



Second Quarter 2015 Results

August 6, 2015



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Executive Summary

Group and Platform Review

Ahmad Chatila, SunEdison CEO

SunEdison Execution, Vivint Solar Economics & Guidance

Brian Wuebbels, SunEdison CFO

TerraForm Power Review

Carlos Domenech, TerraForm Power CEO

TerraForm 2Q Results, Guidance, and Capital

Alex Hernandez, TerraForm Power CFO

SunEdison Group Business Model Value Creation

Brian Wuebbels, SunEdison CFO



Group and Platform Review

Ahmad Chatila, CEO of SunEdison

Group Executive Summary

■ SunEdison DevCo: Unmatched Organic Execution

- Record 404 MW delivered 2Q vs. guidance of 300-340 MW; up 186 MW Y/Y
- 1.9 GW of projects under construction, up 1.1 GW Q/Q
- 8.1 GW Pipeline and 5.6 GW Backlog, gross pipeline additions of 1.0 GW
- 4.2 - 4.5 GW 2016 guidance initiated, up 50% vs. prior outlook

■ TerraForm Power: Delivering World Class Execution & Growth

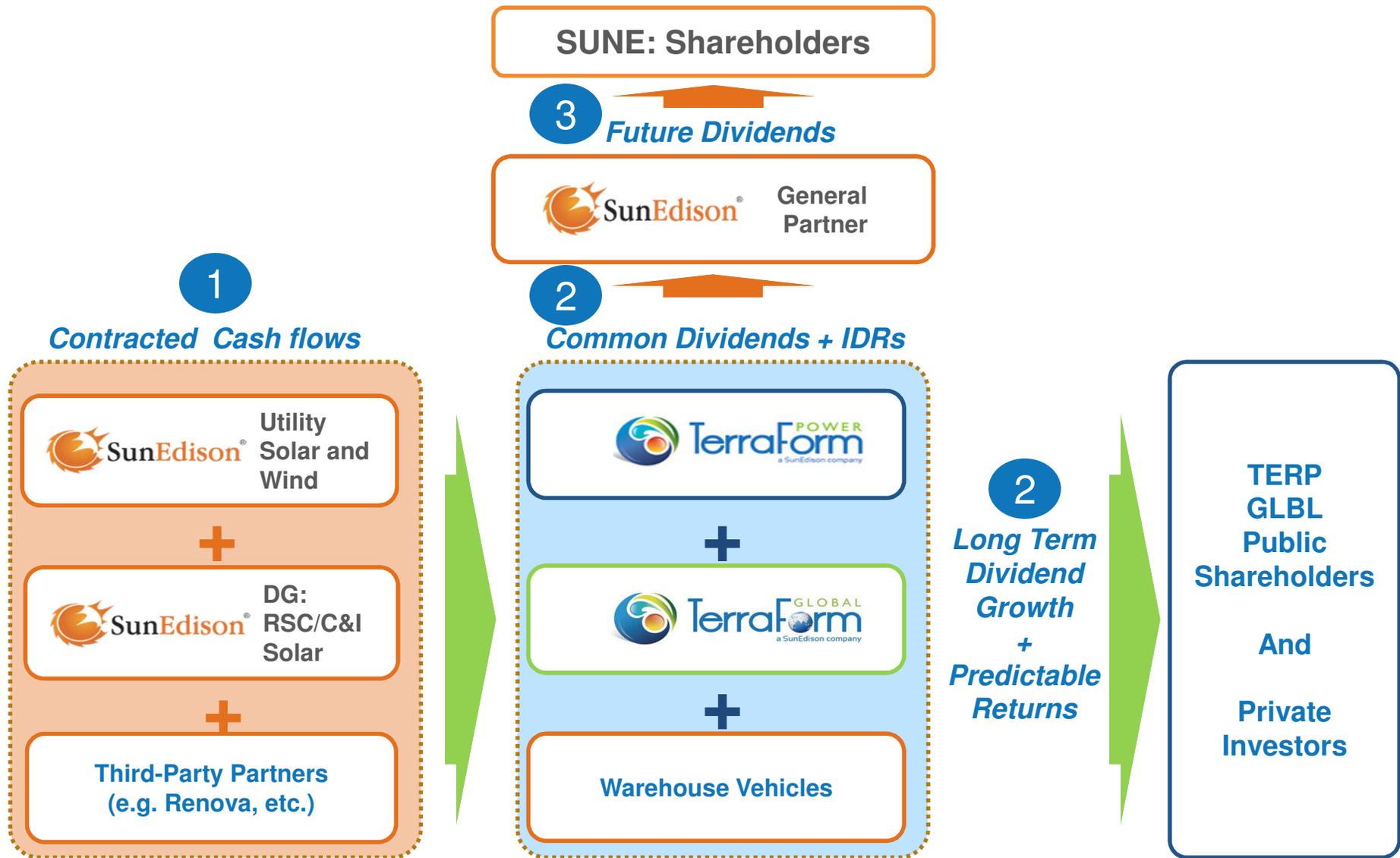
- 2Q: \$65M CAFD, DPS \$0.335/share; strong operating fleet performance
- \$1.35 2015 DPS guidance on track, up 50% vs. IPO

■ Platform Transformation: Largely Complete

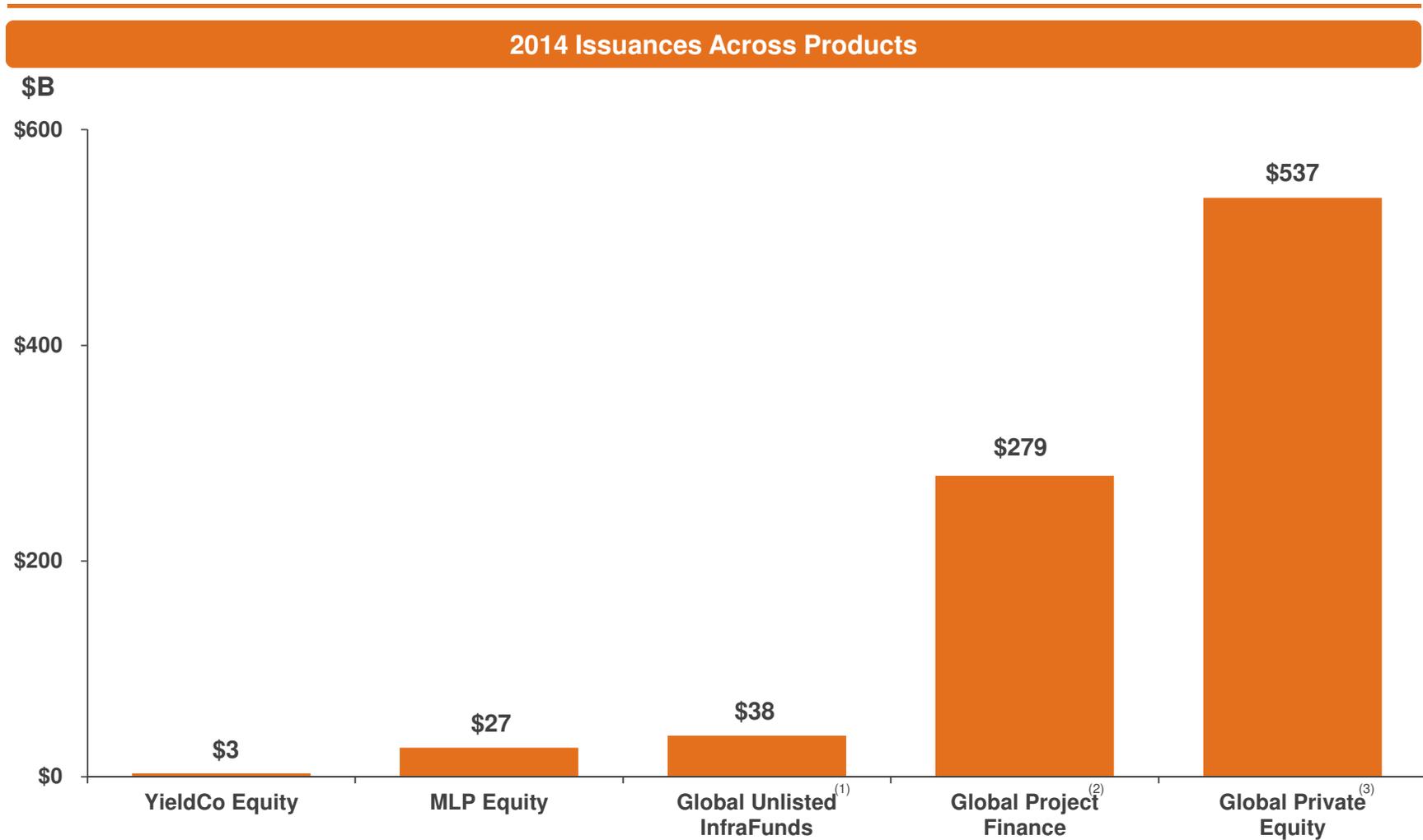
- #1 Global Renewable Utility Scale Developer
- DG leadership with Vivint Solar acquisition
- GLBL IPO delivers widest geographic coverage of peers
- SunEdison Semiconductor: remaining shares sold down during the quarter

Emerging Sustainable Competitive Advantages Through Scale and Scope

Congruent Growth Platform



Relative Financial Market Size

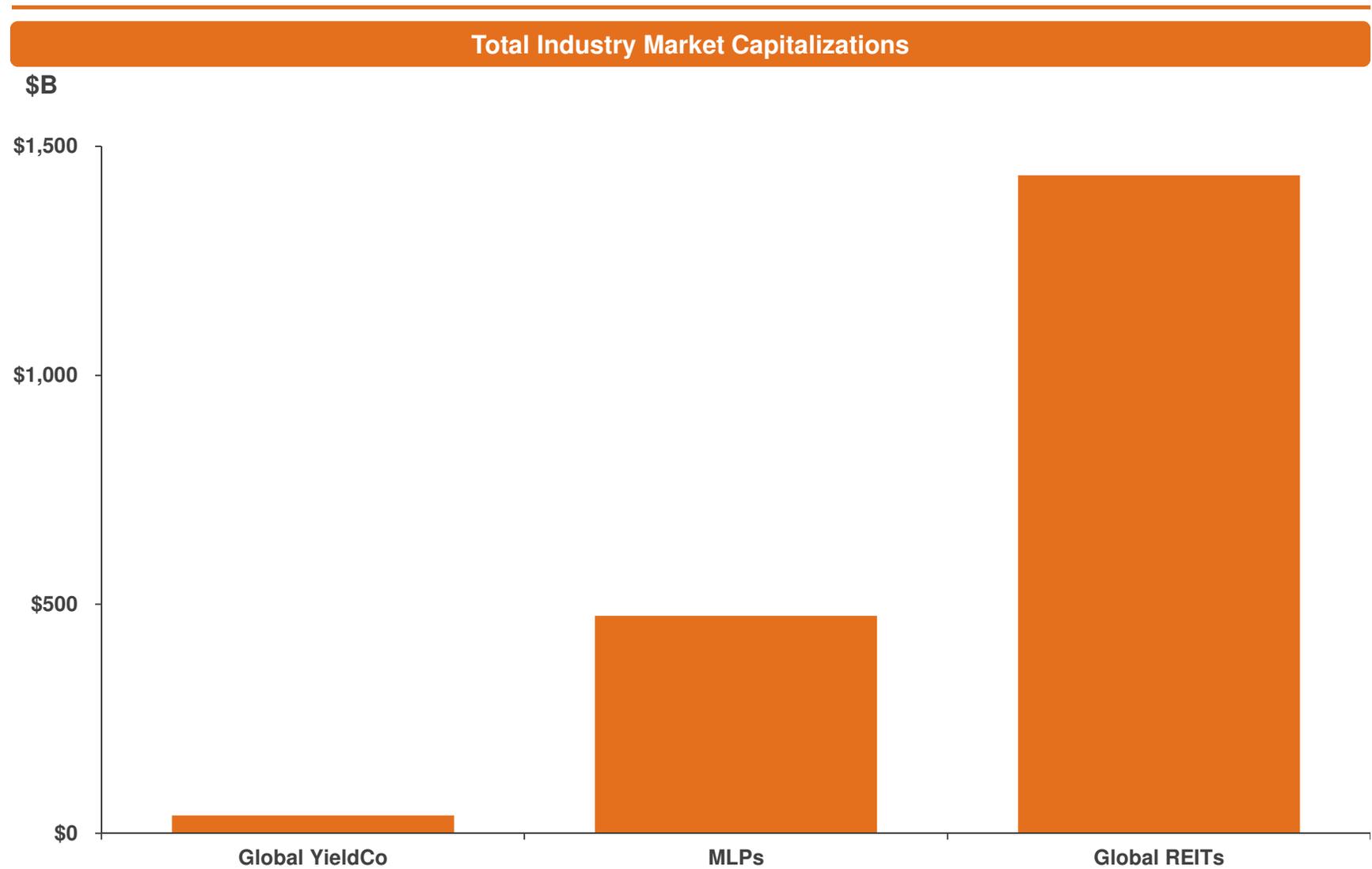


Source: Preqin, InfraDeals, Bloomberg, S&P LCD News, SEC filings and Barclays internal databases.

