SUNPOWER CORP
Form 424B5
January 29, 2007
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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered/Proposed maximum offering price per unit/Proposed maximum aggregate offering price	Amount of registration fee
Senior Convertible Debentures due 2027	$149,500,000	$15,997(1)
Class A Common Stock, par value $0.001 per share	(2)	(2)

(1) This filing fee of $15,997 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the Securities Act) and relates to the registration statement on Form S-3 (File No. 333-140272) filed by SunPower Corporation.
(2) There are also registered an indeterminate number of shares of class A common stock into which the debentures may be converted. Pursuant to Rule 457(i), no separate registration fee is payable where securities and securities into which conversion is offered are registered at the same time and no additional consideration is payable upon conversion.

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-140272

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated January 29, 2007

PROSPECTUS SUPPLEMENT

(To Prospectus dated January 29, 2007)

$130,000,000

% Senior Convertible Debentures due 2027

This is an offering by SunPower Corporation of $130,000,000 aggregate principal amount of its % Senior Convertible Debentures due 2027.

The debentures will be convertible, at your option, into cash and, if applicable, shares of our class A common stock initially at a conversion rate of shares (equivalent to an initial conversion price of approximately $ per share), subject to adjustment as described in this prospectus supplement, at any time on or prior to the close of business on the business day immediately preceding the maturity date only under the following circumstances:

prior to February 15, 2025, on any date during any fiscal quarter beginning after March 31, 2007 (and only during such fiscal quarter) if the closing sale price of our class A common stock was more than 125% of the then current conversion price for at least 20 trading days in the period of the 30 consecutive trading days ending on the last trading day of the previous fiscal quarter;

at any time on or after February 15, 2025;

with respect to any debentures called for redemption, until the close of business on the business day prior to the redemption date;

during a specified period if we distribute to all holders of our class A common stock rights or warrants entitling them to purchase, for a period of 45 calendar days or less, shares of our class A common stock at a price less than the average closing sale price for the ten trading days preceding the declaration date for such distribution;

during a specified period if we distribute to all holders of our class A common stock, cash or other assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our class A common stock on the trading day preceding the declaration date for such distribution;

during a specified period if a fundamental change occurs; or

during the five consecutive business-day period following any five consecutive trading-day period in which the trading price for the debentures for each day during such five trading-day period was less than 98% of the closing sale price of our class A common stock period multiplied by the then current conversion rate.

Upon conversion, we will deliver cash and shares of our class A common stock, if any, based on a daily conversion value (as described herein), calculated on a proportionate basis for each day of the 20 trading day conversion period. See Description of the Debentures Conversion Rights Conversion Procedures Settlement Upon Conversion. In the event of certain types of fundamental changes, we will increase the conversion rate by a number of additional shares as described herein.

The debentures will bear interest at a rate of % per year, payable on February 15 and August 15 of each year, commencing August 15, 2007. The debentures will mature on February 15, 2027.

We may redeem some or all of the debentures on or after February 15, 2012, for cash at a redemption equal to 100% of the principal amount, plus accrued and unpaid interest, of debentures redeemed.

You may require us to repurchase all or a portion of your debentures on February 15, 2012, February 15, 2017 and February 15, 2022 at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest. In addition, you may require us to repurchase all or a portion of your debentures upon a fundamental change at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest.

The debentures will be our senior unsecured obligations. As of September 30, 2006, on a pro forma basis giving effect to our acquisition of PowerLight Corporation described herein, we and our subsidiaries had approximately $7.1 million of senior indebtedness outstanding, all of which was secured indebtedness, and approximately $228.8 million of other liabilities outstanding.

Concurrently with this offering of debentures, we are offering, by means of a separate prospectus supplement, up to million shares of our class A common stock, all of which are being borrowed by an affiliate of Lehman Brothers Inc., one of the underwriters in this offering. We will not receive any proceeds from that offering of common stock, but we will receive a nominal lending fee from that affiliate. See Description of Share Lending Agreement and Underwriting.

Our class A common stock is listed on The Nasdaq Global Market under the symbol SPWR. The last reported sale price of our class A common stock on January 26, 2007 was $43.30 per share.

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

Investing in the debentures involves risks. See Risk Factors beginning on page S-14 of this prospectus supplement

and on page 4 of the accompanying prospectus.

	Per Debenture	Total
Price to the public (1)	%	$
Underwriting discounts and commission	%	$
Proceeds to SunPower (before expenses)	%	$

(1) Plus accrued interest, if any, from February , 2007.

We have granted the underwriters a 30-day option to purchase up to an additional $19,500,000 aggregate principal amount of debentures on the same terms and conditions set forth above if the underwriters sell more than $130,000,000 aggregate principal amount of debentures.

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

Lehman Brothers, on behalf of the underwriters, expects to deliver the debentures on or about February , 2007.

LEHMAN BROTHERS **CREDIT SUISSE**

DEUTSCHE BANK SECURITIES

COWEN AND COMPANY

FIRST ALBANY CAPITAL

THINKEQUITY PARTNERS LLC

February , 2007

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ABOUT THIS PROSPECTUS SUPPLEMENT

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

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

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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated by reference herein may contain forward-looking statements that involve risks and uncertainties. You can identify such forward-looking statements by the use of terms such as expect, believe, may, could, estimate, intend similar words or phrases. All such statements, other than statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21B of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about our competitive strengths, our strategy, our preliminary, unaudited financial results for the three months and year-ended December 31, 2006, our pro forma financial results giving effect to one or more of the transactions described herein and the accounting treatment of our concurrent offering of class A common stock.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. This summary does not contain all of the information that you should consider before deciding whether to invest in the debentures. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, including the Risk Factors sections beginning on page S-14 of this prospectus supplement, and page 4 of the accompanying prospectus, as well as our the consolidated financial statements and the related notes incorporated by reference.

Unless otherwise specified or unless the context requires otherwise, all references in this prospectus supplement to SunPower, we, us, our or similar references mean SunPower Corporation and its subsidiaries. On January 10, 2007, we completed our previously announced merger, or the Merger, with PowerLight Corporation, described below. Unless otherwise specified or the context otherwise requires, all references in this prospectus supplement to PowerLight mean PowerLight Corporation prior to January 10, 2007 and PowerLight Corporation, an indirect wholly-owned subsidiary of SunPower, on or after January 10, 2007.

Our Company

We design, develop, manufacture, market and sell solar electric power products, systems and services. Our products are based on our proprietary processes and technologies. We have spent more than 15 years developing high performance solar cells, which are semiconductor devices that directly convert sunlight into electricity. We believe our solar cells have the highest conversion efficiency, a measurement of the amount of sunlight converted by the solar cell into electricity, available for the mass market. We also believe our solar cells provide the following benefits compared with conventional solar cells:

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

We offer solar power products, including solar cells, solar panels and inverters, which convert sunlight to electricity compatible with the utility network. Our solar sales efforts have been focused on residential and commercial applications where the high performance and superior aesthetics of our solar power products provide compelling customer benefits. We also sell products for multi-megawatt solar power plant applications that mount our products on moving structures that track the sun. We sell our products in many countries, principally in regions where government incentives have accelerated solar power adoption.

We produce our solar cells at our manufacturing facility in the Philippines. We currently operate four solar cell manufacturing lines in the Philippines, with a total rated manufacturing capacity of approximately 108 megawatts per year. We have recently started construction on a second solar cell manufacturing facility in the Philippines, which is designed to house up to ten additional manufacturing lines. We expect three manufacturing lines in the new facility to be operational by the end of 2007, which would give us an aggregate rated manufacturing capacity of approximately 207 megawatts per year. Currently, most of our solar panels are assembled for us by a third-party subcontractor in China. We supplement this capacity with in-house production at our automated panel assembly factory located in the Philippines. We expect to produce up to 30 megawatts of solar panels per year from our first manufacturing line. The panel assembly factory has sufficient space to expand capacity to 90 megawatts per year. Our systems in North America also include branded inverters manufactured for us by multiple suppliers.

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On January 10, 2007 we completed the Merger with PowerLight, a leading global provider of large-scale solar power systems. PowerLight designs, manufactures, markets and sells solar electric power system technology that integrates solar cells and solar panels manufactured by us and other suppliers to convert sunlight to electricity compatible with the utility network. PowerLight also provides solar power systems to end customers on a turn-key, whole-solution basis by developing, engineering, procuring permits and equipment for, managing construction of, offering access to financing for, and providing monitoring, operations and maintenance services for large-scale roof-mounted and ground-mounted solar power applications. PowerLight s customers include industrial, commercial and public sector entities, investors, value-added resellers, utilities and production home builders. PowerLight s solar power systems generate electricity over a system design life typically exceeding 25 years. PowerLight s solar power systems are principally designed to be used in large-scale applications exceeding 300 kilowatts, including the development of solar production home communities. PowerLight has completed or is in the process of completing over 300 projects worldwide, rated in aggregate at over 100 megawatts peak capacity. In the United States, PowerLight typically sells solar power systems rated up to one megawatt of capacity to provide a supplemental, distributed source of electricity for a customer s facility. In Europe and South Korea, PowerLight s products and systems are often purchased by third party investors as central station solar power plants, typically rated from one to 20 megawatts, which generate electricity for sale under tariff to regional and public utilities.

Market Opportunity

The electric power industry is one of the world s largest industrial segments, with annual revenue of approximately $1.06 trillion in 2004, according to Datamonitor. Global electricity demand has grown consistently at a rate of 1% to 4% annually for the past decade, according to the Energy Information Administration of the United States Department of Energy. Worldwide demand for electricity is expected to increase from 14.3 trillion kilowatt hours in 2002 to 26.0 trillion kilowatt hours by 2025, according to the United States Department of Energy s International Energy Outlook. Investments in generation, transmission and distribution to meet growth in electricity demand, excluding investments in fuel supply, are expected to be roughly $10 trillion by 2030, according to the International Energy Agency. However, fossil fuel supply constraints, infrastructure limitations, the desire for energy security and environmental concerns pose a challenge to meeting this growing worldwide electricity demand. The use of renewable resources, which include solar, biomass, geothermal, hydroelectric and wind power generation, has grown significantly in response to the challenges associated with growing global electricity production. As opposed to fossil fuels which draw on finite resources that may eventually become too expensive to retrieve, renewable resources are generally unlimited in availability.

Solar power technology has been used to generate electricity in space program applications for several decades and in commercial applications over the last 30 years. Increasingly, government incentive programs are accelerating the adoption of solar power. Since 1985, the market for solar power, as defined by worldwide shipments of solar power systems, has grown at a compound annual growth rate of over 20%, according to Navigant, a consulting firm. The global solar power market, as defined by solar power system installations, had an estimated $10 billion in revenue in 2005 and is expected to grow to $19 billion by 2010, according to SolarBuzz, a research and consulting firm.

