

SUNPOWER CORP
Form DEF 14A
March 17, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

SunPower Corporation

(Name of Registrant as Specified In Its Charter)

n/a

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment
of
Filing
Fee
(Check
the
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box):

No fee
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14a-6(i)(1)
and 0-11.

(1) Title of
each class of
securities to
which
transaction
applies:

(2)
Aggregate
number of
securities to
which
transaction
applies:

(3) Per
unit price or
other
underlying
value of
transaction
computed
pursuant to
Exchange
Act Rule
0-11 (set
forth the

amount on
which the
filing fee is
calculated
and state
how it was
determined):

(4)
Proposed
maximum
aggregate
value of
transaction:

(5) Total
fee paid:

Fee paid
previously
with
preliminary
materials.

Check box
if any part of
the fee is
offset as
provided by
Exchange
Act Rule
0-11(a)(2)
and identify
the filing for
which the
offsetting fee
was paid
previously.
Identify the
previous
filing by
registration
statement
number, or
the Form or
Schedule and
the date of its
filing.

(1)
Amount
previously

paid with
preliminary
materials:

(2) Form,
Schedule or
Registration
Statement
No.:

(3) Filing
Party:

(4) Date
Filed:

NOTICE OF THE 2017 ANNUAL MEETING OF STOCKHOLDERS

TO ALL SUNPOWER STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Stockholders (the “Annual Meeting”) of SunPower Corporation, a Delaware corporation (“SunPower”), will be held on:

Date: Thursday, April 27, 2017

Time: 12:00 p.m. Pacific Time

Place: Online at www.virtualshareholdermeeting.com/SPWR2017

Virtual Meeting Admission: This year’s Annual Meeting will be a virtual meeting of stockholders, conducted via a live webcast. You will be able to attend the Annual Meeting online, vote your shares electronically and submit questions during the meeting by visiting www.virtualshareholdermeeting.com/SPWR2017. Have your Notice of Internet Availability of Proxy Materials or proxy card in hand when you access the website and then follow the instructions. To participate in the meeting, you will need the 16-digit control number included on the Notice of Internet Availability of Proxy Materials or proxy card. Online check-in will begin at 11:30 a.m. Pacific Time, and you should allow ample time for the online check-in procedures.

- Items of Business:
1. The re-election of three directors to serve as Class III directors on our board of directors (the “Board”);
 2. The approval, in an advisory vote, of our named executive officer compensation;
 3. The proposal to approve, in an advisory vote, whether a stockholder advisory vote on our named executive officer compensation should be held every (a) year, (b) two years, or (c) three years;
 4. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2017; and
 5. The transaction of such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice of the Annual Meeting. On or about March 17, 2017 we began mailing to stockholders either a Notice of Internet Availability of Proxy Materials or this notice of the Annual Meeting, the proxy statement and the form of proxy.

All stockholders are cordially invited to attend the Annual Meeting. Only stockholders of record at the close of business on February 28, 2017 (the "Record Date") are entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement of the Annual Meeting. Any registered stockholder in attendance at the Annual Meeting and entitled to vote may do so during the meeting even if such stockholder returned a proxy.

San Jose, California FOR THE BOARD OF DIRECTORS
March 17, 2017

Kenneth Mahaffey

Corporate Secretary

IMPORTANT: WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, DATE AND SIGN THE PROXY CARD AND MAIL IT PROMPTLY, OR YOU MAY VOTE BY TELEPHONE OR VIA THE INTERNET BY FOLLOWING THE DIRECTIONS ON THE PROXY CARD. ANY ONE OF THESE METHODS WILL ENSURE REPRESENTATION OF YOUR SHARES AT THE ANNUAL MEETING. NO POSTAGE NEED BE AFFIXED TO THE COMPANY-PROVIDED PROXY CARD ENVELOPE IF MAILED IN THE UNITED STATES.

PROXY STATEMENT FOR

2017 ANNUAL MEETING OF STOCKHOLDERS

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SUNPOWER CORPORATION

77 Rio Robles

San Jose, California 95134

PROXY STATEMENT FOR

2017 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION CONCERNING SOLICITATION AND VOTING

General

The Board of Directors (the “Board”) of SunPower Corporation, a Delaware corporation, is furnishing this proxy statement and proxy card to you in connection with its solicitation of proxies to be used at SunPower Corporation’s Annual Meeting of Stockholders to be held on April 27, 2017 at 12:00 p.m. Pacific Time (the “Meeting Date”), or at any adjournment(s), continuation(s) or postponement(s) of the meeting (the “Annual Meeting”).

This year’s Annual Meeting will be a virtual meeting of stockholders, conducted via a live webcast. You will be able to attend the Annual Meeting online, vote your shares electronically and submit your questions during the meeting by visiting www.virtualshareholdermeeting.com/SPWR2017. Have your Notice of Internet Availability of Proxy Materials or proxy card in hand when you access the website and then follow the instructions. To participate in the meeting, you will need the 16-digit control number included on the Notice of Internet Availability of Proxy Materials or proxy card.

Online check-in will begin at 11:30 a.m. Pacific Time on the Meeting Date, and you should allow ample time for the online check-in procedures. We will have technicians ready to assist you should you have any technical difficulties accessing the virtual meeting.

We use a number of abbreviations in this proxy statement. We refer to SunPower Corporation as “SunPower,” “the Company,” or “we,” “us” or “our.” The term “proxy solicitation materials” includes this proxy statement, the notice of the Annual Meeting, and the proxy card. References to “fiscal 2016” mean our 2016 fiscal year, which began on January 4, 2016 and ended on January 1, 2017, while references to “fiscal 2015” mean our 2015 fiscal year, which began on December 29, 2014 and ended on January 3, 2015.

Our principal executive offices are located at 77 Rio Robles, San Jose, California 95134, and our telephone number is (408) 240-5500.

Important Notice Regarding the Availability of Proxy Materials

We have elected to comply with the Securities and Exchange Commission (the “SEC”) “Notice and Access” rules, which allow us to make our proxy solicitation materials available to our stockholders over the Internet. Under these rules, on or about March 17, 2017, we started mailing to certain of our stockholders a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”). The Notice of Internet Availability contains instructions on how our stockholders can both access the proxy solicitation materials and our 2016 Annual Report on Form 10-K for the fiscal year ended January 1, 2017 (the “2016 Annual Report”) online and vote online. By sending the Notice of Internet Availability instead of paper copies of the proxy materials, we expect to lower the costs and reduce the environmental impact of our Annual Meeting.

Our proxy solicitation materials and our 2016 Annual Report are available at www.proxyvote.com.

Stockholders receiving the Notice of Internet Availability may request a paper or electronic copy of our proxy solicitation materials by following the instructions set forth on the Notice of Internet Availability. Stockholders who did not receive the Notice of Internet Availability will continue to receive a paper or electronic copy of our proxy solicitation materials, which were first mailed to stockholders and made public on or about March 17, 2017.

Delivery of Voting Materials

If you would like to further reduce our environmental impact and costs in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions provided for voting via www.proxyvote.com and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

To reduce the environmental waste and expense of delivering duplicate materials to our stockholders, we are taking advantage of householding rules that permit us to deliver only one set of proxy solicitation materials and our 2016 Annual Report, or one copy of the Notice of Internet Availability, to stockholders who share the same address, unless otherwise requested. Each stockholder retains a separate right to vote on all matters presented at the Annual Meeting.

If you share an address with another stockholder and have received only one set of materials, you may write or call us to request a separate copy of these materials at no cost to you. For future annual meetings, you may request separate materials or request that we only send one set of materials to you if you are receiving multiple copies by writing to us at SunPower Corporation, 77 Rio Robles, San Jose, California 95134, Attention: Corporate Secretary, or calling us at (408) 240-5500.

A copy of our 2016 Annual Report has been furnished with this proxy statement to each stockholder. A stockholder may also request a copy of our 2016 Annual Report by writing to our Corporate Secretary at 77 Rio Robles, San Jose, California 95134. Upon receipt of such request, we will provide a copy of our 2016 Annual Report without charge, including the financial statements required to be filed with the SEC pursuant to Rule 13a-1 of the Securities Exchange Act of 1934 (“Exchange Act”) for our fiscal year 2016. Our 2016 Annual Report is also available on our website at <http://investors.sunpower.com/sec.cfm>.

Record Date and Shares Outstanding

Stockholders who owned shares of our common stock, par value \$0.001 per share, at the close of business on February 28, 2017, which we refer to as the Record Date, are entitled to notice of, and to vote at, the Annual Meeting. On the Record Date, we had 138,699,919 shares of common stock outstanding. For more information about beneficial ownership of our issued and outstanding common stock, please see “*Security Ownership of Management and Certain Beneficial Owners*.”

Board Recommendations

Our Board recommends that you vote:

“FOR” Proposal One: re-election of each of the nominated Class III directors;

“FOR” Proposal Two: the approval, on an advisory basis, of the compensation of our named executive officers; and

For a frequency of “EVERY YEAR” in response to Proposal Three: the approval, on an advisory basis, of the frequency of future advisory votes on the compensation of our named executive officers; and

“FOR” Proposal Four: the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2017.

Voting

Each holder of shares of common stock is entitled to one vote for each share of common stock held as of the Record Date. Cumulating votes is not permitted under our By-laws.

Many of our stockholders hold their shares through a stockbroker, bank or other nominee, rather than directly in his or her own name. As summarized below, there are distinctions between shares held of record and those beneficially owned.

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company N.A., you are considered, with respect to those shares, the stockholder of record and these proxy solicitation materials are being furnished to you directly by us.

Beneficial Owner. If your shares are held in a stock brokerage account, or by a bank or other nominee (also known as shares registered in “street name”), you are considered the beneficial owner of such shares held in street name, and these proxy solicitation materials are being furnished to you by your broker, bank or other nominee, who is considered, with respect to those shares, the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote your shares, or to vote your shares during the Annual Meeting.

How to Vote. If you hold shares directly as a stockholder of record, you can vote in one of the following four ways:

(1) Vote via the Internet before the Meeting Date. Go to www.proxyvote.com to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time on April 26, 2017. Have your Notice of Internet Availability or proxy card in hand when you access the website and then follow the instructions.

(2) Vote by Telephone at 1-800-690-6903 before the Meeting Date. Use a touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time on April 26, 2017. Have your Notice of Internet Availability or proxy card in hand when you call and then follow the instructions. This number is toll free in the United States and Canada.

(3) Vote by Mail before the Meeting Date. Mark, sign and date your proxy card and return it in the postage- paid envelope we have provided, or return the proxy card to SunPower Corporation, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

(4) Vote via the Internet during the Annual Meeting. You may attend the Annual Meeting on April 27, 2017 at 12:00 p.m. Pacific Time via the Internet at www.virtualshareholdermeeting.com/SPWR2017 and vote during the Annual Meeting. Have your Notice of Internet Availability or proxy card in hand when you access the website and then follow the instructions.

If you hold shares beneficially in street name, you may submit your voting instructions in the manner prescribed by your broker, bank or other nominee by following the instructions provided by your broker, bank or other nominee, or you may vote your shares during the Annual Meeting.

Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described in options (1), (2), and (3) above so that your vote will be counted if you later decide not to attend the Annual Meeting.

Quorum. A quorum, which is the holders of at least a majority of shares of our stock issued and outstanding and entitled to vote as of the Record Date, is required to be present in person or by proxy at the Annual Meeting in order to hold the Annual Meeting and to conduct business. Your shares will be counted as being present at the Annual Meeting if you attend the Annual Meeting (and are the stockholder of record for your shares), if you vote your shares by telephone or over the Internet, or if you submit a properly executed proxy card. Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. Votes against a particular proposal will also be counted both to determine the presence or absence of a quorum and to determine whether the requisite number of voting shares has been obtained.

Explanation of Broker Non-Votes and Abstentions. A “broker non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. The rules of The New York Stock Exchange (which also apply to companies listed on The NASDAQ Global Select Market) prohibit brokers from voting in their discretion on any non-routine proposals without instructions from the beneficial owners. If you do not instruct your broker how to vote on a non-routine proposal, your broker will not vote for you. Abstentions are deemed

to be entitled to vote for purposes of determining whether stockholder approval of that matter has been obtained, and they would be included in the tabulation of voting results as votes against the proposal.

Votes Required/Treatment of Broker Non-Votes and Abstentions.

Proposal One—Re-election of Class III Directors. Election of a director requires the affirmative vote of the holders of a plurality of votes represented by the shares in attendance or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. The three persons receiving the greatest number of votes at the Annual Meeting shall be elected as Class III directors. Neither “broker non-votes” nor abstentions will affect the outcome of the voting on Proposal One.

Proposal Two—Advisory Vote on Named Executive Officer Compensation. The non-binding advisory vote on named executive officer compensation requires the affirmative vote of the holders of a majority of our stock having voting power and in attendance or represented by proxy at the Annual Meeting. “Broker non-votes” have no effect and will not be counted towards the vote total for this proposal. Abstentions will have the effect of votes against Proposal Two.

Proposal Three—Advisory Vote on the Frequency of Future Advisory Votes on Named Executive Officer Compensation. The option of one year, two years or three years that receives the highest number of votes cast by holders of our stock having voting power and in attendance or represented by proxy at the Annual Meeting will be the frequency of future advisory votes on executive compensation that has been recommended by our stockholders. Neither “broker non-votes” nor abstentions will be counted towards the vote total for this proposal.

Proposal Four—Ratification of the Appointment of Independent Registered Public Accounting Firm for Fiscal Year 2017. Ratification of the appointment of our independent registered public accounting firm requires the affirmative vote of the holders of a majority of our stock having voting power and in attendance or represented by proxy at the Annual Meeting. “Broker non-votes” have no effect and will not be counted towards this proposal. We do not expect “broker non-votes” since brokers have discretionary authority to vote on this proposal. Abstentions will have the effect of votes against Proposal Four.

How Your Proxy Will Be Voted

If you complete and submit your proxy card or vote via the Internet or by telephone, the shares represented by your proxy will be voted at the Annual Meeting in accordance with your instructions. If you submit your proxy card by mail, but do not fill out the voting instructions on the proxy card, the shares represented by your proxy will be voted in favor of each of Proposals One, Two and Four and for Proposal Three in favor of holding future stockholder advisory votes annually on named executive officer compensation. In addition, if any other matters properly come before the Annual Meeting, it is the intention of the persons named in the enclosed proxy card to vote the shares they represent as directed by the Board. We have not received notice of any other matters that may properly be presented at the Annual Meeting.

Revoking Your Proxy

You may revoke your proxy at any time before the Meeting Date by: (1) submitting a later-dated vote by telephone, by mail, or via the Internet before or at the Annual Meeting; or (2) delivering instructions to us at 77 Rio Robles, San Jose, California 95134 to the attention of our Corporate Secretary. Any notice of revocation sent to us must include the stockholder's name and must be actually received by us before the Annual Meeting to be effective. Your attendance at the Annual Meeting after having executed and delivered a valid proxy card or vote via the Internet or by telephone will not in and of itself constitute a revocation of your proxy. If you are the stockholder of record or if your shares are held in "street name," you may revoke your proxy by voting electronically at the Annual Meeting.

Solicitation of Proxies

We will pay for the cost of this proxy solicitation. We may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding or furnishing proxy solicitation materials to such beneficial owners. Proxies may also be solicited personally or by telephone, telegram or facsimile by certain of our directors, officers, and regular employees, without additional compensation.

Voting Results

We will announce preliminary voting results at the Annual Meeting and publish final results on a Current Report on Form 8-K, which we intend to file with the SEC within four business days after the Meeting Date.

Note Concerning Forward-Looking Statements

Certain of the statements contained in this proxy statement are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not represent historical facts and the assumptions underlying such statements. We use words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “potential,” “should,” “will,” “would” and similar expressions to identify forward-looking statements. These statements include, but are not limited to, operating results, business strategies, management’s plans and objectives for future operations, expectations and intentions, actions to be taken by us and other statements that are not historical facts. These forward-looking statements are based on information available to us as of the date of this proxy statement and our 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. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed in Part I, Item 1A, “Risk Factors” and elsewhere in our 2016 Annual Report, which accompanies this proxy statement. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may cause actual results to differ materially from those discussed. 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 our forward-looking statements, whether as a result of new information, future events or otherwise.

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, YOU ARE REQUESTED TO COMPLETE, DATE AND SIGN THE PROXY CARD AND RETURN IT PROMPTLY, OR VOTE BY TELEPHONE OR VIA THE INTERNET BY FOLLOWING THE DIRECTIONS ON THE PROXY CARD. STOCKHOLDERS WHO ATTEND THE ANNUAL MEETING MAY REVOKE A PRIOR PROXY VOTE AND VOTE THEIR SHARES AS SET FORTH IN THIS PROXY STATEMENT.

PROPOSAL ONE

RE-ELECTION OF CLASS III DIRECTORS

Our Board is currently composed of nine directors and divided into three classes, in accordance with Article IV, Section B of our Certificate of Incorporation. Only the terms of the three directors serving as Class III directors are scheduled to expire in 2017. The terms of other directors expire in subsequent years.

On April 28, 2011, we and Total Energies Nouvelles Activités USA, SAS, formerly known as Total Gas & Power USA, SAS (“Total”), a subsidiary of Total S.A. (“Total S.A.”), entered into a Tender Offer Agreement (the “Tender Offer Agreement”). Pursuant to the Tender Offer Agreement, on June 21, 2011, Total purchased in a cash tender offer approximately 60% of the outstanding shares of our former Class A common stock and 60% of the outstanding shares of our former Class B common stock (the “Tender Offer”). In connection with the Tender Offer, we and Total entered into an Affiliation Agreement that governs the relationship between Total and us following the close of the Tender Offer (the “Affiliation Agreement”). In accordance with the terms of the Affiliation Agreement, our Board has nine members, composed of our Chief Executive Officer, three non-Total-designated members of the Board, and five directors designated by Total. If the ownership of our voting power by Total, together with the controlled subsidiaries of Total S.A., declines below certain thresholds, the number of members of the Board that Total is entitled to designate will be reduced as set forth in the Affiliation Agreement. See “*Certain Relationships and Related Persons Transactions—Agreements with Total Energies Nouvelles Activités USA, SAS and Total S.A.—Affiliation Agreement.*”

The Board has considered and approved the nomination of Helle Kristoffersen, Thomas McDaniel and Thomas Werner, our current Class III directors, for re-election as directors at the Annual Meeting. Ms. Kristoffersen is a Total-designated director. Mr. McDaniel is an independent director. Mr. Werner is our President, CEO and Chairman of the Board. Each nominee has consented to being named in this proxy statement and to serve if re-elected. Unless otherwise directed, the proxy holders will vote the proxies received by them for the three nominees named below. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the present Board to fill the vacancy. We do not expect that any nominee will be unable or will decline to serve as a director. The Class III directors elected will hold office until the annual meeting of stockholders in 2020 or until their successors are elected.

The Class I group of directors consists of Daniel Lauré, Laurent Wolffsheim and Pat Wood III, who will hold office until the annual meeting of stockholders in 2018 or until their successors are elected. Messrs. Lauré and Wolffsheim are Total-designated directors. Mr. Wood is an independent director. The Class II group of directors consists of Cathie Lesjak, Ladislav Paszkiewicz and Julien Pouget, who will hold office until the annual meeting of stockholders in 2019 or until their successors are elected. Ms. Lesjak is an independent director. Messrs. Paszkiewicz and Pouget are Total-designated directors.

Additional information about the Class III director nominees for re-election and the Class I and Class II directors is set forth below.

Class III Directors Nominated for Re-Election at the Annual Meeting

Name	Age	Position(s) with SunPower	Director Since
Helle Kristoffersen	53	Director	2016
Thomas R. McDaniel	68	Director	2009
Thomas H. Werner	57	President and CEO, Director and Chairman of the Board	2003

Ms. Helle Kristoffersen has served as Senior Vice President, Strategy and Corporate Affairs, Gas, Renewables & Power segment for Total S.A. since September 2016. From January 2012 to August 2016, she was Senior Vice President, Strategy & Business Intelligence at the group level of Total S.A. Prior to that, she served as Deputy Vice President of the same department since January 2011. In 1994, she joined Alcatel, where she spent 16 years and served in particular as Vice President Corporate Strategy of Alcatel and subsequently Alcatel-Lucent. She currently serves as a director of Orange and PSA Group (Peugeot). Ms. Kristoffersen served as a director of Valeo from 2007 to 2013. Ms. Kristoffersen is a graduate of the Ecole Normale Supérieure and the Paris Graduate School of Economics, Statistics and Finance (ENSAE). Ms. Kristoffersen also holds a master's degree in econometrics from Université Paris 1.

Ms. Kristoffersen brings significant international strategic and business development experience to the Board. Her extensive experience in the energy and technology industries, including her service on the boards of directors of several international, publicly listed companies, gives her a valuable perspective on our role in the global marketplace. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Ms. Kristoffersen should serve as a director on our Board.

Mr. Thomas R. McDaniel was Executive Vice President, Chief Financial Officer and Treasurer of Edison International, a generator and distributor of electric power and investor in infrastructure and energy assets, before retiring in July 2008 after 37 years of service. Before January 2005, Mr. McDaniel was Chairman, Chief Executive Officer and President of Edison Mission Energy, a power generation business specializing in the development, acquisition, construction, management and operation of power production facilities. Mr. McDaniel was also Chief Executive Officer and a director of Edison Capital, a provider of capital and financial services supporting the growth of energy and infrastructure projects, products and services, both domestically and internationally. Mr. McDaniel has served on our Board since February 2009. He is Chairman of the Board of Tendril, a smart-grid, software-as-a-service company. Mr. McDaniel is chairman of the board of SemGroup, L.P., a midstream energy services company, and is also on the advisory board of Cypress Envirosystems, which develops and markets energy efficiency products. He also serves on the Advisory Board of On Ramp Wireless, a communications company serving electrical, gas and water utilities. Mr. McDaniel formerly served on the board of directors of the Senior Care Action Network (SCAN) from 2000-2013. Through the McDaniel Family Foundation, he is also actively involved in a variety of charitable activities such as the Boys and Girls Club of Huntington Beach, Heifer International and the Free Wheelchair Mission.

Mr. McDaniel brings significant operational and development experience to the Board. Mr. McDaniel's extensive experience growing and operating global electric power businesses is directly aligned with our efforts to further develop the utility and power plant portions of our business. In addition, Mr. McDaniel's prior experience as a Chief Financial Officer qualifies him as a financial expert, which is relevant to his duties as an audit committee member. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. McDaniel should serve as a director on our Board, Chairman of the Audit Committee and Chairman of the Finance Committee.

Mr. Thomas H. Werner has served as our President and Chief Executive Officer since May 2010, as a member of our Board since June 2003, and Chairman of the Board since May 2011. From June 2003 to April 2010, Mr. Werner served as our Chief Executive Officer. Before joining SunPower, from 2001 to 2003, he held the position of Chief Executive Officer of Silicon Light Machines, Inc., an optical solutions subsidiary of Cypress Semiconductor Corporation. From 1998 to 2001, Mr. Werner was Vice President and General Manager of the Business Connectivity Group of 3Com Corp., a network solutions company. He has also held a number of executive management positions at Oak Industries, Inc. and General Electric Co. Mr. Werner currently serves as a board member of Cree, Inc., Silver Spring Networks, and the Silicon Valley Leadership Group. Mr. Werner is on the Board of Trustees of Marquette University. Mr. Werner holds a bachelor's degree in industrial engineering from the University of Wisconsin-Madison, a bachelor's degree in electrical engineering from Marquette University and a master's degree in business administration from George Washington University.

Mr. Werner brings significant leadership, technical, operational and financial management experience to the Board. Mr. Werner provides the Board with valuable insight into management's perspective with respect to our operations. Mr. Werner has demonstrated strong executive leadership skills through nearly 20 years of executive officer service with various companies and brings the most comprehensive view of our operational history over the past several years. Mr. Werner also brings to the Board leadership experience through his service on the board of directors for three other organizations, which gives him the ability to compare the way in which management and the boards operate within the companies he serves. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. Werner should serve as a director on our Board and Chairman of the Board.

Class I Directors with Terms Expiring in 2018

Name	Age	Position(s) with Director	
		SunPower	Since
Daniel Lauré	60	Director	2016
Laurent Wolffsheim	45	Director	2016
Pat Wood III	54	Director	2005

Mr. Daniel Lauré currently serves as President and CEO of Total New Energies USA Inc. Before taking this position in March 2016, Mr. Lauré served as Senior Vice President Industrial Assets, Finance & Information Technology from 2012 through 2015. Before that, he held other positions within Total Gas & Power beginning in 2004, including Vice President,

Strategy, Markets & IT, and Deputy Director, Renewable Energy, Strategy, Human Resources & Communication. Prior to those positions, Mr. Lauré held various other positions within the Total Group, where he has been employed since 1988. Mr. Lauré holds a degree in civil engineering from l'École Nationale des Ponts et Chaussées and a law degree from Université Panthéon Assas (Paris II).

Mr. Lauré brings significant international managerial and operational experience to the Board. His extensive experience in the energy industry gives him a valuable perspective on our efforts to manage our business and project development activities. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. Lauré should serve as a director on our Board.