1. Totals represent 2014 inflows into infrastructure funds.
2. In 2014, renewables represented \$68.6 billion of total project finance.
3. Totals represent 2014 inflows into all of private equity (including infrastructure funds).



YieldCo Market Size vs. Mature Markets





SunEdison Results, & Platform Transformation and Guidance

Brian Wuebbels, CFO of SunEdison

SunEdison Second Quarter 2015 Results Overview

Key Metrics	2Q'15 Guidance	2Q'15 Actual
CAFD for Retained MW (\$M)	\$35 - \$40	\$63
Total MW	300 – 340	404
Retained MW	245 – 270	359
3rd Party Sales MW	55 – 70	45

- **Exceptional Operational Execution with Record Second Quarter Results**
 - 404 MW delivered; up 186 MW year-on-year
 - 801 MW of gross backlog additions; 1,002 MW of gross pipeline additions
 - 1.9 GW under construction at quarter end

- **Completing Platform Transformation**
 - \$1.5 billion First Reserve Warehouse closed
 - \$500 million TerraForm Private Warehouse closed
 - SunEdison Semiconductor: remaining shares sold July 1
 - TerraForm Global IPO priced on July 31

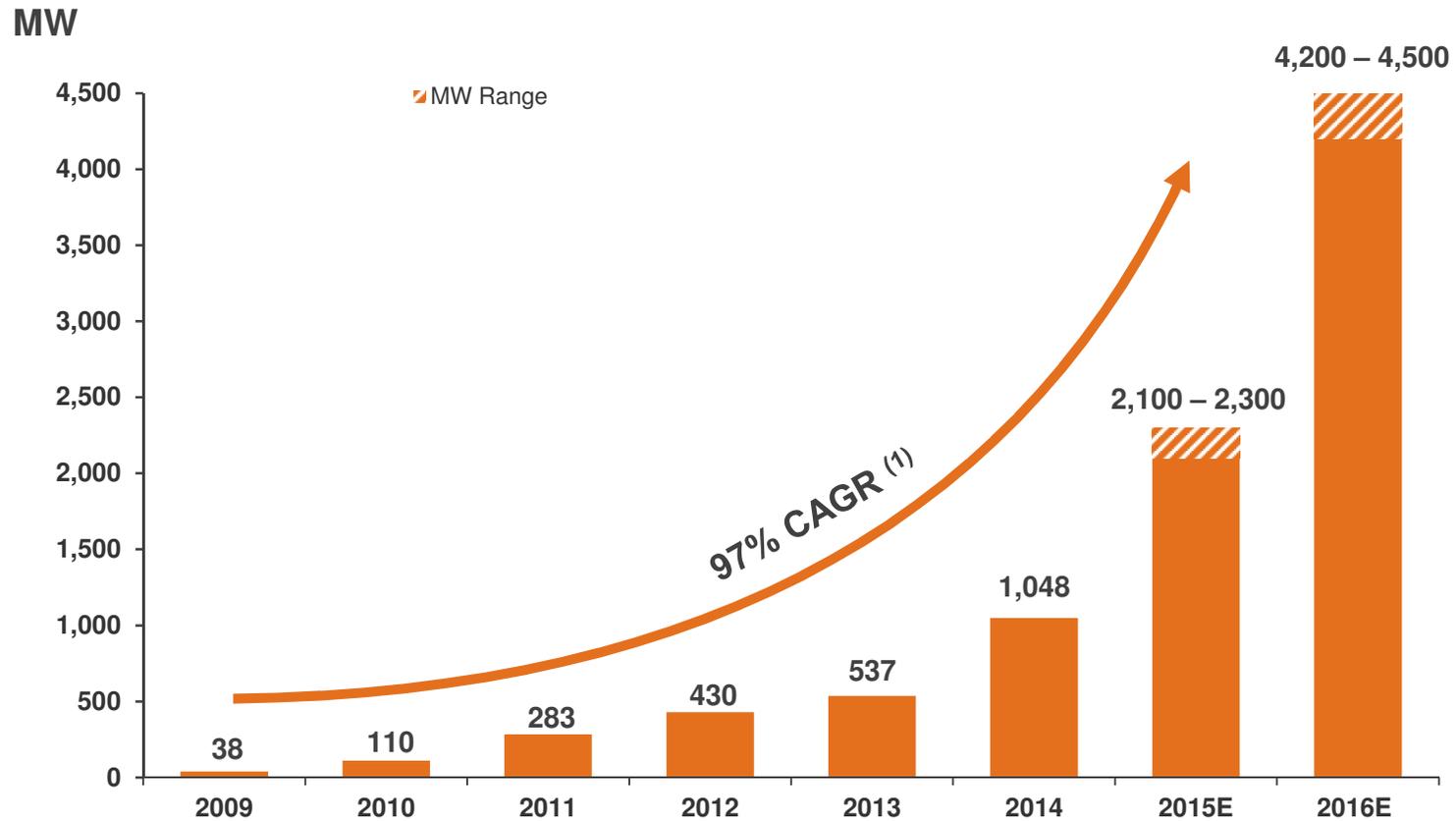
Consistently Executing



1. Conversions based on SunEdison's historical conversion rates from each category
 Note: Represents MW for completed projects and percentage of completion for projects under construction
 See Definitions in Appendix



Targeting Rapid, Global Scale



100x Growth from 2009 to 2016

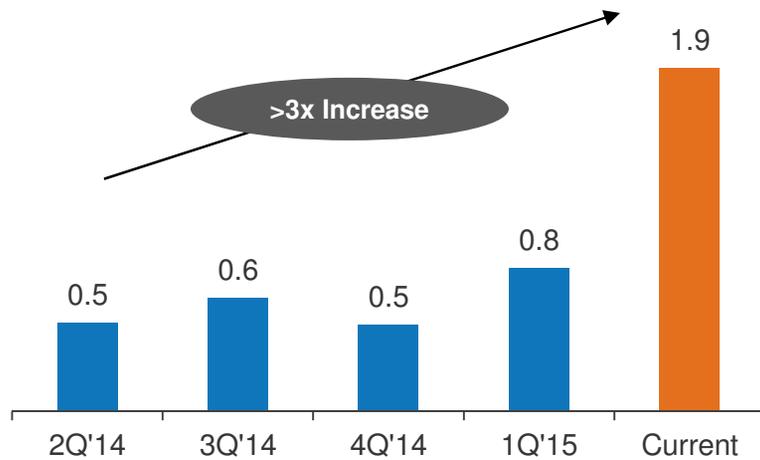


1. CAGR calculated utilizing midpoint in 2016
2. Represents MW for completed projects and percentage of completion for projects under construction

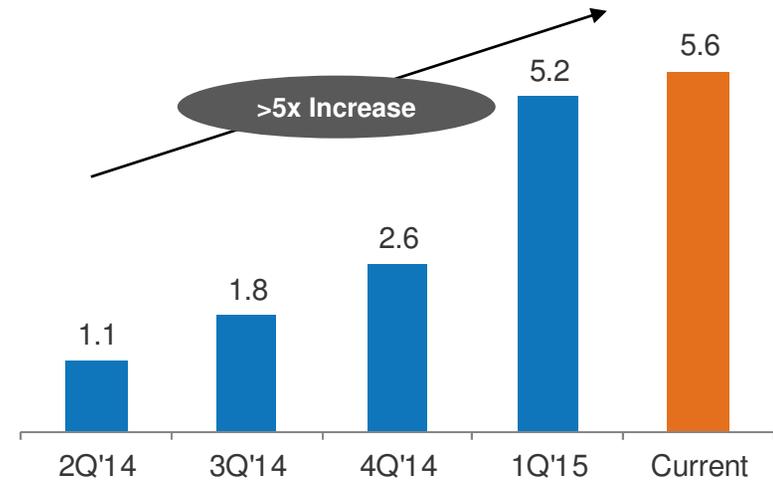


Clarity and Visibility to Growth ... Consistent Outperformance

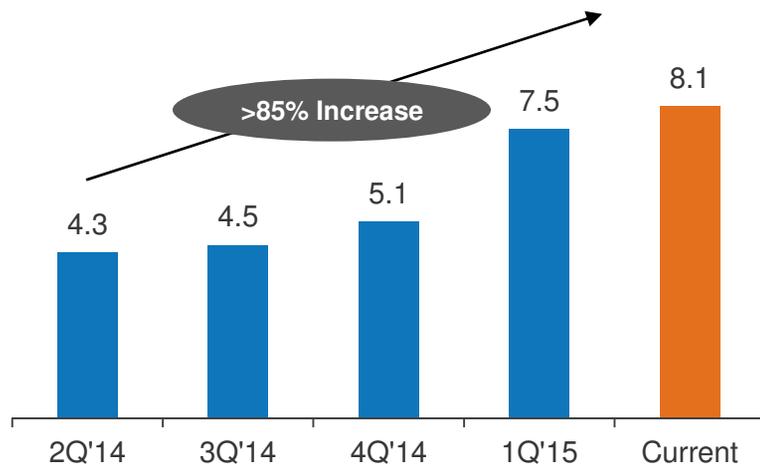
Construction (GW)



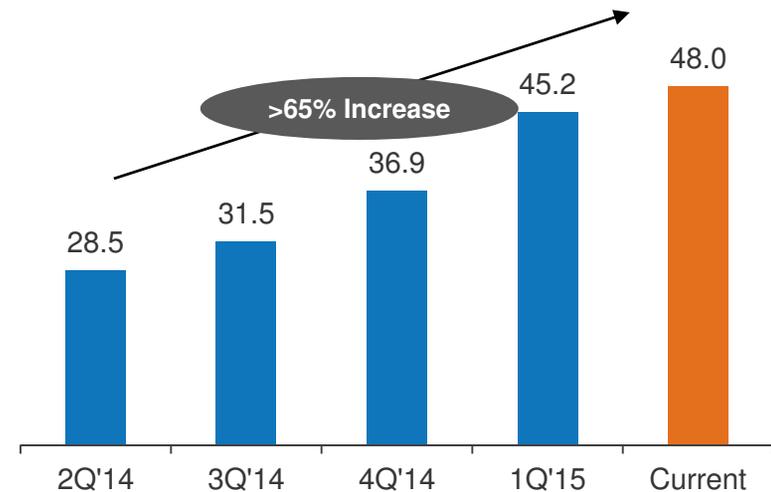
Backlog (GW)