Our Strengths

We believe we are a leader in producing high performance solar cells and large-scale solar power systems. We believe our competitive advantages include:

Superior Conversion Efficiency. We believe our solar cells have the highest conversion efficiency available for the mass market. Our proprietary all back contact design results in conversion efficiencies

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up to 50% higher per unit area than conventional solar cells. This superior conversion efficiency results in decreased per watt panel packaging and installation costs and provides greater power generation on a given rooftop space.

Efficient Silicon Utilization. We believe our superior conversion efficiency in the cells we manufacture allows us to use less silicon to generate the same amount of electricity as conventional solar cells of the same size. Based on third-party data, the solar industry s average rate of polysilicon usage is estimated to range from 10.5 to 11.5 grams of polysilicon per watt. Our rate of consumption, as calculated by us, is under eight grams of polysilicon per watt. This provides our solar cells with more efficient utilization of polysilicon, as defined by grams of polysilicon per watt, compared to conventional solar cells. Efficient utilization of silicon is important because silicon wafers represent the most significant cost component in the production of solar cells.

Technological Leadership in Solar Power Systems. Since inception, PowerLight has been at the forefront of product innovation for the large-scale grid-connected solar market. Through PowerLight, we have over 70 U.S. and international patents or pending patent applications covering solar power systems and technologies. As an example, we believe PowerLight s innovative PowerTracker® system offers lower operating costs and increased reliability for customers compared to dual axis tracking systems and can be scaled from small to large multi-megawatt installations. Furthermore, PowerLight s PowerTile product continues its leadership position in roof-mounted systems by enhancing sunlight capture and improving solar module energy output.

Manufacturing Advantages. We manufacture our solar cells and some modules at our facilities in the Philippines, a low-cost production region. In addition, we believe our background and expertise in the semiconductor industry enables us to improve our manufacturing yields, cost, quality and product ramp predictability.

Superior Aesthetics. Because all electrical contacts are located on the back, our solar cells have a uniformly black appearance that allows our solar panels to blend into customers rooftops. We believe our solution appeals to residential customers seeking more aesthetically appealing solutions. PowerLight s new PowerLight SunTile® product for the residential market is an architecturally integrated, aesthetically pleasing roofing shingle with a patented design.

Brand Awareness. We believe SunPower is increasingly recognized as a technology leader within the solar industry and with end-users, and that our customers associate our brand with a combination of product benefits, including high efficiency, superior product appearance and superior system performance. In addition, we believe PowerLight has a strong brand name, with over 300 projects completed or in the process of being completed within the large-scale grid-connected solar market.

Strong Management Team. Our management team has a diverse set of industry skills and global operating experience, including backgrounds spanning the solar, electric utility, semiconductor and optical media industries, as well as expertise running high-volume, low-cost manufacturing operations and complex organizations and managing rapid growth. Our executive officers have an average of over 20 years of experience in the solar or high technology industries.

Our ability to maintain our competitive advantages is dependent on several factors, including the availability of polysilicon and other key components from third-party suppliers, our ability to effectively integrate PowerLight into our operations, uninterrupted operations at our Philippines facilities, our ability to expand our customer base, our ability to grow our manufacturing capacity in line with increasing demand, our ability to compete, the market for solar power and our ability to retain key personnel and other factors set forth in Risk Factors in this prospectus supplement and the accompanying prospectus.

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Our Strategy

Our principal objective is to be the leader in high performance solar power products. We plan to achieve this objective by pursuing the following strategies:

Maintain our Technology Advantage and Reduce Manufacturing Costs. We believe that our all back contact solar cell technology, as well as PowerLight s PowerGuard®, PowerTilt, PowerTracker® and SunTile® products, currently provide us with a competitive advantage. We intend to invest in research and development to improve solar cell efficiency and lower manufacturing costs. We intend to continue investing in research and development to reduce wafer thickness, improve throughput, processing yield and quality and introduce new products that enhance the efficiency and cost-effectiveness of solar power for end customers.

Continue Expanding Manufacturing Capacity. We produce our solar cells at our manufacturing facility in the Philippines. We currently operate four solar cell manufacturing lines in the Philippines, with a total rated manufacturing capacity of approximately 108 megawatts per year. We have recently started construction on a second solar cell manufacturing facility in the Philippines, which is designed to house up to ten additional manufacturing lines. We expect three manufacturing lines in the new facility to be operational by the end of 2007, which would give us an aggregate rated manufacturing capacity of approximately 207 megawatts per year. Currently, most of our solar panels are assembled for us by a third-party subcontractor in China. We supplement this capacity with in-house production at our automated panel assembly factory located in the Philippines. We expect to produce up to 30 megawatts of solar panels per year from our first manufacturing line. The panel assembly factory has sufficient space to expand capacity to 90 megawatts per year.

Reduce the System Cost of Solar Power. Most of our customers operate in markets that depend on a variety of government incentives to reduce the cost of solar power systems to end customers. Over the long term, we believe that our high efficiency solar cell technology and advanced manufacturing systems will allow us to reduce solar power system cost to reduce or eliminate the need for these market incentives. We believe our acquisition of PowerLight will enable us to achieve additional efficiencies, particularly in the areas of module production, installation and system integration, which in turn would further reduce the cost of solar energy to end customers.

Focus on Large-Scale, International Solar Power System Projects. With the completion of the Merger, we added significant customers in the United States, Germany, Spain, Portugal and South Korea. We are currently focused on expanding the presence and market share of PowerLight s business in international markets where there exist strong government incentive programs for solar power. We expect initially to focus these efforts on large-scale projects, such as Bavaria Solarpark 1 in Germany and the Serpa Solar Power Plant in Portugal, where we believe our depth of expertise and products and technologies differentiate us from our competitors. In addition, we recently began development of our first two projects in South Korea, which we believe will represent that country s largest solar power systems upon deployment.

Expand Market Presence. We currently operate in residential and commercial markets where our products provide significant end-customer benefits. We believe we can further expand our market presence within the residential and small commercial markets, which in the aggregate account for approximately 50% of the total United States on-grid solar power market. We plan to expand our network of dealers and installers through value-added programs and to drive new product development. One example of these efforts is PowerLight s SunTile® product, a solar power roofing tile that we believe offers improved aesthetics for residential customers. We recently announced that the SunTile® solar electric system will be incorporated into one of the United States largest solar-powered residential neighborhoods. In the future, we may also expand our PowerLight business to serve the retrofit portion of this market in ways that minimize transaction costs and leverage our core competencies.

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Pursue Targeted Strategic Opportunities. We intend to make selected investments, enter into joint ventures and pursue acquisitions to broaden our supply-chain opportunities, increase the efficiency of the downstream channel and reduce the cost of products delivered to end customers.

Recent Developments

Acquisition of PowerLight. On January 10, 2007, we completed the previously announced Merger. Upon the completion of the Merger, all of the outstanding shares of PowerLight, and a portion of each vested option to purchase shares of PowerLight, were cancelled, and all of the outstanding options to purchase shares of PowerLight (other than the portion of each vested option that was cancelled) were assumed by us in exchange for aggregate consideration of (i) approximately $120.7 million in cash plus (ii) a total of 5,708,723 shares of class A common stock, inclusive of (a) 1,601,839 shares of class A common stock which may be issued upon the exercise of assumed vested and unvested PowerLight stock options and (b) 1,675,881 shares of class A common stock issued to certain employees of the PowerLight business in connection with the Merger, which shares are subject to certain transfer restrictions and a repurchase option of the Company, both of which lapse over a two-year period under the terms of equity restriction agreements with employees of the PowerLight business.

Of the cash and shares issued in the Merger, approximately $19.7 million in cash and 840,000 shares, with a total aggregate value of $29.0 million, are currently being held in escrow as security for the indemnification obligations of certain former PowerLight shareholders. We are also obligated to issue an additional 200,841 shares of restricted class A common stock to certain employees of the PowerLight business, which shares will be subject to certain transfer restrictions that lapse over four years.

Financial Results for the Three Months and Year Ended December 31, 2006. On January 25, 2007, we announced our fourth quarter and year-end 2006 results. Revenue for the fourth quarter ended December 31, 2006 was $74.5 million, up 14% from the prior quarter s revenue of $65.3 million and up 154% from fourth quarter 2005 revenue of $29.3 million. Net income for the quarter was $11.3 million, or $0.15 diluted earnings per share, compared to last quarter s net income of $9.6 million, or $0.13 diluted earnings per share, and the fourth quarter 2005 net loss of $0.6 million. Our annual revenue for 2006 was $236.5 million, an increase of over 200% from our 2005 annual revenue of $78.7 million. Net income for 2006 was $26.5 million, compared to a 2005 net loss of $15.8 million.

All financial data for the three months ended December 31, 2006 and the year ended December 31, 2006 set forth above are preliminary and unaudited and subject to revision based upon our review and an audit by our independent registered public accounting firm of our financial condition and results of operations for the fiscal year ended December 31, 2006.

Description of Concurrent Offering

Concurrently with this offering of debentures, we are offering up to shares of our class A common stock by means of a separate prospectus supplement. The class A common stock offering is contingent on the completion of this offering. We expect that delivery of our class A common stock will be made concurrently with the closing of this offering. The shares of class A common stock to be sold in that offering will be lent by us to an affiliate of Lehman Brothers Inc. pursuant to a share lending agreement among us, Lehman Brothers Inc. and such affiliate. Under that agreement, the affiliate of Lehman Brothers Inc. has agreed to use such offered shares to facilitate the establishment of hedge positions by investors in the debentures offered hereby, and will be entitled to sell such shares pursuant to our registration statement. This affiliate of Lehman Brothers Inc. will receive all of the proceeds from the common stock offering and we will not receive any of those proceeds, but we will receive a nominal lending fee from that affiliate. See Description of Share Lending

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Agreement. Because the shares lent pursuant to that agreement must be returned to us prior to February 15, 2027, we believe that under U.S. GAAP the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings per share.

Our Relationship with Cypress Semiconductor Corporation

As of January 23, 2007, Cypress owned all 52,033,287 shares of our outstanding class B common stock, which, after giving effect to the issuance of 4,106,884 shares of class A common stock at the closing of the Merger, represented approximately 70.5% of the total outstanding shares of our common stock, or approximately 64.5% of such shares on a fully diluted basis after taking into account outstanding options, and 95.0% of the total voting power of our outstanding capital stock. Our class B common stock has eight votes per share while our class A common stock has one vote per share. After giving effect to this offering and our concurrent offering of shares of class A common stock, Cypress will continue to hold a majority of the total number of shares and voting power of our outstanding capital stock. Cypress may convert its shares of class B common stock into shares of class A common stock on a one-for-one basis at any time. Cypress is not obligated to distribute to its stockholders or otherwise dispose of the shares of our class B common stock that it beneficially owns, although it might elect to do so in the future. Cypress announced on October 6, 2006 and reiterated on October 19, 2006 that it was exploring ways in which to allow its stockholders to fully realize the value of its investment in SunPower. Cypress has made public statements since October 19, 2006 that were consistent with these announcements. Cypress has agreed not to sell or distribute any of its shares of our common stock without the prior consent of Lehman Brothers Inc. and Credit Suisse Securities (USA) LLC until 60 days after the date of this prospectus supplement.