Mr. Laurent Wolffsheim has served as Vice President, Budget & Financial Control for the Total group since February 2014. Before that, he served as Strategic Planning Manager within the Refining & Chemicals division of Total S.A. and Managing Director of Total Polska Sp. z o.o. Prior to those positions, Mr. Wolffsheim held various other positions within the Total group, where he has been employed since 1995. Mr. Wolffsheim holds a degree in engineering from the Ecole Centrale de Lyon and a degree in business administration from École Supérieure des Sciences Économiques et Commerciales.

Mr. Wolffsheim brings significant international strategic and financial management experience to the Board. His extensive experience in the energy industry gives him a valuable perspective on our financial strategy going forward. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. Wolffsheim should serve as a director on our Board.

Mr. Pat Wood III has served as a Principal of Wood3 Resources, an energy infrastructure developer, since July 2005. He is active in the development of electric power and natural gas infrastructure assets in North America. From 2001 to 2005 Mr. Wood served as the Chairman of the Federal Energy Regulatory Commission. From 1995 to 2001, he chaired the Public Utility Commission of Texas. Mr. Wood has also been an attorney with Baker & Botts, a global law firm, and an associate project engineer with Arco Indonesia, an oil and gas company, in Jakarta. He currently serves as Chairman of Dynegy, Inc., and is a director of Quanta Services, Inc. and of Memorial Resource Development Corp. He is a strategic advisor to Hunt Transmission Services/ InfraREIT Capital Partners. Mr. Wood is a past director of the American Council on Renewable Energy and is a member of the National Petroleum Council.

Mr. Wood brings significant strategic and operational management experience to the Board. Mr. Wood has demonstrated strong leadership skills through a decade of regulatory leadership in the energy sector. Mr. Wood brings a unique perspective and extensive knowledge of energy project development, public policy development, governance and the regulatory process. His legal background also provides the Board with a perspective on the legal implications of matters affecting our business. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. Wood should serve as a director on our Board, Chairman of the Nominating and Corporate Governance Committee and Chairman of the Compensation Committee.

Class II Directors with Terms Expiring in 2019

Name	Age	Position(s) with Director	
		SunPower	Since
Catherine Lesjak	58	Director	2013
Ladislav Paszkiewicz	54	Director	2016
Julien Pouget	40	Director	2017

Ms. Catherine A. Lesjak has served as Executive Vice President and Chief Financial Officer of HP Inc. (formerly Hewlett-Packard Company) (HP) since January 1, 2007. Ms. Lesjak served as interim Chief Executive Officer of HP from August 2010 through October 2010. As a 30-year veteran at HP, Ms. Lesjak held a broad range of financial leadership roles across HP. Before being named as CFO, Ms. Lesjak served as Senior Vice President and Treasurer, responsible for managing HP's worldwide cash, debt, foreign exchange, capital structure, risk management and benefits plan administration. Earlier in her career at HP, she managed financial operations for Enterprise Marketing and Solutions and the Software Global Business Unit. Before that, she was group controller for HP's Software Solutions Organization and managed HP's global channel credit risk as controller and credit manager for the Commercial Customer Organization. Ms. Lesjak has a bachelor's degree in biology from Stanford University and a master of business degree in finance from the University of California, Berkeley.

Ms. Lesjak's extensive experience as the chief financial officer of a major corporation, with significant presence in both the business-to-consumer and business-to-business markets, allows her to make significant contributions to our strategic business planning and execution. Her background is also valuable in terms of financial oversight and review of our strategic investments. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Ms. Lesjak should serve as a director on our Board.

Mr. Ladislav Paszkiewicz has served as Senior Vice President of Mergers and Acquisitions for Total S.A. since 2015. From 2010 to 2014, he was Senior Vice President, Americas for the Exploration and Production Division of Total S.A. Prior to that, he served as Senior Vice President, Middle East for the same division from 2007 to 2010. Mr. Paszkiewicz has also served as General Manager of the Total group's subsidiary in Argentina, as head of the Investor Relations Department of Total S.A., and in various other positions in the Total group, which he joined in 1985. Mr. Paszkiewicz holds a master's degree in business administration from New York University and a master's degree in finance from the Institut d'Etudes Politiques in Paris, France.

Mr. Paszkiewicz brings significant international strategic and business development experience to the Board. His extensive experience in the energy industry gives him a valuable perspective on the development of our strategy going forward. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. Paszkiewicz should serve as a director on our Board.

Mr. Julien Pouget has served as Senior Vice President of the Renewables division of Total S.A. since January 1, 2017. From 2014 to 2016, he served as a senior advisor to the President of France, initially responsible for industry, then industry and digital, and finally for the economy. His responsibilities during this time included the restructuring of the French nuclear industry. Prior to his service to the president, Mr. Pouget spent six years in various positions at Alstom Power, including as Vice President of the heat exchangers product line for France, Switzerland, and China, as Vice President and General Manager of Asian activities and as project leader and as head of engineering for the heat exchangers on the Flamanville 3 EPR nuclear plant in France. From 2001 to 2008, Mr. Pouget held various positions in the French Ministry of Industry, and at the state shareholding agency at the French Ministry for Finance and Economy. Mr. Pouget is a chief engineer of the prestigious French Corps de Mines and a graduate of the École Polytechnique.

Mr. Pouget brings significant international managerial and operational experience to the Board. His extensive experience in the energy industry and in government gives him a valuable perspective on policy and the global energy marketplace. It is based on the Board's identification of these qualifications, skills and experience that the Board has concluded that Mr. Pouget should serve as a director on our Board.

Vote Required

Election of a director requires the affirmative vote of the holders of a plurality of votes represented by the shares in attendance or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. The three persons receiving the greatest number of votes at the Annual Meeting shall be elected as Class III directors. Neither “broker non-votes” nor abstentions will affect the outcome of the voting on this proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION TO THE BOARD OF EACH OF THE CLASS III DIRECTOR NOMINEES.

BOARD STRUCTURE

Determination of Independence

Our Board has determined that three of our nine directors, namely Ms. Lesjak and Messrs. McDaniel and Wood, each meet the standards for independence as defined by applicable listing standards of The NASDAQ Stock Market and rules and regulations of the SEC. Our Board has also determined that Mr. Werner, our President and Chief Executive Officer, and Messrs. Kristoffersen, Lauré, Paszkiewicz, Pouget and Wolffsheim, as directors designated by our controlling stockholder Total Energies Nouvelles Activités USA, SAS, formerly known as Total Gas & Power USA, SAS, pursuant to our Affiliation Agreement with Total, are not “independent” as defined by applicable listing standards of The NASDAQ Stock Market. There are no family relationships among any of our directors or executive officers.

Leadership Structure and Risk Oversight

The Board has determined that having a lead independent director assist Mr. Werner, the Chairman of the Board and Chief Executive Officer, is in the best interest of our stockholders. Mr. Wood has served as the lead independent director of the Board since June 2012. The Board believes this structure ensures a greater role for the independent directors in the oversight of our company and encourages active participation of the independent directors in setting agendas and establishing priorities and procedures for the work of the Board. We believe that this leadership structure also is preferred by a significant number of our stockholders.

The Board is actively involved in oversight of risks that could affect our company. This oversight is conducted primarily through committees of the Board, in particular our Audit Committee, as disclosed in the descriptions of each of the committees below and in the respective charters of each committee. The full Board, however, has retained responsibility for general oversight of risks. The Board satisfies this responsibility through full reports by each committee chair regarding the committee’s considerations and actions, as well as through regular reports directly from our officers responsible for oversight of particular risks within our company.

Board Meetings

Our Board held four regular, quarterly meetings, one annual meeting and six special meetings during fiscal 2016. During fiscal 2016, each director attended at least 75% of the aggregate number of meetings of the Board and its committees on which such director served during his or her term. Our independent directors held four executive sessions during regular, quarterly meetings without management present during fiscal 2016.

Controlled Company, NASDAQ Listing Standards

Since the Tender Offer in June 2011 (including as of March 17, 2017) Total has owned greater than 50% of our outstanding voting securities and we are therefore considered a “controlled company” within the meaning of The NASDAQ Stock Market rules. As long as we remain a “controlled company,” we are exempt from the rules that would otherwise require that our Board be composed of a majority of independent directors and that our Compensation Committee and Nominating and Corporate Governance Committee be composed entirely of independent directors. This “controlled company” exception does not modify the independence requirements for the Audit Committee, and we comply with the requirements of the Sarbanes-Oxley Act and The NASDAQ Stock Market rules that require that our Audit Committee be composed exclusively of independent directors.

Board Committees

We believe that good corporate governance is important to ensure that we are managed for the long-term benefit of our stockholders. Our Board has established committees to ensure that we maintain strong corporate governance standards. Our Board has standing Audit, Compensation, Finance and Nominating and Corporate Governance Committees. The charters of our Audit, Compensation, Finance and Nominating and Corporate Governance Committees are available on our website at <http://investors.sunpower.com>. You may also request copies of our committee charters free of charge by writing to SunPower Corporation, 77 Rio Robles, San Jose, California 95134, Attention: Corporate Secretary. Below is a summary of our committee structure and membership information.

Director	Audit Committee	Compensation Committee	Finance Committee	Nominating and Corporate Governance Committee
Helle Kristoffersen	—	Member	Member	—
Daniel Lauré	—	—	—	Member
Catherine Lesjak (I)	Member	—	Member	—
Thomas R. McDaniel (I)	Chair	Member	Chair	Member
Ladislav Paszkiewicz	—	—	—	Member
Julien Pouget	—	Member	—	—
Laurent Wolffsheim	—	—	Member	—
Pat Wood III (I)(*)	Member	Chair	—	Chair

(I) Indicates an independent director.

(*) Indicates the lead independent director.

Audit Committee

Mr. McDaniel is the Chairman of the Audit Committee, appointed in June 2012. Our Audit Committee is a separately-designated standing committee established in accordance with Section 3(a)(58)(A) of the Exchange Act.

The Board has determined that each member of our Audit Committee is “independent” as that term is defined in Section 10A of the Exchange Act and as defined by applicable listing standards of The NASDAQ Stock Market. Each member of the Audit Committee is financially literate and has the financial sophistication required by the applicable listing standards of The NASDAQ Stock Market. The Board has determined that each of Ms. Lesjak and Mr. McDaniel meet the criteria of an “audit committee financial expert” within the meaning of applicable SEC regulations due to their professional experience. Mr. McDaniel’s and Ms. Lesjak’s relevant professional experience is described above under “*Proposal One—Re-election of Class III Directors.*” The Audit Committee held eight meetings during fiscal 2016.

The purpose of the Audit Committee, pursuant to its charter, is, among other things, to:

provide oversight of our accounting and financial reporting processes and the audit of our financial statements and internal controls by our independent registered public accounting firm;

assist the Board in the oversight of: (1) the integrity of our financial statements; (2) our compliance with legal and regulatory requirements; (3) the independent registered public accounting firm’s performance, qualifications and independence; and (4) the performance of our internal audit function;

oversee management’s identification, evaluation and mitigation of major risks to our company;

prepare an audit committee report as required by the SEC to be included in our annual proxy statement;

provide to the Board such information and materials as it may deem necessary to make the Board aware of financial matters requiring the attention of the Board;

consider questions of actual and potential conflicts of interest (including corporate opportunities) of Board members and corporate officers and review and approve proposed related party transactions that would be required to be disclosed under Item 404 of Regulation S-K, provided that any approval of related party transactions may be made only by the disinterested members of the Audit Committee; and

oversee any waiver of the Code of Business Conduct and Ethics for directors and executive officers;

The Audit Committee also serves as the representative of the Board with respect to its oversight of the matters described below in the “*Audit Committee Report*.” The Audit Committee has established procedures for (1) the receipt, retention and treatment of complaints received by us regarding accounting, internal accounting controls or auditing matters, and (2) the confidential, anonymous submission by our employees of concerns regarding accounting or auditing matters. The Audit Committee promptly reviews such complaints and concerns.

Compensation Committee

Mr. Wood is the Chairman of the Compensation Committee, appointed in November 2012. Two of the four members of the Compensation Committee, Messrs. McDaniel and Wood, are “independent” as defined by applicable listing standards of The NASDAQ Stock Market. Ms. Kristoffersen and Mr. Pouget were designated by Total to be on the Compensation Committee pursuant to our Affiliation Agreement with Total. The Compensation Committee held five meetings during fiscal 2015.

The Compensation Committee, pursuant to its charter, assists the Board in discharging its duties with respect to:

the formulation, implementation, review and modification of the compensation of our directors and executive officers;

the preparation of an annual report of the Compensation Committee for inclusion in our annual proxy statement or Annual Report on Form 10-K, in accordance with applicable rules of the SEC and applicable listing standards of The NASDAQ Stock Market;

reviewing and discussing with management the Compensation Discussion and Analysis section of our annual proxy statement or Annual Report on Form 10-K;

oversight of our company compensation philosophy, which may be performance-based, to reward and retain employees based on achievement of goals; and

the administration of our equity incentive plans, including the SunPower Corporation 2015 Omnibus Incentive Plan.

We also have a Section 16/162(m) Subcommittee of the Compensation Committee consisting solely of independent directors available to approve certain compensation matters in accordance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code) and Rule 16b-3 of the Exchange Act, each as recommended by the Compensation Committee.

In certain instances, the Compensation Committee has delegated limited authority to Mr. Werner, in his capacity as a Board member, with respect to compensation and equity awards for employees other than our executive officers. For

more information on our processes and procedures for the consideration and determination of executive compensation, see “*Compensation Discussion and Analysis*” below.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee was at any time during fiscal 2016 one of our officers or employees, or is one of our former officers or employees. No member of our Compensation Committee had any relationship requiring disclosure under Item 404 and Item 407(e)(4) of Regulation S-K. Additionally, during fiscal 2016, none of our executive officers or directors was a member of the board of directors, or any committee of the board of directors, or of any other entity such that the relationship would be construed to constitute a compensation committee interlock within the meaning of the rules and regulations of the SEC.

Nominating and Corporate Governance Committee

Mr. Wood is the Chairman of our Nominating and Corporate Governance Committee. Two of the four members of the Nominating and Corporate Governance Committee, Messrs. McDaniel and Wood, are “independent” as defined by applicable listing standards of The NASDAQ Stock Market. Messrs. Lauré and Paszkiewicz were designated by Total to be on the Nominating and Corporate Governance Committee pursuant to our Affiliation Agreement with Total. The Nominating and Corporate Governance Committee held four meetings during fiscal 2016.

The Nominating and Corporate Governance Committee, pursuant to its charter, assists the Board in discharging its responsibilities with respect to:

the identification of individuals qualified to become directors and the selection or recommendation of candidates for all directorships to be filled by the Board or by the stockholders;

the evaluation of whether an incumbent director should be nominated for re-election to the Board upon expiration of such director's term, based upon factors established for new director candidates as well as the incumbent director's qualifications, performance as a Board member, and such other factors as the Nominating and Governance Committee deems appropriate; and

the development, maintenance and recommendation of a set of corporate governance principles applicable to us, and periodically reviewing such principles.

The Nominating and Governance Committee also considers diversity in identifying nominees for directors. In particular, the Nominating and Governance Committee believes that the members of the Board should reflect a diverse range of talent, skill and expertise sufficient to provide sound and prudent guidance with respect to our operations and interests. In addition, the Nominating and Governance Committee has determined that the Board as a whole must have the right diversity, mix of characteristics and skills for the optimal functioning of the Board in its oversight role.

The Nominating and Governance Committee believes the Board should be composed of persons with skills in areas such as:

relevant industries, especially solar products and services;

technology manufacturing;

sales and marketing;

leadership of large, complex organizations;

finance and accounting;

corporate governance and compliance;

strategic planning;

international business activities; and

human capital and compensation.

Under our Corporate Governance Principles, during the director nominee evaluation process, the Nominating and Corporate Governance Committee and the Board take the following into account:

A significant number of directors on the Board should be independent directors, unless otherwise required by applicable law or The NASDAQ Stock Market rules;

Candidates should be capable of working in a collegial manner with persons of different educational, business and cultural backgrounds and should possess skills and expertise that complement the attributes of the existing directors;

Candidates should represent a diversity of viewpoints, backgrounds, experiences and other demographics;

Candidates should demonstrate notable or significant achievement and possess senior-level business, management or regulatory experience that would inure to our benefit;

Candidates shall be individuals of the highest character and integrity;

Candidates shall be free from any conflict of interest that would interfere with their ability to properly discharge their duties as a director or would violate any applicable law or regulation;

Candidates for the Audit and Compensation Committees should have the enhanced independence and financial literacy and expertise that may be required under law or The NASDAQ Stock Market rules;

Candidates shall be capable of devoting the necessary time to discharge their duties, taking into account memberships on other boards and other responsibilities; and

Candidates shall have the desire to represent the interests of all stockholders.

Finance Committee

Mr. McDaniel is the Chairman of the Finance Committee. Two of the four members of the Finance Committee, Ms. Lesjak and Mr. McDaniel, are “independent” as defined by applicable listing standards of The NASDAQ Stock Market. Ms. Kristoffersen and Mr. Wolffsheim were designated by Total to be on the Finance Committee pursuant to our Affiliation Agreement with Total. The Finance Committee held five meetings during fiscal 2016.

The Finance Committee, pursuant to its charter, assists the Board in discharging its duties with respect to:

The review, evaluation and approval of financing transactions, including credit facilities, structured finance, issuance of debt and equity securities in private and public transactions, sales of project assets or ownership therein to publicly traded entities in which we have an equity interest greater than 10% or their subsidiaries, and the repurchase of debt and equity securities (other than financing activity exceeding \$50 million which requires the review and approval of the Board);

The review of our annual operating plan for recommendation to the Board, and the monitoring of capital spend as compared with the annual operating plan;

The review and recommendation to the Board of investments, acquisitions, divestitures and other corporate transactions; and

General oversight of our treasury activities, and the review, at least annually, of our counterparty credit risk and insurance programs.

CORPORATE GOVERNANCE

Stockholder Communications with Board of Directors

We provide a process by which stockholders may send communications to our Board, any committee of the Board, our non-management directors or any particular director. Stockholders can contact our non-management directors by sending such communications to the Chairman of the Nominating and Corporate Governance Committee, c/o Corporate Secretary, SunPower Corporation, 77 Rio Robles, San Jose, California 95134. Stockholders wishing to communicate with a particular Board member, a particular Board committee or the Board as a whole, may send a written communication to our Corporate Secretary, SunPower Corporation, 77 Rio Robles, San Jose, California 95134. The Corporate Secretary will forward such communication to the full Board, to the appropriate committee or to any individual director or directors to whom the communication is addressed, unless the communication is unduly hostile, threatening, illegal, or harassing, in which case the Corporate Secretary has the authority to discard the communication or take appropriate legal action regarding the communication.

Directors' Attendance at Our Annual Meetings

Although we do not have a formal policy that mandates the attendance of our directors at our annual stockholder meetings, our directors are encouraged to attend. All of our directors are expected to attend the 2017 Annual Meeting, and eight of our nine directors attended our annual meeting of stockholders held on April 28, 2016 (the "2016 Annual Meeting").

Submission of Stockholder Proposals for the 2018 Annual Meeting

As a SunPower stockholder, you may submit a proposal, including director nominations, for consideration at future annual meetings of stockholders.

Stockholder Proposals. Only stockholders meeting certain criteria outlined in our By-laws are eligible to submit nominations for election to the Board or to propose other proper business for consideration by stockholders at an annual meeting. Under the By-laws, stockholders who wish to nominate persons for election to the Board or propose other proper business for consideration by stockholders at an annual meeting must give proper written notice to us not earlier than the 120th day and not later than the 90th day before the first anniversary of the preceding year's annual meeting, provided that in the event that an annual meeting is called for a date that is not within 25 days before or after such anniversary date, notice by the stockholder in order to be timely must be received not later than the close of

business on the 10th day following the day on which we mail or publicly announce our notice of the date of the annual meeting, whichever occurs first. Therefore, notices regarding nominations of persons for election to the Board and proposals of other proper business for consideration at the 2018 annual meeting of stockholders must be submitted to us no earlier than December 28, 2017 and no later than January 27, 2018. If the date of the 2018 annual meeting is moved more than 25 days before or after the anniversary date of the 2017 annual meeting, the deadline will instead be the close of business on the 10th day following notice of the date of the 2018 annual meeting of stockholders or public disclosure of such date, whichever occurs first. We have discretionary power, but are not obligated, to consider stockholder proposals submitted after January 27, 2018 for the 2018 annual meeting.

Stockholder proposals will also need to comply with SEC regulations, such as Rule 14a-8 of the Exchange Act regarding the inclusion of stockholder proposals in any Company-sponsored proxy material. In order to be included in our proxy materials for the 2017 annual meeting of stockholders, pursuant to Rule 14a-8 of the Exchange Act the submission deadline for stockholder proposals is November 17, 2017. All written proposals must be received by our Corporate Secretary, at our corporate offices at 77 Rio Robles, San Jose, California 95134 by the close of business on the required deadline in order to be considered for inclusion in our proxy materials for the 2018 annual meeting of stockholders.

Nomination of Director Candidates. Our Nominating and Corporate Governance Committee will consider director candidates recommended by our stockholders. Such nominations should be directed to the Nominating and Corporate Governance Committee, c/o Corporate Secretary, SunPower Corporation, 77 Rio Robles, San Jose, California 95134. In addition, the stockholder must give notice of a nomination to our Corporate Secretary, and such notice must be received within the time period described above under “*Stockholder Proposals.*” Any such proposal must include the following:

the name, age, business address, residence address and record address of such nominee;

the principal occupation or employment of such nominee;

the class or series and number of shares of our stock owned beneficially or of record by such nominee;

any information relating to the nominee that would be required to be disclosed in our proxy statement;

the nominee holder for, and number of, shares owned beneficially but not of record by such person;

whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including any derivative or short positions, profit interests, options or borrowed or loaned shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such person with respect to any share of our stock;

to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director on the date of such stockholder's notice;

a description of all arrangements or understandings between or among such persons pursuant to which the nomination(s) are to be made by the stockholder and any relationship between or among the stockholder giving notice and any person acting in concert, directly or indirectly, with such stockholder and any person controlling, controlled by or under common control with such stockholder, on the one hand, and each proposed nominee, on the other hand; and

a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice.

If a director nomination is made pursuant to the process set forth above, the Nominating and Corporate Governance Committee will apply the same criteria in evaluating the nominee as it would any other board nominee candidate, and will recommend to the Board whether or not the stockholder nominee should be included as a candidate for election in our proxy statement. The nominee and nominating stockholder should be willing to provide any information reasonably requested by the Nominating and Corporate Governance Committee in connection with its evaluation. The Board will make the final determination whether or not a nominee will be included in the proxy statement and on the proxy card for election.

Once either a search firm selected by the Nominating and Corporate Governance Committee or a stockholder has provided our Nominating and Corporate Governance Committee with the identity of a prospective candidate, the Nominating and Corporate Governance Committee communicates the identity and known background and experience of the candidate to the Board. If warranted by a polling of the Board, members of our Nominating and Corporate Governance Committee and/or other members of our senior management may interview the candidate. If the Nominating and Governance Committee reacts favorably to a candidate, the candidate is next invited to interview with the members of the Board who are not on the Nominating and Governance Committee. The Nominating and Governance Committee then makes a final determination whether to recommend the candidate to the Board for directorship. The Nominating and Governance Committee currently has not set specific, minimum qualifications or criteria for nominees that it proposes for Board membership, but evaluates the entirety of each candidate's credentials. The Nominating and Governance Committee believes, however, that we will be best served if our directors bring to the Board a variety of diverse experience and backgrounds and, among other things, demonstrated integrity, executive leadership and financial, marketing or business knowledge and experience. See "*Board Structure—Nominating and*

Corporate Governance Committee” for factors considered by the Nominating and Corporate Governance Committee and the Board in considering director nominees.

Corporate Governance Principles

We believe that strong corporate governance practices are the foundation of a successful, well-run company. The Board has adopted Corporate Governance Principles that set forth our core corporate governance principles, including:

oversight responsibilities of the Board;

election and responsibilities of the lead independent director;

role of Board committees and assignment and rotation of members;

review of the Code of Business Conduct and Ethics and consideration of related party transactions;

independent directors meetings without management and with outside auditors;

Board’s access to employees;

annual review of Board member compensation;

membership criteria and selection of the Board;

annual review of Board performance;

director orientation and continuing education;

stock ownership guidelines for certain of our executive officers and directors;

annual review of performance and compensation of executive officers; and

succession planning for key executive officers.

Our Corporate Governance Principles are available on our website at <http://investors.sunpower.com>.

Code of Business Conduct and Ethics; Related Persons Transactions Policy and Procedures

It is our general policy to conduct our business activities and transactions with the highest level of integrity and ethical standards and in accordance with all applicable laws. In addition, it is our policy to avoid situations that create an actual or potential conflict between our interests and the personal interests of our officers and directors. Such principles are described in our Code of Business Conduct and Ethics. Our Code of Business Conduct and Ethics is applicable to our directors, officers, and employees (including our principal executive officer, principal financial officer and principal accounting officer) and is designed to promote compliance with the laws applicable to our business, accounting standards, and proper and ethical business methods and practices. Our Code of Business Conduct and Ethics is available on our website at <http://investors.sunpower.com/corporate-governance.cfm> under the link for “Code of Business Conduct and Ethics.” You may also request a copy by writing to us at SunPower Corporation, 77 Rio Robles, San Jose, California 95134, Attention: Corporate Secretary. If we amend our Code of Business Conduct and Ethics or grant a waiver applicable to our principal executive officer, principal financial officer or principal accounting officer, we will post a copy of such amendment or waiver on our website. Under our Corporate Governance Principles, the Audit Committee is responsible for reviewing and recommending changes to our Code of Business Conduct and Ethics.