Total Pipeline (GW)

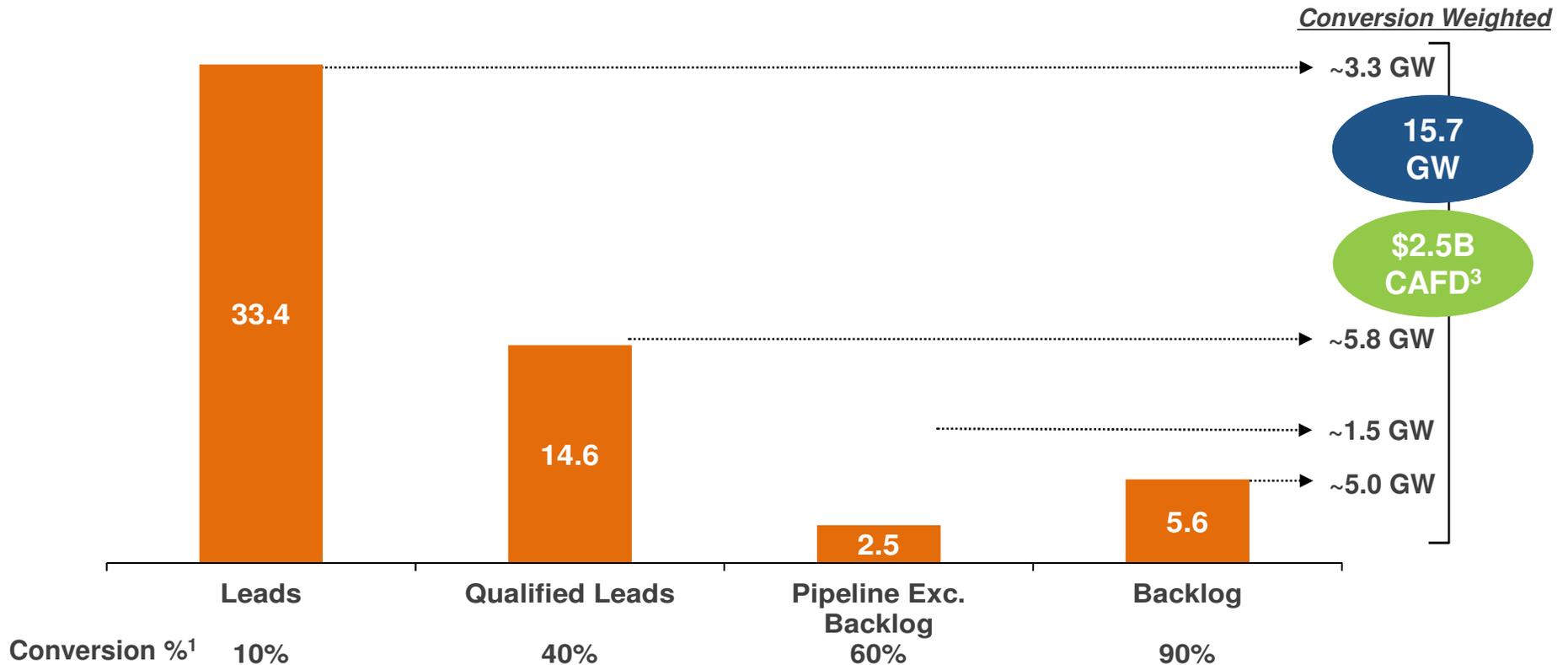


Leads + Qualified Leads (GW)



Leading Development Engine

Visibility into 56 GW of Opportunity



Distinct Capabilities and Alignment Lead to High Conversion

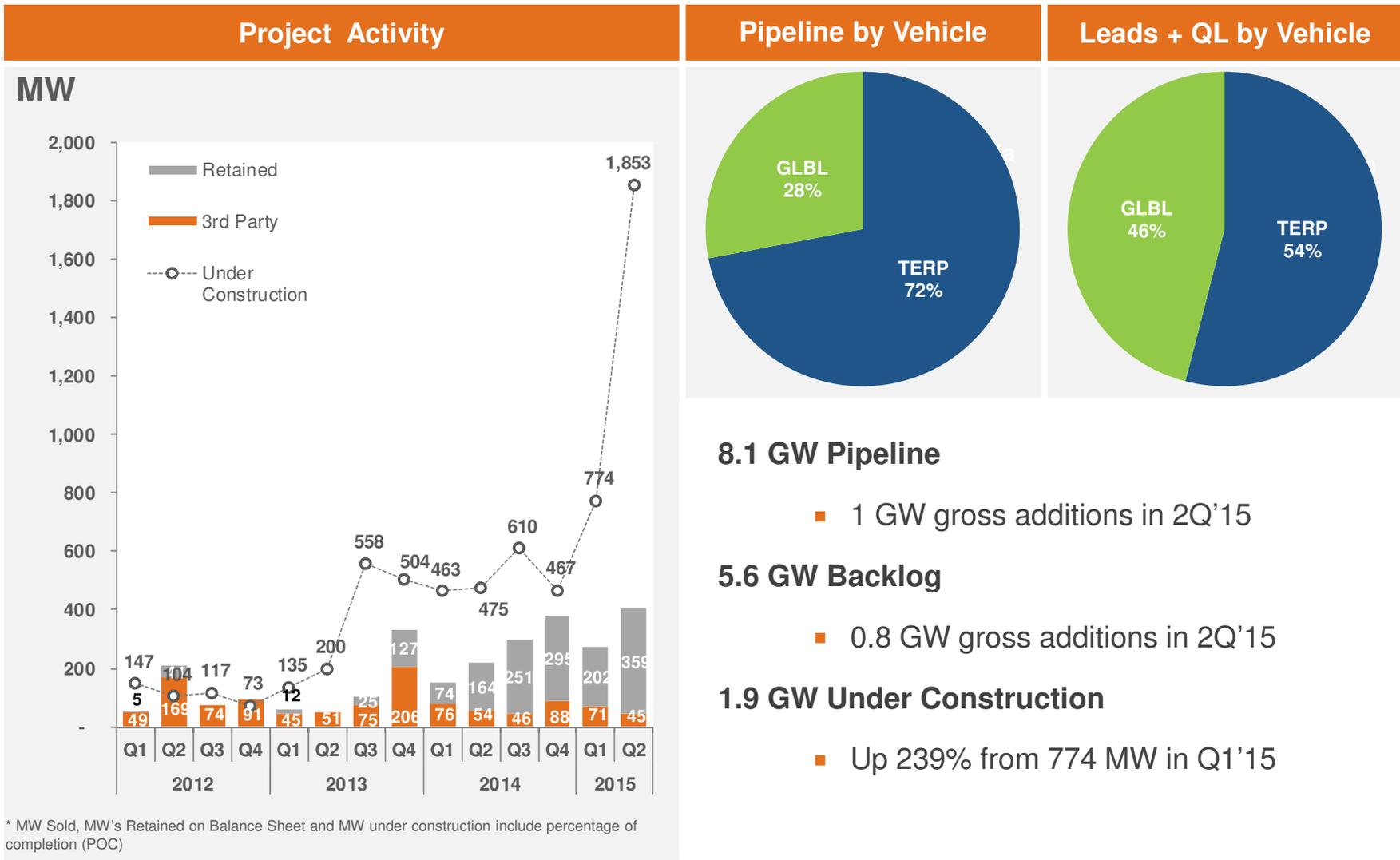
- Excludes residential and most future C&I
- Excludes India and China MOUs



1. Conversions based on SunEdison's historical conversion rates from each category
 2. Total Pipeline equals 8.1 GW and excludes Qualified Leads and Leads
 3. Gross Annualized Unlevered CAFD – See Appendix for Definition



Project Pipeline & Installations



2Q '15 Cash Walk



Greater than \$1 Billion of Cash at DevCo ... Sufficient Liquidity to Grow Platform



Cash above includes cash and cash equivalents and cash committed for construction projects.
 Note: Unaudited



Efficient Working Capital Model

Multiple Vehicles to Manage Working Capital

Working Capital Facilities	Usage	Total Capacity
First Reserve Warehouse (\$M)	\$466	\$1,500
Other Working Capital Facilities (\$M)	\$208	\$386
Future Project Equity Revolver (\$M)	\$0	\$750
Project Specific Construction Financing	75% to 80% Debt to Equity	
Warehouses/Non-Recourse Facilities Upsize	Future	

Net Working Capital Impact

Key Metrics	DG	Utility
MW	1,200	3,150
COGS (\$/Watt)	\$2.00	\$1.50
Total Install Cost (\$M)	\$2,400	\$4,725
Average W/C Turns per Year	9	1.5
Working Capital (\$M)	\$267	\$3,150
First Reserve Warehouse (\$M)	N/A	\$1,500
80% Construction Debt / Revolver (\$M)	\$214	\$1,320
Net Working Capital Invested (\$M)	\$53	\$330

Minimal Incremental Working Capital vs. Current 1.9 GW Under Construction

Vivint Solar Acquisition: Significant Value Accretion

- Cash generation
 - Economies of scale, cash positive > 434 MW/year
 - Splitting DevCo and YieldCo = immediate cash generation
- RSC drop down margins are predictable cash engine for SUNE and TERP
- Excellent off-taker quality with industry leading FICO > 750
- Residential Project IRR 9.5+%, net of default rates
 - VSLR pricing 20% lower than retail utility rates

Breakeven Scale Economics	2016 SUNE RSC	2016 SUNE + VSLR
Fixed OPEX (\$M)	\$87	\$179
Variable OPEX (\$/W)	\$0.34	\$0.40
Cash Margin (\$/W)	\$0.54	\$0.81
Breakeven MW	428	434 ¹
Volume MW	~400	800+

Renewal %	IRR (Levered)	
	No Repowering	Repowering
10%	5.8%	7.9%
25%	6.8%	9.4%
50%	8.1%	10.9%
75%	9.0%	11.9%
90%	9.4%	12.6%