Cypress delivers high-performance, mixed-signal, programmable solutions that provide customers with rapid time-to-market and exceptional system value. Cypress offerings include the PSoC Programmable System-on-Chip, USB controllers, general-purpose programmable clocks and memories. Cypress also offers wired and wireless connectivity solutions ranging from its WirelessUSB radio system-on-chip, to West Bridge and EZ-USB FX2LP controllers that enhance connectivity and performance in multimedia handsets. Cypress serves numerous markets including consumer, computation, data communications, automotive, industrial and solar power. Cypress trades on the NYSE under the ticker symbol CY.

Corporate Information

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

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The Offering

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

Issuer	SunPower Corporation.
Securities Offered	$130.0 million aggregate principal amount of % Senior Convertible Debentures due 2027, which we refer to as the debentures. We have also granted the underwriters an option to purchase up to an additional $19.5 million aggregate principal amount of debentures.
Offering Price	Each debenture will be issued at a price of 100% of its principal amount plus accrued interest, if any, from February , 2007.
Maturity	February 15, 2027, unless earlier converted, redeemed or repurchased.
Interest Rate	% per year. Interest will be payable in cash on February 15 and August 15 of each year, beginning August 15, 2007.
Ranking	The debentures will be our senior unsecured obligations and will rank equal in right of payment with all of our existing and future senior unsecured indebtedness. The debentures will be effectively subordinated to our secured indebtedness to the extent of the value of the related collateral and structurally subordinated to indebtedness and other liabilities of our subsidiaries.
	As of September 30, 2006, on a pro forma basis giving effect to the Merger, we and our subsidiaries had approximately $7.1 million of senior indebtedness outstanding, all of which was secured indebtedness, and approximately $228.8 million of other liabilities outstanding.
Conversion Rights	You may convert your debentures into cash and, if applicable, shares of our class A common stock at any time on or prior to the close of business on the business day immediately preceding the maturity date only under the following circumstances:
	prior to February 15, 2025, on any date during any fiscal quarter beginning after March 31, 2007 (and only during such fiscal quarter) if the closing sale price of our class A common stock was more than 125% of the then current conversion price for at least 20 trading days in the period of the 30 consecutive trading days ending on the last trading day of the previous fiscal quarter;
	at any time on or after February 15, 2025;

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with respect to any debentures called for redemption, until the close of business on the business day prior to the redemption date;

during a specified period if we distribute to all or substantially all holders of our class A common stock, rights or warrants entitling them to purchase, for a period of 45 calendar days or less, shares of our class A common stock at a price less than the average closing sale price for the ten trading days preceding the declaration date for such distribution;

during a specified period if we distribute to all or substantially all holders of our class A common stock, cash or other assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our class A common stock on the trading day preceding the declaration date for such distribution;

during a specified period if a fundamental change occurs; or

during the five consecutive business-day period following any five consecutive trading-day period in which the trading price for the debentures for each day during such five trading-day period was less than 98% of the closing sale price of our class A common stock period multiplied by the then current conversion rate.

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

Upon conversion, we will satisfy our conversion obligation with respect to the principal amount of the debentures to be converted in cash, with any remaining amount to be satisfied in shares of our class A common stock, based on a daily conversion value (as described herein), calculated as described under Description of the Debentures Conversion Rights Settlement Upon Conversion.

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

Adjustment to Conversion Rate upon a Non-Stock Change of Control

Prior to February 15, 2012, if and only to the extent holders elect to convert the debentures in connection with a fundamental change described under the first, fourth or sixth clause of the definition of that term in Description of the Debentures Repurchase at Option of

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the Holder Fundamental Change Put pursuant to which 10% or more of the consideration for our class A common stock (other than cash payments for fractional shares and cash payments made in respect of dissenters appraisal rights) consists of cash or securities (or other property) that are not common equity interests or depository receipts traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange, which we refer to as a non-stock change of control, we will increase the conversion rate by a number of additional shares. The number of additional shares will be determined by reference to the table in Description of the Debentures Conversion Rights Adjustment to Conversion Rate Upon a Non-Stock Change of Control, based on the effective date and the price paid per share of our class A common stock in such non-stock change of control.

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

Optional Redemption by SunPower

At any time on or after February 15, 2012, we may redeem all or a part of the debentures for cash at a redemption price equal to 100% of the principal amount of the debentures being redeemed, plus accrued and unpaid interest to, but not including, the redemption date.

Optional Repurchase Right of Holders

You may require us to repurchase all or a portion of your debentures on February 15, 2012, February 15, 2017 and February 15, 2022 at a cash repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to, but not including, the repurchase date.

Fundamental Change Repurchase Right of Holders

If we undergo a fundamental change (as defined in this prospectus supplement) prior to maturity, you will have the right, at your option, to require us to repurchase for cash some or all of your debentures at a repurchase price equal to 100% of the principal amount of the debentures being repurchased, plus accrued and unpaid interest to, but not including, the repurchase date. See Description of the Debentures Repurchase at Option of the Holder Fundamental Change Put.

Events of Default

If an event of default on the debentures occurs, the principal amount of the debentures, plus accrued and unpaid interest, may be declared immediately due and payable, subject to certain conditions set forth in the indenture. These amounts automatically become due and payable in the case of certain types of bankruptcy or insolvency events of default involving SunPower or certain of its subsidiaries.

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Absence of a Public Market for the Debentures	The debentures will be a new issue of securities. We cannot assure you that any active or liquid market will develop for the debentures.
Trading	We do not intend to apply for listing of the debentures on any securities exchange or for inclusion of the debentures on any automated quotation system.
Nasdaq Symbol for Our Class A Common Stock	Our common stock is listed on The Nasdaq Global Market under the symbol SPWR.
Use of Proceeds	We intend to use the net proceeds of this offering for general corporate purposes, including working capital and capital expenditures.
Concurrent Transaction	Concurrently with this offering of debentures, we are offering up to shares of our class A common stock by means of a separate prospectus supplement. We expect that delivery of our class A common stock will be made concurrently with the closing of this offering. The shares of class A common stock to be sold in that offering will be lent by us to an affiliate of Lehman Brothers Inc. pursuant to a share lending agreement among us, Lehman Brothers Inc. and such affiliate. Under that agreement, the affiliate of Lehman Brothers Inc. has agreed to use such offered shares to facilitate the establishment of hedge positions by investors in the debentures offered hereby, and will be entitled to sell such shares pursuant to our registration statement. This affiliate of Lehman Brothers Inc. will receive all of the proceeds from the common stock offering, and we will not receive any of those proceeds from that offering, but we will receive a nominal lending fee from that affiliate. See Description of Share Lending Agreement. Because the shares lent pursuant to that agreement must be returned to us prior to February 15, 2027, we believe that under U.S. GAAP, the borrowed shares will not be considered outstanding for the purpose of computing and reporting our earnings per share.
U. S. Federal Income Tax Considerations	Holders are urged consult their own tax advisors. See Material United States Federal Income Tax Considerations.

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Summary Historical Consolidated Financial Data

SunPower has derived the following summary historical consolidated financial data from its audited consolidated financial statements for the year ended December 31, 2003, the period from January 1, 2004 to November 8, 2004, the period from November 9, 2004 to December 31, 2004, for the year ended December 31, 2005 and from its unaudited condensed consolidated financial statements as of September 30, 2006 and for each of the nine-month periods ended September 30, 2005 and September 30, 2006. For the period from November 9, 2004 through December 31, 2004, SunPower was a wholly owned subsidiary of Cypress. The financial data in this prospectus supplement refer to the Predecessor Company for periods prior to the time we were a wholly-owned subsidiary of Cypress, and refer to the Successor Company for all periods subsequent to such time. A black line has been drawn between these periods in the financial data herein to distinguish between these two periods. The following information is only a summary and should be read in conjunction with SunPower s consolidated financial statements, the accompanying notes and management s discussion and analysis of financial condition and results of operations incorporated herein by reference. SunPower s fiscal year consists of 52 or 53 weeks ending the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30 and December 31 of each year. For presentation purposes only, the financial data herein refer to the calendar year end and month end of each respective period. Figures in the table below are in thousands, except share and per share data.

	Predecessor Company		Successor Company			
					Nine Months Ended Sept. 30,	
	Year Ended Dec. 31, 2003	Jan. 1 through Nov. 8, 2004	Nov. 9 through Dec. 31, 2004	Year Ended Dec. 31, 2005	2005	2006
Consolidated Statements of Operations Data:						
Revenue	$ 5,005	$ 6,830	$ 4,055	$ 78,736	$ 49,395	$ 162,001
Costs and expenses:						
Cost of revenue	4,987	9,498	6,079	74,353	49,631	129,678
Research and development	9,816	12,118	1,417	6,488	4,508	7,120
Sales, general and administrative	3,238	4,713	1,111	10,880	6,880	15,572
Total costs and expenses	18,041	26,329	8,607	91,721	61,019	152,370
Operating (loss)/income	(13,036)	(19,499)	(4,552)	(12,985)	(11,624)	9,631
Interest income (expense)	(1,509)	(3,759)	(1,072)	(3,185)	(3,381)	5,843
Other income (expense), net		(44)	15	377	(198)	1,008
Income (loss) before income tax provision	(14,545)	(23,202)	(5,609)	(15,793)	(15,203)	16,482
Income tax provision				50		1,275
Net income (loss)	$ (14,545)	$ (23,202)	$ (5,609)	$ (15,843)	$ (15,203)	$ 15,207
Net income (loss) per share(1):						
Basic	$ (3.50)	$ (5.51)	$ (2,804.50)	$ (0.68)	$ (0.93)	$ 0.24
Diluted	$ (3.50)	$ (5.51)	$ (2,804.50)	$ (0.68)	$ (0.93)	$ 0.22
Weighted-average shares(1):						
Basic	4,156	4,230	2	23,306	16,267	64,704
Diluted	4,156	4,230	2	23,306	16,267	70,080

(1) For all periods where SunPower reported a net loss, the basic and diluted net loss per share computation excludes potential shares of common stock issuable upon conversion of convertible preferred stock and the exercise of options or warrants to purchase common stock as their effect would be antidilutive. See

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note 1 to SunPower s audited consolidated financial statements for the year ended December 31, 2003, the period from January 1, 2004 to November 8, 2004, the period from November 9, 2004 to December 31, 2004 and for the year ended December 31, 2005, and SunPower s unaudited condensed consolidated financial statements for the nine months ended September 30, 2005 and 2006 for a detailed explanation of the determination of the shares used in computing basic and diluted net loss per share. For the period from November 9, 2004 through December 31, 2004, SunPower was a wholly owned subsidiary of Cypress. As a result, the weighted average shares and the net loss per share for this period are not comparable to other periods.