Pursuant to our Corporate Governance Principles and our Audit Committee Charter, our Audit Committee will consider questions of actual and potential conflicts of interest (including corporate opportunities) of directors and officers, and approve or prohibit such transactions. The Audit Committee will review and approve in advance all proposed related-party transactions that would be required to be disclosed under Item 404 of Regulation S-K, in compliance with the applicable NASDAQ Stock Market rules. A related-party transaction will only be approved if the Audit Committee determines that it is in our best interests. If a director is involved in the transaction, he or she will be recused from all voting and approval processes in connection with the transaction.

Certain Relationships and Related Persons Transactions

Other than the compensation agreements and other arrangements described herein, and the transactions described below, since the start of our last fiscal year on January 4, 2016, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which we have been or will be a party:

in which the amount involved exceeded or will exceed \$120,000; and

in which any director, director nominee, executive officer, beneficial owner of more than 5% of any class of our common stock, or any immediate family member of such persons had or will have a direct or indirect material interest.

Agreements with Total Energies Nouvelles Activités USA, SAS and Total S.A.

Credit Support Agreement

In connection with the Tender Offer, on April 28, 2011, we entered into a Credit Support Agreement with Total S.A. Pursuant to the Credit Support Agreement, subject to the terms and conditions described below, Total S.A., as “Guarantor” agreed to enter into one or more guarantee agreements (each a “Guaranty”) with banks providing letter of credit facilities to us or our subsidiaries in support of our utility and power plant (“UPP”) and large commercial portion of the residential and commercial segment (“LComm”) businesses and certain other permitted purposes. Pursuant to such Guarantees, Guarantor would guarantee the payment to the applicable bank of our obligation to reimburse a draw on a letter of credit and pay interest thereon in accordance with the letter of credit facility between such bank and us. The Credit Support Agreement became effective on June 28, 2011 (the “CSA Effective Date”), was amended on June 7, 2011, December 12, 2011 and December 14, 2012, and was amended and restated on June 29, 2016.

Under the Credit Support Agreement, at any time from the CSA Effective Date until the fifth anniversary thereof, we could request that Guarantor provide a Guaranty with respect to a letter of credit facility. Guarantor was required to issue and enter into the Guaranty requested by us subject to certain terms and conditions, any of which could be waived by Total S.A. The aggregate

letter of credit amount could not exceed \$1 billion for the period from January 1, 2016 through the termination of the Credit Support Agreement (the “Maximum L/C Amount”), subject to certain adjustments.

Payments to be Paid by us to the Guarantor. In consideration for the commitments of Guarantor, we were required to pay Guarantor a guarantee fee, repay any payments made under any Guaranty plus interest, and pay certain expenses of Guarantor and interest on overdue amounts owed to Guarantor. The guarantee fee for each letter of credit that was the subject of a Guaranty and was outstanding for all or part of the preceding calendar quarter was equal to: (w) the average daily amount of the undrawn amount of such letter of credit plus the amount drawn on such letter of credit that had not yet been reimbursed by us or Guarantor, (x) multiplied by 2.35% for letters of credit issued or extended from the fourth anniversary of the CSA Effective Date until the fifth anniversary of the CSA Effective Date, (y) multiplied by the number of days that such letter of credit was outstanding, (z) divided by 365. We were required to reimburse payments made by Guarantor under any Guaranty within 30 days plus interest at a rate equal to LIBOR (as in effect as of the date of Guarantor’s payment) plus 3.00%. The expenses of Guarantor to be reimbursed by us included reasonable out-of-pocket expenses incurred after the CSA Effective Date in the performance of its services under the Credit Support Agreement and reasonable out-of-pocket attorneys’ fees and expenses incurred in connection with payments to a bank under a Guaranty or enforcement of any of our obligations. Overdue payment obligations accrued interest at a rate per annum equal to LIBOR as in effect at such time such payment was due plus 5.00%. Finally, we were solely responsible for any bank fees incurred in connection with securing any letter of credit facilities

Benchmark Credit Terms. Annually not later than every June 30, and also at any time we desired to obtain a letter of credit facility that would be the subject of a Guaranty, we were required to solicit benchmark credit terms for a letter of credit facility without a Guaranty from Guarantor and without collateral and report those benchmark terms to Guarantor. If (a) the annual fees payable by us on the issued amount of a letter of credit under a proposed letter of credit facility that was not guaranteed by Guarantor were equal to or less than 110% of the annual fees plus any applicable guarantee fee payable to Guarantor pursuant to a guaranteed letter of credit facility under the Credit Support Agreement, (b) the other fees payable under such non-guaranteed letter of credit facility were reasonable in light of the fees payable under a guaranteed letter of credit facility and the anticipated uses of such non-guaranteed letter of credit facility and (c) the other terms and conditions of such non-guaranteed letter of credit facility (including restrictive covenants) were reasonable in light of the anticipated use of such non-guaranteed letter of credit facility, then (i) we were required to enter into such non-guaranteed letter of credit facility as soon as commercially reasonable, (ii) we were required to reduce the commitments under guaranteed letter of credit facilities in an amount equal to such non-guaranteed letter of credit facility and (iii) so long as such non-guaranteed letter of credit facility remained in effect, the Maximum L/C Amount during such period was reduced by the maximum aggregate amount of the letters of credit that could be issued pursuant to such non-guaranteed letter of credit facility.

Covenants of SunPower. Under the Credit Support Agreement, we agreed to undertake certain actions, including, but not limited to, ensuring that our payment obligations to Guarantor ranked at least equal in right of payment with all of our other present and future indebtedness, other than certain permitted secured indebtedness. We agreed to refrain from taking certain actions as detailed in the Credit Support Agreement, including (1) amending any agreements related to any guaranteed letter of credit facility, (2) granting any lien to secure indebtedness unless (a) an identical lien was granted to Guarantor and (b) such other lien was at all times equal or subordinate to the priority of the lien granted to Guarantor under (a), and (3) making any equity distributions.

Trigger Events. Under the Credit Support Agreement, following a Trigger Event (as defined in the agreement and described below), and during its continuation, Guarantor could elect not to enter into any additional Guarantees; declare all or any portion of the outstanding amounts owed by us to Guarantor to be due and payable; direct banks that had provided guaranteed letter of credit facilities to stop all issuances of any additional letters of credit under such facilities; access and inspect our relevant financial records and other documents upon reasonable notice to us; and exercise all other rights it may have had under applicable law, provided that at its discretion Guarantor could also rescind such actions.

Each of the following events constituted a “Trigger Event”:

we defaulted with respect to our reimbursement obligations to Guarantor described above or any other payment obligation under the Credit Support Agreement that was 30 days overdue for which Guarantor had demanded payment in writing;

any representation or warranty made by us in the Credit Support Agreement was false, incorrect, incomplete or misleading in any material respect when made and had not been cured within 15 days after notice thereof by Guarantor;

we failed, and continued to fail for 15 days, to observe or perform any material covenant, obligation, condition or agreement in the Credit Support Agreement;

we defaulted in the observance or performance of any agreement, term or condition contained in a guaranteed letter of credit facility that would constitute an event of default or similar event thereunder (other than an obligation to pay any amount, the payment of which was guaranteed by Guarantor), up to or beyond any grace period provided in such facility, unless waived by the applicable bank and Guarantor;

we or any of our subsidiaries defaulted in the observance or performance of any agreement, term or condition contained in any bond, debenture, note or other indebtedness such that the holders of such indebtedness could accelerate the payment of \$25 million or more of such indebtedness; and

certain bankruptcy or insolvency events.

Termination. The Credit Support Agreement was scheduled to terminate following the fifth anniversary of the CSA Effective Date, after the later of the payment in full of all obligations thereunder and the termination or expiration of each Guaranty provided thereunder. The Credit Support Agreement was amended and restated on June 29, 2016.

Amended and Restated Credit Support Agreement

On June 29, 2016, we and Total S.A. entered into an Amended and Restated Credit Support Agreement (the “A&R Credit Support Agreement”), which amended and restated the Credit Support Agreement.

Under the A&R Credit Support Agreement, Total S.A. has agreed to enter into one or more Guaranties with banks providing letter of credit facilities to us in support of certain of our businesses and for other permitted purposes. Total S.A. will guarantee the payment to the applicable issuing bank of our obligation to reimburse a draw on a letter of credit and pay interest thereon in accordance with the letter of credit facility between such bank and us. The A&R Credit Support Agreement became effective on June 29, 2016 (the “A&R CSA Effective Date”). Under the Credit Support Agreement, at any time from the A&R CSA Effective Date until December 31, 2018, we may request that Total S.A. provide a Guaranty in support of our payment obligations with respect to a letter of credit facility. Such letters of credit must be issued no later than December 31, 2018 and expire no later than March 31, 2020. Total S.A. is required to issue and enter into the Guaranty requested by us, subject to certain terms and conditions. In addition, Total S.A. will not be required to enter into the Guaranty if, after giving effect to our request for a Guaranty, the sum of (a) the aggregate amount available to be drawn under all guaranteed letter of credit facilities, (b) the amount of letters of credit available to be issued under any guaranteed facility, and (c) the aggregate amount of draws (including accrued but unpaid interest) on any letters of credit issued under any guaranteed facility that have not yet been reimbursed by us, would exceed \$500 million in the aggregate. Such maximum amounts of credit support available to us can be reduced upon the occurrence of specified events.

In consideration for the commitments of Total S.A. pursuant to the A&R Credit Support Agreement, we are required to pay Total S.A. a guaranty fee for each letter of credit that is the subject of a Guaranty and was outstanding for all or part of the preceding calendar quarter, which fee (applied on a tiered basis) will be equal to: (x) the average daily amount of the undrawn amount outstanding on each guaranteed letter of credit plus any drawn amounts that have not been reimbursed by us or Total S.A., (y) multiplied by (1) 2.35% for letters of credit issued or extended if our leverage ratio (subject to reduction or increase consistent with the minimum leverage covenant set forth in the Revolving Credit Agreement among us, Crédit Agricole Corporate and Investment Bank (“Crédit Agricole”), as agent, and the lenders party thereto, as amended from time to time) (the “Leverage Ratio”) is less than or equal to 4.5 to 1.0; or (2) if the Leverage Ratio is greater than 4.5 to 1.0, 2.35% for letters of credit issued or extended for amounts less than \$200 million; 4.50% for amounts greater than or equal to \$200 million and less than \$300 million; 6.50% for amounts greater than or equal to \$300 million and less than \$400 million; and 8.00% for amounts greater than or equal to \$400 million and less than or equal to \$500 million (z) multiplied by the number of days during such calendar quarter that such letter of credit was outstanding, divided by 365. As an example, if at the end of a fiscal quarter our leverage ratio is greater than 4.5 to 1.0 and we had \$250 million in letters of credit outstanding during 50 days of the preceding calendar quarter, the guarantee fee would be equal to \$0.95 million $((\$200 \text{ million} * 2.35\% + \$50 \text{ million} * 4.5\%) * 50/365)$. In addition, we are required to pay Total S.A. a commitment fee equal to 0.50% times the average daily available facility amount for the preceding calendar quarter. We are also required to reimburse Total S.A. for payments made under any Guaranty and certain expenses of Total S.A., plus interest on both. In fiscal 2016, we incurred guaranty fees of approximately \$7.1 million to Total S.A. under the Credit Support Agreement and the A&R Credit Support Agreement.

We have agreed to undertake certain actions, including, but not limited to, ensuring that our payment obligations to Total S.A. rank at least equal in right of payment with all of our other present and future indebtedness, other than certain permitted secured indebtedness. We have also agreed to refrain from taking certain actions, including refraining from making any dividend distributions so long as it has any outstanding repayment obligation to Total S.A. resulting from a draw on a guaranteed letter of credit.

The A&R Credit Support Agreement will terminate following December 31, 2018, after the later of the satisfaction of all obligations thereunder and the termination or expiration of each Guaranty provided thereunder.

The A&R Credit Support Agreement may not be assigned by us without the prior written consent of Total S.A. Total S.A., as the initial guarantor (but not any assignee of Total S.A.), may assign its rights and obligations under the A&R Credit Support Agreement without our consent to an entity that is a Total S.A. subsidiary and which satisfies certain credit requirements. In connection with an assignment to an assignee that is rated lower than A/A2, Total S.A. would be required to either (a) pay to us an assignment fee equal to \$10 million as of June 29, 2016 and reduced by \$1 million at the beginning of each calendar quarter thereafter until reduced to zero (for example, the fee payable for an assignment on March 17, 2017 would be \$7 million) or (b) agree to pay us a make-whole amount based on a calculation of the amount actually paid by us to banks that are party to letter of credit facilities (both guaranteed and non-guaranteed) and to lenders in revolving credit facilities permitted under the A&R Credit Support Agreement in increased costs as a result of Total S.A.'s assignment of its rights and obligations under the A&R Credit Support Agreement. Such make-whole amount would be payable on a quarterly basis from the assignment date through the termination date of the A&R Credit Support Agreement.

Under the A&R Credit Support Agreement, we have agreed to undertake certain actions, including, but not limited to, ensuring that our payment obligations to Total S.A. rank at least equal in right of payment with all of our other present and future indebtedness, other than certain permitted secured indebtedness. We also agreed to refrain from taking certain actions as detailed in the A&R Credit Support Agreement, including (1) amending any agreements related to any guaranteed letter of credit facility, (2) granting any lien to secure indebtedness unless (a) an identical lien was granted to Total S.A. and (b) such other lien was at all times equal or subordinate to the priority of the lien granted to Total S.A. under (a), and (3) making any equity distributions.

Under the A&R Credit Support Agreement, following a Trigger Event (as defined in the agreement and described below), and during its continuation, Total S.A. could elect not to enter into any additional Guarantees; declare all or any portion of the outstanding amounts owed by us to Total S.A. to be due and payable; direct banks that had provided guaranteed letter of credit facilities to stop all issuances of any additional letters of credit under such facilities; access and inspect our relevant financial records and other documents upon reasonable notice to us; and exercise all other rights it may have had under applicable law, provided that at its discretion Total S.A. could also rescind such actions.

Each of the following events constitute a "Trigger Event":

we default with respect to our reimbursement obligations to Total S.A. described above or any other payment obligation under the A&R Credit Support Agreement that is 30 days overdue for which Total S.A. demands payment in writing;

any representation or warranty made by us in the A&R Credit Support Agreement was false, incorrect, incomplete or misleading in any material respect when made and is not cured within 15 days after notice thereof by Total S.A.;

we fail, and continued to fail for 15 days, to observe or perform any material covenant, obligation, condition or agreement in the A&R Credit Support Agreement;

we default in the observance or performance of any agreement, term or condition contained in a guaranteed letter of credit facility that would constitute an event of default or similar event thereunder (other than an obligation to pay any amount, the payment of which was guaranteed by Total S.A.), up to or beyond any grace period provided in such facility, unless waived by the applicable bank and Total S.A.;

we or any of our subsidiaries default in the observance or performance of any agreement, term or condition contained in any bond, debenture, note or other indebtedness such that the holders of such indebtedness could accelerate the payment of \$25 million or more of such indebtedness; and

certain bankruptcy or insolvency events.

Affiliation Agreement

In connection with the Tender Offer, we and Total entered into an affiliation agreement (the “Affiliation Agreement”). The Affiliation Agreement was amended on June 7, 2011, December 12, 2011, February 28, 2012 and August 10, 2012. The Affiliation Agreement governs the relationship following the closing of the Tender Offer between SunPower, on the one hand, and Total S.A., Total, any other affiliate of Total S.A. and any member of a group of persons formed for the purpose of acquiring, holding, voting, disposing of or beneficially owning our voting stock of which Total S.A. or any of its affiliates is a member (the “Total Group”), on the other hand.

Standstill. Following the closing of the Tender Offer and during the Standstill Period (as defined below), Total, Total S.A., and the Total Group may not:

effect or seek, or announce any intention to effect or seek, any transaction that would result in the Total Group beneficially owning shares in excess of the Applicable Standstill Limit (as defined below), or take any action that would require us to make a public announcement regarding the foregoing;

request that (i) we, (ii) our Board members that are independent directors and not appointed to the Board by Total (the “Disinterested Directors”), or (iii) our officers or employees, amend or waive any of the standstill restrictions applicable to the Total Group described above; or

enter into any discussions with any third party regarding any of the foregoing.

In addition, no member of the Total Group may, among other things, solicit proxies relating to the election of directors to our Board without the prior approval of the Disinterested Directors.

The Total Group is, however, permitted to either (i) make and consummate a Total Tender Offer or (ii) propose and effect a Total Merger so long as, in each case, Total complies with certain advance notice and prior negotiation obligations, including providing written notice to us at least 120 days before commencing or proposing such Total Tender Offer or Total Merger and making its designees reasonably available for the purpose of negotiation with the Disinterested Directors concerning such Total Tender Offer or Total Merger.

The “Standstill Period” is the period beginning on the date of the Affiliation Agreement and ending on the earlier to occur of:

a change of control of our company;

the first time that the Total Group beneficially owns less than 15% of outstanding voting power of our company;

we or our Board take or fail to take certain of the actions described below under “—*Events Requiring Stockholder Approval by Total*” or fail to comply with certain of the covenants described below under “—*Covenants of Total and SunPower*” during the time when Total, together with the controlled subsidiaries of Total S.A., owns 50% or less of the outstanding voting power of our company or 40% or less of the outstanding voting power of our company when at least \$100 million in Guarantees are outstanding under the Credit Support Agreement;

a tender offer for at least 50% of the outstanding voting power of our company is commenced by a third party after the time when Total, together with the controlled subsidiaries of Total S.A. owns 50% or less of the outstanding voting power of our company or 40% or less of the outstanding voting power of our company when at least \$100 million in Guarantees are outstanding under the Credit Support Agreement; and

the termination of the Affiliation Agreement.

The “Applicable Standstill Limit” is 70% of the lower of (i) the then outstanding shares of our common stock or (ii) the then outstanding voting power of our company.

During the Standstill Period, the Total Group will not be in breach of its standstill obligations described above if any member of the Total Group holds beneficial ownership of shares of our common stock in excess of the Applicable Standstill Limit solely as a result of:

recapitalizations, repurchases or other actions taken by us or our controlled subsidiaries that have the effect of reducing the number of shares of our common stock then outstanding;

the issuance of shares of our common stock to Total in connection with the acquisition of Tenesol SA; or

the rights specified in any “poison pill” share purchase rights plan having separated from the shares of our common stock and a member of the Total Group having exercised such rights.

Transfer of Control. If any member or members of the Total Group seek to transfer, in one or a series of transactions, either (i) 40% or more of the outstanding shares of our common stock or (ii) 40% or more of the outstanding voting power of our company to a single person or group, then such transfer must be conditioned on, and may not be effected, unless the transferee either:

makes a tender offer to acquire 100% of the voting power of our company, at the same price per share of voting stock and using the same form of consideration to be paid by the transferee to the Total Group; or

proposes a merger providing for the acquisition of 100% of the voting power of our company, at the same price per share of voting stock and using the same form of consideration to be paid by the transferee to the Total Group.

Total's Rights to Maintain. The Total Group has the following rights to maintain its ownership in us until (i) the first time that the Total Group owns less than 40% of the outstanding voting power of our company, or (ii) until the first time that Total transfers shares of our common stock to a person other than Total S.A. or a controlled subsidiary of Total S.A. and as a result of such transfer Total S.A. and its subsidiaries own less than 50% of the outstanding voting power of our company.

If we propose to issue new securities primarily for cash in a financing transaction, then Total has the right to purchase a portion of such new securities equal to its percentage ownership in us. Total can also elect to purchase our securities in open market transactions or through privately-negotiated transactions in an amount equal to its percentage ownership in connection with such issuance of new securities. If we propose to issue new securities in consideration for our purchase of a business or assets of a business, then Total has the right to purchase additional securities in the open market or through privately-negotiated transactions equal to its percentage ownership in us. Total has similar rights in the event that we issue or propose to issue (including pursuant to our equity plans or as the result of the conversion of our convertible securities) securities that, together with all other issuances of securities by us since the end of the preceding fiscal quarter aggregate to more than 1% of our fully diluted equity. Total has a nine-month grace period, subject to certain extensions to satisfy regulatory conditions, to acquire securities in the open market or through privately-negotiated transactions in connection with any of the securities issuances described above.

SunPower Board. The Affiliation Agreement provides that Total is entitled to designate nominees to our Board, subject to the maintenance of certain ownership thresholds described below. See “*Proposal One*” above for more details on our current Board membership.

So long as Total, together with the controlled subsidiaries of Total S.A., owns at least 10% of the outstanding voting power of our company, then our Board must use its reasonable best efforts to elect the directors designated by Total as follows:

until the first time that Total, together with the controlled subsidiaries of Total S.A., owns less than 50% of the voting power of our company, Total will be entitled to designate five nominees to serve on our Board;

until the first time that Total, together with the controlled subsidiaries of Total S.A., owns less than 50% but not less than 40% of the voting power of our company, Total will be entitled to designate four nominees to serve on our Board;

until the first time that Total, together with the controlled subsidiaries of Total S.A., owns less than 40% but not less than 30% of the voting power of our company, Total will be entitled to designate three nominees to serve on our Board;

until the first time that Total, together with the controlled subsidiaries of Total S.A., owns less than 30% but not less than 20% of the voting power of our company, Total will be entitled to designate two nominees to serve on our Board; and

until the first time that Total, together with the controlled subsidiaries of Total S.A., owns less than 20% but not less than 10% of the voting power of our company, Total will be entitled to designate one nominee to serve on our Board.

For as long as they are serving on our Board, the directors designated by Total will be allocated across the three classes that comprise our Board in a manner as equal as practicable.

Subject to the listing standards of The NASDAQ Stock Market, until the first time that Total, together with the controlled subsidiaries of Total S.A., owns less than 30% of the outstanding voting power of our company:

the Audit Committee will be composed of three Disinterested Directors;

the Compensation Committee and the Nominating and Governance Committee will each be composed of two Disinterested Directors and two directors designated by Total; and

any other standing committee will be composed of two Disinterested Directors and two directors designated by Total.

Until the first time that Total, together with the controlled subsidiaries of Total S.A., own less than 10% of the outstanding voting power of our company, a representative of Total will, subject to certain exceptions, be permitted to attend all meetings of our Board or any committee thereof in a non-voting, observer capacity (other than any committee whose sole purpose is to consider a transaction for which there exists an actual conflict of interest between the Total Group, on the one hand, and us and any of our affiliates, on the other hand).

Events Requiring Specific Board Approval. At any time when Total, together with the controlled subsidiaries of Total S.A., owns at least 30% of the outstanding voting power of our company, neither the Total Group nor we (or any of our affiliates) may effect any of the following without first obtaining the approval of a majority of the Disinterested Directors:

any amendment to our Certificate of Incorporation or By-laws;

any transaction that, in the reasonable judgment of the Disinterested Directors, involves an actual conflict of interest between the Total Group, on the one hand, and us and any of our affiliates, on the other hand;

the adoption of any shareholder rights plan or the amendment or failure to renew our existing shareholder rights plan;

except as provided above, the commencement of any tender offer or exchange offer by the Total Group for shares of our common stock or securities convertible into shares of our common stock, or the approval of a merger of us or any company that we control with a member of the Total Group;

any voluntary dissolution or liquidation of our company or any company that we control;

any voluntary bankruptcy filing by us or any company that we control or the failure to oppose any other person's bankruptcy filing or action to appoint a receiver of our company or any company that we control;

any delegation of all or a portion of the authority of our Board to any committee thereof;

any amendment, modification or waiver of any provision of the Affiliation Agreement;

any modification of, or action with respect to, director's and officer's insurance coverage; or

any reduction in the compensation of the Disinterested Directors.

Events Requiring Supermajority Board Approval. At any time when Total, together with the controlled subsidiaries of Total S.A., owns at least 30% of the outstanding voting power of our company, neither Total nor we (nor any of Total's or our affiliates, respectively) may, without first obtaining the approval of two-thirds of our directors (including at least one Disinterested Director), effect any approval or adoption of our annual operating plan or budget that has the effect of reducing the planned letter of credit utilization in any given year by more than 10% below the applicable maximum letter of credit amount in the Credit Support Agreement.

