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FINANCING AGREEMENT FOR THE DEVELOPMENT OR REHABILITATION OF PROPERTY IN MILPITAS, CALIFORNIA FOR SPECIFIED SOLAR PANEL MANUFACTURING PURPOSES.

This Financing Agreement for the Development or Rehabilitation of Property in Milpitas, California for Specified Solar Manufacturing Purposes ("Agreement") is entered into as of this 1ST day of FEBRUARY 2011, 2010, by and between The Redevelopment Agency Of The City Of Milpitas ("Agency"), and SunPower Corporation (SunPower").

RECITALS

A. SunPower wishes to contract with Flextronics Americas to receive shipments of specialized manufacturing equipment and to install and operate such equipment in a 40,000 square foot Flextronics America industrial building located in Milpitas, California, for the purpose of producing SunPower solar panels for an initial term of sixty (60) months (such efforts collectively referred to herein as the "Enterprise"). The installation and manufacturing work and necessary administrative, shipping, and other support service and activity centers are entirely within the City of Milpitas and include facilities within City of Milpitas Redevelopment Project Area No. 1 (such areas referred to herein as the "Enterprise Site").

B. Pursuant to Health & Safety Code Section 33444.6, the Agency wishes to assist with the financing of such facilities and capital equipment improvements and operations as part of an effort to provide for the development or rehabilitation of the Enterprise Site.

C. The provision of such financial assistance would further the goals of the City of Milpitas Redevelopment Project Area No. 1 Redevelopment Plan, create new jobs, retain existing jobs and facilitate the hiring of Milpitas residents.

D. After considering the matter at its April 20, 2010 Agency Board meeting, the Agency finds that the provision of Agency financial assistance is necessary for the economic feasibility of the project and that the assistance cannot be obtained on economically feasible terms in the private market, given the extensive initial capital costs to set up local manufacturing and the intense global competition in the solar industry.

E. Subject to the terms and conditions set forth in this Agreement, the Agency desires to reimburse SunPower for the acquisition and installation of capital equipment without obligation to repay the Agency, provided however that SunPower shall be required to repay portions of Agency assistance in the event that SunPower ceases its relationship with Flextronics for the production of solar panels at the Enterprise Site or otherwise fails to perform its obligations under this Agreement before January 1, 2014.

NOW, THEREFORE, the Agency and SunPower hereby agree as follows:

1. Acquisition of Equipment. SunPower intends to acquire certain equipment for the installation and use by Flextronics at the Enterprise Site ("Eligible Equipment"). The Eligible Equipment is further described in Exhibit A. Upon acquisition and installation of the Eligible Equipment and the use of related Flextronics support services and activities from the Enterprise Site, SunPower shall submit to the Agency invoices or receipts for the Eligible Equipment, together with evidence satisfactory to the Agency that SunPower has paid for such equipment and such equipment has been delivered to the Enterprise Site for use by Flextronics ("Evidence of Acquisition").

2. Reimbursement of Eligible Equipment. Upon receipt of Evidence of Acquisition and documentation demonstrating the hiring and continued employment of 80 or more new employees ("Notice of Employment Goal") at the Enterprise Site for the manufacturing of SunPower solar panels, the Agency shall reimburse SunPower up to Seven Hundred Thousand Dollars ($700,000) towards its acquisition of the Eligible Equipment (this amount shall be referred to herein as the "Initial Installment"). Upon receipt of the Evidence of Acquisition, the Agency will inspect and confirm that the Eligible Equipment has been installed.