	As of Dec. 31,		As of Sept. 30,
	2004	2005	2006
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash, cash equivalents and short term investments	$ 3,776	$ 143,592	$ 273,632
Working capital (deficiency)	(54,314)	155,243	311,491
Total assets	89,646	317,754	564,370
Deferred tax liabilities		336	1,140
Notes payable to Cypress, net of current portion	21,673		
Customer advances, net of current portion		28,438	28,854
Convertible preferred stock	8,552		
Total stockholders equity (deficit)	(10,664)	258,650	476,627

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Summary Unaudited Pro Forma Condensed Combined Financial Information

SunPower completed the Merger on January 10, 2007. The following summary unaudited pro forma condensed combined financial information for the year ended December 31, 2005 and for the nine months ended September 30, 2006 give effect to the Merger as if it had occurred on January 1, 2005, the beginning of SunPower s fiscal year ended December 31, 2005. The summary unaudited pro forma condensed combined financial information as of September 30, 2006 gives effect to the Merger as if it had occurred on September 30, 2006. The summary unaudited pro forma condensed combined financial information is presented for illustrative purposes only.

The pro forma adjustments are based on the estimates and assumptions which are preliminary and have been made solely for purposes of developing such pro forma information. They do not include liabilities that may result from integration activities which are not presently estimable. The preliminary allocation of the purchase price used in the summary unaudited pro forma condensed combined financial information is based on preliminary estimates and currently available information. These assumptions and estimates will be revised as additional information becomes available upon the finalization of the valuation of PowerLight s assets and liabilities. The final determination of the allocation of the purchase price will be based on the actual intangible assets, net tangible assets and in-process research and development of PowerLight existing as of the date of the Merger. Management is in the process of making these assessments, and estimates of these costs are not currently known. However, liabilities ultimately may be recorded for severance costs, costs of vacating some facilities or other costs associated with exiting activities of PowerLight that would affect the pro forma financial statements. In addition, the summary pro forma condensed combined financial information does not include any potential operating efficiencies or cost savings from expected synergies of combining the companies. The summary unaudited pro forma condensed combined financial information does not necessarily provide an indication of the results that would have been achieved had the Merger been consummated as of the dates indicated or that may be achieved in the future. The pro forma adjustments are described in the notes to the unaudited pro forma condensed combined financial statements found elsewhere in this prospectus supplement.

The summary unaudited pro forma condensed combined financial information (i) has been derived from and should be read in conjunction with the unaudited pro forma condensed combined financial statements and the accompanying notes included elsewhere in this prospectus supplement, and (ii) should be read in conjunction with the consolidated financial statements of each of SunPower and PowerLight and the other information incorporated by reference in this prospectus supplement.

	Nine Months Ended Sept. 30, 2006	Year Ended Dec. 31, 2005
	(In thousands, except per share data)	
Unaudited Pro Forma Condensed Combined Statement of Operations:		
Revenue	$ 278,092	$ 184,192
Gross margin	33,664	(10,065)
Operating loss	(32,348)	(80,716)
Net loss	(35,617)	(83,616)
Net loss per share:		
Basic and diluted	$ (0.53)	$ (3.18)
Weighted average shares:		
Basic and diluted	67,665	26,267

	As of Sept. 30, 2006
Unaudited Pro Forma Condensed Combined Balance Sheet:	
Cash, cash equivalents and short term investments	$ 173,550
Working capital	201,205
Total assets	840,597
Long-term liabilities	69,451
Total stockholders equity	604,726

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RISK FACTORS

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

Risks Relating to the Debentures and the Class A Common Stock

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

The debentures will be our general, unsecured obligations and will rank equally in right of payment with all of our existing and future unsubordinated, unsecured indebtedness. As a result, the debentures are effectively subordinated to existing and future secured indebtedness we may have to the extent of the value of the assets securing such indebtedness and structurally subordinated to any existing and future liabilities and other indebtedness of our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. The debentures do not restrict us or our subsidiaries from incurring indebtedness, including senior secured indebtedness in the future, nor do they limit the amount of indebtedness we can issue that is equal in right of payment.

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

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

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

We may be unable to repurchase the debentures for cash when required by the holders, including following a fundamental change.

Holders of the debentures have the right to require us to repurchase the debentures on specified dates or upon the occurrence of a fundamental change prior to maturity as described under Description of the

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Debentures Repurchase at the Option of the Holder Optional Put and Fundamental Change Put. Any of our future debt agreements may contain a similar provision. We may not have sufficient funds to make the required repurchase in cash at such time or the ability to arrange necessary financing on acceptable terms. In addition, our ability to repurchase the debentures in cash may be limited by law or the terms of other agreements relating to our debt outstanding at the time, including our credit facilities, which will limit our ability to purchase the debentures for cash in certain circumstances. If we fail to repurchase the debentures in cash as required by the indenture, it would constitute an event of default under the indenture governing the debentures, which, in turn, would constitute an event of default under our revolving credit facility.

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

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

Provisions of the debentures could discourage an acquisition of us by a third party.

Certain provisions of the debentures could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the debentures will have the right, at their option, to require us to repurchase, at a cash repurchase price equal to 100% of the principal amount plus accrued and unpaid interest, on the debentures, all of their debentures or any portion of the principal amount of such debentures in integral multiples of $1,000. We may also be required to issue additional shares upon conversion in the event of certain fundamental changes.

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

If certain types of fundamental changes occur on or prior to February 15, 2012, we may adjust the conversion rate of the debentures to increase the number of shares issuable upon conversion. The number of additional shares to be added to the conversion rate will be determined based on the date on which the fundamental change becomes effective and the price paid per share of our class A common stock in the fundamental change as described under Description of the Debentures Conversion Rights Adjustment to Conversion Price Upon Certain Fundamental Changes. Although this adjustment is designed to compensate you for the lost option value of your debentures as a result of certain types of fundamental changes, the adjustment is only an approximation of such lost value based upon assumptions made on the date of this prospectus supplement and may not adequately compensate you for such loss. In addition, if the price paid per share of our class A common stock in the fundamental change is less than $ or more than $ (subject to adjustment), or if such transaction occurs on or after February 15, 2012, there will be no such adjustment. Moreover, in no event will the total number of shares issuable upon conversion as a result of this adjustment exceed per $1,000 principal amount of the debentures, subject to adjustment in the same manner as the conversion rate set forth under Description of the Debentures Conversion Rights Conversion Rate Adjustments.

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

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

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

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

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

The agreements governing SunPower s three-year $25.0 million revolving credit facility and PowerLight s $10.0 million revolving credit facility, referred to a our credit facilities, contains, and any of our other future debt agreements may contain, covenant restrictions that limit our ability to operate our business, including restrictions on our ability to:

- incur additional debt or issue guarantees;
- create liens;
- make certain investments;
- enter into transactions with our affiliates;
- sell certain assets;
- redeem capital stock or make other restricted payments;
- declare or pay dividends or make other distributions to stockholders; and
- merge or consolidate with any person.

In addition, our credit facilities contain additional affirmative and negative covenants that are more restrictive than those contained in the indenture governing the debentures. Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions.

As a result of these covenants, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be significantly restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. In addition, our failure to comply with these covenants could result in a default under the debentures and our other debt, which could permit the holders to accelerate such debt. If any of our debt is accelerated, we may not have sufficient funds available to repay such debt.

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The effect of the issuance of our shares of class A common stock pursuant to the share lending agreement, including sales of our class A common stock in short sale transactions by purchasers of the debentures, may lower the market price of our class A common stock.

Concurrently with this offering of debentures, we are offering up to shares of our class A common stock, all of which are being borrowed by an affiliate of Lehman Brothers Inc., under a share lending agreement we have entered into with such affiliate and Lehman Brothers Inc. We will not receive any proceeds from that offering of class A common stock, but we will receive a nominal lending fee from that affiliate.

Such loaned shares must be returned to us by February 15, 2027, or earlier in certain circumstances. See Description of Share Lending Agreement. Such affiliate of Lehman Brothers Inc. has agreed to use such sales to facilitate the establishment by the debenture investors of hedged positions in the offering of our debentures. The market price of our class A common stock could be negatively affected by these or other short sales of our class A common stock by the purchasers of the debentures to hedge investments in the debentures. In addition, the effect of the increase in the number of outstanding shares of our class A common stock issued pursuant to the share lending agreement could have a negative effect on the market price of our class A common stock.

Upon conversion of the debentures, we will pay cash in lieu of issuing shares of our class A common stock with respect to an amount up to the principal amount of debentures converted and shares of our class A common stock with respect to the conversion value in excess thereof. Therefore, holders of the debentures may receive no shares of our class A common stock or fewer shares than the number into which their debentures are convertible.

Upon conversion of the debentures, we will pay cash in lieu of issuing shares of our common stock with respect to an amount up to the principal amount of debentures converted and shares of our class A common stock with respect to the conversion value in excess thereof, based on a daily conversion value (as defined herein) calculated based on a proportionate basis for each day of the 20 trading day conversion period. See Description of the Debentures Conversion Rights Conversion Procedures Settlement Upon Conversion. Accordingly, upon conversion of debentures, holders may not receive any shares of our class A common stock. In addition, because of the 20 trading day calculation period, in certain cases, settlement will be delayed until at least the 26th trading day following the related conversion date. See Description of Debentures Conversion Rights Conversion Procedures Settlement Upon Conversion. Moreover, upon conversion of the debentures, you may receive fewer proceeds than expected because the price of our class A common stock may decrease (or not appreciate as much as you may expect) between the conversion date and the day the settlement amount of your debentures is determined. Further, our liquidity may be reduced upon conversion of the debentures. In addition, in the event of our bankruptcy, insolvency or certain similar proceedings during the conversion period (as defined under Description of the Debentures Conversion Rights Conversion Procedures Settlement Upon Conversion), there is a risk that a bankruptcy court may decide a holder s claim to receive such cash and/or shares could be subordinated to the claims of our creditors as a result of such holder s claim being treated as an equity claim in bankruptcy.

The conditional conversion feature of the debentures could result in your receiving less than the value of the class A common stock into which a debenture is convertible.

The debentures are convertible into cash and, if applicable, shares of our class A common stock only if specified conditions are met. If these conditions are not met, you will not be able to convert your debentures, and you may not be able to receive the value of the class A common stock into which the debentures would otherwise be convertible.

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

The conversion rate of the debentures is subject to adjustment upon certain events, including the issuance of stock dividends on our class A common stock, the issuance of rights or warrants, subdivisions, combinations,

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distributions of capital stock, indebtedness or assets, cash dividends and issuer tender or exchange offers as described under Description of the Debentures Conversion Rights Conversion Rate Adjustments. The conversion rate will not be adjusted for certain other events, including, for example, in issuance of stock for cash that may adversely affect the trading price of the debentures or the class A common stock issuable upon conversion of the debentures.

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

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

Conversion of the debentures will dilute the ownership interest of existing stockholders, including holders who had previously converted their debentures.

To the extent we issue class A common stock upon conversion of the debentures, the conversion of some or all of the debentures will dilute the ownership interests of existing stockholders, including holders who had previously converted their debentures. Any sales in the public market of the class A common stock issuable upon such conversion could adversely affect prevailing market prices of our class A common stock. In addition, the existence of the debentures may encourage short selling by market participants because the conversion of the debentures could depress the price of our class A common stock.

