Maxeon Solar Technologies Announces Proposed Green Convertible Senior Notes Offering

SAN JOSE, Calif. and SINGAPORE, July 9, 2020 /PRNewswire/ -- Maxeon Solar Technologies Pte. Ltd. (Maxeon), currently a wholly owned subsidiary of SunPower Corp. (NASDAQ:SPWR), today announced a proposed offering, subject to market and other conditions, of $175,000,000 aggregate principal amount of its green convertible senior notes due 2025 in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended. Maxeon also expects to grant the initial purchasers of the notes an option to purchase, for settlement within a period of 13 days from, and including, the date notes are first issued, up to an additional $26,250,000 principal amount of notes.

The notes will be senior, unsecured obligations of Maxeon, will accrue interest payable semi-annually in arrears and will mature on July 15, 2025, unless earlier repurchased, redeemed or converted. When the notes are initially issued, they will not be convertible. If SunPower's previously announced proposed spin-off of Maxeon occurs within three months after the notes are first issued, and certain conditions relating to the physical delivery forward transaction described below are satisfied, then noteholders will have the right to convert their notes in certain circumstances and during specified periods. Maxeon will settle conversions by paying or delivering, as applicable, cash, ordinary shares of Maxeon or a combination of cash and ordinary shares of Maxeon, at Maxeon's election. The initial conversion rate will be determined by reference to the average of the volume-weighted average price per ordinary share of Maxeon over the note valuation period of 15 consecutive trading days beginning on, and including, the fifth trading day after the date on which Maxeon's ordinary shares are distributed to SunPower's common stockholders in the proposed spin-off, if it occurs, and such ordinary shares begin to trade "regular way."

If the proposed spin-off does not occur within three months after the notes are first issued, if Maxeon determines on any earlier date that it will not consummate the proposed spin-off, or if certain conditions relating to the physical delivery forward transaction described below are not satisfied by November 16, 2020, then Maxeon will be required to redeem all outstanding notes at a cash redemption price equal to 101% of their principal amount, plus accrued and unpaid interest, if any. The notes will be also redeemable, in whole or in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon's option at any time, and from time to time, on or after July 17, 2023 and on or before the 60th scheduled trading day immediately before the maturity date, but only if the last reported sale price per ordinary share of Maxeon exceeds 130% of the conversion price for a specified period of time. In addition, the notes will be redeemable, in whole and not in part, at a cash redemption price equal to their principal amount, plus accrued and unpaid interest, if any, at Maxeon's option in connection with certain changes in tax law. The interest rate, the initial conversion premium and other terms of the notes will be determined at the pricing of the offering.

The gross proceeds of the offering will be deposited into an escrow account until consummation of the proposed spin-off. If the proposed spin-off is consummated, Maxeon intends to use a portion of the net proceeds from the offering to:

- fund the aggregate forward purchase price for the forward stock purchase transaction described below;
- repay some or all of a promissory note for a principal amount of $100.0 million to SunPower that was issued in exchange for certain intellectual property necessary for the operation of the Maxeon business; and
- general corporate purposes. If the proposed spin-off is not consummated, Maxeon intends to use the net proceeds from the offering, together with existing cash on hand, to fund the mandatory redemption of the notes, as described above.

Maxeon intends to allocate an amount equal to the net proceeds to finance or refinance, in whole or in part, existing and new projects meeting specified eligibility criteria related to environmental impact.

In connection with the issuance of the notes, Maxeon intends to enter into:

- a privately negotiated forward-starting prepaid forward share purchase transaction with one of the initial purchasers and/or its affiliate, the prepaid forward counterparty, pursuant to which Maxeon will repurchase approximately $40 million worth of ordinary shares of Maxeon, subject to the conditions set forth in the agreement governing the prepaid forward transaction and;
- a privately negotiated forward-starting physical delivery forward transaction, together with the prepaid forward transaction, the forward transactions, with one of the initial purchasers and/or its affiliate, the physical delivery forward counterparty, together with the prepaid forward counterparty, the forward counterparties, with respect to approximately $50 million worth of ordinary shares of Maxeon, pursuant to which the physical delivery forward counterparty will agree to deliver the physical delivery Maxeon shares to Maxeon or a third party-trustee designated by Maxeon for no consideration at or around the maturity of the notes subject to the conditions set forth in the agreement governing the physical delivery

forward transaction.

Both of the prepaid forward transaction and the physical delivery forward transaction will become effective on the first day of the note valuation period.

The number of ordinary shares of Maxeon to be repurchased under the prepaid forward transaction will be determined based on the arithmetic average of the volume-weighted average prices per ordinary share of Maxeon over the note valuation period, subject to a floor and Maxeon will prepay the forward purchase price in cash using a portion of the net proceeds from the proposed offering of the notes. Under the terms of the prepaid forward transaction, Maxeon expects that the prepaid forward counterparty will be obligated to deliver the number of ordinary shares of Maxeon underlying the transaction to Maxeon, or pay cash to the extent Maxeon fails to provide to prepaid forward counterparty evidence of a valid shareholder authorization, on or around the maturity date of the notes, subject to the ability of the prepaid forward counterparty to elect to settle all or a portion of the transaction early.

