

# Second Quarter 2016 Supplementary Slides

August 9, 2016

# Safe Harbor Statement

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding: (a) the anticipated product mix for, and impact of our digital strategy on, our residential business; (b) our ability to reduce costs and to execute on our X-series and P-series production plans; (c) the long term fundamentals for solar power, our expectations as to market dynamics and our ability to gain commercial market share with stable pricing; (d) our plans for realignment of our manufacturing operations and power plant segment, including the anticipated increase in X-series output; (e) our expectations for the success and financial impact of our planned realignment, including impact on our operating expenses, capital expenditures and upstream volume; (f) the effects of the ITC and bonus depreciation extensions on demand for solar panels, the solar power plant market, and our business generally; (g) our project pipeline; (h) our ability to leverage our partnership with Total in international markets; (i) adjustments to our manufacturing capacity, including plans related to our Philippine panel assembly plant and our manufacturing facilities in Mexico; (j) our ability to gain or retain technology leadership positions; (k) third quarter fiscal 2016 guidance, including GAAP revenue, gross margin, and net income (loss), as well as non-GAAP revenue, gross margin, EBITDA, and MW deployed; (l) full year fiscal 2016 guidance, including GAAP revenue, gross margin and net loss, as well as non-GAAP revenue, gross margin, capital expenditures, EBITDA, and gigawatts deployed and (m) our full year fiscal 2017 selected forecasts. These forward-looking statements are based on our current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: (1) competition in the solar and general energy industry and downward pressure on selling prices and wholesale energy prices; (2) our liquidity, substantial indebtedness, and ability to obtain additional financing for our projects and customers; (3) regulatory changes and the availability of economic incentives promoting use of solar energy; (4) challenges inherent in constructing certain of our large projects; (5) the success of our ongoing research and development efforts and our ability to commercialize new products and services, including products and services developed through strategic partnerships; (6) fluctuations in our operating results; (7) maintaining or increasing our manufacturing capacity and containing manufacturing difficulties that could arise; (8) challenges managing our joint ventures and partnerships; (9) challenges executing on our HoldCo and YieldCo strategies, including the risk that 8point3 Energy Partners may be unsuccessful; (10) fluctuations or declines in the performance of our solar panels and other products and solutions; (11) our ability to meet our cost reduction targets and implement the planned realignment of our manufacturing operations and power plant segment and (12) the outcomes of previously disclosed litigation. A detailed discussion of these factors and other risks that affect our business is included in filings we make with the Securities and Exchange Commission (SEC) from time to time, including our most recent reports on Form 10-K and Form 10-Q, particularly under the heading “Risk Factors.” Copies of these filings are available online from the SEC or on the SEC Filings section of our Investor Relations website at [investors.sunpower.com](http://investors.sunpower.com). All forward-looking statements in this presentation are based on information currently available to us, and we assume no obligation to update these forward-looking statements in light of new information or future events.

# Agenda

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- **Q2 2016 performance by segment**
- **Strategic overview**
- **Realignment actions and costs**
- **Q2 2016 financial review**
- **Holdco update**
- **Guidance**

- **Q2 overview**

- Strong performance – cash sales up, record NPS, X-Series demand
- Q2 MW deployments up ~25% year over year / EU market stabilizing
- Equinox complete solution mix ahead of plan, ~50% of new orders

- **Outlook**

- Continued mix shift to Equinox with X series and microinverters
- Forecasting higher cash mix in 2H16 – impacts EBITDA
- Digital strategy – driving increased customer engagement / brand
- Storage – launched “virtual power plant” partnership with ConEd





# Commercial Business

- **Q2 overview**

- Performance above plan
- Successfully ramping Helix – 20 MW deployed in Q2
- Solid demand – including Toyota TX, US Army and 2 CA colleges



- **Outlook**

- Estimated commercial market CAGR of 20% through 2020\*
- Gaining share with stable pricing
- Pipeline > \$1.3 billion and growing