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

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

The price of our class A common stock, and therefore of the debentures may fluctuate significantly, and a liquid trading market for our class A common stock may not be sustained.

Our class A common stock has a limited trading history in the public markets. The trading price of our class A common stock could be subject to wide fluctuations due to the factors discussed in this risk factors section and in the risk factors incorporated by reference. In addition, the stock market in general, and The Nasdaq Global Market and the securities of technology companies in particular, have experienced extreme price and volume fluctuations. These trading prices and valuations, including our own market valuation and those of companies in our industry generally, may not be sustainable. These broad market and industry factors may decrease the market price of our class A common stock, regardless of our actual operating performance. Moreover, because the debentures are convertible into our class A common stock, volatility or depressed prices of our class A common stock could have a similar effect on the trading price of the debentures. In addition, in the past, following periods of volatility in the overall market and the market price of a company s securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management s attention and resources.

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Substantial future sales or other dispositions of our class A common stock or other securities could cause our stock price to fall.

Sales of our class A common stock in the public market or sales of any of our other securities, or the perception that such sales could occur, could cause the market price of our class A common stock to decline. As of January 23, 2007, SunPower had 21,797,457 shares of class A common stock outstanding, and Cypress owned the 52,033,287 outstanding shares of SunPower s class B common stock, representing approximately 70.5% of the total outstanding shares of SunPower s common stock. Cypress may convert these shares into class A common stock at any time. Cypress has no contractual obligation to retain its shares of class A common stock, except that Cypress has agreed not to sell or distribute any of its shares of our common stock without the consent of Lehman Brothers Inc. and Credit Suisse Securities (USA) LLC until 60 days after the date of this prospectus supplement. Subject to applicable United States federal and state securities laws, Cypress may sell or distribute to its stockholders any or all of the shares of our common stock that it owns, which may or may not include the sale of a controlling interest in us. Cypress announced on October 6, 2006 and reiterated on October 19, 2006 that it was exploring ways in which to allow its stockholders to fully realize the value of its investment in SunPower. Cypress has made public statements since October 19, 2006 that were consistent with these announcements.

We filed a registration statement on Form S-8 under the Securities Act covering 6,332,549 shares of SunPower class A common stock issuable under outstanding options under SunPower s 1988 Incentive Stock Plan, under SunPower s 1996 Stock Plan and under non-plan options granted to employees and consultants and 356,839 shares reserved for future issuance as of September 30, 2006 under SunPower s 2005 Stock Incentive Plan. We have also registered for resale up to 4,106,884 shares of class A common stock for resale by holders of former PowerLight shares. These shares are available for sale in the open market, although sales of shares held by PowerLight shareholders who are now affiliates of SunPower will be subject to sales restrictions under the Securities Act. In addition, we recently filed a registration statement on Form S-8 under the Securities Act covering 1,602,027 shares of class A common stock issuable pursuant to options, some of which are subject to vesting, assumed pursuant to the Merger.

If Cypress elects to convert its shares of class B common stock into shares of class A common stock, an additional 52,033,287 shares of class A common stock will be available for sale, subject to customary sales restrictions. In addition, except for a limited time in connection with the Merger, Cypress has the right to cause us to register the sale of its shares of class A common stock under the Securities Act. Registration of these shares under the Securities Act would result in these shares, other than shares purchased by our affiliates, becoming freely tradable without restriction under the Securities Act.

If Cypress distributes to its stockholders shares of class A common stock that it owns, substantially all of these shares would be eligible for immediate resale in the public market. We are unable to predict whether significant amounts of class A common stock would be sold in the open market in anticipation of, or after, any such distribution. We also are unable to predict whether a sufficient number of buyers for shares of our class A common stock would be in the market at that time.

If securities or industry analysts do not publish research or reports about us, our business or our market, or if they change their recommendations regarding our stock adversely, our stock price and trading volume could decline.

The trading market for our class A common stock is influenced by the research and reports that industry or securities analysts publish about us, our business or our market. We have only been a public company since our initial public offering in November 2005, and accordingly our stock is covered by fewer securities analysts than that of more mature public companies. If one or more of the analysts who cover us change their recommendation regarding our stock adversely, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

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

The rights of class A and class B common stock are substantially similar, except with respect to voting, conversion and other protective provisions. The class B common stock is entitled to eight votes per share and the

class A common stock is entitled to one vote per share. The difference in the voting rights of our class A and class B common stock both before and after any distribution of our class B common stock by Cypress to its stockholders could reduce the value of the class A common stock to the extent that any investor or potential future purchaser of our common stock ascribes value to the right of class B common stock to eight votes per share. The existence of two classes of common stock could result in less liquidity for either class of common stock than if there were only one class of our common stock.

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

Provisions in our restated certificate of incorporation may have the effect of delaying or preventing a change of control or changes in our management. These provisions include the following:

- the right of the board of directors to elect a director to fill a vacancy created by the expansion of the board of directors;
- the prohibition of cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- the requirement for advance notice for nominations for election to the board of directors or for proposing matters that can be acted upon at a stockholders meeting;
- the ability of the board of directors to issue, without stockholder approval, up to 10,042,490 shares of preferred stock with terms set by the board of directors, which rights could be senior to those of common stock; and
- in the event that Cypress, its successors in interest and its subsidiaries no longer collectively own shares of our common stock equal to at least 40% of the shares of all classes of our common stock then outstanding and Cypress is no longer consolidating us for accounting purposes:
  - our board of directors will be divided into three classes of directors, with the classes to be as nearly equal in number as possible;
  - no action can be taken by stockholders except at an annual or special meeting of the stockholders called in accordance with our bylaws, and stockholders may not act by written consent;
  - stockholders may not call special meetings of the stockholders; and
  - our board of directors will be able to alter our bylaws without obtaining stockholder approval.

Until such time as Cypress, its successor in interest and its subsidiaries collectively own less than 40% of the shares of all classes of our common stock then outstanding and Cypress is no longer consolidating us for accounting purposes, the affirmative vote of at least 75% of the then-authorized number of members of our board of directors will be required to: (1) adopt, amend or repeal our bylaws or certificate of incorporation; (2) appoint or remove our chief executive officer; (3) designate, appoint or allow for the nomination or recommendation for election by our stockholders of an individual to our board of directors; (4) change the size of our board of directors to be other than five members; (5) form a committee of our board of directors or establish or change a charter, committee responsibilities or committee membership of any committee of our board of directors; (6) adopt any stockholder rights plan, poison pill or other similar arrangement; or (7) approve any transactions that would involve a merger, consolidation, restructuring, sale of substantially all of our assets or any of our subsidiaries or otherwise result in any person or entity obtaining control of us or any of our subsidiaries. Cypress may at any time in its sole discretion waive this requirement to obtain such a supermajority vote of our board of directors.

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In addition, we are governed by the provisions of Section 203 of the Delaware General Corporation Law. These provisions may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us. These provisions in our restated certificate of incorporation, bylaws and under Delaware law could discourage potential takeover attempts and could reduce the price that investors might be willing to pay for shares of our common stock in the future and result in the market price being lower than they would without these provisions.

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

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

As a result of this offering, we will have a significant amount of debt. Our substantial indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under the debentures and our other debt.

As a result of this offering, we will have a significant amount of debt and substantial debt service requirements. As of September 30, 2006, as adjusted for the completion of the Merger, this offering and the application of the net proceeds therefrom, we would have had approximately $137.1 million of outstanding debt for borrowed money, or $156.6 million if the underwriters option to purchase additional debentures is exercised in full.

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

- making it more difficult for us to meet our payment and other obligations under the debentures and our other outstanding debt;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all of our debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our amended senior credit facility;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

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

Our ability to meet our payment and other obligations under our debt instruments depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our existing or any amended credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under the debentures and our other debt and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the debentures, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under the debentures and our other debt.

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS

TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

Our ratio of earnings to fixed charges for the years ended December 31, 2001, 2002 and 2003, for the period from January 1, 2004 to November 8, 2004, for the period from November 9, 2004 to December 31, 2004, for the year ended December 31, 2005 and for the nine months ended September 30, 2006 is set forth below. We were not required to pay, nor did we pay, dividends on any preferred stock outstanding during any of these periods. As a result, our ratio of earnings to combined fixed charges and preferred stock dividends did not differ from the ratio below during any of these periods.

	Predecessor Company				Successor Company		
	Years Ended Dec. 31,			Jan. 1 through Nov. 8,	Nov. 9 through Dec. 31,	Year Ended Dec. 31,	Nine Months Ended Sept. 30,
	2001(1)	2002(1)	2003(1)	2004(1)	2004(1)	2005(1)	2006(1)
Ratio of Earnings to Fixed Charges(2)	(3)	(3)	(3)	(3)	(3)	(3)	11.7x

(1) SunPower s fiscal year consists of 52 or 53 weeks ending on the Sunday closest to December 31, with quarters of 13 or 14 weeks ending the Sunday closest to March 31, June 30, September 30 and December 31 of each year. For presentation purposes only, the ratio of earnings to fixed charges refers to the month end and calendar year end of each respective period.

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

(3) Earnings were inadequate to cover fixed charges by $2.9 million, $3.5 million, $14.5 million, $23.3 million, $5.6 million and $15.8 million for the years ended December 31, 2001, 2002 and 2003, for the period from January 1, 2004 to November 8, 2004, for the period from November 9, 2004 to December 31, 2004, for the year ended December 31, 2005 and for the nine months ended September 30, 2006, respectively.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2006:

- on an actual basis; and
- on a pro forma as adjusted basis to reflect (i) the completion of the Merger, (ii) the sale of the debentures offered hereby and the application of the proceeds therefrom (assuming the underwriters option to purchase additional debentures is not exercised); and (iii) the completion of our concurrent offering of shares of class A common stock and our receipt of the nominal lending fees therefrom.

You should read this table in conjunction with the following, which are incorporated by reference into this prospectus supplement:

- the historical financial statements of SunPower as of and for the three and nine months ended September 30, 2006 included in SunPower s quarterly report on Form 10-Q for the quarter ended October 1, 2006;
- the historical financial statements of SunPower as of and for the years ended December 31, 2005, 2004 and 2003 included in SunPower s annual report on Form 10-K for the year ended December 31, 2005; and
- the historical financial statements of PowerLight as of and for the nine months ended September 30, 2006, and for the years ended December 31, 2005, 2004 and 2003, which have been filed as an exhibit to SunPower s current report on Form 8-K/A, dated January 25, 2007.