2.1. Additional Equipment Assistance. If, starting on January 1, 2011, SunPower hires or continues to employ 80 or more new employees for the manufacture of SunPower solar panels and continues solar panel manufacturing activities at the Enterprise Site, Agency agrees to reimburse SunPower for up to an additional Eight Hundred Thousand Dollars ($800,000) over a four (4) year period, ending on January 1, 2014, towards the cost of Eligible Equipment ("Additional Equipment Assistance"). Such assistance may be issued by the Agency in increments up to Two Hundred Thousand Dollars ($200,000) per year over a period of Four (4) Years, contingent upon SunPower satisfying its continued manufacturing and employment obligations in each given year and the existence of eligible, unreimbursed capital equipment and facilities improvements costs. In order to receive Additional Equipment Assistance payments in any given year, SunPower shall deliver by December 1 of the preceding year (1) a Notice of Employment Goal indicating that it continues to maintain employment of at least 80 new workers at the Enterprise Site and (2) a written accounting indicating the existence of remaining costs for the acquisition and installation of equipment and/or the improvement of facilities at the Enterprise Site which have not been reimbursed by the Agency. Upon confirmation of such documentation, the Agency shall reimburse SunPower the additional sum of up to Two Hundred Thousand Dollars ($200,000) each year by the first of January. Notwithstanding the above, in no event shall the Additional Equipment Assistance exceed the amount paid by SunPower to acquire the Eligible Equipment and shall not exceed Two Hundred Thousand Dollars ($200,000) in any given year. Furthermore, SunPower eligibility for Additional Equipment Reimbursements shall cease on January 1, 2014. Henceforth in this Agreement, the Initial Installment and the Additional Equipment Assistance shall be referred to collectively herein as "Equipment Assistance." All Equipment Assistance shall be

subject to the limitations of this Agreement, including those set forth in Section 13, which shall continue even after the termination of this Agreement.

2.2 Local Hiring. SunPower shall conduct local outreach and job advertising to encourage the submission of job applications by and the employment of Milpitas residents. Such efforts shall be coordinated with the City of Milpitas.

3. Inspection and Approval. Prior to the disbursement of any installment of Equipment Assistance, Agency, Flextronics and SunPower representatives shall inspect the Enterprise Site to confirm that the Eligible Equipment has been installed and is being used at the Enterprise Site.

4. Security Interest in Eligible Equipment. As security for its obligation hereunder, SunPower shall grant to the Agency a security interest in the Eligible Equipment. Concurrently with delivery of the Evidence of Acquisition, SunPower shall execute a security agreement in substantially the form attached hereto as Exhibit B (the "Security Agreement") and shall execute and file a UCC-1 to perfect the Agency's security interest in the Eligible Equipment. The Agency's security interest in the Eligible Equipment shall be senior to any other lender or financing.

5. Amendments. This Agreement may be amended, changed or modified only by an instrument in writing signed by the Agency and SunPower.

6. Entire Agreement. This Agreement contains the entire agreement between the parties relating to the subject matter of this Agreement. Any oral representations or modifications concerning the subject matter of this Agreement shall be of no force and effect.

7. Non-Discrimination. SunPower covenants and agrees for itself, its successors, its assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Enterprise Site, nor shall SunPower itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Enterprise Site.

8. Waiver. Any waiver by the Agency of any term, condition or requirement of this Agreement shall not constitute a waiver of any other term, condition or requirement hereof or constitute a waiver of the same term, condition or requirement in any other instance.

9. Notices. Any notice or demand which shall be required or permitted by law or any provisions of this Agreement shall be in writing, and shall be deemed effective

when personally delivered or deposited in the United States mail, certified, return receipt requested, postage prepaid, addressed as follows:

To Agency: Redevelopment Agency of Milpitas
Attention: Executive Director
455 East Calaveras Boulevard
Milpitas, CA 95035

SunPower Corporation
Attention: Jim Parker, Tax Director
3939 North First Street
San Jose, CA 95134

or to such other address as any party may designate by notice in accordance with this Section.

A copy of any notice of a legal nature, including, but not limited to any claims against Agency or SunPower, or their respective officers or employees, shall also be served in the manner specified above to the following addressees:

Redevelopment Agency of the City of Milpitas
Michael Ogaz, General Counsel
455 East Calaveras Boulevard
Milpitas, CA 95035

Notice shall be deemed given on the date of personal delivery by hand, or the date of receipt of facsimile transmission (with verification receipt), or on the date delivery is refused, if applicable.

10. Time. Time is of the essence in this Agreement.

11. Hold Harmless. SunPower shall indemnify, defend and hold the Agency and the City of Milpitas, their officers and employees harmless from all suits, actions, claims, causes of action, costs, demands, judgments or liens arising out of SunPower's activity in the Enterprise Site, or arising out of any acts or omissions of SunPower or it's contractors, subcontractors, or persons claiming under any of the aforesaid.