\* GTM, June 2016

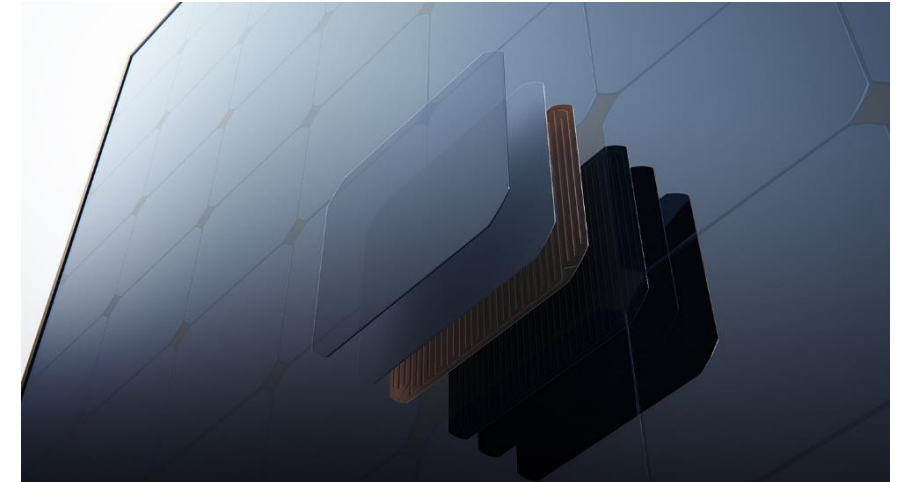
# Manufacturing & Technology

- **Q2 overview**

- Achieved output, yield and cost manufacturing targets
- Record rooftop solar panel efficiency – 24.1%
- High-volume P-series panel production ramping in Mexico
- ~500k microinverters deployed to date – exceptional reliability

- **Outlook**

- Continued focus on panel/BOS cost reduction programs
- Expand X-Series production to meet demand
- P-Series ramp benefitting from solar cell pricing trends
- Reduce costs by streamlining supply chain



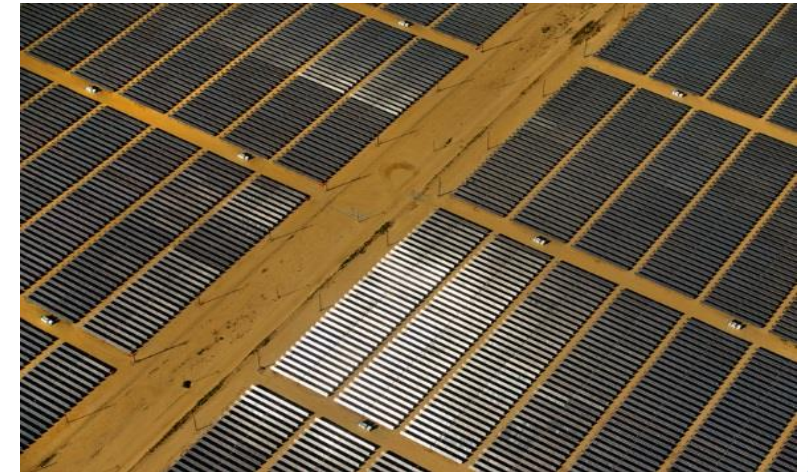
# Power Plant Business

- **Q2 overview**

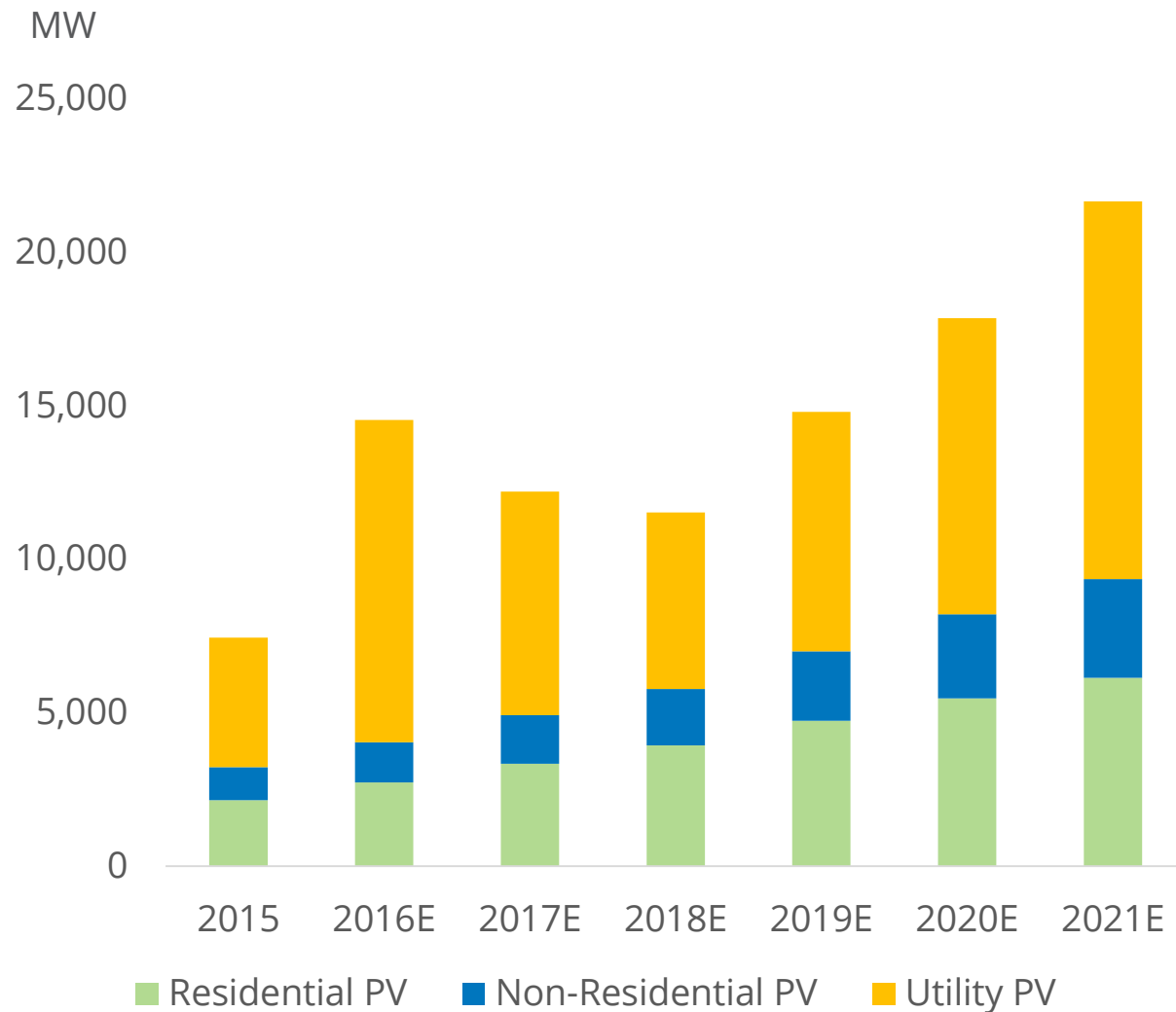
- Sold controlling stake in Henrietta to Southern Company
- Announced 250 MW PPA in Chile – LatAm PPA portfolio now > 800 MW
- US public sector - 9.5 MW for CA Dept. of Water Resources
- Awarded 40 MW of PV / storage systems for French islands