Events Requiring Stockholder Approval by Total. Until the first time that Total, together with the controlled subsidiaries of Total S.A., owns 50% or less of the outstanding voting power of our company or 40% or less of the outstanding voting power of our company when at least \$100 million in Guarantees are outstanding pursuant to the Credit Support Agreement and, thereafter, for so long as (1) any loans by Total S.A. to us remain outstanding, (2) any guarantees by Total S.A. of any of our indebtedness remain outstanding, or (3) any other continuing obligation of Total S.A. to or for the benefit of us remain outstanding ("Total Stockholder Approval Period"), neither we (including any of our controlled subsidiaries) nor our Board may effect any of the following without first obtaining the approval of Total:

any amendment to our Certificate of Incorporation or By-laws;

any transaction pursuant to which we or any company that we control acquires or otherwise obtains the ownership or exclusive use of any business, property or assets of a third party if as of the date of the consummation of such transaction the aggregate net present value of the consideration paid or to be paid exceeds the lower of (i) 15% of our then-consolidated total assets or (ii) 15% of our market capitalization;

any transaction pursuant to which a third party obtains ownership or exclusive use of any of our business, property or assets or those of any company that we control if as of the date of the consummation of such transaction the aggregate net present value of the consideration received or to be received exceeds the lower of (i) 10% of our then-consolidated total assets or (ii) 10% of our market capitalization;

the adoption of any shareholder rights plan or certain changes to our existing shareholder rights plan;

except for the incurrence of certain permitted indebtedness, the incurrence of additional indebtedness in excess of the difference, if any, of 3.5 times our LTM EBITDA (as defined in the Affiliation Agreement) less our Outstanding Gross Debt (as defined in the Affiliation Agreement);

subject to certain exceptions, any voluntary dissolution or liquidation of our company or any company that we control;

any voluntary bankruptcy filing by us or any company that we control or the failure to oppose any other person's bankruptcy filing or action to appoint a receiver of our company or any company that we control; or

any repurchase of our common stock.

Certain Matters Related to SunPower's Shareholder Rights Plan. Until the Total Group beneficially owns less than 15% of the outstanding voting power of our company, neither we nor our Board is permitted to adopt any shareholder rights plan or make certain changes to our existing shareholder rights plan without the approval of Total.

Covenants of Total and SunPower. In order to effect the transactions contemplated by the Affiliation Agreement, each of Total and we have committed to taking certain actions. With respect to us, such actions include:

amending our By-laws to provide that the Total Group may call a special meeting of stockholders in certain circumstances;

taking certain actions to exculpate Total S.A., Total, any controlled subsidiary of Total S.A. and those of our directors designated by Total from corporate opportunities, to the fullest extent permitted by applicable law;

taking certain actions to render Delaware's business combination statute inapplicable to the Total Group and certain future transferees of the Total Group;

making certain amendments to our shareholder rights plan, including excluding the Total Group from the definition of "Acquiring Person" under such plan;

renewing our existing shareholder rights plan so long as the Total Group beneficially owns at least 15% of our outstanding voting power; and

providing Total with certain of our financial information from time to time.

Termination. The Affiliation Agreement generally terminates upon the earlier to occur of (i) Total, together with the controlled subsidiaries of Total S.A., owning less than 10% of the outstanding voting power of our company or (ii) Total, together with the controlled subsidiaries of Total S.A., owning 100% of the outstanding voting power of our company.

Affiliation Agreement Guaranty

Total S.A. entered into a guaranty (the “Affiliation Agreement Guaranty”) in connection with the Tender Offer and entry into the Affiliation Agreement, pursuant to which Total S.A. unconditionally guarantees the full and prompt payment of Total S.A.’s, Total’s and each Total S.A. controlled company’s payment obligations under the Affiliation Agreement and the full and prompt performance of their respective representations, warranties, covenants, duties and agreements contained in the Affiliation Agreement.

Research & Collaboration Agreement

In connection with the Tender Offer, we and Total entered into a Research & Collaboration Agreement (the “R&D Agreement”) that established a framework under which the parties could engage in long-term research and development collaboration (the “R&D Collaboration”). The R&D Collaboration encompassed a number of different projects (“R&D Projects”), with a focus on advancing technology in the area of photovoltaics. The primary purpose of the R&D Collaboration was to: (i) maintain and expand our technology position in the crystalline silicon domain; (ii) ensure our industrial competitiveness; and (iii) guarantee a sustainable position for both us and Total to be best-in-class industry players.

The R&D Agreement contemplated a joint committee (the “R&D Strategic Committee”) that identified, planned and managed the R&D Collaboration. Due to the impracticability of anticipating and establishing all of the legal and business terms that would be applicable to the R&D Collaboration or to each R&D Project, the R&D Agreement set forth broad principles applicable to the parties’ potential R&D Collaboration, and the R&D Collaboration Committee established the particular terms governing each particular R&D Project consistent with the terms set forth in the R&D Agreement. In fiscal 2016, Total contributed \$0.6 million to us under the R&D Agreement.

Registration Rights Agreement

In connection with the Tender Offer, we and Total entered into a customary registration rights agreement (the “Registration Rights Agreement”) related to Total’s ownership of shares of our common stock. The Registration Rights Agreement provides Total with shelf registration rights, subject to certain customary exceptions, and up to two demand registration rights in any 12-month

period, also subject to certain customary exceptions. Total also has certain rights to participate in any registrations of securities that we initiate. We will generally pay all costs and expenses we incur and that Total incurs in connection with any shelf or demand registration (other than selling expenses incurred by Total). We and Total have also agreed to certain indemnification rights under the agreement. The Registration Rights Agreement terminates on the first date on which: (i) the shares held by Total constitute less than 5% of our then-outstanding common stock; (ii) all of our securities held by Total may be immediately resold pursuant to Rule 144 promulgated under the Exchange Act during any 90-day period without any volume limitation or other restriction; or (iii) we cease to be subject to the reporting requirements of the Exchange Act.

The Registration Rights Agreement was amended on May 29, 2013, in connection with the issuance of our 0.75% Senior Convertible Debentures due 2018, to provide that convertible debentures and our common stock underlying such debentures are “registrable securities” within the meaning of the Registration Rights Agreement.

Stockholder Rights Plan

On April 28, 2011, before the execution of the Tender Offer Agreement, we entered into an amendment (the “Rights Agreement Amendment”) to the Rights Agreement, dated August 12, 2008, by and between us and Computershare Trust Company, N.A., as Rights Agent (the “Rights Agreement”), in order to, among other things, render the rights therein inapplicable to each of: (i) the approval, execution or delivery of the Tender Offer Agreement; (ii) the commencement or consummation of the Tender Offer; (iii) the consummation of the other transactions contemplated by the Tender Offer Agreement and the related agreements; and (iv) the public or other announcement of any of the foregoing.

On June 14, 2011, we entered into a second amendment to the Rights Agreement (the “Second Rights Agreement Amendment”), in order to, among other things, exempt Total, Total S.A. and certain of their affiliates and certain members of a group of which they may become members from the definition of “Acquiring Person” thereunder, such that the rights issuable pursuant to the Rights Agreement will not become issuable in connection with the completion of the Tender Offer.

By-laws Amendment

On June 14, 2011, our Board approved amendments of our By-laws as required under the Affiliation Agreement. The amendments: (i) allow any member of the Total Group to call a meeting of stockholders for the sole purpose of considering and voting on a proposal to effect a Total Merger or a Transferee Merger (as defined in the Affiliation Agreement); (ii) provide that the number of directors of our Board shall be determined from time to time by resolution adopted by the affirmative vote of a majority of our entire Board at any regular or special meeting; and (iii) require,

before the termination of the Affiliation Agreement, the approval of a majority of our independent directors to amend our By-laws so long as Total, together with the controlled subsidiaries of Total S.A., owns at least 30% of our voting securities as well as require, before the termination of the Affiliation Agreement, Total's written consent during the Total Stockholder Approval Period to amend the By-laws. In addition, in November 2011, our By-laws were amended to remove restrictions prohibiting stockholder consents in writing.

The Credit Support Agreement, Amended and Restated Credit Support Agreement, Affiliation Agreement, Affiliation Agreement Guaranty, Research and Collaboration Agreement, Registration Rights Agreement, Rights Agreement Amendment, Second Rights Agreement Amendment and By-Law amendments, and amendments thereto, as described above are attached to, and more fully described in, our Form 8-Ks as filed with the SEC on May 2, 2011, June 7, 2011, June 15, 2011 and December 23, 2011, our Solicitation/Recommendation Statement on Form 14D-9 filed with the SEC on May 3, 2011, and our Form 10-Q as filed with the SEC on November 2, 2012.

Upfront Warrant

On February 28, 2012, in consideration for Total S.A.'s agreement to enter into a Liquidity Support Agreement and for Total S.A.'s commitments set forth in such agreement, we issued to Total a warrant (the "Upfront Warrant") that is exercisable to purchase 9,531,677 shares of our common stock at an exercise price of \$7.8685 per share, subject to adjustment for customary anti-dilution and other events. The Upfront Warrant is exercisable at any time for seven years after its issuance, provided that, so long as at least \$25 million of our existing convertible debt remains outstanding, such exercise will not cause "any person," including Total S.A., to, directly or indirectly, including through one or more wholly-owned subsidiaries, become the "beneficial owner" (as such terms are defined in Rule 13d-3 and Rule 13d-5 under the Securities and Exchange Act of 1934, as amended), of more than 74.99% of the voting power of our common stock at such time, because "any person" becoming such "beneficial owner" would trigger the repurchase or conversion of our existing convertible debt.

Sale of 0.75% Debentures Due 2018

In May 2013, we issued \$300 million in aggregate principal amount of our 0.75% Senior Convertible Debentures due 2018 (the “2018 Debentures”) in a private offering. \$200 million in aggregate principal amount of the 2018 Debentures were sold to Total by the initial purchasers of the 2018 Debentures. The 2018 Debentures are convertible into shares of our common stock at any time based on an initial conversion rate of 40.0871 shares of common stock per \$1,000 principal amount of 2018 Debentures (which is equivalent to an initial conversion price of approximately \$24.95 per share of our common stock), subject to adjustment under certain circumstances. The holders of the 2018 Debentures may require us to repurchase their 2018 Debentures under certain circumstances. The 2018 Debentures are subject to redemption at our option under certain circumstances.

Sale of 0.875% Debentures Due 2021

In June 2014, we issued \$400 million in aggregate principal amount of our 0.875% Senior Convertible Debentures due 2021 (the “2021 Debentures”) in a private offering. \$250 million in aggregate principal amount of the 2021 Debentures were sold to Total by the initial purchasers of the 2021 Debentures. The 2021 Debentures are convertible into shares of our common stock at any time based on an initial conversion rate of 20.5071 shares of common stock per \$1,000 principal amount of 2021 Debentures (which is equivalent to an initial conversion price of approximately \$48.76 per share of our common stock), subject to adjustment under certain circumstances. The holders of the 2021 Debentures may require us to repurchase their 2021 Debentures under certain circumstances. The 2021 Debentures are subject to redemption at our option under certain circumstances.

Sale of 4.00% Debentures Due 2023

In December 2015, we issued \$425 million in aggregate principal amount of our 4.00% Senior Convertible Debentures due 2023 (the “2023 Debentures”) in a private offering. \$100 million in aggregate principal amount of the 2023 Debentures were sold to Total by the initial purchasers of the 2023 Debentures. The 2023 Debentures are convertible into shares of our common stock at any time based on an initial conversion rate of 32.7568 shares of common stock per \$1,000 principal amount of 2023 Debentures (which is equivalent to an initial conversion price of approximately \$30.53 per share of our common stock), subject to adjustment under certain circumstances. The holders of the 2023 Debentures may require us to repurchase their 2023 Debentures under certain circumstances. The 2023 Debentures are subject to redemption at our option under certain circumstances.

Project Co-Development

In the ordinary course of our business, from time to time we enter into agreements with Total or its affiliates in connection with certain of our international project co-development initiatives, whereby SunPower and Total split the associated costs evenly. In fiscal 2016, such total project co-development costs were approximately \$3.4 million.

During fiscal 2016, in connection with a co-development project between us and Total, we made a \$7.0 million payment to Total in exchange for Total's ownership interest in the co-development project.

We have entered into an agreement to sell to Total one of our international power plant assets, with such sale expected to close in Q1 2017. We expect to receive from Total approximately \$0.4 million for our 50% equity stake in the asset. In addition, in connection with the project, we anticipate receiving from the project company to be wholly-owned by Total (i) a development fee of approximately \$1.8 million and (ii) a purchase price of approximately \$24.0 million for solar modules being sold for use on the project.

EPC, O&M Services and Components Agreements

In the ordinary course of our business, from time to time we enter into various engineering, procurement and construction ("EPC") services, operations and maintenance services ("O&M services") and component sales agreements relating to solar projects, including EPC services, O&M services and component sales agreements relating to projects owned or partially owned by Total or its affiliates. On November 9, 2016, we and Total executed a four-year, up to 200-MW supply agreement to support the solarization of Total facilities around the world. This agreement, which was amended and restated in March 2017 with changes not material to the Company, covers the supply of 150 MW of E-series panels with an option to purchase up to another 50 MW of P-Series panels, and includes a Q1 2017 pre-payment in the amount of approximately \$90 million. In fiscal 2016, we received an aggregate of approximately \$64.7 million from Total and its affiliates under EPC services, O&M services and component sales agreements in respect of projects in which Total has a direct or indirect material interest.

AUDIT COMMITTEE REPORT

The Audit Committee of our Board of Directors serves as the representative of the Board of Directors with respect to its oversight of:

our accounting and financial reporting processes and the audit of our financial statements;

the integrity of our financial statements;

our internal controls;

our compliance with legal and regulatory requirements and efficacy of and compliance with our corporate policies;

the independent registered public accounting firm's appointment, qualifications and independence; and

the performance of our internal audit function.

The Audit Committee also reviews the performance of our independent registered public accounting firm, Ernst & Young LLP, in the annual audit of financial statements and in assignments unrelated to the audit, and reviews the independent registered public accounting firm's fees.

The Audit Committee provides the Board such information and materials as it may deem necessary to make the Board aware of financial matters requiring the attention of the Board. The Audit Committee reviews our financial disclosures, and meets privately, outside the presence of our management, with our independent registered public accounting firm. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the audited financial statements in our Annual Report on Form 10-K for our fiscal year ended January 1, 2017 with management, including a discussion of the quality and substance of the accounting principles, the reasonableness of significant judgments made in connection with the audited financial statements, and the clarity of disclosures in the financial statements. The Audit Committee reports on these meetings to our Board of Directors.

Our management has primary responsibility for preparing our financial statements and for our financial reporting process. In addition, our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our independent registered public accounting firm, Ernst & Young LLP, is responsible for expressing an opinion on the conformity of our financial statements to generally accepted accounting principles, and

on the effectiveness of our internal control over financial reporting.

The Audit Committee reports as follows:

(1) The Audit Committee has reviewed and discussed the audited financial statements for fiscal year 2016 with our management.

(2) The Audit Committee has discussed with Ernst & Young LLP, our independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1301, "Communications with Audit Committees" issued by the Public Company Accounting Oversight Board.

(3) The Audit Committee has received the written disclosures and the letter from Ernst & Young LLP required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee regarding independence, and has discussed with Ernst & Young LLP its independence, including whether Ernst & Young LLP's provision of non-audit services to us is compatible with its independence.

The Audit Committee has adopted a policy that requires advance approval of all audit, audit-related, tax services, and other services performed by the independent registered public accounting firm. The policy provides for pre-approval by the Audit Committee (or its Chair pursuant to delegated authority) of specifically defined audit and non-audit services. Unless the specific service has been previously pre-approved with respect to that fiscal year, the Audit Committee (or its Chair pursuant to delegated authority) must approve the specific service before the independent registered public accounting firm is engaged to perform such services for us.

Based on the review and discussion referred to in items (1) through (3) above, the Audit Committee recommended to our Board of Directors, and the Board approved, the inclusion of our audited financial statements in our Annual Report on Form 10-K for the fiscal year ended January 1, 2017, as filed with the SEC.

The foregoing report was submitted by the Audit Committee of the Board and shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Exchange Act, and shall not be deemed incorporated by reference into any prior or subsequent filing by us under the Securities Act of 1933 or the Exchange Act.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Thomas R. McDaniel, Chair
Catherine A. Lesjak
Pat Wood III

DIRECTOR COMPENSATION

The following table sets forth a summary of the compensation we paid to our non-employee directors for fiscal 2016. The table does not include Mr. Werner, who did not receive separate compensation for his service on the Board.

2016 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)(2)(4)	Total (\$)
Total-designated members of the Board(3)	—	—	—
Catherine Lesjak	100,000	300,032	400,032
Thomas R. McDaniel	100,000	300,032	400,032
Pat Wood III(4)	125,000	300,032	425,032

The amounts reported in this column represent the aggregate cash retainers received by the non-employee directors (1) for fiscal 2016, but do not include amounts reimbursed to the non-employee directors for expenses incurred in connection with attending Board and committee meetings.

The amounts reported in this column represent the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (or FASB) ASC Topic 718 for restricted stock units granted to our (2) non-employee directors in fiscal 2016, as further described below. Each non-employee director received the following grants of restricted stock units on the following dates with the following grant date fair values (please note that some amounts reported may not add up exactly due to rounding on an award-by-award basis):

Non-Employee Director	Grant Date	Restricted Stock Units (#)	Grant Date Fair Value (\$)
Catherine Lesjak	2/11/2016	3,681	\$75,019
	5/11/2016	4,323	\$75,004
	8/11/2016	7,056	\$75,005
	11/11/2016	11,539	\$75,004
Thomas R. McDaniel	2/11/2016	3,681	\$75,019
	5/11/2016	4,323	\$75,004
	8/11/2016	7,056	\$75,005
	11/11/2016	11,539	\$75,004

Pat Wood III	2/11/2016	3,681	\$75,019
	5/11/2016	4,323	\$75,004
	8/11/2016	7,056	\$75,005
	11/11/2016	11,539	\$75,004

(3) Ms. Kristoffersen and Messrs. Lauré, Paszkiewicz and Wolffsheim, joined our Board on September 15, 2016, March 9, 2016, June 22, 2016 and September 15, 2016, respectively. Messrs. Arnaud Chaperon, Jean Marc Otero del Val, Bernard Clément, Denis Giorno and Humbert de Wendel resigned from our Board on September 15, 2016, March 8, 2016, January 19, 2017, June 21, 2016 and September 15, 2016, respectively.

(4) As of January 1, 2017, Mr. Wood held options for 6,000 shares. No other non-employee directors held stock awards or stock options as of January 1, 2017.

2016 Director Compensation Program

Our outside director compensation policy provides for the compensation set forth below for our non-employee directors, other than the Total-nominated directors:

an annual fee of \$400,000 (\$100,000 quarterly) for our non-employee directors (other than the Chairman of the Board) for service on our Board and on Board committees;

if our Chairman is an independent director, an annual fee of \$450,000 (\$112,500 quarterly) to our Chairman of the Board for service on our Board and on Board committees; and

an additional annual fee of \$25,000 (\$6,250 quarterly) to the lead independent director.

Our policy provides that these annual fees are prorated on a quarterly basis for any director that joins the Board during the year. The \$25,000 additional fee payable to the lead independent director is paid in cash. Any fees payable to the Chairman of the Board are paid in the form of restricted stock units. The other fees are paid on a quarterly basis, 25% in cash on or about the date of the quarterly Board meeting and 75% in the form of fully-vested restricted stock units on the 11th day in the second month of each quarter (or on the next trading day if such day is not a trading day). Any fractional shares resulting from this calculation are rounded up to a full share. The restricted stock units are settled in shares of our common stock within seven days of the date of grant. Because Mr. Werner is our President and Chief Executive Officer, he is not separately compensated for his service as Chairman of the Board. Similarly, because each of our Total-nominated directors do not qualify as independent directors under our director compensation policy, such individuals receive no director compensation.

Stock Ownership Guidelines

In 2015, we adopted stock ownership guidelines for our Chief Executive Officer, certain executive officers, and non-employee directors. Under the guidelines and subject to certain exceptions, non-employee directors are expected to own shares of our common stock that have a value equal to five times the annual cash retainer they receive for serving on our Board, with ownership measured at the end of each calendar year. Shares may be owned directly by the individual, owned by the individual's spouse, or held in trust for the benefit of the individual's family. Each non-employee director is expected to maintain ownership at or above the threshold applicable to them beginning the later of December 31, 2020 or five years after first becoming subject to the guidelines.

PROPOSAL TWO

ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, and Section 14A of the Exchange Act, we are asking our stockholders to again vote to approve, on an advisory (non-binding) basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the SEC's rules.

As described in detail under the headings "*Compensation Discussion and Analysis*" and "*Executive Compensation*," we have adopted an executive compensation philosophy designed to deliver competitive total compensation to our executive officers upon the achievement of financial and strategic performance objectives. In order to implement that philosophy, the Compensation Committee has established a disciplined process for adopting executive compensation programs and individual executive officer pay actions that includes the analysis of competitive market data, a review of each executive officer's role, performance assessments and consultation with the Compensation Committee's independent compensation consultant. Please read the "*Compensation Discussion and Analysis*" and "*Executive Compensation*" sections for additional details about our executive compensation programs, including information about the fiscal 2016 compensation of our named executive officers.

2016 Compensation Features. Our compensation programs are intended to align our executive officers' interests with those of our stockholders by rewarding performance that meets or exceeds the goals that the Compensation Committee establishes with the objective of increasing stockholder value. The Compensation Committee annually reviews the compensation programs for our named executive officers to ensure they achieve the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices. Among the program features incorporated by the Compensation Committee in fiscal 2016 to implement the executive compensation philosophy stated above are the following:

Revenue, EBITDA¹, and cash metrics and corresponding performance targets, along with corporate milestone performance targets and individual modifiers assigned based on individual performance, determined the actual payouts under our performance-based cash bonus programs (specifically, the 2016 Annual Bonus Program and the Executive Semi-Annual Incentive Bonus Plan) for our named executive officers.

Long-term incentives in the form of time- and performance-based restricted stock units comprised a large portion of each named executive officer's compensation and are linked to the long-term performance of our stock. Restricted stock units generally vest over four years, and performance-based restricted stock units are earned only after the achievement of corporate performance targets and also generally vest over a four-year period.

Earning performance-based restricted stock units depends on the achievement of performance targets corresponding to our revenue and EBITDA metrics, as well as other individualized metrics (in the case of certain of our executive officers).

Individual performance was also measured for each half of the fiscal year based on each named executive officer's achievement of his or her personal Key Initiatives, which support our corporate, strategic, and operational milestones, as well as other individual performance factors, as evaluated by our Chief Executive Officer (or, in the case of our Chief Executive Officer, by the Board) in connection with the assignment of an individual modifier to each named executive officer.

Our change of control severance agreements do not entitle our named executive officers to payment without termination of employment following a change of control (a "double trigger").

Our financial and operational performance was the key factor in the compensation decisions and outcomes for fiscal 2016, as further described in "*Compensation Discussion and Analysis*" and "*Executive Compensation*." One of the core tenets of our executive compensation philosophy is our emphasis on performance pay. As highlighted in the Compensation Components chart in "*Compensation Discussion and Analysis*," in fiscal 2016, a large portion of our named executive officers' target compensation (93% for our Chief Executive Officer and averaging 78% for our other named executive officers) consisted of annual and semi-annual incentive bonus programs and long-term equity incentives.

The Compensation Committee believes that our executive compensation programs, executive officer pay levels, and individual pay actions approved for our executive officers, including our named executive officers, are directly aligned with our executive compensation philosophy and fully support its goals. Performance with respect to our revenue metric target exceeded

¹ EBITDA is a non-GAAP financial measure defined as net income before income taxes, interest income, depreciation and amortization. See "*Use of Non-GAAP Financial Measures*" below.

the minimum trigger but fell short of target performance levels in fiscal 2016, and performance with respect to our EBITDA metric target fell short of the minimum trigger, which, combined, resulted in performance-based restricted stock awards being earned at approximately 28% of the target level. Our corporate performance in fiscal 2016 also resulted in aggregate cash bonus awards under our performance-based cash bonus programs below the target level. We are asking our stockholders to indicate their support for our named executive officer compensation as described in this proxy statement. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to express their views on our named executive officers’ compensation. This vote is not intended to address any specific compensation item, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, the Board recommends that our stockholders vote “FOR” the following resolution at the Annual Meeting:

“RESOLVED, that, on an advisory basis, the compensation of SunPower’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and related narratives and descriptions in SunPower’s proxy statement for the Annual Meeting, is hereby APPROVED.”

Vote Required

The non-binding advisory vote on named executive officer compensation requires the affirmative vote of the holders of a majority of our stock having voting power and in attendance or represented by proxy at the Annual Meeting. “Broker non-votes” have no effect and will not be counted towards the vote total for this proposal. Abstentions will have the effect of votes against this proposal.

Although the say-on-pay vote is advisory, and therefore not binding on us, the Compensation Committee or our Board, our Board and our Compensation Committee value the opinions of our stockholders. To the extent there is any significant vote against our named executive officers’ compensation as disclosed in this proxy statement, we expect to consider our stockholders’ concerns and the Compensation Committee expects to evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC ON A NON-BINDING, ADVISORY BASIS.

PROPOSAL THREE

ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION

The Dodd-Frank Act and Section 14A of the Exchange Act also requires us to ask our stockholders to vote, on an advisory (non-binding) basis, at the Annual Meeting on how frequently we should seek future advisory votes on the compensation of our named executive officers. In voting on this proposal, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation every one, two, or three years.

