieve renewable energy goals
- Frees funds for other priorities

How to Unlock the Federal PPA Market

- Long term contracting authority (20 – 30 years)
- Options to Extend PPA Limit to 30 Years
 - Energy Bills
 - DOD Ruling on 2922a
 - Appropriations Bill

Need support to expand 10 year contracting authority

www.sunpowercorp.com