- **Outlook**

- Demand timing shift in US due to ITC / bonus depreciation extension
- Increasingly competitive international PPA pricing environment
- Focus development activities on limited core markets



# US ITC / Bonus Depreciation Extension Impact



- **Continuous DG market growth forecast**

- Solar competitive with retail electricity rates
- Strong economics driving increased demand
- Significant state policy support – e.g. CA NEM 2.0

- **2017-18 PP outlook – decreased volumes**

- Presumed ITC cliff drove 1H-2016 project schedules
- ITC extension decreasing urgency for 2H-16 / 2017
- Investor IRRs increasing
- Increasing PPA competition

Source: GTM Research, June 2016



# Strategic Overview

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- **Significant and growing long-term global solar power opportunity**
  - Core foundation of SunPower strategy unchanged
  - Continue to invest in differentiated technology / complete systems solutions
  - Diversified model – global market / multi segment approach, leverage 8point3
- **DG business strong**
  - Taking share in US residential & commercial, Europe and Japan stable, Smart Energy innovation
- **Upstream & technology leadership**
  - Maintaining IBC technology lead, ramping high-volume P-series and benefitting from solar cell price trends
- **Near term challenges in power plant market**
  - ITC timing impact, SUNE bankruptcy, IRR hurdle rate, PPA pricing
  - 2016 EBITDA impact of ~\$175 million, updated 2016 guidance of \$275 to \$325 million

# Realignment Actions

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- **Power Plant**

- Focus self-development in US, Mexico, S. America, France – reduced Opex & Capex
- Serve ROW markets with sales of Oasis® and P-series complete solutions
- Move certain projects to 2017-2018 to capture cost reduction benefits
- Modify project sales cycle to expand buyer universe and de-risk IRRs
- 8point3 remains key strategic vehicle – no expected impact from realignment on 8point3
- Leverage Total partnership in international markets

- **Upstream**

- Debottleneck Fab 2 for increased X-Series capacity by end of 2017
- 2016 volume impact ~150 MW, capacity guidance for 2017 and beyond unchanged from 2015 analyst day
- Close Philippine Modco, relocate panel assembly capacity to Mexico (two sites, ~ 2 GW capacity)

# Realignment Costs

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- **Workforce reduction - ~1,200 employees**
  - ~1,000 in Philippines upstream operations
  - ~200 in downstream and corporate
- **\$30 – \$45 million restructuring charge**
- **Substantial portion of charges in Q316**
- **More than 50% of charges to be cash**

# Proactively Positioning For Long Term Success

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- **Massive solar industry opportunity – global expansion at grid parity**
- **Power Plant: Focus development in core markets, leverage Oasis / P-series in ROW**
- **DG: Invest to expand footprint in residential and commercial segments**
- **Upstream: Adjust capacity to higher efficiency X-series products / closer to market**
- **Technology: Continued investment in complete solutions and next-gen solar cells**
- **Corporate: Reduce Opex by 10% to fund strategic investments**