While we will continue to monitor developments in this area, our Board believes that an advisory vote to approve executive compensation every year is appropriate. This will enable our stockholders to vote, on an advisory basis, on the most recent executive compensation information that is presented in our proxy statement, leading to a more meaningful and coherent communication between us and our stockholders on the executive compensation of our named executive officers.

Based on the factors discussed, our Board recommends that future advisory votes to approve executive compensation occur every year until the next advisory vote on the frequency of advisory votes to approve executive compensation. Stockholders are not being asked to approve or disapprove our Board's recommendation, but rather to indicate their choice among the following frequency options: one year, two years or three years, or to abstain from voting.

Vote Required

The option of one year, two years or three years that receives the highest number of votes cast by holders of our stock having voting power and in attendance or represented by proxy at the Annual Meeting will be the frequency of future advisory votes on executive compensation that has been recommended by our stockholders. Neither "broker non-votes" nor abstentions will be counted towards the vote total for this proposal.

Although the frequency of say-on-pay vote is advisory, and therefore not binding on us, the Compensation Committee or our Board, our Board and our Compensation Committee value the opinions of our stockholders. To the extent there is any significant vote against our proposed frequency, we expect to consider our stockholders' concerns and the Compensation Committee expects to evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EVERY YEAR AS THE FREQUENCY WITH WHICH OUR STOCKHOLDERS WILL BE PROVIDED FUTURE ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC ON A NON-BINDING, ADVISORY BASIS.

EXECUTIVE OFFICERS

Biographical information for our executive officers, other than Mr. Werner, is listed below. Biographical information for Mr. Werner, who is both a director and an executive officer of the Company, can be found in the section entitled “*Proposal One—Re-election of Class III Directors*”.

Name	Age	Position
Charles D. Boynton	49	Executive Vice President and Chief Financial Officer, and Principal Accounting Officer
Kenneth J. Mahaffey	48	Executive Vice President, General Counsel and Corporate Secretary
Bill Mulligan	56	Executive Vice President, Global Operations
Douglas J. Richards	58	Executive Vice President, Administration

Mr. Charles D. Boynton has served as our Executive Vice President, Chief Financial Officer, and Principal Accounting Officer since October 2016. From March 2012 to October 2016, Mr. Boynton served as our Executive Vice President and Chief Financial Officer. In March 2012, Mr. Boynton also served as our Acting Financial Officer. From June 2010 to March 2012, he served as our Vice President, Finance and Corporate Development, where he drove strategic investments, joint ventures, mergers and acquisitions, field finance and finance, planning and analysis. Before joining SunPower in June 2010, Mr. Boynton was the Chief Financial Officer for ServiceSource, LLC from April 2008 to June 2010. From March 2004 to April 2008 he served as the Chief Financial Officer at Intelliden. Earlier in his career, Mr. Boynton held key financial positions at Commerce One, Inc., Kraft Foods, Inc. and Grant Thornton, LLP. He is a member of the board of trustees of the San Jose Technology Museum of Innovation and has served as Chairman and Chief Executive Officer of 8Point3 Energy Partners LP since June 2015. Mr. Boynton was a certified public accountant, State of Illinois, and a Member FEI, Silicon Valley Chapter. Mr. Boynton earned his master’s degree in business administration at Northwestern University and his Bachelor of Science degree in business from Indiana University.

Mr. Kenneth J. Mahaffey has served as our Executive Vice President, General Counsel and Corporate Secretary since November 2016. Mr. Mahaffey previously served as our Vice President, General Counsel, Global Business Units from January 2007 to October 2016. From September 2006 to January 2007, he served as Associate General Counsel of PowerLight Corporation, a solar system integration company that we acquired in January 2007 and subsequently renamed SunPower Corporation, Systems. Before PowerLight, Mr. Mahaffey was in private practice from 1995 to 2006. Mr. Mahaffey has a Bachelor of Arts degree from University of California, San Diego, and a Juris Doctor degree from McGeorge School of Law, University of the Pacific.

Dr. Bill Mulligan has served as our Executive Vice President, Global Operations since February 2017, responsible for leading our global operations and worldwide materials sourcing. Dr. Mulligan originally joined SunPower in 1998 and worked for more than 12 years as Vice President of research and development, where he led the development of our PV cell technology and the world's highest efficiency commercial solar panel. He left SunPower in 2010, but returned four years later with our acquisition of SolarBridge, where he was serving as President and CEO. Most recently he was SunPower's Vice President Upstream Strategy. Dr. Mulligan has more than 30 years of solar and microelectronics industry experience, and prior to SunPower served in various engineering and management positions at JX Crystals, Inc., the National Renewable Energy Laboratory, AstroPower, and Fairchild/ National Semiconductor. Dr. Mulligan received dual undergraduate degrees in chemistry and history from the University of Washington, a master's of science in chemical engineering from the University of Michigan and his doctorate in materials science from the Colorado School of Mines. He holds 10 patents and is the author of more than 30 publications related to solar energy.

Mr. Douglas J. Richards has served as our Executive Vice President, Administration since November 2011. From April 2010 to October 2011, Mr. Richards served as our Executive Vice President, Human Resources and Corporate Services. From September 2007 to March 2010, Mr. Richards served as our Vice President, Human Resources and Corporate Services. From 2006 to 2007, Mr. Richards was Vice President of Human Resources and Administration for SelectBuild, a construction services company and a wholly-owned subsidiary of BMHC, and from 2000 to 2006, Mr. Richards was Senior Vice President of Human Resources and Administration for BlueArc, a provider of high performance unified network storage systems to enterprise markets. Before BlueArc, Mr. Richards spent 10 years at Compaq Computer Corporation and five years at Apple Computer, Inc. in various management positions. Mr. Richards graduated from California State University, Chico, with a Bachelor of Arts degree in public administration.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis provides a detailed review and analysis of our compensation policies and programs that applied to our named executive officers during the fiscal year ended January 1, 2017. Our named executive officers, as set forth in the following table, were our Chief Executive Officer, our Chief Financial Officer, and the next three most highly- compensated executive officers serving as of January 1, 2017.

Name	Title
Thomas H. Werner	President and Chief Executive Officer
Charles D. Boynton	Executive Vice President and Chief Financial Officer
Howard J. Wenger (1)	President, Business Units
Marty T. Neese (2)	Chief Operating Officer
Douglas J. Richards	Executive Vice President, Administration

(1) Mr. Wenger's employment terminated on March 3, 2017.

(2) Mr. Neese's employment terminated on February 10, 2017.

Executive Summary

Our compensation programs are intended to align our named executive officers' interests with those of our stockholders by rewarding performance that meets or exceeds the goals that the Compensation Committee establishes with the ultimate objective of increasing stockholder value. We have adopted an executive compensation philosophy designed to deliver competitive total compensation upon the achievement of financial and strategic performance objectives. The total compensation received by our named executive officers varies based on corporate and individual performance, as measured against performance goals. Therefore, a significant portion of each named executive

officer's total pay is tied to Company performance (see the "2016 Compensation Components" chart below).

In fiscal 2016 we faced significant market challenges, which impacted our margins and prompted us to implement changes to our business in order to realign our downstream investments, optimize our supply chain, and reduce operating expenses. This impacted our financial and operational results for fiscal 2016:

We achieved \$2.7 billion in annual revenue and adjusted EBITDA² of \$163.6 million (a GAAP net loss of \$3.41 per diluted share) in fiscal 2016, lower than our targets for each measure.

We undertook a major restructuring in order to reduce our costs and rationalize our manufacturing capacity, which included a reduction in our workforce and closure of Fab 2, and scaled back our power plants approach and realigned our development business to focus on core markets.

We completed construction of our 128 MW Henrietta project in California, the 125 MW Boulder Solar project in Nevada, and our 27 MW Nanao project in Japan, and ended the year with a more than 2.5 GW pipeline in Latin America.

To supplement its consolidated financial results presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses non-GAAP measures that are adjusted for certain items from the most directly comparable GAAP measures, as described below in the section entitled "*Use of Non-GAAP Financial Measures*". The specific non-GAAP measures used are revenue and adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA). These non-GAAP measures are not prepared in accordance with GAAP or intended to be a replacement for GAAP financial data; the non-GAAP measures should be reviewed together with the GAAP measures and are not intended to serve as a substitute for results under GAAP, and may be different from non-GAAP measures used by other companies. Non-GAAP revenue includes adjustments relating to 8point3, utility and power plant projects, the sale of operating lease assets, and sale-leaseback transactions, each as described below in "*Use of Non-GAAP Financial Measures*". In addition to the same adjustments as non-GAAP revenue, Adjusted EBITDA includes adjustments relating to stock-based compensation expense, amortization of intangible assets, non-cash interest expense, goodwill impairment, restructuring expense, arbitration ruling, IPO-related costs, cash interest expense (net of interest income), provision for (benefit from) income taxes, depreciation, and other items, each as described below in "*Use of Non-GAAP Financial Measures*".

We achieved record performance in our existing manufacturing facilities, ramped up our new Performance Series (P-Series) panel manufacturing facility in Mexicali, and taking a long view on capacity, acquired AUO's portion of our Malaysia joint venture.

We saw continuing growth in our North American residential business, and we signed an exclusive arrangement with AT&T to co-market our high efficiency solar solutions to their customers and expanded our partnership with Consolidated Edison in New York to include storage solutions.

We successfully launched our SunPower Equinox™ platform, a complete residential equipment solution, and our SunPower® Oasis® 3.0 platform for utility scale solar.

8point3 Energy Partners, our joint YieldCo with First Solar, marked its first full year of operations, as it acquired more than 400 MW of projects, increased its annual distribution by 15 percent and successfully raised more than \$100 million from investors.

For fiscal 2016, our financial performance and the difficult market environment we faced were the key factors in the compensation decisions and outcomes for the year. In fiscal 2016, the highlights of our named executive officer compensation program were as follows:

Our annual bonus program incorporated financial metrics that we believe align our compensation practices with our business goals and, correspondingly, align executives' interests with stockholders' interests. Achievement of performance targets related to our revenue and EBITDA, along with achievement of our corporate milestone performance targets and individual modifiers assigned based on individual performance determined the actual payouts under our performance-based cash bonus programs (specifically, the 2016 Annual Bonus Program and the Amended and Restated Executive Semi-Annual Incentive Bonus Plan, which we refer to as our Executive Semi-Annual Plan) for our named executive officers. Our corporate performance in fiscal 2016 resulted in aggregate cash bonus awards under these programs below the target level. Performance metrics, thresholds, and targets are further described below in *"Executive Compensation—Non-Equity Incentive Plan Compensation."*

During fiscal 2016, in response to difficult market conditions and out of a desire to focus our executives on cash preservation, we replaced the metrics and goals previously approved in respect of the Executive Semi-Annual Plan with a cash trigger tied to fiscal 2016 ending cash. We did not make payments to our executive officers under the Executive Semi-Annual Plan after we failed to achieve this target. Performance metrics, thresholds, and targets are further described below in *"Executive Compensation—Non-Equity Incentive Plan Compensation."*

Long-term incentives in the form of time- and performance-based restricted stock units comprised more than 50% of each named executive officer's compensation and were linked to the long-term performance of our stock. Restricted stock units generally vest over three or four years. Performance-based restricted stock units were earned only after the achievement of corporate performance targets and, to the extent earned, generally vest over a three- or four-year period.

Certain performance-based restricted stock units granted in 2016 to each of our named executive officers were only earned if we achieved performance targets set in respect of our revenue and EBITDA metrics. Performance with respect to the revenue target exceeded the minimum performance level but fell short of the target performance level, and performance with respect to the profitability metric target fell short of the minimum performance level, which resulted in 28.7% of these equity awards being earned. Performance metrics, thresholds, and targets are further described below in “*Executive Compensation—Equity Incentive Plan Compensation.*”

Additional performance-based restricted stock units granted in 2016 to Mr. Werner were only earned if we achieved performance targets set in respect of other specified metrics relating to other strategic goals. Those awards, as well as performance metrics, and achievement levels with respect to all such awards, are further described below in “*Executive Compensation—Equity Incentive Plan Compensation.*”

In fiscal 2016, we raised the salary of Mr. Boynton, our Executive Vice President and Chief Financial officer, by 4%. We did not raise the salary of any of our other named executive officers, including Mr. Werner, our Chief Executive Officer.

Effective August 1, 2016, at Mr. Werner’s request in light of difficult market conditions and to set an example for cost reduction across the organization, Mr. Werner’s salary was reduced to \$1, net of benefit costs, for the remainder

of fiscal 2016. Mr. Werner also communicated his intention to decline any bonus earned for fiscal 2016 pursuant to our performance-based cash bonus programs (specifically, the 2016 Annual Bonus Program and the Executive Semi-Annual Plan).

Our change of control severance agreements entitle our named executive officers to severance benefits only in connection with termination of employment following a change of control.

In fiscal 2016, a significant majority of our named executive officers' target compensation (93% for our Chief Executive Officer, before taking into account his salary reduction and decline of bonus payout, and averaging 78% for our other named executive officers) consisted of semi-annual and annual bonus programs and long-term equity incentives.

At our 2016 Annual Meeting of Stockholders, our stockholders voted to approve, on an advisory basis, the compensation of our named executive officers, as disclosed in the proxy statement for that meeting. We refer to this vote as our Say-on-Pay vote. Our Compensation Committee considered the results of the Say-on-Pay vote (which received 98% approval of the votes cast) at its meetings after the Say-on-Pay vote when it set annual executive compensation. After our Compensation Committee reviewed the stockholders' approval of the Say-on-Pay vote in 2016, our Compensation Committee decided to maintain the general framework of our fiscal 2015 compensation policies and programs for our named executive officers in fiscal 2016, with certain modifications, as it believed such programs continued to be in the best interest of our stockholders.

The following discussion should be read together with the information we present in the compensation tables, the footnotes and narratives to those tables and the related disclosure appearing in "*Executive Compensation*" below.

General Philosophy and Objectives

In fiscal 2016, we continued to operate a compensation program designed primarily to reward our named executive officers based on our financial performance and the achievement of corporate objectives consistent with increasing long-term stockholder value. Our compensation program continued to be based on the following principal goals:

aligning executive compensation with business objectives and performance;

enabling us to attract, retain, and reward executive officers who contribute to our long-term success; and

providing long-term incentives to executives to work to maximize stockholder value.

In order to implement our philosophy, the Compensation Committee has a disciplined process for adopting executive compensation programs and individual executive officer pay actions that includes the analysis of competitive market data, a review of each executive officer's role, performance assessments, and consultation with the Compensation Committee's independent compensation consultant, as described below.

The Compensation Committee believes that the most effective executive compensation program is one that rewards the achievement of specific corporate and financial goals, with the ultimate objective of increasing stockholder value. In addition, we believe the mix of base salary, performance-based cash awards, and time-based and performance-based equity awards provides proper incentives without encouraging excessive risk taking. We believe that the risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on our company.

Compensation Setting Process

The Compensation Committee is responsible for managing the compensation of our executive officers, including our named executive officers, in a manner consistent with our compensation philosophy. In accordance with the "controlled company" exception under the applicable listing standards of The NASDAQ Stock Market, our Compensation Committee is composed of two independent directors and two directors designated by our controlling stockholder, Total. We also have a Section 16/162(m) Subcommittee of the Compensation Committee consisting solely of independent directors available to approve certain compensation matters in accordance with Section 162(m) of the Code and Rule 16b-3 of the Exchange Act. The Compensation Committee establishes our compensation philosophy and objectives and annually reviews and, as necessary and appropriate, adjusts each named executive officer's compensation. Consistent with its philosophy, the Compensation Committee offered our named executive officers total target compensation opportunities ranging from the 50th percentile to the 75th percentile of our peer group of companies (as further described below) during fiscal 2016. When determining appropriate compensation for the named executive officers, the Compensation Committee considered the advice of an independent compensation consultant, recommendations from management and internal compensation specialists, practices of companies within our peer group, our performance, our business plan and individual performance. As part of this process, the compensation consultant prepared a competitive analysis of our compensation program, and management presented

its recommendations regarding base salary, time- and performance-based equity awards and performance targets under our 2016 Annual Bonus Program and Executive Semi-Annual Bonus Plan to the Compensation Committee for its review and consideration. The Compensation Committee accepts, rejects, or accepts as modified, management's various recommendations regarding compensation for the named executive officers other than our Chief Executive Officer. The Compensation Committee also approves, after modification, management's recommendations on various performance targets and milestones. The Compensation Committee met without our Chief Executive Officer when reviewing and establishing his compensation.

Compensation Consultant and Peer Group

In fiscal 2016, the Compensation Committee again directly engaged and retained Radford, a compensation consulting firm and a business unit of Aon Hewitt, to identify and maintain a list of our peer group of companies. The Compensation Committee selected Radford on the basis of its experience and familiarity with the technology industry. The Compensation Committee established the peer group used in connection with fiscal 2016 compensation decisions consistent with the Compensation Committee's belief that the peer group should closely match our business, and be based on our historical and anticipated growth. In comparison to our peer group used for purposes of setting fiscal 2015 compensation, our peer group in fiscal 2016 was updated to remove three companies, Energizer Holdings, Inc., International Rectifier and Roper Industries, Inc. and to add seven companies, Advanced Micro Devices, Inc., ARRIS Group, Inc., Belden Inc., Lam Research Corporation, Marvell Technology Group Ltd., NVIDIA Corporation and SolarCity Corporation. The peer group was selected using a mix of the following factors:

Publicly-traded North American semiconductor, semiconductor equipment, communications equipment and clean technology companies; and

Companies with between 50% and 250% of each of our annual revenues, market value and employee headcount.

The Compensation Committee believes the characteristics of our fiscal 2016 peer group closely match those of our core business. The companies included in our peer group for purposes of establishing fiscal 2016 compensation are listed below:

Advanced Micro Devices, Inc.	KLA-Tencor Corporation
Altera Corporation	Lam Research Corporation
Analog Devices, Inc.	Linear Technology Corporation
ARRIS Group, Inc.	Marvell Technology Group Ltd.
AVX Corporation	NVIDIA Corporation
Belden Inc.	ON Semiconductor Corporation
Fairchild Semiconductor International, Inc.	Quanta Services, Inc.
First Solar, Inc.	SolarCity Corporation

FLIR Systems, Inc.
Hexcel Corporation
Itron, Inc.
JDS Uniphase Corporation
Juniper Networks, Inc.

SunEdison, Inc.
Trimble Navigation Limited
Waters Corporation
Xilinx, Inc.

Radford provided the Compensation Committee with market information on the peer companies, as well as aggregated data on the broader technology market with respect to base salaries, cash bonus awards as a percentage of base salaries, total cash compensation, equity awards, and total direct compensation. In fiscal 2016, Radford also advised the Compensation Committee in connection with evaluating our compensation practices, developing and implementing our executive compensation program and philosophy, establishing total compensation targets, and setting specific compensation components to reach the determined total compensation targets. We also participated in the Radford Global Technology Survey. Radford did not provide any services to us other than advising the Compensation Committee and us, at the direction of the Compensation Committee, on executive compensation issues. The Compensation Committee has considered and assessed all relevant factors, including, but not limited to, those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act, that could give rise to a potential conflict of interest with respect to the compensation consultant described above. Based on this review, the Compensation Committee determined that no material conflict of interest has been raised by the work performed by Radford.

Benchmarking

In making its compensation decisions for our named executive officers for fiscal 2016, the Compensation Committee benchmarked each named executive officer's total compensation to the compensation of individuals in comparative positions at companies in the peer group based on information that management obtained from public filings, supplemented by data Radford provided from surveys. In general, the Compensation Committee initially established base salaries at the 50th percentile of the peer group and both performance-based cash bonus awards and long-term time- and performance-based equity awards generally above the 50th percentile of the peer group. In establishing incentive opportunities, the Compensation Committee focused on corporate performance so that if our corporate performance was achieved at target levels, the Compensation Committee expected that our named executive officers' total pay would be between the 50th percentile of the peer group and the 75th percentile of the peer group. The Compensation Committee viewed benchmarking as just the beginning, and not the end, of its discussion regarding our named executive officers' pay opportunities for fiscal 2016, and looked to individual performance, the named executive officer's experience in the executive role, and the executive's scope of responsibility being narrower or broader than that of comparable positions at our peer group companies to establish final pay opportunities either above or below the initial benchmarks.

2016 Compensation Components

For fiscal 2016, the Compensation Committee allocated total compensation among various pay elements consisting of base salary, performance-based cash bonus awards, time-based equity awards, performance-based equity awards, and perquisites and other compensation. The table below provides an overview of each element of compensation and is followed by a further discussion and analysis of the specific decisions that we made for each element for fiscal 2016:

Compensation Component	Objective and Basis	Form	Practice
Base salary	Fixed compensation that is set at a competitive level for each position to reward demonstrated experience and skills.	Cash	Competitive market ranges are generally established at the 50 th percentile, with consideration for experience and scope of role relative to comparable positions in one peer group.
Performance-based cash bonus awards	Semi-annual and annual incentives that drive our performance and align executives' interests with stockholders' interests.	Cash	Target incentives are set as a percentage of base salary and are based on benchmarking from the 50 th to the 75 th percentile. Actual payment is calculated based on achievement of corporate and individual goals.
Time-based equity awards	Long-term incentive that aligns executives' interests with stockholders' interests	Restricted stock units	Target equity awards (time-based plus performance-based) generally set between the 50 th percentile and the 75 th percentile.

Performance-based equity awards	and helps retain executives through long-term vesting periods. Long-term incentive that focuses and rewards our performance and aligns executives' interests with stockholders' interests and helps retain executives through long-term vesting periods.	Performance stock units	Target equity awards (time-based plus performance-based) generally set between the 50 th percentile and the 75 th percentile. Actual payment is calculated based on achievement of corporate goals.
Perquisites and other compensation	Offered to attract and retain talent and to maintain competitive compensation packages.	Various	Named executive officers are eligible for certain severance benefits pursuant to their employment agreements and our 2014 Management Career Transition Plan. We do not provide any special perquisites to our named executive officers. Named executive officers are eligible to participate in health and welfare benefits and 401(k) matching available to all employees.

The relative proportion of each element for fiscal 2016, as set forth below, was based generally on the Compensation Committee's comparison of compensation that we offered our named executive officers against compensation offered by peer group companies to their named executive officers, the tax and accounting consequences of certain types of equity compensation, and a desire to allocate a higher proportion of total compensation to performance-based and equity incentive awards.

2016 Compensation Components

Analysis of Fiscal 2016 Compensation Decisions

Base Salary. For fiscal 2016, only Mr. Boynton received an increase in base salary to bring his base salary closer to the compensation paid by companies in our competitive peer group for similar positions. The Compensation Committee chose not to adjust the base salaries of our other named executive officers after determining the levels were consistent with market practices and reflective of their roles, skill sets, and performance. In August 2016, we reduced our Chief Executive Officer's base salary to \$1, net of benefit costs, at his request, in recognition of the difficulties faced by our company in the remainder of 2016 and as part of our cost cutting measures implemented in our third quarter.

The table below sets forth the salaries in effect in fiscal 2016 compared with the salaries in effect in fiscal 2015 for each of our named executive officers:

Name	2015 Base Salary(1)	2016 Base Salary(2)	% Increase
Thomas H. Werner	\$ 600,000	\$ 347,959(3)	—
Charles D. Boynton	\$ 450,000	\$ 470,000	4.4%
Howard J. Wenger (4)	\$ 460,000	\$ 460,000	—
Marty T. Neese (5)	\$ 450,000	\$ 450,000	—
Douglas J. Richards	\$ 370,000	\$ 370,000	—

(1) These amounts represent 2015 base salaries after April 1, 2015.

(2) These amounts represent 2016 base salaries after April 1, 2016.

(3) Reflects an annualized salary of \$600,000, which was reduced at Mr. Werner's request as of August 1, 2016 to \$1, net of benefit costs, for the remainder of fiscal 2016.

(4) Mr. Wenger's employment terminated on March 3, 2017.

(5)Mr. Neese's employment terminated on February 10, 2017.

Performance-Based Cash Bonus Awards. As in the prior fiscal year, we maintained two performance-based cash bonus programs during fiscal 2016 in order to link bonus payments both to corporate financial goals and operational objectives and to individual performance. The first program was our Annual Executive Bonus Plan, under which we adopted the 2016 Annual Bonus Program. The second program was our Executive Semi-Annual Incentive Bonus Plan (referenced as our Semi-Annual Bonus Plan).

Because we generally set base salaries for our executive officers at the 50th percentile of the range of salaries for executive officers in similar positions and with similar responsibilities at comparable companies, we rely on performance-based cash bonus awards to elevate target total cash compensation to between the 50th percentile and the 75th percentile. In fiscal 2016, target cash compensation (base salary plus target bonus opportunity) was set between the 50th and 75th percentile for each named executive officer, except for Mr. Neese, whose target bonus opportunity was set above the 75th percentile to achieve the desired total target cash compensation.