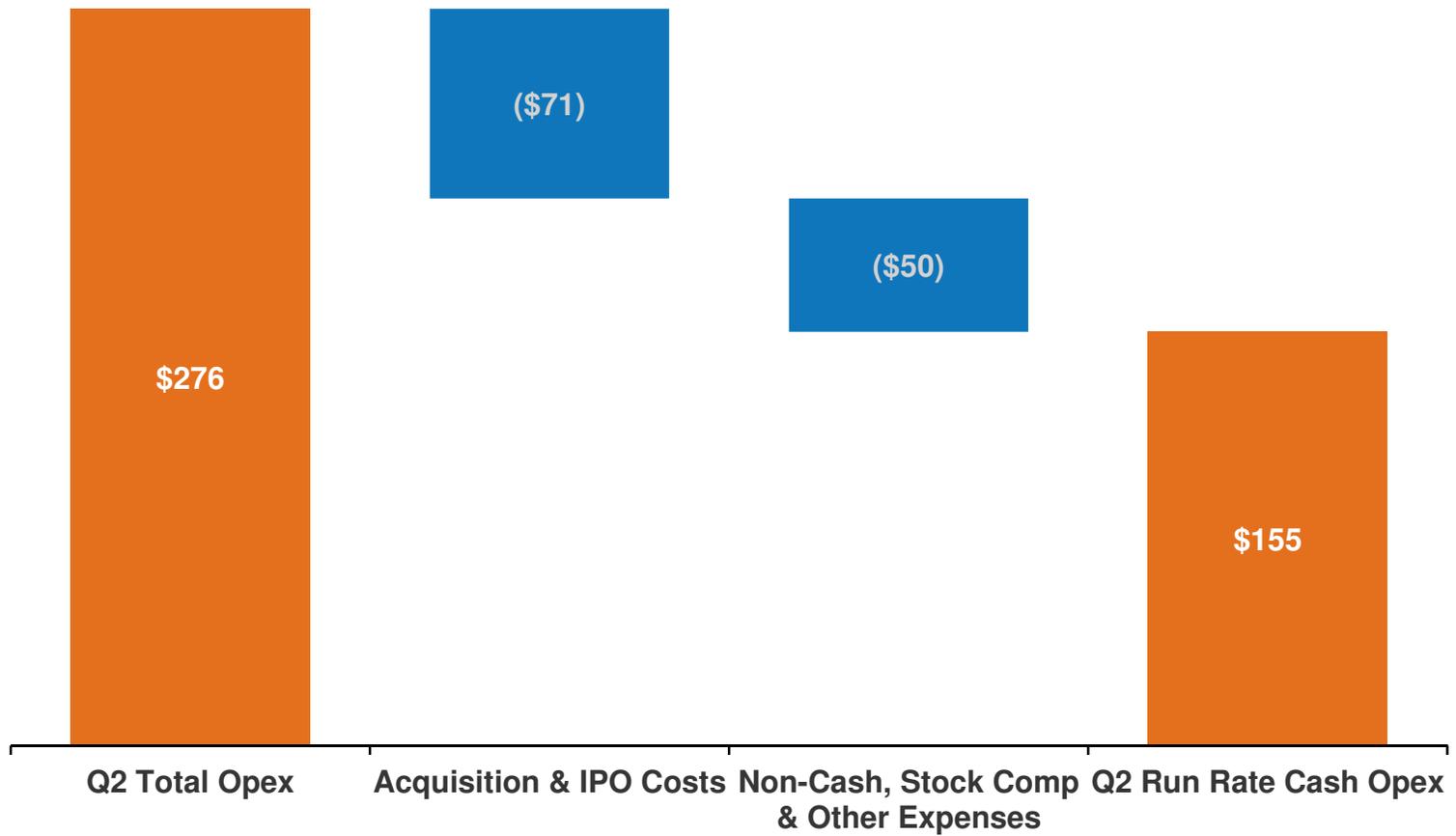


1. A portion of sales will be cash sales that are not dropped down to TerraForm Power.



2Q '15 Opex Walk

\$M



Guidance

	Q3 2015 Guidance	FY 2015 Guidance	2016 Guidance
 Total MW	540 – 600	2,100 – 2,300	4,200 – 4,500
Retained	490 – 530	1,840 – 2,000	
3rd Party	50 – 70	260 – 300	
Unlevered CAFD from Retained MW	\$75M – \$85M	\$275M – \$325M	

Executing on 2015 Plan: Increased 2016 Guidance by 50%



TerraForm 2Q Overview: Strong Execution

Carlos Domenech, CEO of TerraForm Power

Continued Execution Above Plan

- **2Q Performance Delivers CAFD of \$65M (vs. 1Q CAFD of \$39M)**
 - Diversified portfolio performing above underwriting case
 - High-quality contracted portfolio with creditworthy offtakers, no fuel or commodity exposure
 - 146 MW of drop downs from SUNE with \$21M of run rate CAFD
 - Dedicated management team focused on growth and enhancing shareholder value
- **Sufficient Capital on Hand to Support 2016 DPS Guidance of \$1.75**
 - \$1.3B of current liquidity
 - Closed \$1.0B of capital in June and July (\$599M equity and \$450M debt)
 - Plan to fund Invenergy and Vivint without equity
- **Drop Down Visibility Supports DPS Growth**
 - Clear visibility to 7.6 GW high-quality asset portfolio
 - Closed \$525M TerraForm Private warehouse to hold 521 MW of Atlantic Power assets
- **Declaring 2Q Dividend of \$0.335/share; Up 48% vs. IPO Dividend 1 Year Ago**
 - Reaffirming 2015 CAFD guidance of \$225M and DPS guidance of \$1.35
 - Reaffirming 2016 DPS guidance of \$1.75

Strong Execution Supports DPS Guidance

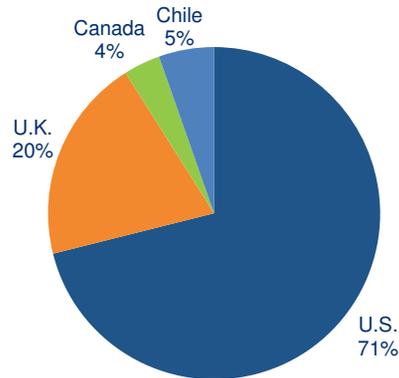


Note: Represents MW-ac for wind assets, MW-dc for solar assets



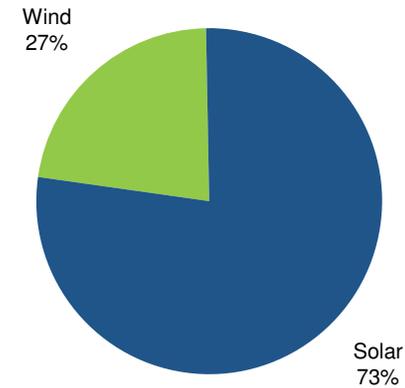
Diversified, High-Quality Operating Portfolio of 1,883 MW

Location



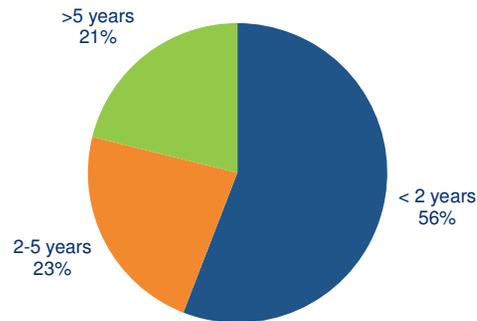
Assets located in attractive power markets

Generation Type



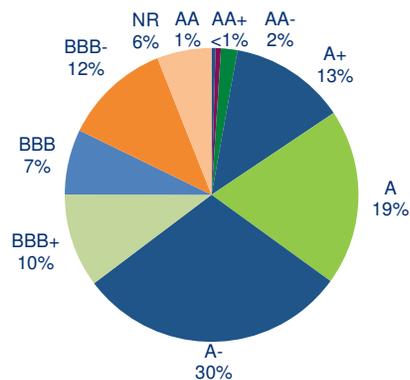
Diversified fleet

Asset Age



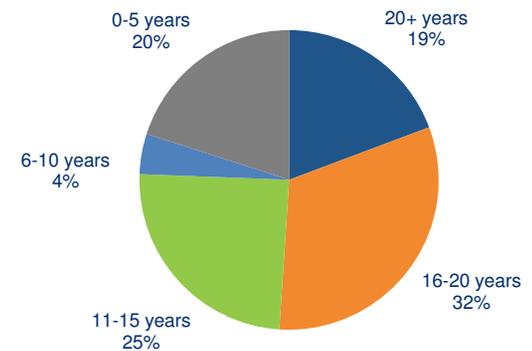
Most projects are <2 years old, with average 30-year expected asset life

S&P Counterparty Rating



Average high quality credit rating of A-

Remaining Contract Length



Average remaining PPA life of 16 years



Note: All information as of June 30, 2015. Weighted by MW. Excludes July 2015 Invenergy Wind and Vivint Solar acquisitions



Visibility to Growth Beyond 2016 with Contracted Assets

MW

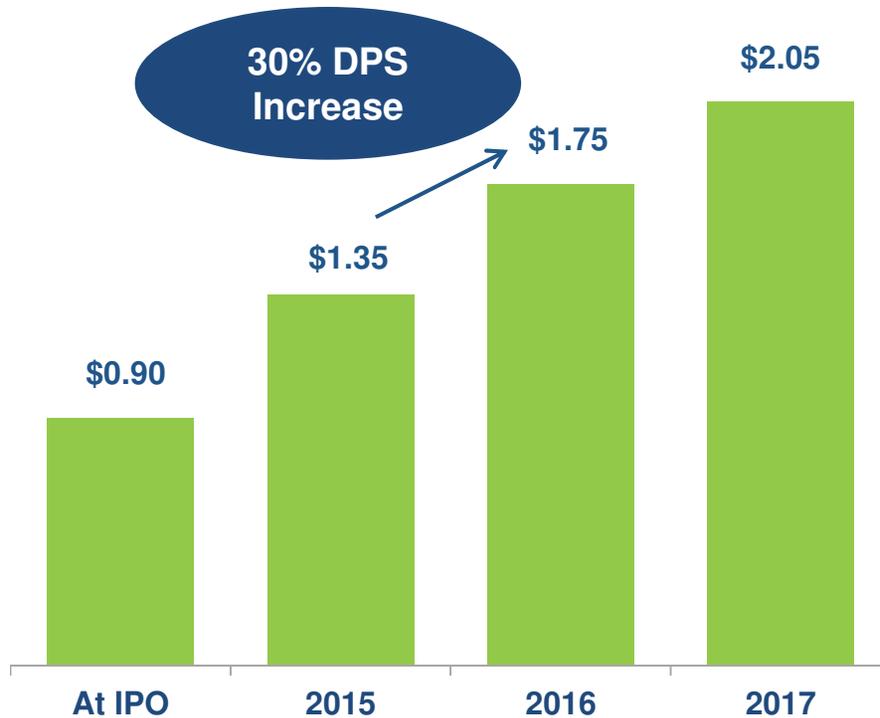


Note: All information as of June 30, 2015

1. Invenergy assets of 665 MW anticipated to be placed into TerraForm Private warehouse facility by 4Q 2015



Strong Visibility to DPS Growth



- Reaffirming DPS guidance
 - 2015: \$1.35; up 50% YOY
 - 2016: \$1.75; up 30% YOY
- Significant visibility to CAFD and DPS growth on the basis of current fleet and drop down visibility





TerraForm Power 2Q Results: Strong Execution

Alex Hernandez, CFO of TerraForm Power

2Q 2015 Results Overview

Metric	Result
MW Owned (Quarter End)	1,883
MWh	944k
Capacity Factor	24%
Revenue / MWh	\$140
Revenue ⁽¹⁾	\$132M
Adjusted EBITDA	\$108M
CAFD	\$65M
DPS	\$0.335

Highlights

- **Strong Operational Performance Underpinned by Diversity and Scale of Generation Fleet**
 - Geographically diverse wind fleet (Northeast, Hawaii) performed above expectations during the quarter
 - Solar fleet performed in line and maintained balanced generation mix
 - Achieved fleet capacity factor of 24%, up from 22% in 1Q
- **Increased fleet size by 228 MW to 1,883 MW**
 - 146 MW of 2Q drop downs completed
 - Closed acquisitions (Integrays / Duke, Invenergy Solar, and Moose Power)
- **Includes only partial period 2Q M&A**
 - Pro forma Revenue and Adj. EBITDA for full quarter of economic ownership is \$139M and \$114M, respectively