The number of ordinary shares of Maxeon underlying the physical delivery forward transaction will be approximately $50 million worth of ordinary shares of Maxeon to be issued and sold by Maxeon to one or more of the initial purchasers or their affiliates, the underwriters, to be sold during the note valuation period in a registered offering off of Maxeon's registration statement on Form F-3 to be filed with the Securities and Exchange Commission at prevailing market prices at the time of sale or at negotiated prices. The underwriters will receive all of the proceeds from the sale of such ordinary shares of Maxeon. Maxeon will not receive any proceeds from the sale of such ordinary shares of Maxeon. The offering of ordinary shares of Maxeon in connection with the physical delivery forward transaction is contingent upon the consummation of the proposed offering of notes.

The forward transactions are generally expected to facilitate privately negotiated derivative transactions that purchasers of the notes may enter into with the forward counterparties or their affiliates, including swaps, relating to ordinary shares of Maxeon by which purchasers of the notes will establish short positions relating to ordinary shares of Maxeon in order to hedge their investments in the notes.

While the sales of ordinary shares of Maxeon during the note valuation period in a registered offering would decrease the market price of ordinary shares of Maxeon, the entry into the forward transactions and the entry by the forward counterparties into derivative transactions in respect of ordinary shares of Maxeon with the purchasers of the notes could have the effect of increasing, or reducing the size of any decrease in, the price of ordinary shares of Maxeon during and/or shortly after, the note valuation period.

Neither Maxeon nor the forward counterparties will control how such purchasers of notes may use such derivative transactions. In addition, such purchasers may enter into other transactions relating to ordinary shares of Maxeon or the notes in connection with or in addition to such derivative transactions, including the purchase or sale of ordinary shares of Maxeon. As a result, the existence of the forward transactions, such derivative transactions and any related market activity could cause more purchases or sales of ordinary shares of Maxeon over the term of the forward transactions than there otherwise would have been had Maxeon not entered into the forward transactions, and such purchases or sales could potentially increase (or reduce the size of any decrease in) or decrease (or reduce the size of any increase in) the market price of ordinary shares of Maxeon and/or the trading prices of the notes.

In addition, in connection with the settlement or unwind of the forward transactions, the forward counterparties may purchase ordinary shares of Maxeon, and such purchases may have the effect of increasing, or preventing a decline in, the market price of ordinary shares of Maxeon.

The effect, if any, of any of these transactions and activities on the market price of ordinary shares of Maxeon or the notes will depend in part on market conditions and cannot be ascertained at this time, but any of these activities could adversely affect the value of ordinary shares of Maxeon, which could affect the value of the notes, the value of ordinary shares of Maxeon, if any, holders of notes would receive upon conversion of the notes and noteholder's ability to convert the notes.

The offer and sale of the notes and any ordinary shares of Maxeon issuable upon conversion of the notes have not been, and will not be, registered under the Securities Act or any other securities laws, and the notes and any such ordinary shares cannot be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. This press release does not constitute an offer to sell, or the solicitation of an offer to buy, the notes or any ordinary shares issuable upon conversion of the notes, nor will there be any sale of the notes or any such ordinary shares, in any state or other jurisdiction in which such offer, sale or solicitation would be unlawful.

About Maxeon Solar Technologies

Following the Maxeon spin-off, Maxeon will be one of the world's leading global manufacturers and marketers of premium solar power technology. Maxeon will continue the decades long SunPower technological innovation legacy and will operate an industry-leading sales and distribution channel across six continents. Headquartered in Singapore, Maxeon manufactures its solar cells in Malaysia and the Philippines, assembles solar cells into panels in France, Mexico and China (through its joint venture, Huansheng), and sells its products in over 100 countries.

About SunPower
As one of the world's most innovative and sustainable energy companies, SunPower Corporation (NASDAQ: SPWR) provides a diverse group of customers with complete solar solutions and services. Residential customers, businesses, governments, schools and utilities around the globe rely on SunPower's more than 30 years of proven experience. From the first flip of the switch, SunPower delivers maximum value and superb performance throughout the long life of every solar system. Headquartered in Silicon Valley, SunPower has dedicated, customer-focused employees in Africa, Asia, Australia, Europe, North and South America.

Forward Looking Statements
This press release includes forward-looking statements, including statements regarding the anticipated terms of the notes being offered, the completion, timing and size of the proposed offering and the proposed spin-off, the intended use and allocation of the proceeds and the anticipated terms of, and the effects of entering into, the prepaid forward transaction and the physical delivery forward transaction described above. Forward-looking statements represent Maxeon's current expectations regarding future events and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those implied by the forward-looking statements. Among those risks and uncertainties are market conditions, including market interest rates, the perceived value of Maxeon's ordinary shares and risks relating to Maxeon's business, including those described in Maxeon's registration statement on Form 20-F that is on file with the SEC. Maxeon may not consummate the proposed offering described in this press release and, if the proposed offering is consummated, cannot provide any assurances that the proposed spin-off will be consummated as currently contemplated or regarding the final terms of the offer or the notes or its ability to effectively apply the net proceeds as described above. The forward-looking statements included in this press release speak only as of the date of this press release, and Maxeon does not undertake to update the statements included in this press release for subsequent developments, except as may be required by law.

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