	Sept. 30, 2006	
	Actual	**Pro Forma as Adjusted**
	(Unaudited)	
	(Dollars in thousands, except per share data)	
Cash and cash equivalents	$ 253,735	$ 279,869
Debt:		
Obligations under capital leases		109
Notes payable		7,095
% senior convertible debentures due 2027 offered hereby		130,000
Total debt		137,204
Class A common stock, $0.001 par value per share; 217,500,000 shares authorized, 17,173,166 shares issued and outstanding, actual; shares issued and outstanding, pro forma as adjusted	17	24
Class B common stock, $0.001 par value per share; 157,500,000 shares authorized, 52,033,287 shares issued and outstanding, actual and pro forma as adjusted	52	52
Additional paid-in capital	520,359	652,902
Accumulated other comprehensive loss	(474)	(474)
Accumulated deficit	(43,327)	(47,774)
Total stockholders equity	476,627	604,730

Total capitalization	$ 476,627	$ 741,934

The number of shares of class A and class B common stock on a pro forma as adjusted basis shown as issued and outstanding in the table above is based on the number of shares of our class A and class B common stock outstanding as of September 30, 2006, giving effect to the adjustments described above, but excluding:

5,481,017 shares of class A common stock issuable upon the exercise of options outstanding as of September 30, 2006, at a weighted average exercise price of $3.73 per share;

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288,801 shares of class A common stock reserved for future issuance as of September 30, 2006 under our 2005 Stock Incentive Plan;

1,601,839 shares of class A common stock issued upon the exercise of vested and unvested PowerLight stock options; and

200,471 shares of class A common stock that we have reserved for issuance as restricted stock to employees of the PowerLight business pursuant to the merger agreement.

Our 1996 Stock Plan and 1988 Incentive Stock Plan were terminated on November 22, 2005. No shares of our class A common stock remain available for issuance under either of these plans other than for satisfying exercises of stock options granted under these plans prior to their termination.

In September 2005, we adopted the 2005 Stock Unit Plan in which all of our employees, except for our executive officers and directors, are eligible to participate, although we currently intend to limit participation to our non-U.S. employees who are not senior managers. Under the 2005 Stock Unit Plan, our board of directors awards participants the right to receive cash payments in an amount equal to the appreciation in the price of our class A common stock between the award date and the date the employee redeems the award. The right to redeem or award typically vests in the same manner as options vest under this plan. In July 2006, the Board of Directors amended the terms of the plan to increase the maximum number of stock units that may be subject to stock unit awards granted under the plan from 100,000 to 300,000 stock units. As of September 30, 2006, we had granted approximately 116,000 units to 1,150 employees in the Philippines at an average unit price of $24.18. During the three and nine months ended September 30, 2006, we recognized $45,000 and $0.3 million of compensation expense associated with these group plans.

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USE OF PROCEEDS

The net proceeds from the sale of the debentures will be approximately $126.2 million, after deducting the underwriters discount and estimated offering expenses. If the underwriters exercise their option to purchase additional debentures in full, the net proceeds will be approximately $145.2 million.

We intend to use the net proceeds for general corporate purposes, including working capital and capital expenditures. Specifically, all or a portion of the proceeds may be used for the expansion of our solar cell and panel manufacturing facilities, and we may use approximately $10.0 million in proceeds to purchase our Philippines manufacturing facility as we have the option to do under our lease agreement with Cypress. We may also use a portion of the proceeds for prepayments to vendors of polysilicon, ingots and wafers.

In addition, we may use all or a portion of any proceeds for the acquisition of, or investment in, complementary businesses, technologies or other assets, and to invest in joint ventures. We may undertake such transactions in furtherance of our strategy to broaden our supply-chain opportunities, increase the efficiency of the downstream channel and reduce the cost of our products delivered to end customers.

PRICE RANGE OF OUR CLASS A COMMON STOCK AND DIVIDEND POLICY

Our class A common stock commenced trading on The Nasdaq Global Market under the symbol SPWR on November 17, 2005. Set forth below, for the periods indicated, are the high and low sale prices per share of class A common stock as reported by The Nasdaq Global Market.

	High	Low
2005		
Fourth Quarter (beginning on November 17, 2005)	$ 34.72	$ 24.42
2006		
First Quarter	$ 44.07	$ 30.13
Second Quarter	42.00	25.00
Third Quarter	33.50	24.03
Fourth Quarter	40.00	26.46
2007		
First Quarter (through January 26, 2007)	$ 43.80	$ 35.98

On January 26, 2007, the last reported sale price of our class A common stock on The Nasdaq Global Market was $43.30 per share.

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

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DESCRIPTION OF THE DEBENTURES

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

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

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

Brief Description of the Debentures

The debentures will:

- initially be issued in aggregate principal amount of $130.0 million ($149.5 million aggregate principal amount if the underwriters exercise their option to purchase additional debentures in full);
- bear interest at a rate of % per year, payable semi-annually in arrears, on February 15 and August 15 of each year, commencing on August 15, 2007;
- be general unsecured obligations, ranking equally with all of our other unsecured senior indebtedness and senior in right of payment to any subordinated indebtedness;
- be convertible by you at any time on or prior to the business day preceding the maturity date, only upon satisfaction of one of the conditions for conversion, as described under Conversion Rights, into cash and, if applicable, shares of our class A common stock initially based on a conversion rate of shares of our class A common stock per $1,000 principal amount of debentures, which represents an initial conversion price of approximately $ per share. In the event of certain types of fundamental changes, we will increase the conversion rate for a limited period of time;
- be subject to redemption for cash by us at any time on or after February 15, 2012, in whole or in part, at a redemption price equal to 100% of the principal amount of the debentures being redeemed, plus accrued and unpaid interest to, but not including, the redemption date;
- be subject to repurchase by us, at your option, on February 15, 2012, February 15, 2017 and February 15, 2022, at a cash repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to, but not including, the repurchase date, as set forth under Repurchase at the Option of the Holder Optional Put;
- be subject to repurchase by, us at your option, if a fundamental change occurs, at a cash repurchase price equal to 100% of the principal amount of the debentures, plus accrued and unpaid interest to, but not including, the repurchase date, as set forth under Repurchase at the Option of the Holder Fundamental Change Put ; and
- mature on February 15, 2027, unless earlier converted, redeemed by us at our option or repurchased by us at your option.

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

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

The debentures initially will be issued in book-entry form only in denominations of $1,000 principal amount and whole multiples thereof. Beneficial interests in the debentures will be shown on, and transfers of beneficial interests in the debentures will be effected only through, records maintained by The Depository Trust Company, or DTC, or its nominee, and any such interests may not be exchanged for certificated debentures except in limited circumstances. For information regarding conversion, registration of transfer and exchange of global debentures held in DTC, see Form, Denomination and Registration Global Debentures Book-Entry Form.

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

Additional Debentures

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

Payment at Maturity

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

Interest

The debentures will bear interest at a rate of % per year. Interest will accrue from , 2007, or from the most recent date to which interest has been paid or duly provided for. We will pay interest semi-annually, in arrears on February 15 and August 15 of each year, commencing on August 15, 2007, to holders of record at 5:00 p.m., New York City time, on the preceding February 1 and August 1, respectively. However, there are two exceptions to the preceding sentence:

- we will not pay accrued interest on any debentures when they are converted, except as described under Conversion Rights; and
- we will pay accrued interest to a person other than the holder of record on the record date on the maturity date. On such date, we will pay accrued and unpaid interest only to the person to whom we pay the principal amount.

We will pay interest on:

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

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

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

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

Conversion Rights

Holders may convert their debentures prior to the close of business on the business day preceding the maturity date based on an initial conversion rate of shares of class A common stock per $1,000 principal amount of debentures (equivalent to an initial conversion price of approximately $ per share), only if the conditions for conversion described below are satisfied. The conversion rate will be subject to adjustment as described below. As described under Conversion Procedures Settlement Upon Conversion, upon conversion, we will satisfy our conversion obligation with respect to the principal amount of the debentures to be converted in cash, with any remaining amount to be satisfied in shares of our class A common stock. Unless we have previously redeemed or purchased the debentures, you will have the right to convert any portion of the principal amount of any debentures that is an integral multiple of $1,000 at any time on or prior to the close of business on the business day immediately preceding the maturity date only under the following circumstances:

(1) prior to February 15, 2025, on any date during any fiscal quarter beginning after March 31, 2007 (and only during such fiscal quarter) if the closing sale price of our class A common stock was more than 125% of the then current conversion price for at least 20 trading days in the period of the 30 consecutive trading days ending on the last trading day of the previous fiscal quarter;

(2) at any time on or after February 15, 2025;

(3) with respect to any debentures called for redemption, until the close of business on the business day prior to the redemption date;

(4) during a specified period if we distribute to all or substantially all holders of our class A common stock rights or warrants entitling them to purchase, for a period of 45 calendar days or less, shares of our class A common stock at a price less than the average closing sale price for the ten trading days preceding the declaration date for such distribution, as described below in more detail under Conversion Upon Specified Corporate Transactions ;

(5) during a specified period if we distribute to all or substantially all holders of our class A common stock, cash or other assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our class A common stock on the trading day preceding the declaration date for such distribution, as described below in more detail under Conversion Upon Specified Corporate Transactions ;

(6) during a specified period if a fundamental change occurs, as described in more detail below under Conversion Upon a Fundamental Change ; or

(7) during the five consecutive business-day period following any five consecutive trading-day period in which the average trading price for the debentures was less than 98% of the average of the closing sale price of our class A common stock during such five trading-day period multiplied by the then current conversion rate, as described in more detail below under Conversion Upon Satisfaction of Trading Price Condition; we refer to this condition as the trading price condition.

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In the case of clauses (4) and (5) immediately above, we will notify you and the Trustee in writing at least 20 calendar days prior to the ex-dividend date for such distribution; once we have given such notice, you may surrender your debentures for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day preceding the earlier to occur of the ex-dividend date and any announcement by us that such distribution will not take place; in the case of a distribution identified in clauses (4) and (5) immediately above, you may not convert your debentures if you will otherwise participate in the distribution without conversion as a result of holding the debentures. The ex-dividend date is the first date upon which a sale of the class A common stock does not transfer the rights to receive the relevant distribution to the buyer of such class A common stock.

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

Except as provided in the next paragraph, upon conversion, you will not receive any separate cash payment of accrued and unpaid interest on the debentures being converted. Accrued and unpaid interest and accrued tax original issue discount, if any, to the conversion date will be deemed to be paid in full with the shares of our class A common stock issued or cash paid upon conversion rather than cancelled, extinguished or forfeited.

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

- if you convert your debentures in connection with a redemption and we have specified a redemption date that is after a record date and on or prior to the corresponding interest payment date;
- if you convert your debentures in connection with a fundamental change and we have specified a fundamental change repurchase date that is after a record date and on or prior to the corresponding interest payment date; or
- to the extent of any overdue interest, if overdue interest exists at the time of conversion with respect to your debentures.

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

Conversion Upon Specified Corporate Transactions

You will have the right to convert your debentures if we:

- distribute to all holders of our class A common stock rights or warrants (other than pursuant to a rights plan) entitling them to purchase, for a period of 45 calendar days or less, shares of our class A common stock at a price less than the average closing sale price for the ten trading days preceding the declaration date for such distribution; or distribute to all holders of our class A common stock, cash or other assets, debt securities or rights to purchase our securities (other than pursuant to a rights plan), which distribution has a per share value exceeding 10% of the closing sale price of our class A common stock on the trading day preceding the declaration date for such distribution.