# Q2 2016 Financial Overview

(\$ millions, except percentages and per share data)	Quarter Ending 7/3/16	Quarter Ending 4/3/16	Quarter Ending 6/28/15
<b>Revenue (Non-GAAP)</b>	<b>\$401.8</b>	<b>\$433.6</b>	<b>\$376.7</b>
Power Plant	\$104.7	\$220.5	\$161.5
Commercial	\$110.5	\$52.2	\$63.0
Residential	\$186.6	\$160.9	\$152.2
<b>Gross Margin (Non-GAAP)</b>	<b>13.1%</b>	<b>13.6%</b>	<b>17.6%</b>
Power Plant	(1.6%)	5.9%	16.5%
Commercial	10.8%	15.9%	6.4%
Residential	22.6%	23.4%	23.3%
<b>Non-GAAP Operating Expense</b>	<b>\$103.4</b>	<b>\$110.9</b>	<b>\$84.4</b>
<b>EBITDA</b>	<b>\$29.9</b>	<b>\$6.3</b>	<b>\$63.6</b>
<b>Tax Rate (Non-GAAP)</b>	<b>(13.2%)</b>	<b>(2.2%)</b>	<b>34.5%</b>
<b>Net Income (Loss) - (GAAP)</b>	<b>(\$70.0)</b>	<b>(\$85.4)</b>	<b>\$6.5</b>
<b>Net Income (Loss) - (Non-GAAP)</b>	<b>(\$30.1)</b>	<b>(\$41.2)</b>	<b>\$27.2</b>
<i>Diluted Wtg. Avg. Shares Out. (GAAP)</i>	138.1	137.2	157.0
<i>Diluted Wtg. Avg. Shares Out. (Non-GAAP)</i>	138.1	137.2	157.0
<b>Diluted EPS (GAAP)</b>	<b>(\$0.51)</b>	<b>(\$0.62)</b>	<b>\$0.04</b>
<b>Diluted EPS (Non-GAAP)</b>	<b>(\$0.22)</b>	<b>(\$0.30)</b>	<b>\$0.18</b>

Note: Information concerning non-GAAP measures, including non-GAAP to GAAP reconciliations, can be found in the press release available on the company's website.

# Current Holdco Project Summary

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	<b>Operating</b>	<b>In Construction</b>	<b>Contracted</b>	<b>TOTAL</b>
Residential	261	16	25	302
Commercial	93	82	11	186
Power Plants	1	656	812	1,469
<b>Total MW</b>	<b>356</b>	<b>755</b>	<b>848</b>	<b>1,958</b>

# Addressing Near-Term Project Valuation Challenges

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- **Challenges**

- ITC – impact of extension timing / bonus depreciation schedule
- Near-term cost of capital increasing – tax equity, project finance
- Competitive PPA pricing – <\$50/MWh / construction cycle shortening

- **Proactive steps**

- Focus self-development in core markets, primarily the Americas – reduced Opex & Capex
- Modify project sales cycle to expand buyer universe and de-risk IRRs
- Leverage Total partnership in international markets to lower financing costs
- Drive Oasis / P-Series cost roadmaps, relocate panel assembly capacity to Mexico

# Q316 / FY 2016 / FY 2017 Financial Guidance

	<b>Q3'16</b>	<b>FY'16</b>	<b>FY'17</b>
<b>GAAP Revenue</b>	\$700 to \$800M	\$2.8 to \$3.0B	N/A
<b>GAAP Gross Margin</b>	14.5% to 16.5%	9.5% to 11.5%	N/A
<b>GAAP Net Income (Loss)</b>	(\$5) to \$20M	(\$175) to (\$125)M	(\$200) to (\$100)M
<b>Non-GAAP Revenue</b>	\$750 to \$850M	\$3.0 to \$3.2B	N/A
<b>Non-GAAP Gross Margin</b>	16.5% to 18.5%	10.5% to 12.5%	N/A
<b>EBITDA</b>	\$115 to \$140M	\$275M to \$325M	\$300 to \$400M



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# Q3 and FY 2016 Financial Guidance

	<b>Q3'16</b>	<b>FY'16</b>
<b>Residential MW Deployed</b>	90 to 100 MW	350 to 450 MW
<b>Commercial MW Deployed</b>	120 to 130 MW	350 to 450 MW
<b>Power Plant MW Deployed</b>	170 to 190 MW	700 to 800 MW
<b>TOTAL MW Deployed</b>	380 to 420 MW	1,450 to 1,650 MW
<b>TOTAL MW Recognized</b>	300 to 330 MW	1,450 to 1,650 MW