In fiscal 2016, we allocated 75% of each named executive officer's aggregate annual target cash bonus awards under the 2016 Annual Bonus Program and 25% under the Executive Semi-Annual Bonus Plan, to tie a significant proportion of our named executive officers' incentive compensation to our full fiscal year operating and financial results. The table below summarizes the total target payout levels for each named executive officer in each of fiscal 2015 and fiscal 2016, as well as the target payout levels under the 2016 Annual Bonus Program and the Executive Semi-Annual Bonus Plan (for fiscal 2016), expressed as a percentage of annual base salary. For 2016, the Compensation Committee maintained target payout levels under these programs at the same percentage of annual salary for each of our named executive officers, after it evaluated the market data, individual performance, and the scope of the named executive officer roles.

Name	2015 Total				2016		2016	
	Target Payout (including Annual and Quarterly Programs) as Percentage of Annual Salary		2016 Total Target Payout (including Annual and Semi-Annual Programs) as Percentage of Annual Salary		Semi-Annual Bonus Plan Target Payout as Percentage of Annual Salary		Annual Bonus Program Target Payout as Percentage of Annual Salary	
Thomas H. Werner	200	%	200	%(3)	50	%(3)	150	%(3)
Charles D. Boynton	90	%	90	%	22.5	%	67.5	%
Howard J. Wenger (1)	100	%	100	%	25	%	75	%
Marty T. Neese (2)	90	%	90	%	22.5	%	67.5	%
Douglas J. Richards	80	%	80	%	20	%	60	%

(1) Mr. Wenger's employment terminated on March 3, 2017.

(2) Mr. Neese's employment terminated on February 10, 2017.

Target percentages are based on Mr. Werner's salary as of April 1, 2016, prior to reduction. Mr. Werner informed the Compensation Committee of his intent to decline any bonus otherwise earned for fiscal 2016, and the
(3) Compensation Committee thus used its negative discretion not to award a bonus to Mr. Werner under the 2016 Annual Bonus Program.

Actual bonus payments for each named executive officer under both the 2016 Annual Bonus Program and the Semi-Annual Bonus Plan are formula-driven, and the formulas are used to calculate actual bonus payments. See "*Executive Compensation—Non-Equity Incentive Plan Compensation*" below for more information about these formulas.

In fiscal 2016, we replaced the pre-tax net income metric (previously used under our 2015 Annual Bonus Program) with an adjusted EBITDA metric, which we believed to be more reflective of the results of our operations, removed the cash flow metric to simplify and avoid unintended results, and lowered the minimum payout to 50% (from 80% in fiscal 2015). Our 2016 Annual Bonus Program required the achievement of corporate targets established in respect of our: annual revenue metric (50% of payment) and EBITDA metric (50% of payment). Please see "*Executive Compensation—Non-Equity Incentive Plan Compensation*" for information on how we calculated revenue and EBITDA. The targets were set by the Compensation Committee based on the operating plan approved by our Board at the beginning of fiscal 2016. The operating plan was based on our history of growth and expectations regarding our future growth, as well as potential challenges in achieving such growth. The performance targets were established at a level that the Compensation Committee determined to be challenging for our named executive officers to achieve. In fiscal 2016, we achieved a 57.4% payout factor in respect of the annual revenue target and a 0% payout factor in respect of the annual EBITDA target. Earned bonus amounts are reflected in the "*2016 Total Non-Equity Incentive Plan Compensation*" table below.

Payments to our named executive officers under our Semi-Annual Bonus Plan required the achievement of corporate targets set in respect of our semi-annual profitability metric and quarterly corporate milestones, as modified by an individual modifier assigned by the Chief Executive Officer (or, in the case of our Chief Executive Officer, by the Board of Directors) based on his or her individual performance. Such individual modifiers are expressed as a percentage, capped at 125%, and are combined with a Company milestone factor and the level of achievement of our corporate targets, to calculate bonus payments under the plan.

Example Calculation:

We incorporate a “management by objective” system throughout our organization to establish performance goals that supplement our financial goals. Management establishes five-year corporate milestones, and then derives from them annual and quarterly corporate milestones. Each milestone is reviewed, revised and approved by our Board of Directors, and subsequently the scores are reviewed and approved by our Compensation Committee. In addition, for fiscal 2016, each named executive officer, other than our Chief Executive Officer, established quarterly personal Key Initiatives which were approved by the Chief Executive Officer and were in line with each quarter’s corporate milestones. Quarterly corporate milestones in fiscal 2016 included sensitive business objectives applicable to our entire company, focusing on confidential cost targets, major customer transactions, new product development, manufacturing plans, process enhancements, and inventory turns. For fiscal 2016, personal Key Initiative objectives included executing on confidential cost and revenue targets, achieving liquidity objectives, product development, market expansion, manufacturing and process efficiencies, among others. The Board determined the Chief Executive Officer’s Key Initiatives, which consisted solely of the quarterly corporate milestones selected after discussion with the Chief Executive Officer. These corporate milestones and personal objectives are typically challenging in nature and designed to encourage the individual to achieve success in his position during the performance period. At the end of the year, the Compensation Committee determines the Chief Executive Officer’s individual modifier, and the Chief Executive Officer determines the individual modifier for each other named executive officer, based on achievement of their respective Key Initiatives. As reference points, in fiscal 2014, we achieved an average of 83% of our corporate milestones and an average of 80% of the personal Key Initiatives; in fiscal 2015, we achieved an average of 74% of our corporate milestones, and the average individual modifier assigned to our named executive officers was 92%. In fiscal 2016, we achieved an average of 70.4% of our corporate milestones, and the average individual modifier assigned to our named executive officers was 80%.

However, in August 2016, management recommended, in light of our financial situation and to promote management’s focus on cost reduction and cash preservation, that the Compensation Committee adopt an additional “cash trigger”, based on our ending cash for fiscal 2016, equal to the amount reported in our consolidated balance sheet as of the fiscal year end for the line item “Cash and cash equivalents”.

Example Calculation (With Cash Trigger):

In fiscal 2016, we did not meet the cash trigger, and therefore no amounts were paid to our executive officers under the Semi-Annual Bonus Plan.

Equity Awards. Our Compensation Committee believes that long-term company performance is best achieved by an ownership culture that encourages long-term performance by our executive officers through the use of equity-based awards. Our SunPower Corporation 2015 Omnibus Incentive Plan, or 2015 Equity Plan, permits the grant of stock options, stock appreciation rights, restricted shares, restricted stock units, performance shares, and other stock-based awards. Consistent with our goal to attract, retain and reward the best available talent, and in light of our setting our total direct compensation above the 50th percentile of our peer group, we targeted long-term equity awards generally approximating the 75th percentile of our peer group. In fiscal 2016, our long-term equity awards ranged from below the 50th percentile to the 75th percentile of our peer group. Our Chief Executive Officer's long-term equity awards were between the 50th and 75th percentile in order to align more of his at-risk compensation with stockholder returns and to promote long-term retention. Our other named executive officers' long-term equity awards were above the 50th percentile if the scope of their responsibilities was significantly broader than that of executives in similar positions at peer companies.

The Compensation Committee then allocated long-term equity awards between time-based and performance-based restricted stock units. We believe that time-based restricted stock units provide a more effective retention tool while performance-based restricted stock units provide a stronger performance driver. To balance the advantages of both time-based and performance-based awards, the Compensation Committee decided that annual long-term equity incentive awards granted to our named executive officers other than the Chief Executive Officer in fiscal 2016 would be made half in the form of performance-based restricted stock units (which could be earned in amounts between 0% and 150% of the target amount) and half in the form of time-based restricted stock units, all of which would vest over four years.

The Compensation Committee decided to grant an additional restricted stock unit award to Mr. Neese in fiscal 2016 in recognition of record fab performance during the previous fiscal year, to vest annually over two years (subject to Mr. Neese's continued employment). The Compensation Committee decided that annual long-term equity incentive awards granted to Mr. Werner in fiscal 2016 would be made 50% in the form of time-based restricted stock units, all of which would vest over three years, and 50% in the form of performance-based restricted stock units (which could be earned in amounts between 0% and 150% of the target amount), all of which would vest over three years. In addition to these annual awards, the Compensation Committee decided to grant an additional 40,000 performance-based restricted stock units (which could be earned in amounts between 0% and 150% of the target amount) to Mr. Werner, to be earned based on the achievement of performance goals tied to our 2016 Annual Bonus Program and our Semi-Annual Bonus Plan, all of which would vest on March 31, 2020, as additional incentive for performance, and as a long-term retention measure. The Compensation Committee also approved a one-time grant to Mr. Werner of an additional 120,000 restricted stock units, all of which would vest on March 31, 2020, also as a long-term retention measure.

Awards granted and earned in fiscal 2016 were as follows:

Name	Time-Based	Performance-Based	Performance-Based
	Restricted Stock Units	Restricted Stock Units (Target)	Restricted Stock Units Earned

Thomas H. Werner	191,600	111,600	29,159	
Charles D. Boynton	21,700	21,700	6,228	
Howard J. Wenger	26,700	26,700	7,663	
Marty T. Neese	31,700	16,700	—(1)
Douglas J. Richards	15,000	15,000	4,305	

(1) Mr. Neese's employment terminated on February 10, 2017, prior to the March 1, 2017 vesting date, and thus no 2016 performance-based RSUs were earned.

Performance-based restricted stock units were used as incentive compensation during fiscal 2016 to align our named executive officers' compensation with corporate performance. In connection with our annual review of executive officer compensation, the Compensation Committee approved performance targets in respect of our: annual revenue metric (50% of the award) and annual EBITDA metric (50% of the award), and a formula under which actual awards would be calculated after completion of the 2016 fiscal year. See "*Executive Compensation—Equity Incentive Plan Compensation*" below for more information about these metrics, targets, and formulas.

These performance metrics were selected on the basis of the operating plan approved by our Board after considering our history of growth and expectations regarding our future growth, as well as potential challenges in achieving such growth. The performance targets were established at a level that the Compensation Committee determined to be challenging for our named executive officers to achieve. In fiscal 2016, our named executive officers achieved a 57.4% payout factor in respect of the annual

revenue metric target and a 0% payout factor in respect of the annual EBITDA metric target. The performance-based restricted stock units earned by our named executive officers began vesting in four equal annual installments, subject to continued service, starting March 1, 2017.

For fiscal 2016, our Compensation Committee continued to grant time-based restricted stock units that vest in four equal annual installments, subject to continued service, starting March 1, 2017.

Perquisites and Other Compensation. As in prior years, we did not provide any special perquisites to our named executive officers in fiscal 2016. We provided certain perquisites and other health and welfare and retirement benefits, such as health, vision, and life insurance coverage and participation in and matching contributions under our 401(k) defined contribution plan, which benefits are generally available to all employees. For more information about these arrangements and benefits, see footnote four to the “2016 Summary Compensation Table” below.

Pension Benefits. None of our named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

Nonqualified Deferred Compensation. None of our named executive officers participate in or have account balances in non-qualified defined contribution plans or other deferred compensation plans maintained by us.

Employment and Severance Arrangements

Change in Control Arrangements. We are party to employment agreements with certain of our executive officers, including our named executive officers, which provide severance benefits for employment terminations in connection with a change of control. The change of control severance arrangements generally entitle each named executive officer to certain calculated payments tied to base salary and bonus targets and accelerated vesting of his outstanding equity awards, but only upon termination by the us without cause or by the executive for good reason (as those terms are defined in the agreements) in connection with a change of control of the company (a “double trigger” arrangement). The Compensation Committee believes that these reinforce and encourage the continued attention and dedication of our named executive officers to their assigned duties without the distraction arising from the possibility of a change of control, and to enable and encourage our named executive officers to focus their attention on obtaining the best possible outcome for our stockholders without being influenced by personal concerns regarding the possible impact of a change of control on their job security and benefits. For more information, see “Executive Compensation—Employment Agreements” and “Executive Compensation—Potential Payments Upon Termination or Change of Control.”

Severance Arrangements. We also maintain our 2016 Management Career Transition Plan, adopted in August 2015, which generally entitles each named executive officer to certain calculated payments tied to salary and bonus targets, healthcare benefits, and outplacement assistance if the individual is terminated without cause. Under his employment agreement, our Chief Executive Officer also receives limited accelerated vesting of outstanding equity awards if terminated without cause or if he resigns for good reason.

The Compensation Committee believes that the 2016 Management Career Transition Plan provides benefits that are consistent with industry practice. We believe that entering into change of control and severance arrangements with certain of our executives has helped us attract and retain excellent executive talent and that offering standard packages avoids case-by-case negotiations. Without these provisions, our named executive officers may not have chosen to accept employment with us or remain employed by us. The severance arrangements also promote stability and continuity in our senior management team. For more information, please see “*Executive Compensation Employment Agreements*,” “*Executive Compensation—2016 Management Career Transition Plan*” and “*Executive Compensation Potential Payments Upon Termination or Change of Control*” below.

Section 162(m) Considerations

Section 162(m) of the Code limits the deductions companies may take for compensation paid to a chief executive officer and the next three most highly compensated executive officers (other than the chief financial officer) to the extent the compensation for any such individual exceeds \$1 million for the taxable year, unless the compensation qualifies as “qualified performance-based compensation” under Section 162(m) of the Code. Our Compensation Committee considers deductibility as one of a number of factors considered in determining appropriate levels or methods of compensation. Accordingly, we may award compensation that is not deductible for federal income tax purposes.

Stock Ownership Guidelines

In 2015, our Board adopted Stock Ownership Guidelines for Executives and Directors. Under these guidelines and subject to certain exceptions, our Chief Executive Officer is expected to own shares of our stock that have a value equal to five times his annual salary, with ownership measured at the end of each calendar year. Although Mr. Werner was required to satisfy the stock ownership guidelines beginning five years after their implementation in 2015, he already owns shares with a value in excess of the guidelines. Other named executive officers are expected to own shares that have a value equal to their annual salary beginning five years after such officer first becomes subject to the guidelines. None of our executive officers other than Mr. Werner are currently subject to the guidelines. Shares may be owned directly by the individual, or owned by the individual's spouse, or held in trust for the benefit of the individual's spouse family.

Other Disclosures

Under our insider trading policy, our executive officers, directors and employees are prohibited from engaging in short sales of our securities, establishing margin accounts or otherwise pledging our securities, hedging our securities or buying or selling options, puts or calls on our securities.

We do not have a policy regarding adjustment or recovery of awards or payments if the relevant performance goals or measures upon which they are based are restated or otherwise adjusted so that awards or payments are reduced.

Use of Non-GAAP Financial Measures

Adjustments Based on International Financial Reporting Standards (IFRS)

Our non-GAAP results include adjustments to recognize revenue and profit under International Financial Reporting Standards (IFRS) that are consistent with the adjustments made in connection with our reporting process as part of our status as a consolidated subsidiary of Total S.A., a foreign public registrant which reports under IFRS. Differences between GAAP and IFRS reflected in our non-GAAP results are further described below. In these situations, we believe that IFRS enables us to better evaluate our revenue and profit generation performance, and assists in aligning the perspectives of our management and noncontrolling shareholders with those of Total S.A., our controlling shareholder.

8point3. We include adjustments related to the sales of projects contributed to 8point3 Energy Partners LP (8point3), a joint YieldCo vehicle we formed with First Solar, Inc. to own, operate and acquire solar energy generation assets, based on the difference between the fair market value of the consideration received and the net carrying value of the projects contributed, of which a portion is deferred in proportion to our retained equity stake in 8point3 and its subsidiaries.

Utility and power plant projects. We include adjustments related to the revenue recognition of certain utility and power plant projects based on percentage-of-completion accounting and, when relevant, the allocation of revenue and margin to our project development efforts at the time of initial project sale.

Sale of operating lease assets. We include adjustments related to the revenue recognition on the sale of certain solar assets subject to an operating lease (or of solar assets that are leased by or intended to be leased by the third-party purchaser to another party) based on the net proceeds received from the purchaser.

Sale-leaseback transactions. We include adjustments related to the revenue recognition on certain sale-leaseback transactions based on the net proceeds received from the buyer-lessor. Under GAAP, these transactions are accounted for under the financing method in accordance with real estate accounting guidance.

Other Non-GAAP Adjustments

Stock-based compensation. Stock-based compensation relates primarily to our equity incentive awards, and is a non-cash expense that is dependent on market forces that are difficult to predict. We believe that this adjustment for stock-based compensation provides a basis to measure our core performance, including compared with the performance of other companies, without the period-to-period variability created by stock-based compensation.

Amortization of intangible assets. We incur amortization of intangible assets as a result of acquisitions, which includes patents, purchased technology, project pipeline assets, and in-process research and development. We believe that it is appropriate to exclude these amortization charges as they arise from prior acquisitions, are not reflective of ongoing operating results, and do not contribute to a meaningful evaluation of our past operating performance.

Non-cash interest expense. We incur non-cash interest expense related to the amortization of items such as original issuance discounts on our debt. We exclude non-cash interest expense because the expense does not reflect our financial results in the period incurred.

Goodwill impairment. No adjustment to non-GAAP financial measures was made for the portion of our goodwill impairment charge in the third quarter of 2016 derived from our acquisition of our partner's interest in our joint venture AUO SunPower Sdn. Bhd. We believe that it is appropriate to exclude this impairment charge as it arises from prior acquisitions, is not reflective of ongoing operating results, and does not contribute to a meaningful evaluation of a company's past operating performance.

Restructuring expense. We incur restructuring expenses related to reorganization plans aimed towards realigning resources consistent with our global strategy and improving our overall operating efficiency and cost structure. We excluded restructuring charges from non-GAAP financial measures because they are not considered core operating activities and such costs have historically occurred infrequently.

Arbitration ruling. We recorded our best estimate of probable loss related to this case at the time of the initial ruling and updated the estimate as circumstances warranted in connection with tribunal rulings and the ultimate settlement of an arbitration between First Philippine Electric Corporation and First Philippine Solar Corporation against SunPower Philippines Manufacturing, Ltd. (SPML), our wholly-owned subsidiary. On July 22, 2016, SPML entered into a settlement with the counterparties and paid a total of \$50.5 million in settlement of all claims between the parties. As this loss is nonrecurring in nature, excluding this data provides us with a basis to evaluate the Company's performance, including compared with the performance of other companies, without similar impacts.

IPO-related costs. Costs incurred related to the initial public offering of 8point3 included legal, accounting, advisory, valuation, and other expenses, as well as modifications to or terminations of certain existing financing structures in preparation for sale to 8point3. As these costs are non-recurring in nature, excluding this data provides us with a basis to evaluate the Company's performance, including compared with the performance of other companies, without similar impacts.

Other. We combine amounts previously disclosed under separate captions into "Other" when amounts do not have a significant impact on the presented fiscal periods. We believe that these adjustments provide us with a basis to evaluate the Company's performance, including compared with the performance of other companies, without similar impacts.

Tax effect. This amount is used to present each of the adjustments described above on an after-tax basis in connection with the presentation of non-GAAP net income and non-GAAP net income per diluted share. The Company's non-GAAP tax amount is based on estimated cash tax expense and reserves. We forecast our annual cash tax liability and allocate the tax to each quarter in a manner generally consistent with its GAAP methodology. This approach is designed to enhance our ability to understand the impact of the Company's tax expense on its current operations, provide improved modeling accuracy, and substantially reduce fluctuations caused by GAAP to non-GAAP adjustments, which may not reflect actual cash tax expense.

Adjusted EBITDA adjustments. When calculating Adjusted EBITDA, in addition to adjustments described above, we exclude the impact during the period of the following items:

Cash interest expense, net of interest income

Provision for (benefit from) income taxes

Depreciation

We use this non-GAAP financial measure to enable us to evaluate the Company's performance, including compared with the performance of other companies.

EXECUTIVE COMPENSATION**Compensation of Named Executive Officers**

The 2016 Summary Compensation Table below quantifies the compensation for each of our named executive officers for services rendered during fiscal 2016 and, as applicable, fiscal 2015 and fiscal 2014. The primary elements of each named executive officer's total compensation during fiscal 2016 are reported in the table below and include, among others, base salary, performance-based cash bonuses under our 2016 Annual Bonus Program and Semi-Annual Bonus Plan, awards of restricted stock units subject to time-based vesting, and awards of performance-based restricted stock units subject to achievement of financial targets and subsequent time-based vesting.

2016 Summary Compensation Table

Name and Principal Position	Year	Salary \$(3)	Bonus \$(4)	Stock Awards \$(5)	Non-Equity Incentive Plan Compensation \$(6)	All Other Compensation \$(7)	Total (\$)
Thomas H. Werner, President, Chief Executive Officer and Chairman of the Board	2016	347,959	(7) —	6,773,488	—	24,436	7,145,883
	2015	600,000	—	6,751,062	1,265,722	28,181	8,644,966
	2014	600,000	—	2,985,000	1,375,948	25,666	4,986,614
Charles D. Boynton Executive Vice President and Chief Financial Officer	2016	465,077	—	949,592	90,097	30,949	1,535,715
	2015	443,077	—	1,125,309	435,231	30,949	2,034,566
	2014	425,000	—	1,014,900	445,951	29,139	1,914,991
Howard J. Wenger,(1) President, Business Units	2016	460,000	—	1,168,392	99,015	9,493	1,736,900
	2015	457,231	—	1,486,660	513,147	9,498	2,466,536
	2014	450,000	—	1,014,900	522,141	9,348	1,996,389
Marty T. Neese,(2) Chief Operating Officer	2016	450,000	—	1,058,992	—	24,214	1,533,206
	2015	450,000	—	925,160	434,776	24,219	1,834,156
	2014	450,000	—	1,014,900	461,665	22,929	1,949,464
Douglas J. Richards, Executive Vice President, Administration	2016	370,000	—	656,400	63,714	22,088	1,112,202
	2015	367,231	—	835,605	328,522	28,032	1,559,390
	2014	357,269	—	799,980	335,520	26,583	1,183,832

(1) Mr. Wenger's employment terminated on March 3, 2017.

(2) Mr. Neese's employment terminated on February 10, 2017.

(3) The amounts reported in this column for fiscal 2016 reflect each named executive officer's salary for fiscal 2016 plus payments for paid and unpaid time off, and holidays.

The amounts reported in the "Stock Awards" column for fiscal 2016 represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of stock awards granted during the year (time-based and performance-based restricted stock units), excluding the effect of certain forfeiture assumptions. For the performance-based restricted stock units reported in this column for fiscal 2016, such amounts are based on the probable outcome of the relevant performance conditions as of the grant date. Assuming that the highest level of performance is achieved for these awards, the grant date fair value of the performance-based restricted stock unit awards would be: Mr. Werner, \$3,683,866; Mr. Boynton, \$712,194; Mr. Wenger, \$876,294; Mr. Neese, \$548,094; and Mr. Richards, \$492,300. See Note 16 to our consolidated financial statements in our 2016 Annual Report for details as to the assumptions used to determine the aggregate grant date fair value of these awards. See also our discussion of stock-based compensation under "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates*" in our 2016 Annual Report.

The amounts reported in this column for fiscal 2016 reflect the amounts earned under our 2016 Annual Bonus Program; no amounts were paid under our Semi-Annual Bonus Plan for fiscal 2016 to our named executive officers. Additional information about non-equity incentive plan compensation earned during fiscal 2016 is set forth above in the supplemental "*2016 Total Non-Equity Incentive Plan Compensation*" table in our "*Compensation Discussion and Analysis*" and in "*Executive Compensation— Non-Equity Incentive Plan Compensation*" below.

- (6) The amounts reported in this column for fiscal 2016 as “All Other Compensation” consist of the elements summarized in the table below.

Name	Health	Group Life Insurance (\$)	401(k)	Total
	Benefits (\$)		Match (\$)	(\$)
Thomas H. Werner	15,654	832	7,950	24,436
Charles D. Boynton	22,167	832	7,950	30,949
Howard J. Wenger (1)	711	832	7,950	9,493
Marty T. Neese (2)	15,433	832	7,950	24,214
Douglas J. Richards	13,454	684	7,950	22,088

(1) Mr. Wenger’s employment terminated on March 3, 2017.

(2) Mr. Neese’s employment terminated on February 10, 2017.

- (7) Reflects an annualized salary of \$600,000, which was reduced at Mr. Werner’s request as of August 1, 2016 to \$1, net of benefit costs, for the remainder of fiscal 2016.

Grants of Plan-Based Awards

During fiscal 2016, our named executive officers were granted plan-based restricted stock units and performance stock units under our SunPower Corporation 2015 Omnibus Incentive Plan, which we refer to as our 2015 Equity Plan. They were also granted cash bonus awards under our 2016 Annual Bonus Program, but no awards were earned or paid to our named executive officers under the Semi-Annual Bonus Plan due to non-achievement of the cash trigger for fiscal 2016. The following table sets forth information regarding the stock awards and cash bonus awards granted to each named executive officer during fiscal 2016.