12. Successors and Assigns. Each of the parties to this Agreement binds itself and its successors, assigns, administrators, and trustees with respect to all covenants, agreements, and obligations contained in this Agreement.

13. Assignment; Reimbursement Obligation; SunPower Repayment Obligations. The Agency has agreed to provide the Equipment Assistance hereunder to finance facilities and capital equipment improvements and operations as part of an effort to provide for the development or rehabilitation of the Enterprise Site. Nothing in this Agreement shall prevent SunPower from (i) assigning this Agreement ("Assignment");

provided that the assignee under any such Assignment shall agree to be bound by this Agreement as SunPower's successor-in-interest, or (ii) entering into any transaction to sell, lease, assign, encumber, hypothecate, transfer or otherwise dispose of ("Transfer") all or substantially all of the Eligible Equipment in the ordinary course of business or in connection with an Assignment ("Permitted Transfer"). By way of example and not limitation, the parties agree that for purposes of a Permitted Transfer, the phrase "in the ordinary course of business" shall include a Transfer of the Eligible Equipment due to its replacement or obsolescence or lack of continuing utility in the industrial/ manufacturing operations in the Enterprise Site, failure to comply with the material terms of this Agreement, or a Transfer of only some, but not all or substantially all, of the Eligible Equipment. SunPower agrees on behalf of itself and its successors and assigns, that if SunPower or its successor-in-interest ceases using the Enterprise Site for industrial/ manufacturing purposes, or Transfers the Eligible Equipment in a non-Permitted Transfer without the Agency's consent (collectively, "Repayment Event"), this Agreement shall terminate as of the date thereof, and SunPower and its successor-in-interest shall, within thirty (30) days after the date of the Repayment Event, reimburse the Agency for a portion of the Equipment Assistance (the "Repayment Obligation") as follows:

(a) If SunPower has received the Initial Installment of $700,000 of the Equipment Assistance, the following provisions shall apply:

(i) If a Repayment Event occurs before January 1, 2012, SunPower or its successor-in–interest shall reimburse the Agency a total of Nine Hundred Thousand Dollars ($900,000) if it has received both the Initial Installment and at least one Additional Equipment Assistance payment or Seven Hundred Thousand Dollars ($700,000) if has received just the Initial Installment;

(ii) If a Repayment Event occurs on or after January 1, 2012, but before January 1, 2013, SunPower or its successor-in-interest shall reimburse the Agency a total of Seven Hundred Thousand Dollars ($700,000) towards the cost of the Eligible Equipment;

(iii) If a Repayment Event occurs on or after January 1, 2013, but before January 1, 2014, SunPower or its successor-in-interest shall reimburse the Agency a total of Five Hundred Thousand ($500,000) towards the cost of the Eligible Equipment.

(b) If a Repayment Event has not occurred before January 1, 2014, SunPower or its successor-in-interest shall not be required to repay the Agency for any portion of the Equipment Assistance and shall from that time onwards not be subject to any potential Repayment Obligation.

SunPower and its successor-in-interest shall be jointly and severally liable to the Agency for the Repayment Obligation, if any, owed under this Agreement. If SunPower

or its successor-in-interest ceases to use the Enterprise Site for industrial/or manufacturing purposes prior to January 1, 2014, and fails to reimburse the Agency as required hereunder, SunPower, on behalf of itself and its successors and assigns, hereby grants the Agency the right to enter the Enterprise Site and take possession of the Eligible Equipment. If the Agency takes possession of the Eligible Equipment, the Agency shall have the right to take any and all actions with respect to such equipment as set forth in the Security Agreement for such equipment, including selling such equipment and applying the proceeds towards satisfying the Repayment Obligation. The Agency's only remedies for any breach of this Agreement are its rights to the Repayment Obligation and its security interest in the Eligible Equipment.