# FY 2016 Non-GAAP Financial Guidance

	<b>FY'16</b>
<b>Operating Expenses</b>	<b>\$410 to \$420M</b>
<b>Equity in Earnings, Non-Controlling Interests, OIE</b>	<b>\$140 to \$190M</b>
<b>Depreciation</b>	<b>\$150 to \$180M</b>
<b>Tax Expense</b>	<b>\$25 to \$45M</b>
<b>Capital Expenditures</b>	<b>\$225 to \$245M</b>
<b>Weighted Average Shares</b>	<b>140 to 150M</b>

# US Residential Lease Summary

	Q2'16	Cumulative
<b>MW Booked</b>	17.3 MW	302.3 MW
<b>MW Installed</b>	23.4 MW	277.5 MW
<b>MW Deployed</b>	21 MW	286.9 MW
<b>Nominal Contract Payments Added</b>	\$73.0 M	\$1,196 M
<b>Residential Energy Contracts Added</b>	1,952	36,282
<b>Average System Size</b>	8.5kW	8.3kW

- Cumulative numbers were adjusted to exclude leased systems sold to 8point3 Energy Partners on June 24, 2015:
  - Total MW: 46.75 MW
  - Lease count: 5,873
  - Net contract payments: \$258.1 million.



# Q2'16 Segment Reporting Reconciliation

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	Jul. 3, 2016	Jun. 28, 2015	Jul. 3, 2016	Jun. 28, 2015
<b>(In thousands):</b>				
<b>EBITDA as reviewed by CODM</b>				
Distributed Generation				
Residential	\$ 37,092	\$ 75,082	\$ 66,670	\$ 107,706
Commercial	244	(2,088)	(2,197)	(8,988)
Power Plant	(15,922)	20,796	(24,799)	51,973
Corporate and Unallocated	8,490	(30,235)	(3,464)	(28,305)
Total EBITDA as reviewed by CODM	<u>29,904</u>	<u>63,555</u>	<u>36,210</u>	<u>122,386</u>
<b>Reconciliation to Consolidated Statements of Income (Loss)</b>				
8point3	(18,039)	4,688	(28,758)	4,688
Utility and power plant projects	(4,128)	4,328	(7,685)	15,579
Sale of operating lease assets	(2,979)	-	(6,099)	-
Sale-leaseback	(2,988)	-	(2,988)	-
FPSC arbitration ruling	5,852	7,100	5,852	7,100
Stock-based compensation expense	(16,475)	(14,040)	(32,995)	(27,586)
Cash interest expense, net of interest income	(13,144)	(8,023)	(25,328)	(19,115)
Provision for income taxes	(6,648)	659	(9,829)	(1,692)
Depreciation	(37,730)	(30,820)	(71,556)	(59,424)
Other	(3,617)	(20,938)	(12,225)	(45,008)
Net income (loss) attributable to stockholders	<u>\$ (69,992)</u>	<u>\$ 6,509</u>	<u>\$ (155,401)</u>	<u>\$ (3,072)</u>

\* Category includes corporate expenses and manufacturing overhead not specifically tied to individual business segments

# GAAP to Non-GAAP Guidance Reconciliation – Q3'16 / FY'16 / FY'17

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- 1) Estimated non-GAAP amounts above for Q3 2016 include net adjustments that increase revenue by approximately \$35 million related to 8point3, \$10 million related to sale of operating lease assets, and \$5 million related to sale-leaseback transactions. Estimated non-GAAP amounts above for fiscal 2016 include net adjustments that increase (decrease) revenue by approximately \$20 million related to 8point3, \$5 million related to utility and power plant projects, (\$5) million related to sale of operating lease assets, and \$180 million related to sale-leaseback transactions.
- 2) Estimated non-GAAP amounts above for Q3 2016 include net adjustments that increase gross margin by approximately \$13 million related to 8point3, \$3 million related to sale of operating lease assets, \$1 million related to sale-leaseback transactions, \$5 million related to stock-based compensation expense, and \$1 million related to other items. Estimated non-GAAP amounts above for fiscal 2016 include net adjustments that increase (decrease) gross margin by approximately \$15 million related to 8point3, (\$2) million related to sale of operating lease assets, \$20 million related to sale-leaseback transactions, and \$20 million related to stock-based compensation expense.
- 3) Estimated EBITDA amounts above for Q3 2016 include net adjustments that increase (decrease) net income by approximately \$16 million related to 8point3, \$3 million related to sale of operating lease assets, \$1 million related to sale-leaseback transactions, \$17 million related to stock-based compensation expense, \$20 million related to restructuring, \$5 million related to other items, \$15 million related to interest expense, (\$2) million related to income taxes, and \$45 million related to depreciation. Estimated EBITDA amounts above for fiscal 2016 include net adjustments that increase (decrease) net loss by approximately (\$60) million related to 8point3, \$2 million related to sale of operating lease assets, (\$20) million related to sale-leaseback transactions, (\$70) million related to stock-based compensation expense, (\$30) million related to restructuring, (\$17) million related to other items, (\$55) million related to interest expense, (\$20) million related to income taxes, and (\$180) million related to depreciation. Estimated EBITDA amounts above for fiscal 2017 include net adjustments that decrease net loss by approximately (\$65) million related to sale-leaseback transactions, (\$70) million related to stock-based compensation expense, (\$25) million related to other items, (\$65) million related to interest expense, (\$25) million related to income taxes, and (\$250) million related to depreciation.