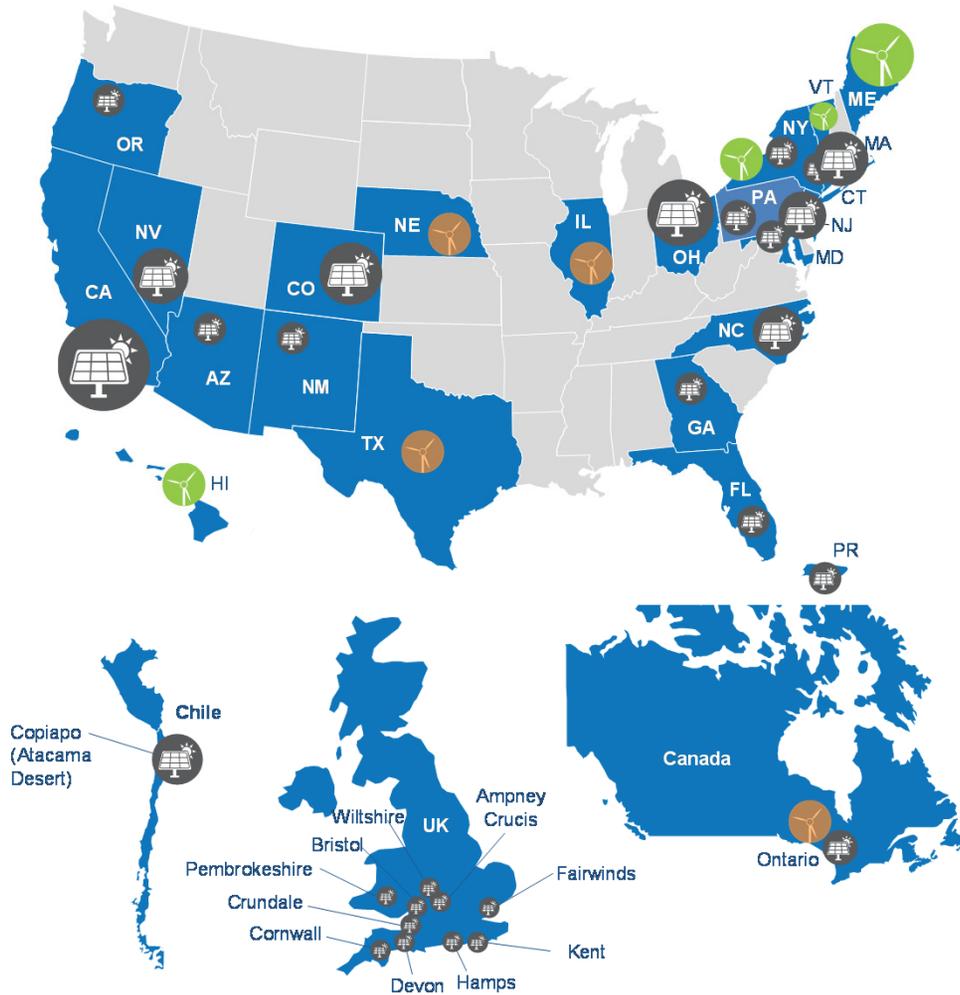


1. Revenue adjusted for PPA amortization and changes in fair value of commodity hedges

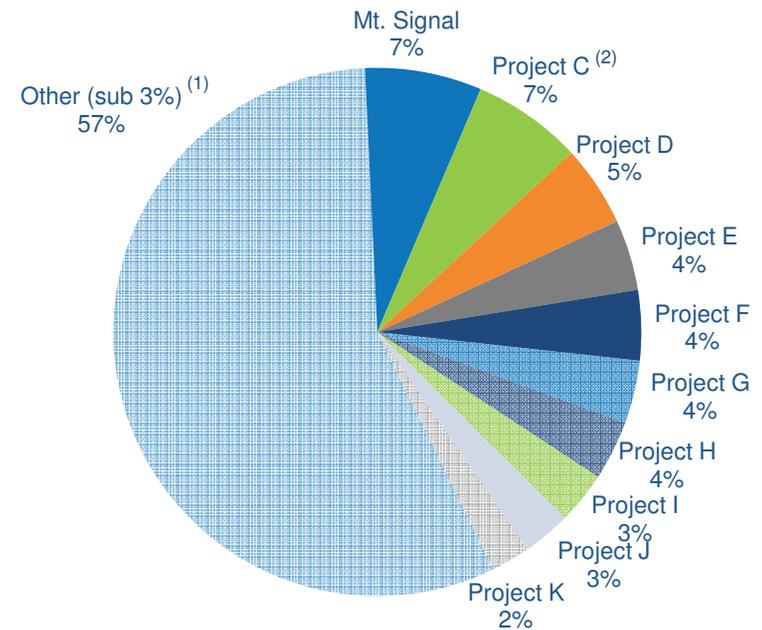


TerraForm Has a Highly Diversified Portfolio

TerraForm Asset Map



CAFD By Project



1. Represents 36 projects / portfolios with less than 3% CAFD contribution
2. Portfolio consists of 39 projects in 4 distinct funds

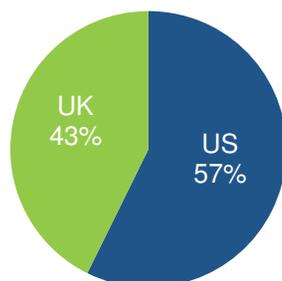


Strong Organic Execution: 146 MW of Drop Downs from SUNE

Drop Down Execution Overview

	2Q Drop Downs
Size	146 MW
10-Year Average Unlevered CAFD	\$21M
Equity	\$177M
Aggregate Purchase Price ⁽¹⁾	\$245M
Cash-on-Cash Yield (Unlevered)	8.5%
Cash-on-Cash Yield (Levered) ⁽²⁾	9.5%

Drop Downs By Geography



2Q Drop Downs

Project Name	Generation	Country	MW
Hill Houses Farm	Solar	UK	28.3
Distributed Generation	Solar	US	26.6
AP North Lake I	Solar	US	24.4
Castle Combe	Solar	UK	15.3
Wrockwardine	Solar	UK	10.5
Duke Energy	Solar	US	10.0
Horam	Solar	UK	8.1
Beryl	Solar	US	3.3
Cedar Valley	Solar	US	3.3
Granite Peak	Solar	US	3.3
Laho	Solar	US	3.4
Milford Flat	Solar	US	3.3
Buckhorn	Solar	US	3.3
Greenville	Solar	US	2.5
Total 2Q Drop Downs			145.8

- Weighted average contract rating of A-
- Weighted average contract life of 18.5 years



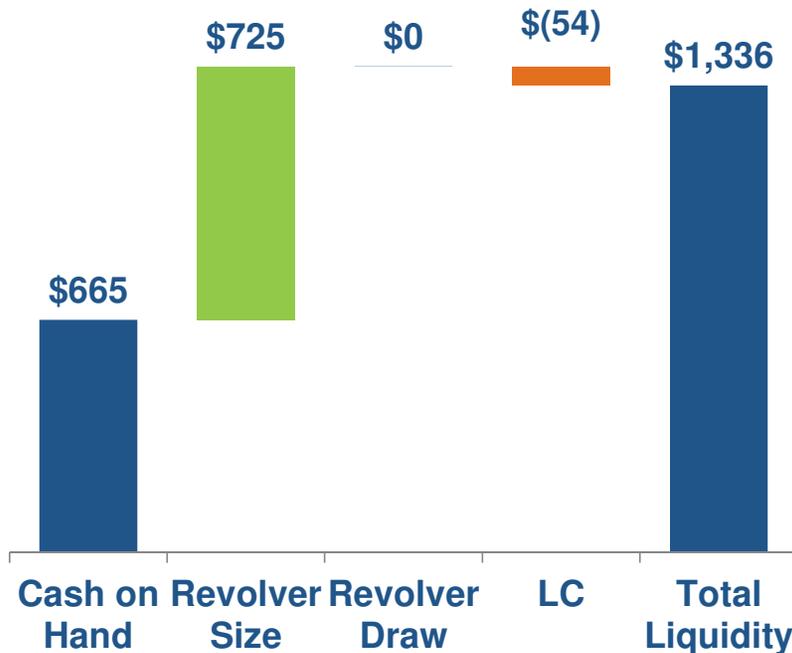
1. Excludes tax equity minority interest of \$75M (for total enterprise value of \$320M)
 2. Unlevered yield calculated as 10-year average unlevered CAFD divided by HoldCo capital. Levered yield calculated assuming 3.25x HoldCo leverage and 6.0% cost of debt



Strong Liquidity Position and Bond Yields

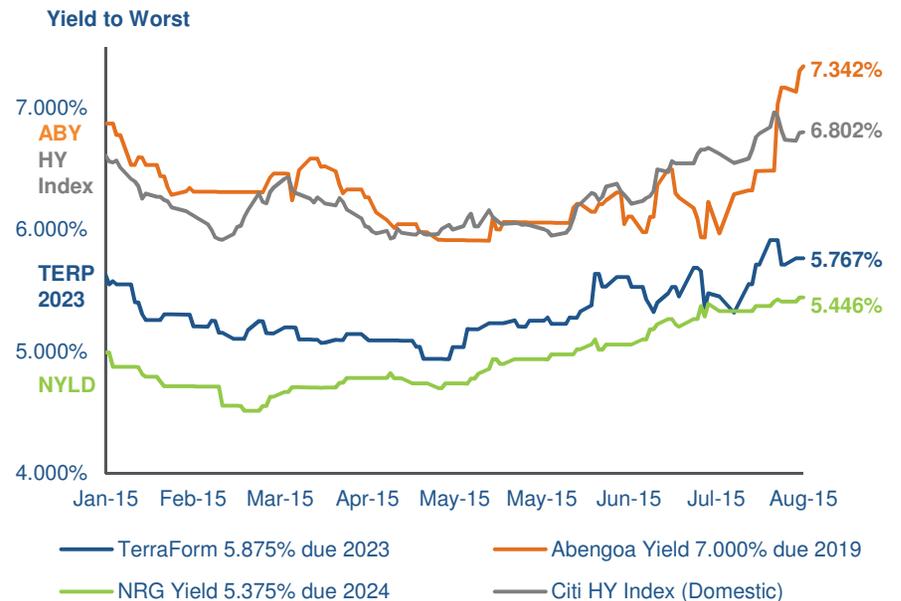
\$M

Balance Sheet Liquidity as of August 5, 2015



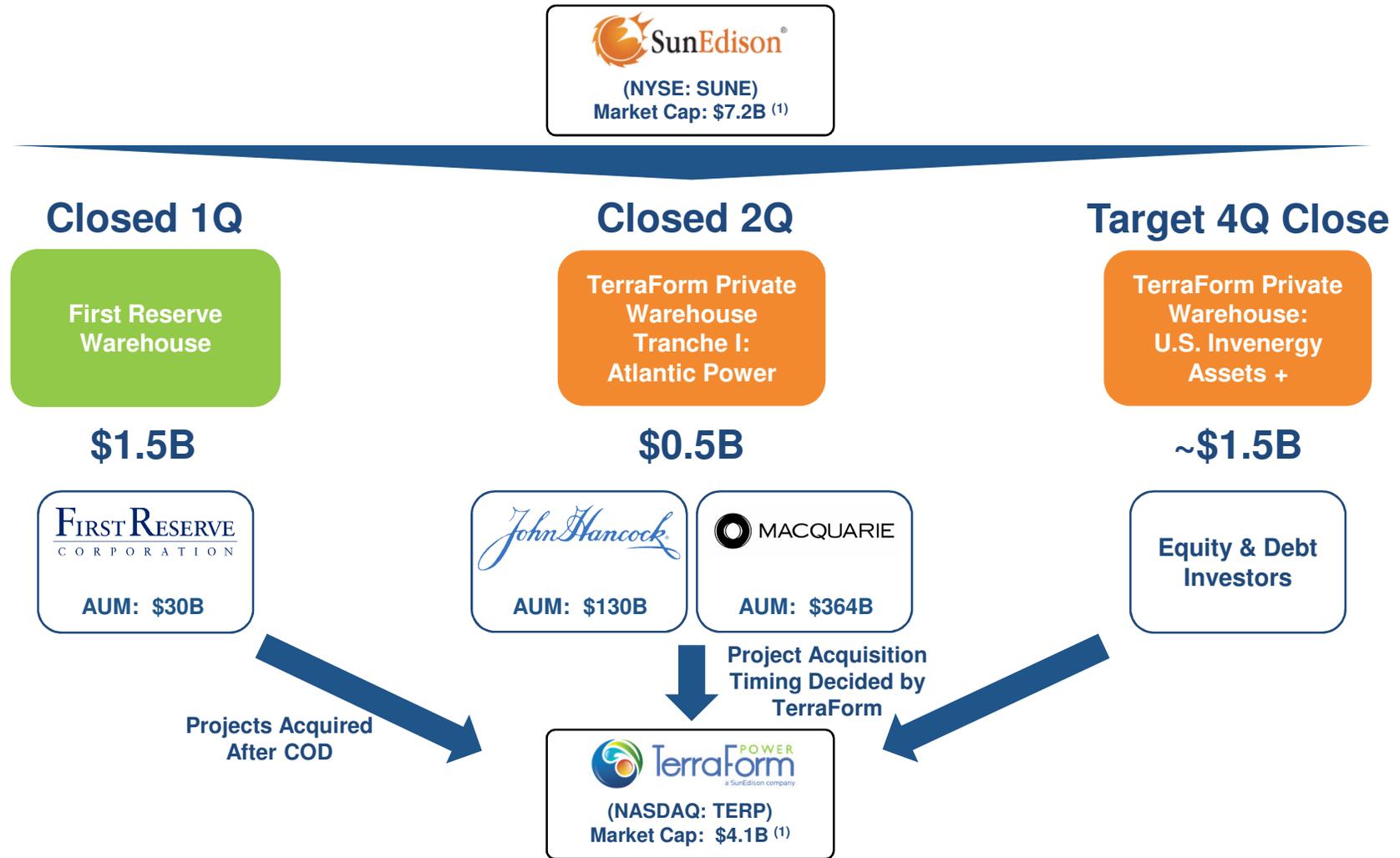
- Commitment to increase revolver to \$725 million, and passed amendment to grow revolver to \$1 billion
- Warehouse vehicles with Sponsor and infrastructure partners provide incremental liquidity to stage drop downs