We will notify you and the trustee in writing at least 20 calendar days prior to the ex-dividend date for such distribution. Once we have given such notice, you may surrender your debentures for conversion at any time until the earlier of 5:00 p.m., New York City time, on the business day preceding the earlier to occur of the ex-dividend date and any announcement by us that such distribution will not take place. You may not convert any of your debentures based on this conversion contingency if you will otherwise participate in the distribution without conversion as a result of holding the debentures.

You will also have the right to convert your debentures if we are a party to a consolidation, merger, binding share exchange or sale or conveyance of all or substantially all of our property and assets that does not constitute a fundamental change, in each case pursuant to which our class A common stock would be converted into cash, securities and/or other property, other than in a transaction covered by the exceptions in clause 4(a) or in clause 4(b) of the definition of fundamental change. In such event, you will have the right to convert your debentures at any time beginning 15 calendar days prior to the date announced by us as the anticipated effective date of the transaction and until and including the date which is 15 calendar days after the date that is the actual effective date of such transaction. If you do not convert your debentures during this period, you will generally be entitled to receive, upon subsequent conversion, if any, the kind and amount of cash, securities and other property that you would have received if you had converted your debentures and had been a class A common stock holder immediately prior to the transaction.

Conversion Upon a Fundamental Change

If a fundamental change (as defined under Repurchase at Option of the Holder Fundamental Change Put) occurs, you will have the right to convert your debentures at any time beginning on the business day following the effective date of the fundamental change until 5:00 p.m., New York City time, on the business day preceding the repurchase date relating to such fundamental change. We will notify you and the trustee in writing of the anticipated effective date of any fundamental change at least 10 calendar days prior to such date, to the extent we have the knowledge to do so. If you convert your debentures in connection with a fundamental change, you will receive:

(1) cash equal to the lesser of (i) the principal amount of the debentures converted and (ii) the conversion value (as defined below) and (2) if the conversion value exceeds the principal amount of the debentures converted, an amount of cash, securities and other assets or property equal to such excess based on the consideration that you would have received if you had held a number of shares of our class A common stock based on the conversion rate immediately prior to the fundamental change, with the conversion value based on the consideration received in such fundamental change, if applicable; and

under certain circumstances, consideration with respect to additional shares of class A common stock, which will be in an amount determined as set forth under Adjustment in Conversion Rate Upon a Non-Stock Change of Control and which will be payable following certain types of fundamental change.

Conversion value means the sum of the daily conversion value (as defined under Conversion Procedures Settlement Upon Conversion) for twenty consecutive trading days during the conversion period (as defined under Conversion Procedures Settlement Upon Conversion).

Conversion Upon Satisfaction of Trading Price Condition

You may surrender your debentures for conversion prior to maturity during the five business-day period following any five consecutive trading-day period in which the trading price per $1,000 principal amount of debentures, as determined following a request by a holder of debentures in accordance with the procedures described below, for each trading day of such five trading-day period was less than 98% of the product of the closing sale price of our class A common stock for each day during such five-day trading period and the then current conversion rate.

The trading price of the debentures on any date of determination means the average of the secondary market bid quotations per $1,000 principal amount of debentures obtained by the trustee for $2,000,000 principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from two independent nationally recognized securities dealers we select, which may include one or more of the initial purchasers, provided that if at least two such bids cannot reasonably be obtained by the trustee, but one such bid can reasonably be obtained by the trustee, this one bid will be used. If the trustee cannot reasonably obtain at least one bid for $2,000,000 principal amount of the debentures from a nationally recognized securities dealer, then, for purposes of the trading price condition only, the trading price of the debentures will be deemed to be less than 98% of the applicable conversion rate of the debentures multiplied by the closing sale price of our class A common stock on such determination date.

The trustee will determine the trading price of the debentures upon our request. We will have no obligation to make that request unless a holder of debentures requests that we do so. If a holder provides such request, we will instruct the trustee to determine the trading price of the debentures for each trading day until the minimum trading price threshold is exceeded.

Conversion Procedures

Procedures to be Followed by a Holder

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

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

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

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

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

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Settlement Upon Conversion

Upon conversion, we will deliver to holders in respect of each $1,000 principal amount of debentures being converted a conversion settlement amount equal to the sum of the daily settlement amounts (as defined below) for each of the twenty trading days during the conversion period.

The conversion period means the 20 consecutive trading day period:

- if we have called the debentures delivered for conversion for redemption, beginning on the 23rd scheduled trading day immediately preceding the redemption date;
- with respect to conversion notices received during the period beginning 25 trading days preceding the maturity date and ending one trading day preceding the maturity date, beginning on the 23rd scheduled trading day immediately preceding the maturity date;
- with respect to conversions in connection with a fundamental change, beginning on the 23rd scheduled trading day immediately preceding the repurchase date relating to such fundamental change; and
- in all other cases, beginning on the third trading day following our receipt of your conversion notice.

The daily settlement amount, for each $1,000 principal amount of debentures, for each of the twenty trading days during the conversion period, shall consist of:

- cash equal to the lesser of $50 and the daily conversion value; and
- to the extent the daily conversion value exceed $50, a number of shares of our class A common stock equal to, (1) the difference between the daily conversion value and $50, divided by (2) the closing sale price of our class A common stock for such day.

The daily conversion value for any trading day equals 1/20th of:

- the conversion rate in effect on that day, multiplied by
- the closing sale price of our class A common stock (or the consideration into which our class A common stock has been converted in connection with certain corporate transactions) on that day.

Trading day means a day during which (1) trading in our class A common stock generally occurs, (2) there is no market disruption event and (3) a closing sale price for our class A common stock is provided on the principal U.S. national or regional securities exchange on which our class A common stock is then listed or, if our class A common stock is not listed on a U.S. national or regional securities exchange, on the principal other market on which our class A common stock is then traded.

Market disruption event means the occurrence or existence during the one-half hour period ending on the scheduled close of trading on any trading day for our class A common stock of any material suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by The Nasdaq Global Market or otherwise) in our class A common stock or in any options, contracts or futures contracts relating to our class A common stock.

Settlement in cash and/or shares of our class A common stock will occur on the third trading day following the final trading day of the conversion period (as defined above).

We will not issue fractional shares of our class A common stock upon conversion of the debentures. Instead, we will pay cash in lieu of fractional shares based on the closing sale price of our class A common stock on the final trading day of the conversion period.

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Conversion Rate Adjustments

We will adjust the conversion rate for certain events, including:

(1) issuances of our class A common stock as a dividend or distribution on our class A common stock;

(2) certain subdivisions, combinations or reclassifications of our class A common stock;

(3) issuances to all or substantially all holders of our class A common stock of certain rights or warrants to purchase, for a period of up to 45 days, our class A common stock at less than the then-current market price of our class A common stock, provided that the conversion rate will be readjusted to the extent that any of the rights or warrants are not exercised prior to their expiration;

(4) distributions to all or substantially all holders of our class A common stock, shares of our capital stock (other than our class A common stock), evidences of our indebtedness or assets, including securities, but excluding:

- the rights and warrants referred to in clause (3) above;

- any dividends and distributions in connection with a reclassification, change, consolidation, merger, combination, sale or conveyance resulting in a change in the conversion consideration pursuant to the sixth succeeding paragraph below;

- any dividends or distributions paid exclusively in cash; or

- any dividends or distributions referred to in the clause (1) above;

(5) dividends or other distributions consisting exclusively of cash to all or substantially all holders of our class A common stock (other than dividends or distributions made in connection with our liquidation, dissolution or winding-up or upon a merger or consolidation), in which event the conversion rate will be adjusted by multiplying:

- the conversion rate by a fraction,

- the numerator of which will be the current market price of our class A common stock and the denominator of which will be the current market price of our class A common stock minus the amount per share of such dividend or distribution; and

(6) purchases of our class A common stock pursuant to a tender offer or exchange offer made by us or any of our subsidiaries to the extent that the cash and value of any other consideration included in the payment per share of class A common stock exceeds the closing sale price per share of our class A common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

For purposes of clause (3) and (5) above, current market price means the average closing sale price of our class A common stock for the 10 consecutive trading days immediately prior to the ex-dividend date for the distribution requiring such computation.

To the extent that any future rights plan adopted by us is in effect upon conversion of the debentures into class A common stock only or a combination of cash and class A common stock, you will receive, in addition to the class A common stock, the rights under the applicable rights agreement unless the rights have separated from our class A common stock at the time of conversion of the debentures, in which case, the conversion rate will be adjusted as if we distributed to all holders of our class A common stock shares of our capital stock, evidences of indebtedness or assets as described above in clause (4), subject to readjustment in the event of the expiration, termination or redemption of such rights.

We will not make any adjustment if holders of debentures may participate in the transaction without conversion or in certain other cases. In cases where the fair market value of assets, debt securities or certain

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rights, warrants or options to purchase our securities, applicable to one share of class A common stock, distributed to stockholders:

- equals or exceeds the average closing price of the class A common stock over the ten consecutive trading day period ending on the record date for such distribution, or

- such average closing price exceeds the fair market value of such assets, debt securities or rights, warrants or options so distributed by less than $1.00,

rather than being entitled to an adjustment in the conversion price, the holder of a debenture will be entitled to receive upon conversion, in addition to the shares of class A common stock, the kind and amount of assets, debt securities or rights, warrants or options comprising the distribution that such holder would have received if such holder had converted such debentures immediately prior to the record date for determining the stockholders entitled to receive the distribution.

Except as stated above, we will not adjust the conversion rate for the issuance of our class A common stock or any securities convertible into or exchangeable for our class A common stock or carrying the right to purchase any of the foregoing.

In the event that we distribute shares of capital stock of a subsidiary of ours pursuant to clause (4) above, the conversion rate will be adjusted, if at all, based on the market value of the subsidiary stock so distributed relative to the market value of our class A common stock, in each case over a measurement period following the distribution.

If we:

- reclassify or change our class A common stock (other than changes resulting from a subdivision or combination), or

- consolidate or merge with or into any person or sell, lease, transfer, convey or otherwise dispose of all or substantially all of our assets and those of our subsidiaries taken as a whole to another person,

and the holders of our class A common stock receive stock, other securities or other property or assets (including cash or any combination thereof) with respect to or in exchange for their class A common stock, each outstanding debentures will, without the consent of any holders of the debentures and upon satisfaction of a conversion condition, become convertible only into the consideration the holders of the debentures would have received if they had converted their debentures solely into our class A common stock based on the applicable conversion rate immediately prior to such reclassification, change, consolidation, merger, sale, lease, transfer, conveyance or other disposition (assuming such holder of class A common stock received proportionately the same consideration received by all class A common stock holders in the aggregate), except that the provisions above under Settlement Upon Conversion shall continue to apply following any such transaction, with the daily conversion values based on the consideration received in such transaction. In the event holders of our class A common stock have the opportunity to elect the form of consideration to be received in such transaction, then from and after the effective date of such transaction, the debentures shall be convertible into the consideration that a majority of the holders of our class A common stock who made such an election received in such transaction. We may not become a party to any such transaction unless its terms are consistent with the foregoing.