# GAAP to Non-GAAP Reconciliation

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

**Adjustments to Revenue:**

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	Jul. 3, 2016	Apr. 3, 2016	Jun. 28, 2015	Jul. 3, 2016	Jun. 28, 2015
GAAP revenue	\$ 420,452	\$ 384,875	\$ 381,020	\$ 805,327	\$ 821,891
Adjustments based on IFRS:					
8point3	(1,400)	(15,174)	-	(16,574)	-
Utility and power plant projects	(40,085)	53,538	(4,313)	13,453	(14,583)
Sale of operating lease assets	10,183	10,403	-	20,586	-
Sale-leaseback transactions	12,646	-	-	12,646	-
Non-GAAP revenue	\$ 401,796	\$ 433,642	\$ 376,707	\$ 835,438	\$ 807,308

**Adjustments to Gross margin:**

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	Jul. 3, 2016	Apr. 3, 2016	Jun. 28, 2015	Jul. 3, 2016	Jun. 28, 2015
GAAP gross margin	\$ 41,294	\$ 51,537	\$ 70,881	\$ 92,831	\$ 161,699
Adjustments based on IFRS:					
8point3	(210)	(4,642)	-	(4,852)	-
Utility and power plant projects	4,128	3,557	(4,328)	7,685	(15,579)
Sale of operating lease assets	2,966	3,112	-	6,078	-
Sale-leaseback transactions	2,988	-	-	2,988	-
Other adjustments:					
Stock-based compensation expense	5,464	4,125	3,259	9,589	5,825
Other	(4,038)	1,333	(3,669)	(2,705)	2,359
Non-GAAP gross margin	\$ 52,592	\$ 59,022	\$ 66,143	\$ 111,614	\$ 154,304
GAAP gross margin (%)	9.8%	13.4%	18.6%	11.5%	19.7%
Non-GAAP gross margin (%)	13.1%	13.6%	17.6%	13.4%	19.1%

# GAAP to Non-GAAP Reconciliation

## Adjustments to Net income (loss):

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	Jul. 3, 2016	Apr. 3, 2016	Jun. 28, 2015	Jul. 3, 2016	Jun. 28, 2015
GAAP net income (loss) attributable to stockholders	\$ (69,992)	\$ (85,409)	\$ 6,509	\$ (155,401)	\$ (3,072)
Adjustments based on IFRS:					
8point3	18,039	10,719	(4,688)	28,758	(4,688)
Utility and power plant projects	4,128	3,557	(4,328)	7,685	(15,579)
Sale of operating lease assets	2,979	3,120	-	6,099	-
Sale-leaseback transactions	2,988	-	-	2,988	-
Other adjustments:					
Stock-based compensation expense	16,475	16,520	14,040	32,995	27,586
Other	(2,235)	8,608	13,838	6,373	37,908
Tax effect	(2,454)	1,684	1,797	(770)	4,737
Non-GAAP net income (loss) attributable to stockholders	<u>\$ (30,072)</u>	<u>\$ (41,201)</u>	<u>\$ 27,168</u>	<u>\$ (71,273)</u>	<u>\$ 46,892</u>

# GAAP to Non-GAAP Reconciliation

## Adjustments to Net income (loss) per diluted share:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	Jul. 3, 2016	Apr. 3, 2016	Jun. 28, 2015	Jul. 3, 2016	Jun. 28, 2015
Net income (loss) per diluted share					
Numerator:					
GAAP net income (loss) available to common stockholders <sup>1</sup>	\$ (69,992)	\$ (85,409)	\$ 7,021	\$ (155,401)	\$ (3,072)
Non-GAAP net income (loss) available to common stockholders <sup>1</sup>	\$ (30,072)	\$ (41,201)	\$ 27,679	\$ (71,273)	\$ 47,954
Denominator:					
GAAP weighted-average shares	138,084	137,203	156,995	137,644	133,205
Effect of dilutive securities:					
Stock options	-	-	-	-	39
Restricted stock units	-	-	-	-	2,239
Upfront warrants (held by Total)	-	-	-	-	7,055
Warrants (under the CSO2015)	-	-	-	-	1,827
0.75% debentures due 2018	-	-	-	-	12,026
Non-GAAP weighted-average shares <sup>1</sup>	138,084	137,203	156,995	137,644	156,391
GAAP net income (loss) per diluted share	\$ (0.51)	\$ (0.62)	\$ 0.04	\$ (1.13)	\$ (0.02)
Non-GAAP net income (loss) per diluted share	\$ (0.22)	\$ (0.30)	\$ 0.18	\$ (0.52)	\$ 0.31

<sup>1</sup> In accordance with the if-converted method, net income (loss) available to common stockholders excludes interest expense related to the 0.75%, 0.875%, and 4.0% debentures if the debentures are considered converted in the calculation of net income (loss) per diluted share. If the conversion option for a debenture is not in the money for the relevant period, the potential conversion of the debenture under the if-converted method is excluded from the calculation of non-GAAP net income (loss) per diluted share.