14. Local Sales and Use Tax. In order to assist the City of Milpitas in its efforts to receive direct distribution of the local tax on materials associated with the development or rehabilitation of the Enterprise Site, the California Sales and Use Tax (the "Local Tax") shall be allocated to the Enterprise Site, to the extent reasonably possible. The development or rehabilitation work, as currently envisioned, has the potential to be a significant source of additional local use tax revenue to the City of Milpitas. SunPower and all of its contractors, subcontractors, and suppliers shall cooperate with the City to the extent reasonably possible to maximize the allocation of the Local Tax to the City.

15. Severability of Provisions. If any provisions of this Agreement are held invalid, the remainder of this Agreement shall not be affected hereby, if such remainder would then continue to conform to the terms and requirements of applicable law.

16. Termination. Except to the extent terminated earlier as provided in Section 13 above, this Agreement shall terminate on January 1, 2016.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above. 2/01/2011.

Approved as to form:

Asst Agency Counsel for
Michael Ogaz
Agency Counsel

THE REDEVELOPMENT AGENCY
OF THE CITY OF MILPITAS

By: _____
Thomas C. Williams
Executive Director

SUNPOWER CORPORATION

By: _____
Thomas H. Werner
CEO

Milpitas Redevelopment Agency Funding	$1,500,000
• Backend/Packaging	$1,550,000
•	
•	
•	
•	
•	
•	
Total	$1,500,000

**Exhibit A is subject to the reimbursement schedule set forth in Paragraph 2 of the Agreement.

EXHIBIT B

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is entered into as of this 1st day of FEBRUARY, 2010 in favor of the REDEVELOPMENT AGENCY OF THE CITY OF MILPITAS ("Agency") by SunPower Corporation Inc. a Delaware corporation, ("SunPower"), whose principal place of business is 3939 North First Street, San Jose, California.

RECITALS

A. Agency and SunPower entered into that certain Financing Agreement for the Development or Rehabilitation of Property in Milpitas, California for Specified Solar Manufacturing Purposes dated FEBRUARY 2010 ("Financing Agreement"), whereby the Agency agreed to reimburse SunPower for the acquisition and installation costs for certain equipment in connection with SunPower's agreement to provide solar panel manufacturing equipment for a 40,000 square feet of an industrial or manufacturing building located at 1177 Gibraltar Drive, Milpitas, California ("Site").

B. Pursuant to the terms of the Financing Agreement, SunPower agreed to repay the Agency for a portion of the equipment assistance if SunPower ceases solar panel manufacturing in the Enterprise Site within certain time periods set forth in the Financing Agreement ("Repayment Obligation").

C. As security for SunPower's potential Repayment Obligation, the Financing Agreement provides that SunPower shall grant to the Agency a security interest in certain equipment acquired by SunPower for the Site.

NOW, THEREFORE, in consideration of the Agency's agreement to enter into the Financing Agreement, SunPower agrees as follows:

1. **SECURITY INTEREST**. SunPower hereby grants and assigns to Agency a security interest in all of the following described personal property in which SunPower now or at any time hereafter has any interest (collectively, the "Collateral"):

   Any of the equipment listed on Exhibit A attached hereto, which are or are to be incorporated into, used in connection with, or appropriated for use on the Site.

2. **OBLIGATIONS SECURED**. This Agreement secures the payment and performance of all present and future obligations of SunPower to Agency under the Financing Agreement and under any other agreement which recites that it is secured hereby.

3. **REPRESENTATIONS AND WARRANTIES**. SunPower represents and warrants that: (a) SunPower has, or will have, good title to the Collateral; (b) upon the recording of a financing statement, the Collateral will not be encumbered by or subject to a security interest superior to Agency's rights as a "Secured Party"; and (c) SunPower intends provide the solar panel manufacturing equipment at Site.

4. **RIGHTS OF LENDER**. In addition to Agency's rights as a "Secured Party" under the California Uniform Commercial Code, as amended or recodified from time to time ("UCC"), if SunPower is obligated to pay the Repayment Obligation and fails to do so within the time period set forth in the Financing Agreement, the Agency may, but shall not be obligated to, without notice and at the expense of SunPower: (a) give notice to any person of Agency's rights hereunder and enforce such rights; (b) insure, protect, defend and preserve the Collateral or any rights or interests of Agency therein; (c) inspect the Collateral; and (d) endorse, collect and receive any right to payment of money owing to SunPower under or from the Collateral. Agency shall have no duty or obligation to make or give any presentments, demands for performance, notices of nonperformance, notices of protest or notices of dishonor in connection with any of the Collateral.