2016 Grants of Plan-Based Awards Table

Estimated Possible Payouts		Estimated Possible Payouts		All Other	Grant Date
Under Non-Equity Incentive Plan		Under Equity Incentive Plan		Stock	
Awards(1)		Awards(2)		Awards:	Fair Value
Threshold Target		Threshold Target		Number of	of
Maximum		Maximum		Shares of	Stock and
				Stock	Option

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Name	Grant Date	(\$)	(\$)	(\$)	(#)	(#)	(#)	or Units (#)	Awards (\$)
Thomas H. Werner	—	(3)	450,000	900,000	1,350,000	—	—	—	—
	—	(4)	300,000	300,000	468,750	—	—	—	—
	3/31/2016(5)	—	—	—	35,800	71,600	107,400	—	1,599,544
	3/31/2016(6)	—	—	—	15,000	30,000	45,000	—	670,200
	3/31/2016(7)	—	—	—	—	10,000	12,500	—	223,400
	3/31/2016(8)	—	—	—	—	—	—	71,600	1,599,544
	3/31/2016(9)	—	—	—	—	—	—	120,000	2,680,800
Charles D. Boynton	—	(3)	158,625	317,250	475,875	—	—	—	—
	—	(4)	105,750	105,750	165,234	—	—	—	—
	2/22/2016(8)	—	—	—	—	—	—	21,700	474,796
	2/22/2016(5)	—	—	—	10,850	21,700	32,550	—	474,796
Howard J. Wenger (11)	—	(3)	172,500	345,000	517,500	—	—	—	—
	—	(4)	115,000	115,000	179,688	—	—	—	—
	2/22/2016(8)	—	—	—	—	—	—	26,700	584,196
	2/22/2016(5)	—	—	—	13,350	26,700	40,050	—	584,196
Marty T. Neese (12)	—	(3)	151,875	303,750	455,625	—	—	—	—
	—	(4)	101,250	101,250	158,203	—	—	—	—
	2/22/2016(8)	—	—	—	—	—	—	16,700	365,396
	2/22/2016(10)	—	—	—	—	—	—	15,000	328,200
	2/22/2016(5)	—	—	—	8,350	16,700	25,050	—	365,396

Name	Grant Date	Estimated Possible Payouts			Estimated Possible Payouts			All Other	Grant Date
		Under Non-Equity Incentive			Under Equity Incentive Plan			Stock	
		Plan			Awards(2)			Awards:	
		Awards(1)	Threshold	Target	Maximum	Threshold	Target	Maximum	
		(\$)	(\$)	(\$)	(#)	(#)	(#)	Number of Shares of Stock or Units (#)	Fair Value of Stock and Option Awards (\$)
Douglas J. Richards	—	(3)	111,000	222,000	333,000	—	—	—	—
	—	(4)	74,000	74,000	115,625	—	—	—	—
	2/22/2016(8)	—	—	—	—	—	—	15,000	328,200
	2/22/2016(5)	—	—	—	7,500	15,000	22,500	—	328,200

(1) Additional information about estimated possible payouts under non-equity incentive plan awards is set forth below in the “*Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Table*.”

The amounts reported in these columns represent performance-based restricted stock unit opportunities. The Compensation Committee approved the awards on February 22, 2016 and March 31, 2016. The grant date fair value of these awards is reported based on the probable outcome of the applicable performance conditions and is consistent with the estimate of aggregate compensation cost, if any, expected to be recognized over the service (2) period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures. See Note 16 to our consolidated financial statements in our 2016 Annual Report for details as to the assumptions used to determine the aggregate grant date fair value of these awards. See also our discussion of stock-based compensation under “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” in our 2016 Annual Report.

(3) Consists of an award under our 2016 Annual Bonus Program. Achievement levels for certain performance targets could reduce payouts to zero when the applicable formula is applied, as further described below.

(4) Consists of an award under our Semi-Annual Bonus Plan. Achievement levels for certain performance targets could reduce payouts to zero when the applicable formula is applied, as further described below.

(5) Consists of an award of restricted stock units, subject to achievement of specific performance metrics in addition to time-based vesting requirements, under the 2015 Equity Plan. Failure to achieve certain performance metrics could result in zero restricted stock units being awarded. The maximum attainable award is 150% of target. The closing price of our common stock was \$21.88 on February 22, 2016, and \$22.34 on March 31, 2016. Actual awards were determined in the first quarter of 2017 and are described in “*Equity Incentive Plan Compensation*” below. The earned award vests ratably on March 1, 2017, March 1, 2018, March 1, 2019, and March 1, 2020.

(6) Consists of an award of restricted stock units, subject to achievement of specific performance metrics in addition to time-based vesting requirements, under the 2015 Equity Plan. Failure to achieve certain performance metrics could result in zero restricted stock units being awarded. The maximum attainable award is 150% of target. The earned award vests in full on March 31, 2020.

(7) Consists of an award of restricted stock units, subject to achievement of specific performance metrics in addition to time-based vesting requirements, under the 2015 Equity Plan. Failure to achieve certain performance metrics could result in zero restricted stock units being awarded. The maximum attainable award is 125% of target. The earned award vests in full on March 31, 2020.

(8) Consists of an award of restricted stock units, subject to time-based vesting requirements, under the 2015 Equity Plan. The award vests ratably on March 1, 2017, March 1, 2018, March 1, 2019, and March 1, 2020. The closing price of our common stock was \$21.88 on February 22, 2016, and \$22.34 on March 31, 2016.

(9) Consists of an award of restricted stock units, subject to time-based vesting requirements, under the 2015 Equity Plan. The award vests in full on March 31, 2020.

(10) Consists of an award of restricted stock units, subject to time-based vesting requirements, under the 2015 Equity Plan. The award vests ratably on March 1, 2017, and March 1, 2018.

Non-Equity Incentive Plan Compensation

During fiscal 2016, our named executive officers were eligible for cash bonus payments under our Annual Executive Bonus Plan, under which we adopted our 2016 Annual Bonus Program and our Semi-Annual Bonus Plan. The supplemental table below entitled “*Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Table*” sets forth each named executive officer’s target and maximum payout opportunities under both the 2016 Annual Bonus Program and the Semi-Annual Bonus Plan. Under the terms of both bonus plans, failure to achieve certain corporate or individual metrics could have resulted in zero payouts to an individual for a given period. The table entitled “*2016 Total Non-Equity Incentive Plan Compensation*” above in “*Compensation Discussion and Analysis*” details the actual payouts awarded under the two bonus plans to each named executive officer for fiscal 2016.

Estimated Possible Payouts Under Non-Equity Incentive Plan Awards Table

Name	2016 Semi-Annual Bonus Plan Target (Aggregate) (\$)	2016 Semi-Annual Bonus Plan Maximum (Aggregate) (\$)	2016 Annual Bonus Program Target (\$)	2016 Annual Bonus Program Maximum (\$)
Thomas H. Werner	300,000	468,750	900,000	1,350,000
Charles D. Boynton	105,750	165,234	317,250	475,875
Howard J. Wenger	115,000	179,688	345,000	517,500
(1) Marty T. Neese	101,250	158,203	303,750	455,625
(2) Douglas J. Richards	74,000	115,625	222,000	333,000

(1) Mr. Wenger's employment terminated on March 3, 2017.

(2) Mr. Neese's employment terminated on February 10, 2017.

2016 Annual Bonus Program. Awards under the 2016 Annual Bonus Program were formula-driven. At the beginning of fiscal 2016, the Compensation Committee established and approved minimum, target, and maximum levels in respect of two performance criteria: (1) an annual revenue metric, and (2) an annual EBITDA metric. Our annual revenue metric is based on our annual revenue, with certain adjustments such as amounts related to utility and power plant projects. Our annual EBITDA metric is based on our annual earnings before interest, taxes, depreciation, and amortization, with certain adjustments such as amounts related to utility and power plant projects³. Each named executive officer would earn 50% of his target bonus under the 2016 Annual Bonus Program upon the achievement of the revenue target, and the remaining 50% of his target bonus upon the achievement of the EBITDA target. In order to encourage our named executive officers to exceed the performance targets, our Compensation Committee set the maximum payment under the program at 150% of target. Payment for each target is determined based on performance achievement relative to minimum, target, and maximum levels, as follows:

Performance Level Achieved	Bonus Payment as Percentage of Bonus Target
Below minimum	No bonus paid

At minimum	50% of target bonus (minimum award for minimum achievement)
Between minimum and target	Prorated on a straight-line basis, between 50% and 100%
At target	100% of target
Between target and maximum	Prorated on a straight-line basis, between 100% and 150%
At or above maximum	150% of target

The annual performance targets, set at the beginning of fiscal 2016, were assessed at the end of the year. Based on our actual results in fiscal 2016, bonuses were earned and paid to our named executive officers for the annual revenue target, but not the EBITDA target, as presented below in the aggregate.

Performance Criterion	Minimum	Target	Achievement	Payment as % of Target
				Payment
Annual revenue metric	\$2,600 million	\$3,300 million	\$2,703 million	57.4%
EBITDA metric	\$300 million	\$500 million	\$164 million	0%

Semi-Annual Bonus Plan. Awards under the Semi-Annual Bonus Plan were also formula-driven, with targets in respect of a semi-annual profitability metric and corporate performance metrics, consisting of a set of corporate milestones representing key initiatives that would support our corporate business plan. The semi-annual profitability metric is based on our quarterly EBITDA, adjusted for amounts related to utility and power plant projects, non-cash interest expense, stock-based compensation expense and other items. Each named executive officer is further assigned an individual modifier by his or her manager, or, in the case of our Chief Executive Officer, by the Board of Directors, meant to take into account individual performance and accomplishments. These three metrics were then incorporated into the plan's formula. Each named executive officer's individual modifier could result in no award being payable even if we achieved our quarterly profitability metric and corporate milestones targets in the event that the individual modifier was determined to be zero. If threshold corporate milestones were achieved and we exceeded our semi-annual profitability metric target, bonus payments could exceed 100% of target, up to a maximum payment of 156% (based on the semi-annual EBITDA metric), depending on the individual modifier.

Includes adjustments relating to 8point3, utility and power plant projects, the sale of operating lease assets, sale-leaseback transactions, cash interest expense (net of interest income), provision for (benefit from) income taxes, and depreciation, as described in footnote 1.

Subject to the imposition of an additional “cash trigger” by the Compensation Committee in August 2016 (which was not achieved), payments under the Semi-Annual Bonus Plan were to have been made as follows:

Achievement of Semi-Annual

Profitability Metric Target	Achievement of Corporate Milestones	Payment
Under target	Under 60%	No payment
		50% payment
		Payment = 2016 semi-annual salary multiplied by Semi-Annual Bonus Plan target bonus (%) multiplied by semi-annual profitability metric achievement (up to a maximum of 125%) multiplied by individual modifier (up to a maximum of 125%) multiplied by 50%
Between target and maximum	Over 60% but equal to or under 80%	
		100% payment
		Payment = 2016 semi-annual salary multiplied by Semi-Annual Bonus Plan
At target	80% or over	

		target bonus (%) multiplied by semi-annual profitability metric achievement (up to a maximum of 125%) multiplied by individual modifier (up to a maximum of 125%)
Between target and maximum	80% or over	Greater than 100% payment
		Payment = 2016 semi-annual salary multiplied by Semi-Annual Bonus Plan target bonus (%) multiplied by semi-annual profitability metric achievement (up to a maximum of 125%) multiplied by individual modifier (up to a maximum of 125%)
Under target	80% or over	No payment

Our 2016 corporate milestones are confidential because disclosure of these milestones would result in competitive harm, but they generally consisted of milestones relating to cost targets, major customer transactions, new product development, manufacturing plans, process enhancements, and inventory turns. The quarterly corporate milestone

scores were 87%, 75%, 67%, and 53% for each quarter in fiscal 2016, respectively. Individual modifiers for the named executive officers ranged from 50% to 100%, and averaged 80% for the first half of fiscal 2016. We did not assign individual modifiers for the second half of fiscal 2016, due to projected non-achievement of the cash trigger.

Equity Incentive Plan Compensation

In addition to time-based restricted stock unit awards, to further align executive compensation with maximizing stockholder value, our Compensation Committee granted to our named executive officers certain performance-based equity awards, consisting of restricted stock units, or RSUs, that would be released and begin time-based vesting only upon achievement of certain corporate or individual performance objectives.

Our Compensation Committee met at the beginning of 2016 and established and approved target levels in respect of two performance criteria for our traditional performance-based equity awards: (1) an annual revenue metric, and (2) an annual EBITDA metric. Each eligible named executive officer would earn 50% of his target performance-based RSUs upon the achievement of the annual revenue metric target, and the remaining 50% of his target performance-based RSUs upon the achievement of the EBITDA metric target. The two metrics and their corresponding targets are the same as those for our 2016 Annual Bonus Program, described above in “*Executive Compensation—Non-Equity Incentive Plan Compensation*.” Payment for each target was determined based on the performance metric achieved relative to minimum, target, and maximum performance levels, as follows:

Percentage of Performance Target Achieved	Grant of RSUs as Percentage of Target RSUs
Below minimum	No RSUs earned
At minimum	50% of target RSUs (minimum award for minimum achievement)
Between minimum and target	Prorated on a straight-line basis, between 50% and 100%
At target	100% of target
Between target and maximum	Prorated on a straight-line basis, between 100% and 150%
At or above maximum	150% of target

Performance-based restricted stock units vest, if at all, in four equal annual installments, subject to continued service after achievement of the performance measures, starting March 1, 2017. In connection with our 2016 traditional performance-based equity awards, we achieved 57.4% of our annual revenue metric target, and 0% of our EBITDA metric target. Based on our actual results in fiscal 2016, traditional performance-based RSUs were earned by our named executive officers for achievement of the annual revenue metric target only. See “*Compensation Discussion and Analysis—Equity Awards*,” which details the actual performance-based restricted stock units earned in fiscal 2016.

The named executive officers’ targets and earned performance-based RSUs are described above in “*Compensation Discussion and Analysis—Analysis of Fiscal 2016 Compensation Decisions—Equity Awards*.”

Employment and Severance Agreements

We have entered into employment agreements with certain of our executive officers, including our named executive officers. In August 2015, we adopted a severance policy entitled the 2016 Management Career Transition Plan, which

replaced our 2014 Management Career Transition Plan. Additionally, our named executive officers are entitled to receive certain payments from us or our affiliates in the event of certain termination events in connection with a change of control.

Employment Agreements. We are party to employment agreements with several executive officers, including the named executive officers. Each employment agreement provides that the executive's employment is "at-will" and may be terminated at any time by either party. Each employment agreement generally provides for a three-year term that will automatically renew unless we provide notice of our intent not to renew at least 120 days before the renewal date. The agreements do not specify salary, bonus or other basic compensation terms, but instead provide that each executive's base salary, annual bonus and equity compensation will be determined in accordance with our normal practices. The primary purpose of the agreements is to provide certain severance benefits for employment terminations in connection with a change of control (as defined in the agreement). In the event an executive's employment is terminated by us without cause (as defined in the agreement), or if the executive resigns for good reason (as defined in the agreement), and if such termination or resignation occurs during the period three months prior to, and ending 36 months following, a change of control, then the agreements also provide that the executive is entitled to the following benefits:

a lump-sum payment equivalent to 24 months of such executive's base salary;

a lump-sum payment equal to any earned but unpaid annual bonus for a completed fiscal year;

a lump-sum payment equal to the product of (a) such executive's target bonus for the then current fiscal year, multiplied by (b) two;

continuation of such executive's and such executive's eligible dependents' coverage under our benefit plans for up to 24 months, at our expense;

a lump-sum payment equal to such executive's accrued and unpaid base salary and paid time off;

reimbursement of up to \$15,000 for services of an outplacement firm mutually acceptable to us and the executive;

annual make-up payments for taxes incurred by the executive in connection with benefit plans' coverage; and

all of such executive's unvested options, shares of restricted stock and restricted stock units (including performance-based restricted stock units) will become fully vested and (as applicable) exercisable as of the termination date and remain exercisable for the time period otherwise applicable to such equity awards following such termination date. In addition, Mr. Werner's agreement provides for full accelerated vesting upon termination of employment without cause or resignation for good reason, regardless of whether such termination is in connection with a change of control; provided, however, that absent a change of control, no such accelerated vesting or lapsing shall apply to Mr. Werner's performance-based equity awards.

Under the employment agreements, "cause" means the occurrence of any of the following, as determined by us in good faith:

acts or omissions constituting gross negligence or willful misconduct on the part of the executive with respect to the executive's obligations or otherwise relating to our business,

the executive's conviction of, or plea of guilty or nolo contendere to, crimes involving fraud, misappropriation or embezzlement, or a felony crime of moral turpitude,

the executive's violation or breach of any fiduciary duty (whether or not involving personal profit) to us, except to the extent that his violation or breach was reasonably based on the advice of our outside counsel, or willful violation of any of our published policies governing the conduct of it executives or other employees, or

the executive's violation or breach of any contractual duty to us which duty is material to the performance of the executive's duties or results in material damage to us or our business;

provided that if any of the foregoing events is capable of being cured, we will provide notice to the executive describing the nature of such event and the executive will thereafter have 30 days to cure such event.

In addition, under the employment agreements, "good reason" means the occurrence of any of the following without the executive's express prior written consent:

a material reduction in the executive's position or duties,

a material breach of the employment agreement,

a material reduction in the executive's aggregate target compensation, including the executive's base salary and target bonus on a combined basis, excluding a reduction that is applied to substantially all of our other senior executives; provided, however, that for purposes of this clause, whether a reduction in target bonus has occurred shall be determined without any regard to any actual bonus payments made to the executive, or

a relocation of the executive's primary place of business for the performance of his duties to us to a location that is more than 45 miles from our current business location.

The executive shall be considered to have "good reason" under the employment agreement only if, no later than 90 days following an event otherwise constituting "good reason" under the employment agreement, the executive gives notice to us of the occurrence of such event and we fail to cure the event within 30 days following its receipt of such notice from the executive, and the executive terminates service within 36 months following a change of control.

If any of the severance payments, accelerated vesting and lapsing of restrictions would constitute a "parachute payment" within the meaning of Section 280G of the Code and be subject to excise tax or any interest or penalties payable with respect to such excise tax, then the executive's benefits will be either delivered in full or delivered as to such lesser extent which would result in no portion of such benefits being subject to such taxes, interest or penalties, whichever results in the executive receiving, on an after-tax basis, the greatest amount of benefits.

Before receiving the benefits described in the employment agreements, the executive will be required to sign a separation agreement and release of claims. In addition, the benefits will be conditioned upon the executive not soliciting our or our affiliates' (as defined in the employment agreement) employees, consultants, customers or users for one year following the termination date. Mr. Werner's agreement also provides that, if his termination without cause or resignation for good reason is not in connection with a change of control, his severance benefits will be conditioned upon a non-competition arrangement lasting one year following employment termination.

2016 Management Career Transition Plan. In August 2015, we adopted the 2016 Management Career Transition Plan, (the “Severance Plan”), which replaced our 2014 Management Career Transition Plan. The Severance Plan generally terminates on the third anniversary of the effective date. The Severance Plan addresses severance for certain employment terminations, and payments are only made if the executive or employee is not already entitled to severance benefits under a separate employment agreement. Participants in the Severance Plan include our Chief Executive Officer, Thomas H. Werner, and those employees who have been employed by the Company for at least six months and report directly to him (including our other named executive officers), as well as other key employees of the Company who are provided with written notice from the Chief Executive Officer that they are Severance Plan participants. Under the terms of the Severance Plan, Mr. Werner and the other named executive officers will be eligible for benefits following a termination of employment by us without cause (as defined in the Severance Plan). Such benefits include:

a lump-sum payment equivalent to 12 months (or 24 months in Mr. Werner’s case) of such executive’s base salary;

a lump-sum payment equal to any earned but unpaid annual bonus for a completed fiscal year;

a lump-sum payment equal to the pro rata portion of such executive’s actual bonus for the then current fiscal year, based on the number of whole calendar months between the start of the fiscal year and the termination date;

continuation of such executive’s and such executive’s eligible dependents’ coverage under the Company’s health benefit plans for up to 12 months (or 24 months in Mr. Werner’s case), at the Company’s expense;

a lump-sum payment equal to such executive’s accrued and unpaid base salary and paid time off;

annual make-up payments for taxes incurred by the executive in connection with such health benefit plans’ coverage; and

reimbursement of up to \$15,000 for services of an outplacement firm mutually acceptable to the Company and the executive.

Outstanding Equity Awards

The following table sets forth information regarding the outstanding equity awards held by our named executive officers as of January 1, 2017.

Outstanding Equity Awards At 2016 Fiscal Year-End Table

Name	Grant Date	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
Thomas H. Werner	02/05/2014(2)	—	—	—	—	16,666	110,162	—	—
	02/05/2014(3)	—	—	—	—	20,724	136,986	—	—
	02/23/2015(4)	—	—	—	—	27,800	183,758	—	—
	02/23/2015(5)	—	—	—	—	29,388	194,255	—	—
	03/20/2015(6)	—	—	—	—	2,800	18,508	—	—
	03/31/2016(7)	—	—	—	—	71,600	473,276	—	—
	03/31/2016(8)	—	—	—	—	120,000	793,200	—	—
	03/31/2016(9)	—	—	—	—	20,549	135,829	—	—
	03/31/2016(10)	—	—	—	—	8,610	56,912	—	—

Name	Grant Date	Option Awards		Option Exercise Price (\$)	Option Expiration Date	Stock Awards		Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable			Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)		
Charles D. Boynton	02/05/2014(2)	—	—	—	—	5,666	37,452	—	—
	02/05/2014(3)	—	—	—	—	7,046	46,574	—	—
	02/03/2015(4)	—	—	—	—	11,134	73,596	—	—
	02/23/2015(5)	—	—	—	—	11,756	77,707	—	—
	03/20/2015(6)	—	—	—	—	1,134	7,496	—	—
	07/21/2015(11)	—	—	—	—	5,000	33,050	—	—
	02/22/2016(7)	—	—	—	—	21,700	143,437	—	—
	02/22/2016(12)	—	—	—	—	6,228	41,167	—	—
Howard J. Wenger	02/05/2014(2)	—	—	—	—	5,666	37,452	—	—
(15)	02/05/2014(3)	—	—	—	—	7,046	46,574	—	—
	02/03/2015(4)	—	—	—	—	13,334	88,138	—	—
	02/23/2015(5)	—	—	—	—	14,106	93,241	—	—
	02/23/2015(5)	—	—	—	—	8,934	59,054	—	—
	03/20/2015(6)	—	—	—	—	1,334	8,818	—	—
	02/22/2016(7)	—	—	—	—	26,700	176,487	—	—
	02/22/2016(12)	—	—	—	—	7,663	50,652	—	—
Marty T. Neese	07/02/2008(13)	100,000	—	62.82	07/02/2018	—	—	—	—
(16)	02/05/2014(2)	—	—	—	—	5,666	37,452	—	—
	02/05/2014(3)	—	—	—	—	7,046	46,574	—	—
	02/03/2015(4)	—	—	—	—	5,600	37,016	—	—
	02/22/2016(7)	—	—	—	—	16,700	110,387	—	—
	02/22/2016(14)	—	—	—	—	15,000	99,150	—	—

	02/22/2016(12)	—	—	—	—	4,793	31,682	—	—
Douglas J.	02/05/2014(2)	—	—	—	—	4,466	29,520	—	—
Richard	02/05/2014(3)	—	—	—	—	5,554	36,712	—	—
	02/03/2015(4)	—	—	—	—	10,000	66,100	—	—
	02/23/2015(5)	—	—	—	—	10,580	69,934	—	—
	03/20/2015(6)	—	—	—	—	1,000	6,610	—	—
	02/22/2016(7)	—	—	—	—	15,000	99,150	—	—
	02/22/2016(12)	—	—	—	—	4,305	28,456	—	—

(1) The closing price of our common stock on December 30, 2016 (the last trading day of fiscal 2016) was \$6.61.

(2) Each of these awards of restricted stock units provided for vesting in three equal annual installments on each of March 1, 2015, March 1, 2016, and March 1, 2017 subject to the recipient's continued employment with us.

On February 5, 2014, the named executive officer was awarded a number of performance-based restricted stock units within a pre-set range, with the actual number earned contingent on the achievement of certain performance criteria. The actual earned award was determined in the first quarter of fiscal 2015. The earned award vests in three equal annual installments on March 1, 2015, March 1, 2016, and March 1, 2017, subject to the recipient's continued employment with us.

(4) Each of these awards of restricted stock units provided for vesting in three equal annual installments on each of March 1, 2016, March 1, 2017, and March 1, 2018, subject to the recipient's continued employment with us.

- On February 23, 2015, the named executive officer was awarded a number of performance-based restricted stock units within a pre-set range, with the actual number contingent on the achievement of certain performance criteria.
- (5) The actual earned award was determined in the first quarter of fiscal 2016. The earned award vests in three equal annual installments on March 1, 2016, March 1, 2017, and March 1, 2018, subject to the recipient's continued employment with us.

- On March 20, 2015, the named executive officer was awarded a number of performance-based restricted stock units within a pre-set range, with the actual number contingent on the achievement of certain performance criteria.
- (6) The actual earned award was determined in the first quarter of fiscal 2016. The earned award vests in three equal annual installments on March 1, 2016, March 1, 2017, and March 1, 2018, subject to the recipient's continued employment with us.

- Each of these awards of restricted stock units provided for vesting in four equal annual installments on each of
- (7) March 1, 2017, March 1, 2018, March 1, 2019, and March 1, 2020, subject to the recipient's continued employment with us.

- (8) Each of these awards of restricted stock units provided for one-time vesting on March 31, 2020 subject to the recipient's continued employment with us.