# GAAP to Non-GAAP Reconciliation

## EBITDA:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	Jul. 3, 2016	Apr. 3, 2016	Jun. 28, 2015	Jul. 3, 2016	Jun. 28, 2015
GAAP net income (loss) attributable to stockholders	\$ (69,992)	\$ (85,409)	\$ 6,509	\$ (155,401)	\$ (3,072)
Adjustments based on IFRS:					
8point3	18,039	10,719	(4,688)	28,758	(4,688)
Utility and power plant projects	4,128	3,557	(4,328)	7,685	(15,579)
Sale of operating lease assets	2,979	3,120	-	6,099	-
Sale-leaseback transactions	2,988	-	-	2,988	-
Other adjustments:					
Stock-based compensation expense	16,475	16,520	14,040	32,995	27,586
Cash interest expense, net of interest income	13,144	12,184	8,023	25,328	19,115
Provision for income taxes	6,648	3,181	(659)	9,829	1,692
Depreciation	37,730	33,826	30,820	71,556	59,424
Other	(2,235)	8,608	13,838	6,373	37,908
EBITDA	<u>\$ 29,904</u>	<u>\$ 6,306</u>	<u>\$ 63,555</u>	<u>\$ 36,210</u>	<u>\$ 122,386</u>

# GAAP to Non-GAAP Reconciliation

## SUPPLEMENTAL DATA (In thousands, except percentages)

### THREE MONTHS ENDED

	July 3, 2016										Research and development	Selling, general and administrative	Restructuring charges	Other income (expense), net	Benefit from (provision for) income taxes	Equity in earnings of unconsolidated investees	Net income (loss) attributable to stockholders
	Revenue			Gross margin			Operating expenses										
	Residential	Commercial	Power Plant	Residential	Commercial	Power Plant											
<b>GAAP</b>	\$ 177,715	\$ 97,846	\$ 144,891	\$ 38,756	21.8%	\$ 8,323	8.5%	\$ (5,785)	-4.0%							\$ (69,992)	
Adjustments based on IFRS:																	
8point3	(1,287)	-	(113)	(419)		179		30		-	-	-	1,061	-	17,188	18,039	
Utility and power plant projects	-	-	(40,085)	-		-		4,128		-	-	-	-	-	-	4,128	
Sale of operating lease assets	10,183	-	-	2,966		-		-		-	-	13	-	-	-	2,979	
Sale-leaseback transactions	-	12,646	-	-		2,988		-		-	-	-	-	-	-	2,988	
Other adjustments:																	
Stock-based compensation expense	-	-	-	1,652		745		3,067		2,965	8,046	-	-	-	-	16,475	
Other	-	-	-	(706)		(262)		(3,070)		1,190	508	117	(12)	-	-	(2,235)	
Tax effect	-	-	-	-		-		-		-	-	-	-	(2,454)	-	(2,454)	
<b>Non-GAAP</b>	\$ 186,611	\$ 110,492	\$ 104,693	\$ 42,249	22.6%	\$ 11,973	10.8%	\$ (1,630)	-1.6%							\$ (30,072)	

	April 3, 2016										Research and development	Selling, general and administrative	Restructuring charges	Other income (expense), net	Benefit from (provision for) income taxes	Equity in earnings of unconsolidated investees	Net income (loss) attributable to stockholders
	Revenue			Gross margin			Operating expenses										
	Residential	Commercial	Power Plant	Residential	Commercial	Power Plant											
<b>GAAP</b>	\$ 151,807	\$ 52,241	\$ 180,827	\$ 33,647	22.2%	\$ 7,015	13.4%	\$ 10,875	6.0%							\$ (85,409)	
Adjustments based on IFRS:																	
8point3	(1,312)	-	(13,862)	(485)		-		(4,157)		-	-	-	1,062	-	14,299	10,719	
Utility and power plant projects	-	-	53,538	-		-		3,557		-	-	-	-	-	-	3,557	
Sale of operating lease assets	10,403	-	-	3,112		-		-		-	-	8	-	-	-	3,120	
Other adjustments:																	
Stock-based compensation expense	-	-	-	827		652		2,646		3,032	9,363	-	-	-	-	16,520	
Other	-	-	-	482		665		186		1,827	5,352	96	-	-	-	8,608	
Tax effect	-	-	-	-		-		-		-	-	-	-	1,684	-	1,684	
<b>Non-GAAP</b>	\$ 160,898	\$ 52,241	\$ 220,503	\$ 37,583	23.4%	\$ 8,332	15.9%	\$ 13,107	5.9%							\$ (41,201)	