Comparable Bond Yields

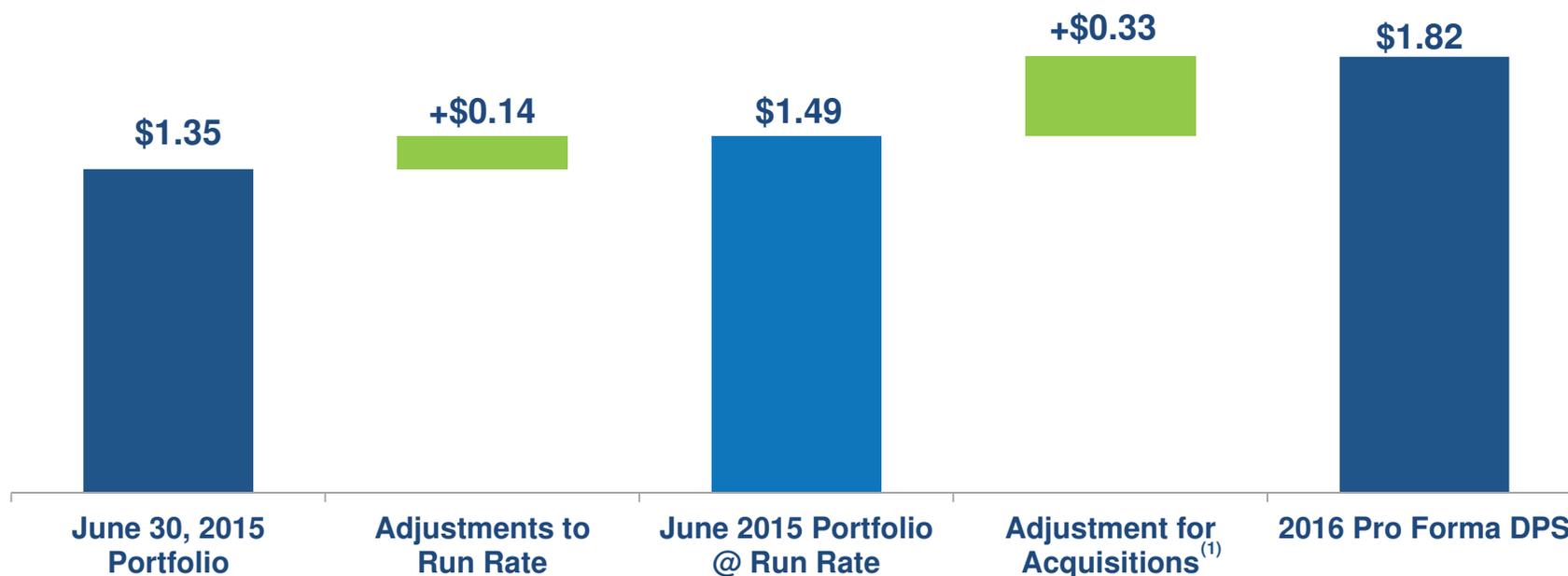


- Debt funding costs for TerraForm remain attractive given disciplined leverage and compliance with financial policy:
 - HoldCo Leverage: 3.0-3.5x
 - Consolidated Leverage 5.0-5.5x

Warehouses Provide Alternate Source of Capital to Public Market



2016 DPS Power and Visibility



	June 30, 2015 Portfolio	Adjustments to Run Rate	June 2015 Portfolio @ Run Rate	Adjustment for Acquisitions ⁽¹⁾	2016 Pro Forma DPS
\$M					
CAFD	\$223	+\$26	\$249	+\$71	\$321
Distributions	189		212		273
IDRs	-		(3)		(18)
Dividends	\$189		\$209		\$255
Shares	140		140		140
DPS	\$1.35		\$1.49		\$1.82

Current Portfolio and Acquisitions Deliver 2016 DPS in Excess of \$1.75 Guidance



1. Includes \$81M of unlevered CAFD from Vivint Solar portfolio acquisition, \$16M from Invenery assets (Rattlesnake and Raleigh), and \$18M from Oakfield drop down acquisition. Net of \$44M of incremental interest expense from HoldCo and project level debt



TERP Enjoys a Low Cost of Equity and WACC

1 Cost of Equity

$$\begin{array}{rclclcl} \text{Risk-Free Rate} & + & (\text{Beta} * \text{Equity Risk Premium}) & = & \text{Cost of Equity} \\ 2.59\% & + & (0.72 * 6.55\%) & = & 7.28\% \end{array}$$

- Low (<1.0) Beta reflects limited systemic risk:
 - Commodity exposure mitigated by 17 year average contracted cash flows
 - Counterparty risk mitigated by high quality single-A average weighted off-takers group
 - Limited leverage due to conservative financial policy

2 Implied Growth Rate

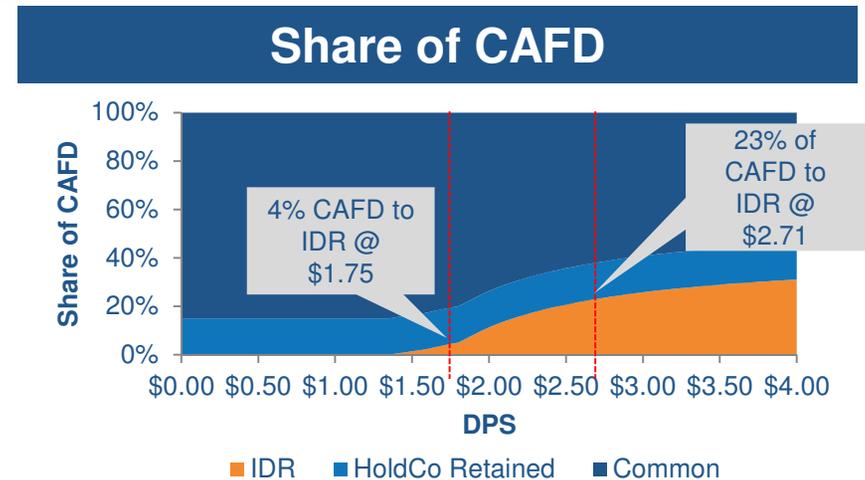
$$\begin{array}{rclcl} \text{CoE} & = & \text{Dividend Yield} & + & \text{DPS Growth} \\ \text{CoE} & - & \text{Dividend Yield} & = & \text{Implied DPS Growth} \\ 7.28\% & - & 4.50\% & = & 2.78\% \end{array}$$

- Dividend Yield \neq cost of equity
- Cost of equity reflects both dividend yield and expected long-term growth in DPS
- At current 4.50% dividend yield, only 2.78% of implied growth

TERP Enjoys a Low Cost of Equity and WACC

3 IDR Share of CAFD

- Cost of capital is affected by aggregate share of cash flows received by GP (as opposed to marginal rate)
- At 2016 DPS guidance of \$1.75, IDR share of CAFD is 4%
- Even at \$2.71 DPS (long-term target), IDRs share of CAFD is 23%

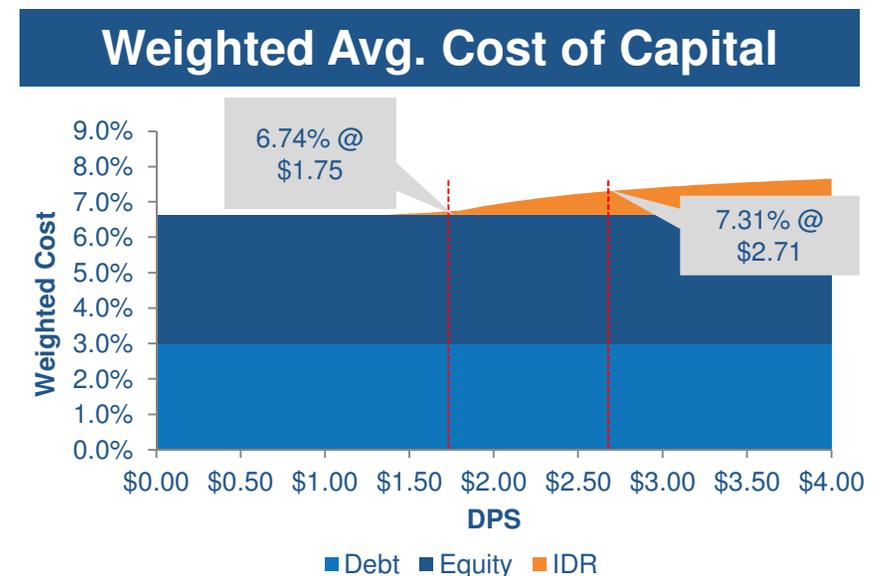


4 Weighted Average Cost of Capital

$$COE * \left(\frac{Equity}{Capital} \right) + COD * \left(\frac{Debt}{Capital} \right) = WACC$$