5. **COLLATERAL DESIGNATION STATEMENT**. SunPower shall, from time to time within five (5) days of Agency's request, deliver to Agency a written statement showing the description and location of all Collateral then subject to this Agreement.

6. **MISCELLANEOUS UNDERTAKINGS**. SunPower, at its sole cost and expense, agrees to pay within thirty (30) days of Agency's demand, all expenses, including, without limitation, attorneys' fees and court costs, incurred by Agency in connection with the enforcement of any of the security interests granted under this Agreement.

7. **DEFAULT**. "Default" shall mean the failure by SunPower to pay the Repayment Obligation to the Agency within the time period set forth in the Financing Agreement or the material failure to be true of any representation or warranty of SunPower herein.

8. **LENDER'S RIGHTS ON DEFAULT**. Upon the occurrence of a Default under this Agreement, then in addition to all of Agency's rights as a "Secured Party" under the UCC or otherwise by law:

   Agency may (i) upon written notice, require SunPower to assemble any or all of the Collateral and make it available to Agency at a place designated by Agency; (ii) without prior notice, enter upon the subject Site or other place where any of the Collateral may be located and take possession of, collect, sell, and dispose of any or all of the Collateral, and store the same at locations acceptable to Agency at SunPower's expense; (iii) sell, assign and deliver at any place or in any lawful manner all or any part of the Collateral and bid and become purchaser at any such sales; and (iv) may,

for the account of SunPower and at SunPower's expense: (a) operate, use, consume, sell or dispose of the Collateral as Agency deems appropriate for the purpose of performing any or all of the obligations secured by this Agreement; (b) enter into any agreement, compromise, or settlement, including insurance claims, which Agency may deem desirable or proper with respect to any of the Collateral; (c) endorse and deliver evidences of title for, and receive, enforce and collect by legal action or otherwise, all indebtedness and obligations now or hereafter owing to SunPower in connection with or on account of any or all of the Collateral; and (d) perform any of the obligations secured by this Agreement.

Notwithstanding any other provision of this Agreement, Agency shall not be deemed to have accepted any property other than cash in satisfaction of any obligation of SunPower to Agency unless Agency shall make an express written election of said remedy.

9. **POWER OF ATTORNEY**. SunPower hereby irrevocably appoints Agency as SunPower's attorney-in-fact (such agency being coupled with an interest) for the sole purpose that Agency may, without the obligation to do so, in Agency's name or in the name of SunPower, prepare, execute and file or record financing statements, continuation statements, applications for registration and like papers necessary to create, perfect or preserve any of Agency's security interests and rights in or to any of the Collateral, and, upon Default hereunder take any other action specified in Section 8 hereof; provided that Agency as such attorney-in-fact shall be accountable only for such funds as are actually received by Agency.

10. **POSSESSION AND USE OF COLLATERAL**. Except as otherwise provided in this Agreement, so long as no Default exists under this Agreement, SunPower may possess, use, move, transfer or dispose of any of the Collateral in the ordinary course of SunPower's business; but any sale, lease, assignment, encumbrance, hypothecation, transfer or other disposition of all or substantially all of the Collateral, other than in the ordinary course of SunPower's business, shall be subject to Agency's security interest in the Collateral.

11. **INTEGRATION**. This Agreement and the Financing Agreement contain the entire agreement of the parties and supersede any and all prior negotiations. No subsequent agreement, representation, or promise made by either party shall be of any effect unless it is in writing and executed by the party to be bound thereby.

12. **FURTHER ASSURANCES**. At any time or from time to time upon the request of Agency, SunPower shall execute and deliver such further documents and do such other acts and things as Agency may reasonably request in order to effect fully the purpose of this Agreement, including, without limitation, perfecting the interest of the Agency hereunder.

IN WITNESS WHEREOF, SunPower has executed this Security Agreement as of the date appearing on the first page of this Agreement.

SUNPOWER CORPORATION

By: _____

Thomas H. Werner

CEO