- On March 31, 2016, the named executive officer was awarded a number of performance-based restricted stock units within a pre-set range, with the actual number contingent on the achievement of certain performance criteria.
- (9) The actual award was determined in the first quarter of 2017 and is described in "*Equity Incentive Plan Compensation*" above. The earned award vests in four equal annual installments on March 1, 2017, March 1, 2018, March 1, 2019, and March 1, 2020, subject to the recipient's continued employment with us.

- On March 31, 2016, the named executive officer was awarded a number of performance-based restricted stock units within a pre-set range, with the actual number contingent on the achievement of certain performance criteria.
- (10) The actual award was determined in the first quarter of 2017 and is described in "*Equity Incentive Plan Compensation*" above. The earned award vests in full on March 1, 2020, subject to the recipient's continued employment with us.

- (11) Each of these awards of restricted stock units provided for vesting in three equal annual installments on each of August 1, 2016, August 1, 2017, and August 1, 2018, subject to the recipient's continued employment with us.

- On February 22, 2016, the named executive officer was awarded a number of performance-based restricted stock units within a pre-set range, with the actual number contingent on the achievement of certain performance criteria.
- (12) The actual award was determined in the first quarter of 2017 and is described in "*Equity Incentive Plan Compensation*" above. The earned award vests in four equal annual installments on March 1, 2017, March 1, 2018, March 1, 2019, and March 1, 2020, subject to the recipient's continued employment with us.

(13) This option has a 10-year term and vests in equal annual installments over a four-year period starting on July 2, 2009.

(14) Each of these awards of restricted stock units provided for vesting in two equal annual installments on each of March 1, 2017, and March 1, 2018, subject to the recipient's continued employment with us.

(15) Mr. Wenger's last day of employment was March 3, 2017.

(16) Mr. Neese's last day of employment was February 10, 2017.

The following table sets forth the number of shares acquired pursuant to the vesting of stock awards held by our named executive officers during fiscal 2016 and the aggregate dollar amount realized by our named executive officers upon such events. Because there were no shares acquired by our named executive officers pursuant to the exercise of options during fiscal 2016, we have not included columns pertaining to option awards in the table below.

2016 Option Exercises and Stock Vested Table

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Thomas H. Werner	275,810	4,829,906
Charles D. Boynton	82,592	1,932,879
Howard J. Wenger	86,934	2,058,597
(2) Marty T. Neese (3)	70,883	1,678,509
Douglas J. Richards	64,316	1,523,003

(1) The aggregate dollar value realized upon the vesting of a stock award represents the fair market value of the underlying shares on the vesting date multiplied by the number of shares vested.

(2) Mr. Wenger's employment terminated on March 3, 2017.

(3) Mr. Neese's employment terminated on February 10, 2017.

Potential Payments Upon Termination or Change of Control

Tabular Disclosure of Termination Payments. Our employment agreements with our named executive officers contain provisions that provide for payments upon certain events of termination and change of control. See “*Employment and Severance Agreements*” above for a detailed description of these agreements. The following tables summarize the estimated payments that would have been made on December 31, 2016 which our named executive officers would be eligible to receive upon the following termination events, assuming each such event had occurred on December 31, 2016, the last business day of our fiscal year ended January 1, 2017:

termination with cause or voluntary resignation without good reason;

involuntary termination without cause or voluntary resignation for good reason in connection with a change of control;

involuntary termination without cause or voluntarily resignation for good reason not in connection with a change of control;

retirement; or

discontinued service due to death or disability.

The dollar value identified with respect to each type of equity award is based on each named executive officer’s accelerated restricted stock units as of December 31, 2016 is based on the \$6.61 per share closing price for our common stock on December 31, 2016, the last trading day of our fiscal year ended January 1, 2017. No named executive officers held unvested stock options as of December 31, 2016. For more information on each officer’s outstanding equity awards as of January 1, 2017, please see the “*Outstanding Equity Awards At 2016 Fiscal-Year End Table*” above. The tables do not include unpaid regular salary, nor the impact of certain “best net” provisions of each named executive officer’s employment agreement that provides that, in the event any payments under such employment agreement would constitute parachute payments under Section 280G of the Code or be subject to the excise tax of Section 4999 of the Code, then such payments should be either delivered in full or reduced to result in no portion being subject to such tax provisions and still yield the greatest payment to the individual on an after tax basis.

Termination Payments Table

Name	Termination Scenario	Base Salary (\$)	Bonus and Accelerated Non-Equity Incentive Plan Awards (\$)	Accelerated Restricted Stock Units (\$)(1)(2)	Continued Medical Benefits and Gross Up (\$)	Outplacement Services (\$)	Accrued Paid Time Off and Sabbatical (\$)	Total (\$)
Thomas H. Werner	Termination with cause or voluntary resignation without good reason	—	—	—	—	—	492	492
	Involuntary termination without cause or voluntary resignation for good reason in connection with change of control	1,200,000	2,400,000	2,102,886	67,420	15,000	492	5,785,798
	Involuntary termination without cause or voluntary resignation for good reason not in connection with change of control	1,200,000	1,200,000	1,560,396	67,420	15,000	492	4,048,308
	Retirement	—	—	—	—	—	492	492
	Death or disability	—	—	2,621,447	—	—	492	2,621,939
Charles D. Boynton	Termination with cause or voluntary resignation without good reason	—	—	—	—	—	—	—

Howard J. Wenger	Involuntary termination without cause or voluntary resignation for good reason in connection with change of control	940,000	846,000	460,479	99,388	15,000	—	2,360,867
	Involuntary termination without cause or voluntary resignation for good reason not in connection with change of control	470,000	423,000	—	49,694	15,000	—	957,694
	Retirement	—	—	—	—	—	—	—
	Death or disability	—	—	478,723	—	—	—	478,723
	Termination with cause or voluntary resignation without good reason	—	—	—	—	—	—	—
	Involuntary termination without cause or voluntary resignation for good reason in connection with change of control	920,000	920,000	560,416	85	15,000	—	2,415,501
	Involuntary termination without cause or voluntary resignation for good reason not in connection with change of control	460,000	460,000	—	42	15,000	—	935,042
	Retirement	—	—	—	—	—	—	—

Death or disability	—	—	602,225	—	—	—	602,225
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Name	Termination Scenario	Continued Base Salary (\$)	Bonus and Accelerated Non-Equity Incentive Plan Awards (\$)	Accelerated Restricted Stock Units (\$)(1)(2)	Continued Medical Benefits and Gross Up (\$)	Outplacement Services (\$)	Accrued Paid Time Off and Sabbatical (\$)	Total (\$)
Marty T. Neese	Termination with cause or voluntary resignation without good reason	—	—	—	—	—	—	—
	Involuntary termination without cause or voluntary resignation for good reason in connection with change of control	900,000	810,000	362,261	68,440	15,000	—	2,155,701
	Involuntary termination without cause or voluntary resignation for good reason not in connection with change of control	450,000	405,000	—	34,220	15,000	—	904,220
	Retirement	—	—	—	—	—	—	—
	Death or disability	—	—	356,940	—	—	—	356,940
Douglas J. Richards	Termination with cause or voluntary resignation without good reason	—	—	—	—	—	—	—
	Involuntary termination	740,000	592,000	336,482	52,717	15,000	—	1,736,199

without cause
or voluntary
resignation for
good reason in
connection with
change of
control

Involuntary
termination
without cause
or voluntary
resignation for
good reason not
in connection
with change of
control

Retirement

Death or
disability

370,000	296,000	—	26,359	15,000	—	707,359
—	—	—	—	—	—	—
—	—	340,944	—	—	—	340,944

(1) In connection with a change of control, accelerated restricted stock units' calculation assumes that the change of control does not involve Total or one of its affiliates.

(2) Awards under the SunPower Corporation 2015 Omnibus Incentive Plan provide for accelerated vesting upon death or disability.

COMPENSATION COMMITTEE REPORT

The following report has been submitted by the Compensation Committee of the Board of Directors:

The Compensation Committee of the Board of Directors has reviewed and discussed our Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in our Annual Report on Form 10-K for the fiscal year ended January 1, 2017 and definitive proxy statement on Schedule 14A for our 2017 Annual Meeting, each as filed with the SEC. The foregoing report was submitted by the Compensation Committee of the Board and shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A promulgated by the SEC or Section 18 of the Exchange Act, and shall not be deemed incorporated by reference into any prior or subsequent filing by us under the Securities Act of 1933 or the Exchange Act.

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

Helle Kristoffersen

Thomas R. McDaniel

Julien Pouget

Pat Wood III, *Chair*

March 17, 2017

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding beneficial ownership of our common stock as of February 28, 2017 (except as described below) by:

each of our directors;

our Chief Executive Officer, Chief Financial Officer, and each of the three other most highly compensated individuals who served as our executive officers at the end of our fiscal year 2016, whom we collectively refer to as our “named executive officers”;

our directors, director nominees and executive officers as a group; and

each person (including any “group” as that term is used in Section 13(d)(3) of the Exchange Act) who is known by us to beneficially own more than 5% of any class of our common stock.

Applicable beneficial ownership percentages listed below are based on 138,699,919 shares of common stock outstanding as of February 28, 2017. The business address for each of our directors and executive officers is our corporate headquarters at 77 Rio Robles, San Jose, California 95134.

	Common Stock Beneficially Owned	
	(1) Number of Shares	%
Directors and Named Executive Officers		
Charles D. Boynton (2)	74,919	*
Helle Kristoffersen (3)	—	—
Daniel Lauré (4)	—	—
Catherine Lesjak	52,732	*
Thomas R. McDaniel (5)	138,858	*
Marty T. Neese (6)	225,879	*
Ladislav Paszkiewicz (7)	—	—
Julien Pouget (8)	—	—
Douglas J. Richards (9)	72,924	*
Howard J. Wenger (10)	255,234	*
Thomas H. Werner (11)	487,864	*
Laurent Wolffsheim	—	—
Pat Wood III (12)	77,476	*

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All Directors and Executive Officers as a Group (14 persons) (13)	1,276,157	*
Other Persons		
Total S.A.		
Total Energies Nouvelles Activités USA, SAS (14)		
2 place Jean Millier		
La Défense 6		
92400 Courbevoie		
France	104,528,234	63.48 %
Wellington Management Group LLP		
Wellington Group Holdings LLP		
Wellington Investment Advisors Holdings LLP		
Wellington Management Company LLP (15)		
c/o Wellington Management Group LLP		
280 Congress Street		
Boston, MA 02210	8,600,048	6.2 %

* Less than 1%.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares underlying restricted stock units and options held by that person that will vest or be exercisable within 60 days of February 28, 2017 are deemed to be outstanding. Such shares, however, are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

- (2) Includes 16,658 RSUs and 15,048 PSUs vesting within 60 days of February 28, 2017.
- (3) Ms. Kristoffersen joined our Board on September 15, 2016.
- (4) Mr. Lauré joined our Board on March 9, 2016.
- (5) Includes 138,742 shares of common stock held indirectly in the McDaniel Trust dtd 7/26/2000 of which Mr. McDaniel and his spouse are co-trustees.
- (6) Includes 100,000 shares of common stock issuable upon exercise of options exercisable within 60 days of February 28, 2017. Mr. Neese's last day of employment was February 10, 2017.
- (7) Mr. Paszkiewicz joined our Board on June 22, 2016.
- (8) Mr. Pouget joined our Board on September 15, 2016.
- (9) Includes 13,216 RSUs and 12,420 PSUs vesting within 60 days of February 28, 2017.
- (10) Includes 19,008 RSUs and 21,148 PSUs vesting within 60 days of February 28, 2017. Mr. Wenger's last day of employment was March 3, 2017.
- Includes 1,218 shares of common stock held by The Werner Family Trust ("WF Trust"), of which Mr. Werner and his wife are co-trustees and the beneficiaries are the surviving spouse between Thomas Werner and Suzanne Werner, to be followed by Jessica Werner and Katheryn Werner. Thomas and Suzanne Werner have been delegated joint control and voting power over the WF Trust. Includes 48,466 RSUs and 41,955 PSUs vesting within 60 days of February 28, 2017.
- (12) Includes 6,000 shares of common stock issuable upon exercise of options exercisable within 60 days of February 28, 2017.
- Includes the shares described in footnotes 2-5 and 7-12 plus 104,865 shares of common stock held by additional executive officers and 11,285 RSUs vesting within 60 days of February 28, 2017 held by additional executive officers.
- (13) The ownership information set forth in the table is based on information contained in a statement on Schedule 13D/A, filed with the SEC on December 10, 2015 by Total Energies Nouvelles Activités USA, SAS (formerly known as Total Gas & Power USA, SAS) and its parent Total S.A., which indicated that the parties have shared voting and shared dispositive power with respect to said shares. Includes 9,531,677 shares of common stock issuable pursuant to a warrant issued by us to Total Gas & Power USA, SAS on February 28, 2012, 8,017,420 shares of common stock issuable upon conversion of the convertible debentures issued by us to Total Gas & Power USA, SAS on May 29, 2013, 5,126,775 shares of common stock issuable upon conversion of the convertible debentures issued by us to Total Energies Nouvelles Activités USA, SAS on June 11, 2014 and 3,275,680 shares of common stock issuable upon conversion of the convertible debentures issued by us to Total Energies Nouvelles Activités USA, SAS on December 15, 2015.
- (14) The ownership information set forth in the table is based on information contained in a statement on Schedule 13G/A, filed with the SEC on February 9, 2017 by Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP and Wellington Management Company LLP. Such statement disclosed that Wellington Management Group LLP, Wellington Group Holdings LLP, Wellington Investment Advisors Holdings LLP have shared dispositive power with respect to 8,600,048 shares (or 6.2% of the shares of common stock outstanding as of February 28, 2017) and shared voting power with respect to 6,760,524 shares (or 4.87% of the shares of common stock outstanding as of February 28, 2017) and that Wellington Management Company LLP has shared dispositive power with respect to 8,389,041 shares and shared voting power with respect to 6,631,269 shares.
- (15)

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires certain of our executive officers and our directors, and persons who own more than 10% of a registered class of our equity securities, to file an initial report of ownership on Form 3 and reports of changes in ownership on Forms 4 or 5 with the SEC and The NASDAQ Global Select Market. Such executive officers, directors and greater than 10% stockholders are also required by SEC regulations to furnish us with copies of all Section 16 forms that they file. We periodically remind our directors and executive officers of their reporting obligations and assist in making the required disclosures once we have been notified that a reportable event has occurred. We are required to report in this proxy statement any failure by any of the above-mentioned persons to make timely Section 16 reports.

Based solely on our review of the copies of such forms received by us, and written representations from our directors and executive officers, we are unaware of any instances of noncompliance, or late compliance, with Section 16(a) filing requirements by our directors, executive officers or greater than 10% stockholders during fiscal 2016, except for Form 3 filings by Ms. Kristoffersen and Mr. Wolffsheim which were four and five days late, respectively.

COMPANY STOCK PRICE PERFORMANCE

The following graph compares the performance of an investment in our common stock from December 30, 2011 through January 1, 2017, with the NASDAQ Composite index and with the Guggenheim Solar ETF. The graph assumes \$100 was invested on December 30, 2011 in our common stock at the closing price of \$6.23 per share, at the closing price for the NASDAQ Composite and at the closing price for the Guggenheim Solar ETF. In addition, the graph assumes that any dividends were reinvested on the date of payment without payment of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance. The following graph is not, and shall not be deemed to be, filed as part of our Annual Report on Form 10-K. Such graph should not be deemed filed or incorporated by reference into any of our filings under the Securities Act of 1933, or the Securities Exchange Act of 1934, except to the extent specifically incorporated by reference therein by us.

**ASSUMES \$100 INVESTED ON DECEMBER 30, 2011
(ASSUMES DIVIDEND REINVESTED)
UNTIL FISCAL YEAR ENDED JANUARY 1, 2017**

	December 28, 2012	December 27, 2013	December 26, 2014	December 31, 2015	December 30, 2016
SunPower Corporation	\$88.12	\$464.04	\$422.47	\$481.70	\$106.10
NASDAQ Composite	\$113.63	\$159.55	\$184.51	\$192.21	\$206.63
Guggenheim Solar ETF	\$67.30	\$156.15	\$157.64	\$142.15	\$80.69

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information as of January 1, 2017 with respect to our equity compensation plans under which our equity securities are authorized for issuance (in thousands, except dollar figures).

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	126	\$57.77	7,018
Total(1)	126	—	7,018

This table excludes options to purchase an aggregate of approximately 7,503 shares of common stock, at a weighted average exercise price of \$30.04 per share, that we assumed in connection with the acquisition of PowerLight Corporation, now known as SunPower Corporation, Systems, in January 2007. Under the terms of our three equity incentive plans, we may issue incentive or non-statutory stock options, restricted stock awards, restricted stock units, or stock purchase rights to directors, employees and consultants to purchase common stock.

- (1) The SunPower Corporation 2015 Omnibus Incentive Plan includes an automatic share reserve increase feature effective for fiscal 2016 through fiscal 2025. This share reserve increase feature will cause an annual and automatic increase in the number of shares of our common stock reserved for issuance under the Stock Incentive Plan in an amount each year equal to the least of: 3% of the outstanding shares of our common stock measured on the last day of the immediately preceding fiscal year; 6,000,000 shares; and such other number of shares as determined by our Board. On January 2, 2017, the share reserve increase feature caused an automatic increase of 4,155,310 (3%) shares for fiscal 2017.

PROPOSAL FOUR

RATIFICATION OF THE APPOINTMENT OF

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2017

The Board of Directors, upon recommendation of the Audit Committee, has reappointed the firm of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017, subject to ratification by our stockholders.

Ernst & Young LLP has served as our auditor since May 3, 2012. A representative of Ernst & Young LLP is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions.

Stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is not required by our By-Laws or other applicable legal requirements. However, the Board is submitting the selection of Ernst & Young LLP to the stockholders for ratification as a matter of good corporate governance.

If the stockholders fail to ratify the selection of our independent registered accounting firm, the Audit Committee and the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Board, at its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in our and our stockholders' best interests.

Ernst & Young LLP

Ernst & Young LLP fees incurred by us for fiscal years 2015 and 2016 were as follows:

Services	2015 (\$)	2016 (\$)
Audit Fees	2,871,088	4,641,049
Audit-Related Fees	1,440,551	73,720
Tax Fees	983,365	838,785

All Other Fees	19,000	306,444
Total	5,314,005	5,859,998

Audit Fees: Audit fees for 2015 and 2016 were for professional services rendered in connection with audits of our consolidated financial statements, statutory audits of our subsidiary companies, quarterly reviews and assistance with documents that we filed with the SEC (including our Forms 10-Q and 8-K) for periods covering fiscal 2015 and 2016.

Audit-Related Fees: Audit-related fees for 2015 and 2016 were for professional services rendered in connection with debt offerings and consultations with management on various accounting matters.

Tax Fees: Tax fees for 2015 and 2016 were for tax consulting services.

All Other Fees: Other fees in 2015 and 2016 were for access to technical accounting services.

Audit Committee Pre-Approval

As required by Section 10A(i)(1) of the Exchange Act, our Audit Committee has adopted a pre-approval policy requiring that the Audit Committee pre-approve all audit and permissible non-audit services to be performed by our independent registered public accounting firm. Any proposed service that has received pre-approval but which will exceed pre-approved cost limits will require additional pre-approval by the Audit Committee. In addition, pursuant to Section 10A(i)(3) of the Exchange Act, the Audit Committee has established procedures by which the Audit Committee may from time to time delegate pre-approval authority to the Chairman of the Audit Committee. If the Chairman exercises this authority, he must report any pre-approval decisions to the full Audit Committee at its next meeting. The independent registered public accounting firm and our management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with the committee's pre-approval, and the fees for the services performed to date.

During fiscal years 2015 and 2016 all services provided to us by Ernst & Young LLP were pre-approved by the Audit Committee in accordance with the pre-approval policy described above. The scope and services was reviewed and approved by the Audit Committee after the services were rendered. Ernst & Young LLP and our Audit Committee have each concluded that Ernst & Young LLP's objectivity and ability to exercise impartial judgment on all issues encompassed with the audit engagement has not been impaired because (i) the services did not include prohibited non-audit related services and (ii) the fees we paid were insignificant both to Ernst & Young LLP and to SunPower.

Vote Required

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2017 requires the affirmative vote of the holders of a majority of our stock having voting power and in attendance or represented by proxy at the Annual Meeting. We do not expect "broker non-votes" on this proposal since brokers have discretionary authority to vote on this proposal. Abstentions will have the effect of votes against this proposal.

VOTE BY INTERNET

Before The Annual Meeting - Go to **www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Annual Meeting - Go to **www.virtualshareholdermeeting.com/SPWR2017**

**SUNPOWER
CORPORATION
77 RIO ROBLES
SAN JOSE, CA
95134**

You may attend the Annual Meeting via the Internet and vote during the Annual Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS
FOLLOWS:

E20758-P88578

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

KEEP THIS PORTION FOR
YOUR RECORDS
DETACH AND RETURN THIS
PORTION ONLY

SUNPOWER CORPORATION
The Board of Directors recommends you vote FOR the following:

For Withhold
All All Except

To withhold authority to vote for any individual nominee(s), mark “For All Except” and write the number(s) of the nominee(s) on the line below.

1. The re-election of three directors to serve as Class III directors on our board of directors (the “Board”);

Nominees:

- 01) Helle Kristoffersen
 02) Thomas R. McDaniel
 03) Thomas H. Werner

The Board of Directors recommends you vote FOR the following proposal:

For Against Abstain

2. The approval, in an advisory vote, of our named executive officer compensation;

The Board of Directors recommends you vote 1 YEAR on the following proposal:

1 2 3 Years Abstain
Year Years

3. The proposal to approve, in an advisory vote, whether a stockholder advisory vote on our named executive officer compensation should be held every (a) one year, (b) two years, or (c) three years; and

The Board of Directors recommends you vote FOR the following proposal:

For Against Abstain

4. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2017.

NOTE: In their discretion, Thomas H. Werner, Charles D. Boynton, Ken Mahaffey or any of them, each with the power of substitution, are authorized to vote upon such other matter or matters as may properly come before the Annual Meeting or any adjournment or postponement thereof.

For address changes and/or comments, please check this box and write them on the back where indicated.

This Proxy should be marked, dated and signed by stockholder(s) exactly as his or her name(s) appear(s) hereon, and returned promptly in the enclosed envelope. Persons signing in a fiduciary capacity should so indicate. If shares are held by joint tenants or as a community property, both should sign.

Signature

[PLEASE SIGN Date
WITHIN BOX]

Signature (Joint Owners)

Date

V.1.2

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Combined Document is available at www.proxyvote.com.

E20759-P88578

**SUNPOWER CORPORATION
PROXY FOR 2017 ANNUAL MEETING OF
STOCKHOLDERS
THIS PROXY IS SOLICITED ON BEHALF
OF THE BOARD OF DIRECTORS**

The undersigned stockholder of SUNPOWER CORPORATION, a Delaware corporation, hereby acknowledges the Notice of the 2017 Annual Meeting of Stockholders and Proxy Statement, and hereby appoints Thomas H. Werner, Charles D. Boynton and Ken Mahaffey, and each of them, as proxies and attorneys-in-fact with full power to each of substitution, on behalf and in the name of the undersigned, to represent, vote and act on behalf of the undersigned at the 2017 Annual Meeting of Stockholders of SunPower Corporation to be held on April 27, 2017, at 12:00 p.m. Pacific Time, at www.virtualshareholdermeeting.com/SPWR2017 and at any adjournment or postponement thereof, and to vote all shares of Common Stock that the undersigned would be entitled to vote, if then and there personally present, on all matters coming before the meeting. A majority of such attorneys-in-fact or substitutes as shall be present and shall act at said meeting or any adjournment or postponement thereof (or if only one shall represent and act, then that one) shall have and may exercise all the powers of said attorneys-in-fact hereunder.

**THIS PROXY, WHEN PROPERLY
EXECUTED, WILL BE VOTED AS
DIRECTED HEREIN, OR IF NO
CONTRARY DIRECTION IS INDICATED,
WILL BE VOTED FOR (1) THE
ELECTION OF EACH OF THE
DIRECTOR NOMINEES; FOR (2) THE
APPROVAL, IN AN ADVISORY VOTE, OF
OUR NAMED EXECUTIVE OFFICER
COMPENSATION; 1 YEAR ON (3) THE**

**PROPOSAL TO APPROVE, IN AN
ADVISORY VOTE, WHETHER A
STOCKHOLDER ADVISORY VOTE ON
OUR NAMED EXECUTIVE OFFICER
COMPENSATION SHOULD BE HELD
EVERY (A) ONE YEAR, (B) TWO YEARS,
OR (C) THREE YEARS; AND FOR (4) THE
RATIFICATION OF THE APPOINTMENT
OF ERNST & YOUNG LLP AS OUR
INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM FOR FISCAL YEAR
2017; AND WILL BE VOTED AS SAID
PROXIES DEEM ADVISABLE ON SUCH
OTHER BUSINESS AS MAY PROPERLY
COME BEFORE THE ANNUAL MEETING
OR ANY ADJOURNMENT OR
POSTPONEMENT THEREOF.**

Address Changes/Comments:

(If you noted any Address
Changes/Comments above, please mark
corresponding box on the reverse side.)

**Continued and to be signed on reverse
side**

V.1.2