$$7.28\% * (50\%) + 6.00\% * (50\%) = 6.64\%$$

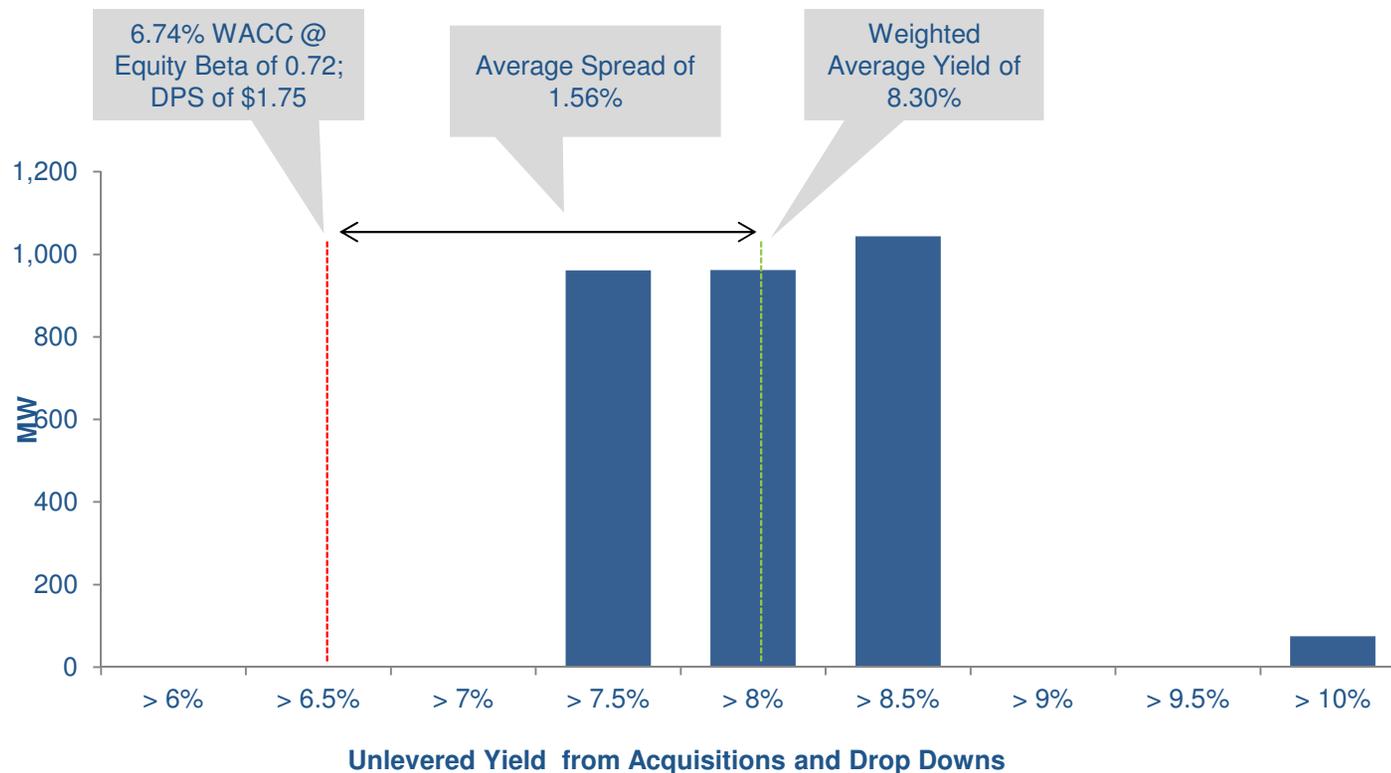
- TERP underwrites unlevered project IRRs at a significant premium to its WACC
- Use of debt reduces the impact of IDRs



TERP Underwrites Projects to IRRs at a Significant Premium to its Weighted Average Cost of Capital

- TERP's weighted average cost of capital is well below the unlevered yields of acquired assets
 - Including the effect of IDR payments through target 2016 DPS of \$1.75
- The ability to acquire assets a significant discount to cost of capital drives accretive growth

Yield Dispersion of Drop Down and M&A Activity Since IPO



Note: Represents current portfolio of 1,883 MW, plus 2015 announced acquisitions of 788 MW, plus operating assets in warehouse of 1,186, less the initial IPO portfolio of 808MW, for a net total of 3,049 MW

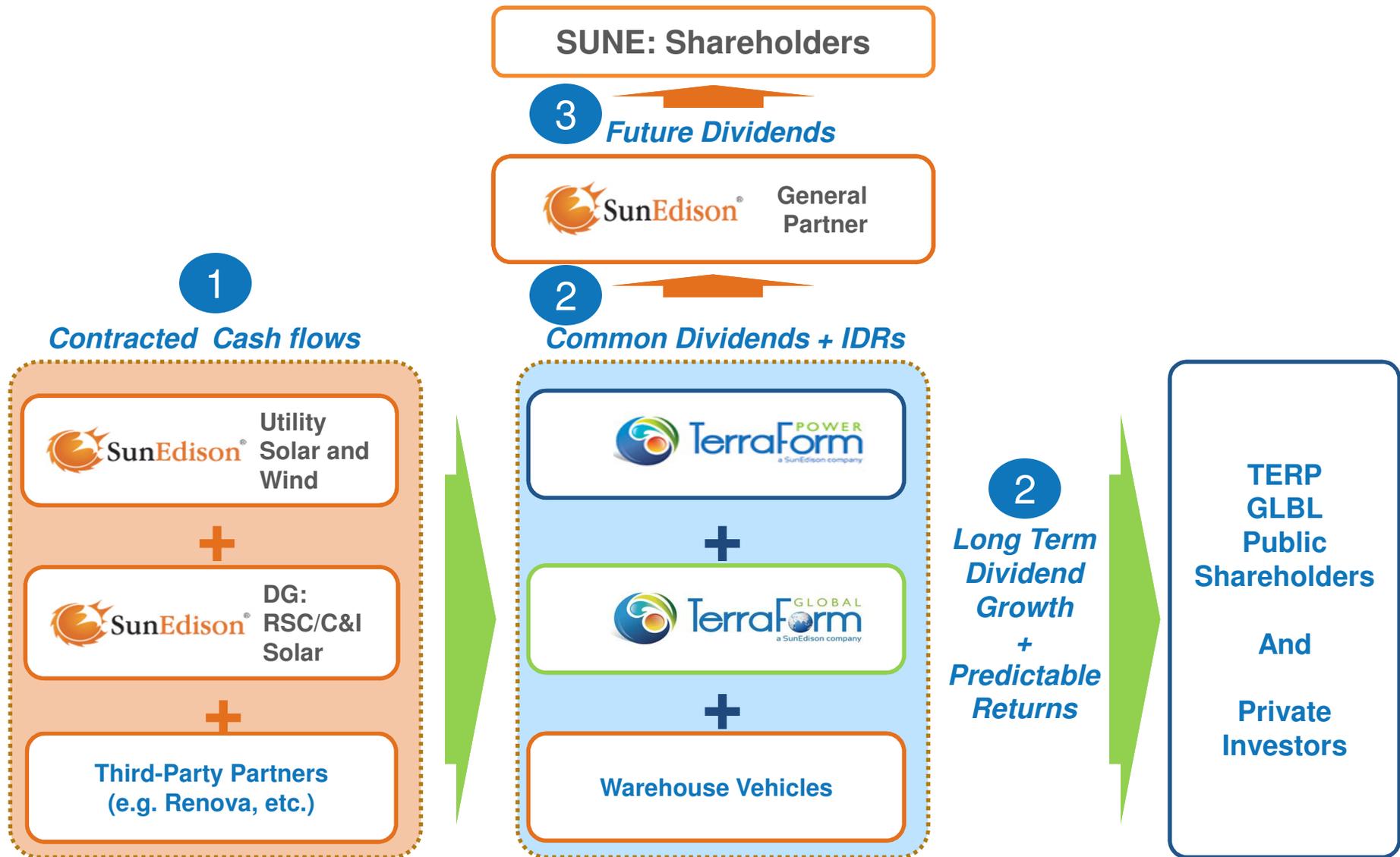




SunEdison Business Model Value Creation

Brian Wuebbels, CFO of SunEdison

Congruent Growth Platform



Platform Creates Value at DevCo and GP Level

(North America Utility Example)

		(\$ / Watt Unless Otherwise Noted)			2016			2017		
A ÷ B	TERP Levered Yield	8.0%	9.5%	11.0%	8.0%	9.5%	11.0%			
C ÷ D	TERP Unlevered Yield	7.3%	8.1%	8.8%	7.3%	8.1%	8.8%			
E + B = D	TERP Purchase Price ⁽¹⁾	\$1.73	\$1.56	\$1.43	\$1.86	\$1.67	\$1.54			
	Tax Equity Contribution ⁽²⁾	\$0.52	\$0.52	\$0.52	\$0.24	\$0.24	\$0.24			
	Total DevCo ASP	\$2.25	\$2.07	\$1.95	\$2.10	\$1.91	\$1.78			
	All-in Costs (Including Opex)	\$1.80	\$1.80	\$1.80	\$1.46	\$1.46	\$1.46			
	DevCo Operating Margin	\$0.45	\$0.27	\$0.15	\$0.64	\$0.45	\$0.31			
	B TERP Equity	\$1.10	\$0.93	\$0.80	\$1.18	\$1.00	\$0.86			
C x 5 = E	TERP Debt ⁽³⁾	\$0.63	\$0.63	\$0.63	\$0.68	\$0.68	\$0.68			
C	Unlevered CAFD ⁽⁴⁾	\$0.13	\$0.13	\$0.13	\$0.14	\$0.14	\$0.14			
A	Levered CAFD	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09			
	Spread vs. Cost of Equity ⁽⁵⁾	0.03%	1.53%	3.03%	0.72%	2.22%	3.72%			
	Incremental SUNE Dividend / Yr ⁽⁶⁾	\$0.007	\$0.010	\$0.012	\$0.008	\$0.011	\$0.013			
	Incremental SUNE IDR / Yr	\$0.008	\$0.010	\$0.011	\$0.008	\$0.010	\$0.011			
	GP Multiple	40x	40x	40x	40x	40x	40x			
	GP Value Created	\$0.63	\$0.80	\$0.92	\$0.66	\$0.84	\$0.97			
	DevCo + GP Value Created	\$1.07	\$1.07	\$1.07	\$1.30	\$1.29	\$1.29			
	<i>Change YoY</i>				<i>\$0.22</i>	<i>\$0.22</i>	<i>\$0.22</i>			

1. Total cash consideration (including HoldCo Debt) and assumed project debt
2. Tax equity equal to 25% of 9.5% case ASP (e.g. fixed with respect to varying TERP ASPs)
3. Total debt, including project-level and HoldCo, sized equal to 5.0x unlevered CAFD. Cost of debt 6.00%
4. Unlevered CAFD before debt service, after payments to tax equity investors
5. Cost of equity equal to 7.28%
6. Incremental DPS calculated based upon ASP less project and HoldCo debt divided by shares being issued at a price equal to a 4.5% yield on the post-announcement DPS. Incremental SUNE Dividend / Yr is the incremental dividend from its total 60M shares owned

Q&A



Appendix



SunEdison's Consolidated Debt Overview



Recourse Obligations

- \$690mm Letter of Credit Facility¹
- \$249mm 2018 Convertible Senior Notes
- \$445mm 2020 Convertible Senior Notes
- \$220mm 2021 Convertible Senior Notes
- \$338mm 2022 Convertible Senior Notes
- \$303mm 2023 Convertible Senior Notes
- \$281mm 2025 Convertible Senior Notes
- \$8mm Pre-, Construction, and Term-debt
- \$266mm Other Credit Facilities

Total = \$2,800mm

Non- Recourse Obligations

- \$466mm First Reserve Warehouse Term Loan
- \$280mm TERP Private Warehouse Term Loan
- \$410mm 2017 Margin Loan
- \$328mm 2020 Exchangeable Notes
- \$460mm Acquisition Facility
- \$370mm SMP Ltd. Credit Facility
- \$2,334mm Pre-, Construction, and Term-debt
- \$1,461mm Financing Leaseback
- \$236mm Other Credit Facilities

Total = \$6,345mm



Recourse Obligations

- \$947mm 2023 Senior Notes²

Non- Recourse Obligations

- \$1,320mm System Financing



1. LC Indebtedness is not a balance sheet item
2. Non-recourse to SunEdison



SUNE - 2Q'15 Summary Results

(in millions)	Renewable Energy Development	TerraForm Power	Consolidating Adjustments	Consolidated
Net sales	\$ 329	\$ 130	\$ (4)	\$ 455
Cost of goods sold	286	70	(4)	352
Gross profit	43	60	-	103
Operating expenses:				
Marketing and administration	239	20	-	259
Long-lived asset impairment charges	17	-	-	17
Operating (loss) income	(213)	40	-	(173)
Non-operating expense (income):				
Interest expense	110	36	-	146
Interest income	(12)	-	-	(12)
Loss (gain) on early extinguishment of debt	75	(11)	-	64
Other, net	(3)	(15)	-	(18)
Total non-operating expense	170	10	-	180
Gain (Loss) from continuing operations before income tax (benefit) expense and equity in (loss) earnings of equity method investments	(383)	30	-	(353)
Income tax (benefit) expense	(106)	1	-	(105)
Gain (Loss) from continuing operations before equity in loss of equity method investments	(277)	29	-	(248)
Equity in loss of equity method investments, net of tax	(8)	-	-	(8)
Income (Loss) from continuing operations	(285)	29	-	(256)
(Loss) income from discontinued operations, net of tax	-	-	-	-
Net loss (income)	(285)	29	-	(256)
Net loss (income) attributable to noncontrolling interests and redeemable noncontrolling interests	4	(11)	-	(7)
Net income (loss) attributable to SunEdison stockholders	\$ (281)	\$ 18	\$ -	\$ (263)