If a taxable distribution to holders of our class A common stock or other transaction occurs that results in any adjustment of the conversion rate (including an adjustment at our option), you may, in certain circumstances, be deemed to have received a distribution subject to U.S. income tax as a dividend. In certain other circumstances, the absence of an adjustment may result in a taxable dividend to the holders of our class A common stock. See Material United States Federal Income Tax Considerations.

We may from time to time, to the extent permitted by law, in our sole discretion, increase the conversion rate of the debentures by any amount for any period of at least 20 business days. In that case, we will give at least

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15 days prior notice of such increase to you and the trustee. We, in our sole discretion, may make such increases in the conversion rate, in addition to those set forth above, as our board of directors deems advisable to avoid or diminish any income tax to holders of our class A common stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustment that is less than 1% of the conversion rate, take such carried-forward adjustments into account in any subsequent adjustment, and make such carried forward adjustments, regardless of whether the aggregate adjustment is less than 1%, (a) annually on the anniversary of the first date of issue of the debentures and otherwise (b) (1) five business days prior to the maturity of the debentures (whether at stated maturity or otherwise) or (2) prior to the redemption date or repurchase date, unless such adjustment has already been made.

If we adjust the conversion rate pursuant to the above provisions, we will issue a press release through Business Wire containing the relevant information and make this information available on our website or through another public medium as we may use at that time. Unless and until the trustee shall receive written notice setting forth an adjustment of the conversion rate, the trustee may assume without inquiry that the conversion rate has not been adjusted and that the last conversion rate of which it has knowledge remains in effect.

Adjustment to Conversion Rate Upon a Non-Stock Change of Control

Prior to February, 2012, if and only to the extent you elect to convert your debentures in connection with a fundamental change described under clause (1), clause (4) or clause (6) under the definition of a fundamental change described below under Repurchase at Option of the Holder Fundamental Change Put pursuant to which 10% or more of the consideration for our class A common stock (other than cash payments for fractional shares and cash payments made in respect of dissenters appraisal rights) in such fundamental change transaction consists of cash or securities (or other property) that are not shares of common stock, depositary receipts or other certificates representing common equity interests or depository receipts traded or scheduled to be traded immediately following such transaction on a U.S. national securities exchange, which we refer to as a non-stock change of control, we will increase the conversion rate as described below. The number of additional shares by which the conversion rate is increased (the additional shares) will be determined by reference to the table below, based on the date on which the non-stock change of control becomes effective (the effective date) and the price (the stock price) paid per share for our class A common stock in such non-stock change of control. If holders of our class A common stock receive only cash in such transaction, the stock price will be the cash amount paid per share. Otherwise, the stock price will be the average of the last reported sale prices of our class A common stock on the five trading days prior to but not including the effective date of such non-stock change of control. We will notify you of the anticipated effective date of any fundamental change resulting in an adjustment as soon as practicable and if possible at least 20 calendar days prior to such date.

A conversion of the debentures by a holder will be deemed for these purposes to be in connection with a non-stock change of control if the conversion notice is received by the conversion agent following the effective date of the non-stock change of control but before the close of business on the business day immediately preceding the related repurchase date (as specified in the repurchase notice described under Repurchase at Option of the Holder Fundamental Change Put).

The number of additional shares issuable upon conversion will be adjusted in the same manner as and as of any date on which the conversion rate of the debentures is adjusted as described above under Conversion Rate Adjustments. The stock prices set forth in the first row of the table below (i.e., the column headers) will be simultaneously adjusted to equal the stock prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the conversion rate immediately prior to the adjustment and the denominator of which is the conversion rate as so adjusted.

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The following table sets forth an indicative number of additional shares by which the conversion rate shall be increased:

	Stock Price										
Effective Date	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
, 2007											
February 15, 2008											
February 15, 2009											
February 15, 2010											
February 15, 2011											
February 15, 2012											

The exact stock price and effective dates may not be set forth on the table, in which case, if the stock price is:

- between two stock price amounts on the table or the effective date is between two dates on the table, the number of additional shares will be determined by straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 360-day year;

- in excess of $ per share (subject to adjustment), no additional shares will be issued upon conversion;

- less than $ per share (subject to adjustment), no additional shares will be issued upon conversion.

Notwithstanding the foregoing, in no event will the total number of shares of class A common stock issuable upon conversion exceed per $1,000 principal amount of the debentures, subject to adjustments in the same manner as the conversion rate.

Additional shares deliverable as described in this section Adjustment to Conversion Rate Upon a Non-Stock Change of Control, or cash in lieu thereof, will be delivered on the settlement date applicable to the relevant conversion.

Redemption

Optional Redemption

At any time on or after February 15, 2012, we may redeem all or a part of the debentures at a cash redemption price equal to 100% of the principal amount of the debentures being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. However, if the redemption date is after a record date and on or prior to the corresponding interest payment date, the interest will be paid on the redemption date to the holder of record on the record date.

Redemption Procedures

We will give notice of redemption not less than 30 nor more than 60 days prior to the redemption date to all record holders of debentures at their addresses set forth in the register of the registrar. This notice will state, among other things:

- that you have a right to convert the debentures called for redemption, and the conversion rate then in effect; and

- the date on which your right to convert the debentures called for redemption will expire.

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If we do not redeem all of the debentures, the trustee will select the debentures to be redeemed in principal amounts of $1,000 or integral multiples of $1,000 by lot, pro rata or by another method the trustee considers fair and appropriate. If any debentures are to be redeemed in part only, we will issue a new debentures in principal amount equal to the unredeemed principal portion thereof. If a portion of your debentures is selected for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be taken from the portion selected for redemption.

Additionally, we will not be required to:

- issue, register the transfer of, or exchange any debentures during the period of 15 days before the delivery of the notice of redemption, or

- register the transfer of or exchange any debentures so selected for redemption, in whole or in part, except the unredeemed portion of any debentures being redeemed in part.

We may not redeem the debentures if we have failed to pay interest on the debentures and such failure to pay is continuing.

Repurchase at the Option of the Holder

Optional Put

On February 15, 2012, February 15, 2017 and February 15, 2022, you will have the right to require us to repurchase, at the repurchase price described below, all or part of your debentures for which you have properly delivered and not withdrawn a written repurchase notice. The debentures submitted for repurchase must be $1,000 in principal amount or whole multiples thereof.

The repurchase price will be payable in cash and will equal 100% of the principal amount of the debentures being repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date. However, if the repurchase date is after a record date and on or prior to the corresponding interest payment date, the interest will be paid on the repurchase date to the holder of record on the record date.

We may be unable to repurchase your debentures upon your exercise of your repurchase right. Our ability to repurchase debentures in cash in the future may be limited by the terms of our then-existing borrowing agreements. Furthermore, we cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay the repurchase price in cash.

We will give written notice at least 20 business days prior to each repurchase date to the trustee and all record holders at their addresses shown in the register of the registrar. This notice will state, among other things, the procedures that you must follow to require us to repurchase your debentures.

To exercise your repurchase right, you must deliver at any time from 9:00 a.m., New York City time, on the date that is 20 business days prior to the applicable repurchase date to 5:00 p.m., New York City time, on the applicable repurchase date, a written notice to the paying agent of your exercise of your repurchase right (together with the debentures to be repurchased, if certificated debentures have been issued). The repurchase notice must state:

- if you hold a beneficial interest in a global debenture, your repurchase notice must comply with appropriate DTC procedures; if you hold certificated debentures, the debentures certificate numbers;

- the portion of the principal amount of your debentures to be repurchased, which must be in $1,000 multiples; and

- that the debentures are to be repurchased by us pursuant to the applicable provisions of the debentures and the indenture.

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You may withdraw your repurchase notice at any time prior to 5:00 p.m., New York City time, on the applicable repurchase date, by delivering a written notice of withdrawal to the paying agent. If a repurchase notice is given and withdrawn during that period, we will not be obligated to repurchase the debentures listed in the repurchase notice. The withdrawal notice must state:

- if you hold a beneficial interest in a global debenture, your withdrawal notice must comply with appropriate DTC procedures; if you hold certificated debentures, the certificate numbers of the withdrawn debentures;

- the principal amount of the withdrawn debentures; and

- the principal amount, if any, which remains subject to the repurchase notice.

Payment of the repurchase price for debentures for which a repurchase notice has been delivered and not withdrawn is conditioned upon book-entry transfer or delivery of the debentures, together with necessary endorsements, to the paying agent, as the case may be. Payment of the repurchase price for the debentures will be made promptly following the later of the repurchase date and the time of book-entry transfer or delivery of the debentures, as the case may be.

If the paying agent holds on the business day immediately following the repurchase date cash sufficient to pay the repurchase price of the debentures that holders have elected to require us to repurchase, then, as of the repurchase date:

- those debentures will cease to be outstanding and interest will cease to accrue, whether or not book-entry transfer of the debentures has been made or the debentures have been delivered to the paying agent, as the case may be; and

- all other rights of the debentures holders will terminate, other than the right to receive the repurchase price upon delivery or transfer of the debentures.

In connection with any repurchase, we will, to the extent applicable:

- comply with the provisions of Rule 13e-4 and any other tender offer rules under the Exchange Act that may be applicable at the time of the offer to repurchase the debentures;

- file a Schedule TO or any other schedule required in connection with any offer by us to repurchase the debentures; and

- comply with all other federal and state securities laws in connection with any offer by us to repurchase the debentures.

Fundamental Change Put

If a fundamental change (as defined below) occurs at any time prior to the maturity of the debentures, you will have the right to require us to repurchase, at the repurchase price described below, all or part of your debentures for which you have properly delivered and not withdrawn a written repurchase notice. The debentures submitted for repurchase must be $1,000 in principal amount or whole multiples thereof.

The repurchase price will be payable in cash and will equal 100% of the principal amount of the debentures being repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date. However, if the repurchase date is after a record date and on or prior to the corresponding interest payment date, the interest will be paid on the repurchase date to the holder of record on the record date.

We may be unable to repurchase your debentures in cash upon a fundamental change. Our ability to repurchase the debentures with cash in the future may be limited by the terms of our then-existing borrowing agreements. In addition, the occurrence of a fundamental change could cause an event of default under the terms

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of our then-existing borrowing agreements. We cannot assure you that we would have the financial resources, or would be able to arrange financing, to pay the repurchase price in cash.

A fundamental change will be deemed to have occurred when any of the following has occurred:

(1) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person, other than Parent or its successors or a controlling person or persons of Parent, directly or indirectly, including through one or more wholly-owned subsidiaries, becomes the beneficial owner (as these terms are defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act) of more than 75% of the voting power of our capital stock that is at the time entitled to vote by the holder thereof in the election of our board of directors (or comparable body); or

(2) the first day on which a majority of the members of our board of directors are not continuing directors; or

(3)