	June 28, 2015										Research and development	Selling, general and administrative	Restructuring charges	Other income (expense), net	Benefit from (provision for) income taxes	Equity in earnings of unconsolidated investees	Net income (loss) attributable to stockholders
	Revenue			Gross margin			Operating expenses										
	Residential	Commercial	Power Plant	Residential	Commercial	Power Plant											
<b>GAAP</b>	\$ 152,205	\$ 62,984	\$ 165,831	\$ 35,226	23.1%	\$ 4,142	6.6%	\$ 31,513	19.0%							\$ 6,509	
Adjustments based on IFRS:																	
8point3	-	-	-	-		-		-		-	-	-	(4,688)	-	-	(4,688)	
Utility and power plant projects	-	-	(4,313)	-		-		(4,328)		-	-	-	-	-	-	(4,328)	
Other adjustments:																	
Stock-based compensation expense	-	-	-	1,212		531		1,516		2,380	8,401	-	-	-	-	14,040	
Other	-	-	-	(1,028)		(657)		(1,984)		330	6,548	1,749	8,880	-	-	13,838	
Tax effect	-	-	-	-		-		-		-	-	-	-	1,797	-	1,797	
<b>Non-GAAP</b>	\$ 152,205	\$ 62,984	\$ 161,518	\$ 35,410	23.3%	\$ 4,016	6.4%	\$ 26,717	16.5%							\$ 27,168	

# GAAP to Non-GAAP Reconciliation

		SIX MONTHS ENDED														
		July 3, 2016														
		Revenue			Gross margin			Operating expenses			Other income (expense), net	Benefit from (provision for) income taxes	Equity in earnings of unconsolidated investees	Net income (loss) attributable to stockholders		
		Residential	Commercial	Power Plant	Residential	Commercial	Power Plant	Research and development	Selling, general and administrative	Restructuring charges						
<b>GAAP</b>		\$ 329,522	\$ 150,087	\$ 325,718	\$ 72,403	22.0%	\$ 15,338	10.2%	\$ 5,090	1.6%					\$ (155,401)	
Adjustments based on IFRS:																
8point3		(2,599)	-	(13,975)	(904)		179		(4,127)		-	-	-	2,123	31,487	28,758
Utility and power plant projects		-	-	13,453	-		-		7,685		-	-	-	-	-	7,685
Sale of operating lease assets		20,586	-	-	6,078		-		-		-	-	21	-	-	6,099
Sale-leaseback transactions		-	12,646	-	-		2,988		-		-	-	-	-	-	2,988
Other adjustments:																
Stock-based compensation expense		-	-	-	2,479		1,397		5,713		5,997	17,409	-	-	-	32,995
Other		-	-	-	(224)		403		(2,884)		3,017	5,860	213	(12)	-	6,373
Tax effect		-	-	-	-		-		-		-	-	-	(770)	-	(770)
<b>Non-GAAP</b>		\$ 347,509	\$ 162,733	\$ 325,196	\$ 79,832	23.0%	\$ 20,305	12.5%	\$ 11,477	3.5%					\$ (71,273)	

		June 28, 2015														
		Revenue			Gross margin			Operating expenses			Other income (expense), net	Benefit from (provision for) income taxes	Equity in earnings of unconsolidated investees	Net income (loss) attributable to stockholders		
		Residential	Commercial	Power Plant	Residential	Commercial	Power Plant	Research and development	Selling, general and administrative	Restructuring charges						
<b>GAAP</b>		\$ 307,529	\$ 112,047	\$ 402,315	\$ 67,778	22.0%	\$ 6,325	5.6%	\$ 87,596	21.8%					\$ (3,072)	
Adjustments based on IFRS:																
8point3		-	-	-	-		-		-		-	-	-	(4,688)	(4,688)	
Utility and power plant projects		-	-	(14,583)	-		-		(15,579)		-	-	-	-	(15,579)	
Other adjustments:																
Stock-based compensation expense		-	-	-	2,134		919		2,772		4,653	17,108	-	-	-	27,586
Other		-	-	-	776		(203)		1,786		660	10,331	5,330	19,228	-	37,908
Tax effect		-	-	-	-		-		-		-	-	-	4,737	-	4,737
<b>Non-GAAP</b>		\$ 307,529	\$ 112,047	\$ 387,732	\$ 70,688	23.0%	\$ 7,041	6.3%	\$ 76,575	19.7%					\$ 46,892	



# Second Quarter 2016 Supplementary Slides

August 9, 2016