SUNE – 2Q'15 YTD Segment Cash Flow

(in millions)	Renewable Energy Development	TerraForm Power	Disc Ops + Consol Adj	Consolidated SunEdison
Net (Loss) Income	\$ (506)	\$ (55)	\$ (119)	\$ (680)
Depreciation, Amortization	109	87	10	206
Stock Compensation	29	7	1	37
Deferred Tax (Expense) Benefit	(220)	1	-	(219)
Deferred Revenue	(38)	(1)	-	(39)
Restructuring & Impairment Charges	70	-	-	70
Loss on Sale of Equity Interest in SSL	-	-	123	123
Loss on Extinguishment of Debt	75	9	-	84
Other non-Cash	19	2	-	21
Other Operating	(501)	(15)	(16)	(532)
Operating Cash Flow	\$ (963)	\$ 35	\$ (1)	\$ (929)
Construction of renewable energy systems & Capex	(974)	(351)	329	(996)
Contribution of renewable energy systems	343	-	(343)	-
Proceeds from sale of equity interest in SSL	188	-	-	188
Cash paid for acquisitions, net of cash acquired	(1,176)	(1,005)	-	(2,181)
Change in intercompany note balances	15	(15)	-	-
Other	(666)	(6)	(9)	(681)
Investing Cash Flow	\$ (2,270)	\$ (1,377)	\$ (23)	\$ (3,670)
Proceeds from short-term and long-term debt	3,803	1,457	-	5,260
Principal payments on short-term and long-term debt	(595)	(942)	-	(1,537)
Proceeds from TerraForm equity offerings	136	922	-	1,058
Net parent investment and other intercompany financing activity	53	(53)	-	-
Contributions from noncontrolling interests	641	28	-	669
Dividends paid by TerraForm Power	17	(51)	-	(34)
Other	(304)	(97)	-	(401)
Financing Cash Flow	\$ 3,751	\$ 1,264	\$ -	\$ 5,015
Effect of Fx on cash & cash equivalents	(2)	-	(1)	(3)
Cash Used by Discontinued Operations	-	-	(25)	(25)
Total Cash Flow - Continued Operations	\$ 516	\$ (78)	\$ -	\$ 438



TERP Reg. G: 2015 Reconciliation of Net Income to Adjusted EBITDA

(in thousands)	<u>Year Ended</u> <u>December 31, 2015</u>
Operating revenues	\$ 493,000
Operating costs and expenses:	
Costs of operations	109,700
Depreciation, amortization and accretion	170,400
General and administration (a)	25,700
Other non-recurring or non-cash expenses (b)	<u>55,300</u>
Total operating costs and expenses	<u>361,100</u>
Operating income	131,900
Interest expense, net	123,200
Other income	<u>(1,400)</u>
Income before income tax expense	10,100
Income tax expense	<u>2,100</u>
Net income	<u>\$ 8,000</u>
 Add:	
Depreciation, amortization and accretion	\$ 170,400
Interest expense, net	123,200
Income tax expense	2,100
Other non-recurring or non-cash expenses	55,300
Stock-based compensation	15,700
Other	<u>7,400</u>
Adjusted EBITDA (c)	<u>\$ 382,100</u>

- a. Reflects all costs of doing business associated with the forecast operating portfolio, including expenses paid by SunEdison in excess of the payments received under the Management Services Agreement, and stock compensation expense. Excludes expenses associated with acquisition and financing activities
- b. Includes non-recurring and other non-cash expenses including loss on extinguishment of debt, acquisition and other non-operating expenses, and loss on foreign exchange associated with the revaluation of intercompany loans
- c. Adjusted EBITDA and cash available for distribution are non-GAAP measures. You should not consider these measures as alternatives to net income (loss), determined in accordance with GAAP, or net cash provided by operating activities, determined in accordance with GAAP



Note: Unaudited



TERP Reg. G: 2015 Reconciliation of Net Income to CAFD

(in thousands)	<u>Year Ended December 31, 2015</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Net income	\$ 8,000
Depreciation, amortization and accretion	170,400
Non-cash items	23,700
Changes in assets and liabilities	8,500
Other non-recurring or non-cash expenses	<u>55,300</u>
Net cash provided by operating activities	<u>\$ 265,900</u>
Adjustments to reconcile net cash provided by operating activities to cash available for distribution:	
Net cash provided by operating activities	\$ 265,900
Changes in assets and liabilities	(8,500)
Deposits into/withdrawals from restricted cash accounts	15,200
Cash distributions to non-controlling interests	(23,300)
Scheduled project-level and other debt service and repayments	(35,800)
Non-expansionary capital expenditures	(13,000)
Contributions received pursuant to agreements with SunEdison (a)	16,500
Other	<u>8,000</u>
Estimated cash available for distribution	<u>\$ 225,000</u>

- a. Primarily represents contributions received from SunEdison pursuant to the Interest Payment Agreement, which we expect will be satisfied upon the scheduled interest payment on the Senior Notes in August, 2017



Note: Unaudited



TERP Reg. G: Full Year 2016 Pro Forma Reconciliation of Run-Rate Net Income to Adjusted EBITDA

(in thousands)	<u>Full Year Run-Rate</u>
Operating revenues	\$ 716,500
Operating costs and expenses:	
Costs of operations	147,300
Depreciation, amortization and accretion	280,400
General and administration (a)	27,700
Other non-recurring or non-cash expenses (b)	<u>55,200</u>
Total operating costs and expenses	<u>510,600</u>
Operating income	205,900
Interest expense, net	178,800
Other income	<u>(1,300)</u>
Income before income tax expense	28,400
Income tax expense	<u>5,800</u>
Net income	<u>\$ 22,600</u>
 Add:	
Depreciation, amortization and accretion	\$ 280,400
Interest expense, net	178,800
Income tax expense	5,800
Other non-recurring or non-cash expenses	55,200
Stock-based compensation	15,800
Other	<u>8,000</u>
Adjusted EBITDA (c)	<u>\$ 566,600</u>

- a. Reflects all costs of doing business associated with the forecast operating portfolio, including expenses paid by SunEdison in excess of the payments received under the Management Services Agreement, and stock compensation expense. Excludes expenses associated with acquisition and financing activities
- b. Includes non-recurring and other non-cash expenses including loss on extinguishment of debt, acquisition and other non-operating expenses, and loss on foreign exchange associated with the revaluation of intercompany loans
- c. Adjusted EBITDA and cash available for distribution are non-GAAP measures. You should not consider these measures as alternatives to net income (loss), determined in accordance with GAAP, or net cash provided by operating activities, determined in accordance with GAAP



Note: Unaudited



TERP Reg. G: Full Year Pro Forma 2016 Reconciliation of Run-Rate Net Income to Cash Available for Distribution

(in thousands)	<u>Full Year Run-Rate</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Net income	\$ 22,600
Depreciation, amortization and accretion	280,400
Non-cash items	29,500
Changes in assets and liabilities	10,400
Other non-recurring or non-cash expenses	<u>55,200</u>
Net cash provided by operating activities	\$ <u>398,100</u>
Adjustments to reconcile net cash provided by operating activities to cash available for distribution:	
Net cash provided by operating activities	\$ 398,100
Changes in assets and liabilities	(10,400)
Deposits into/withdrawals from restricted cash accounts	29,900
Cash distributions to non-controlling interests	(70,400)
Scheduled project-level and other debt service and repayments	(48,200)
Non-expansionary capital expenditures	(14,600)
Contributions received pursuant to agreements with SunEdison (a)	16,500
Other	<u>19,700</u>
Estimated cash available for distribution (CAFD)	\$ <u>320,600</u>

- a. Primarily represents contributions received from SunEdison pursuant to the Interest Payment Agreement, which we expect will be satisfied upon the scheduled interest payment on the Senior Notes in August, 2017

Definitions

Adjusted EBITDA: *A supplemental non-GAAP financial measure which eliminates the impact on net income of certain unusual or non-recurring items and other factors that we do not consider indicative of future operating performance. This measurement, which is used by TerraForm Power, Inc., is not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance, including net income. The presentation of Adjusted EBITDA should not be construed as an inference that future results will be unaffected by unusual or non-recurring items. We believe Adjusted EBITDA is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of financial performance and debt service capabilities. In addition, Adjusted EBITDA is used by our management for internal planning purposes and for analysis of performance. See the reconciliation and detailed definition of this TerraForm Power non-GAAP measure in the press release issued by TerraForm Power today and furnished by TerraForm Power in a Form 8-K.*

Gross Annualized Unlevered CAFD: *12 months of post-completion project operating cash flow, calculated as project revenue, inclusive of cash received directly or indirectly due to governmental incentive programs (including but not limited to feed-in-tariffs, and sale or allocation of solar renewable energy credits, production tax credits, etc.), less project operating expenses but prior to interest payments for project level debt and payments to tax equity investors. Gross Annualized Unlevered CAFD is an operational measure that is not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance, including net income, net cash provided by (used in) operating activities or any other liquidity measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs. We believe Gross Annualized Unlevered CAFD is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of financial performance. In addition, Gross Annualized Unlevered CAFD is used by our management team for internal planning purposes and for analysis of performance.*

Backlog: *A project that qualifies for pipeline that has an associated executed PPA, other executed off-take agreement, such as a feed-in-tariff, or an un-executed, alternative energy off-take agreement (i.e. hedge) in advanced stages of negotiation and in a liquid market where the off-take agreement is readily available.*

Definitions

Cash Available for Distribution (CAFD): *net cash provided by operating activities as adjusted for certain other cash flow items that we associate with our operations. CAFD is a supplemental non-GAAP measure used by TerraForm Power, Inc. This measurement is not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance, including net income, net cash provided by (used in) operating activities or any other liquidity measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs. We believe cash available for distribution is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of financial performance. In addition, cash available for distribution is used by our management team for internal planning purposes and for analysis of performance. See the detailed definition and reconciliation of this TerraForm Power non-GAAP measure in the press release issued by TerraForm Power today and furnished by TerraForm Power in a Form 8-K.*

Delivered MW: *The aggregate of Retained MW and 3rd Party Sales MW for the period.*

Lead: *An early stage project for which a potential customer or offtake has been identified.*

MW: *All references to watts (e.g., Megawatts, Gigawatts, MW, GW, etc.) refer to measurements of direct current, or “DC,” with respect to solar generation assets, and measurements of alternating current, or “AC,” with respect to wind generation assets. Represents the nameplate production capacity. Nameplate capacity for solar projects represents the maximum generating capacity at standard test conditions of a facility. Nameplate capacity for wind facilities represents the manufacturer’s maximum nameplate generating capacity of each turbine multiplied by the number of turbines at a facility.*

Pipeline: *A project with either a signed or awarded PPA or other energy offtake agreement or that has achieved each of the following three items: a) site^{3%} control, b) an identified interconnection point with an estimate of the interconnection costs, and c) a determination that there is a reasonable likelihood that an energy offtake agreement will be signed.*

Definitions

Qualified Lead: *A project with an identified customer or offtake and more clearly identified characteristics including but not limited to governmental program qualification and interconnection point.*

Retained MW: *Represents the number of MW for completed projects and percentage of completion for projects under construction during that period that are associated with the expected receipt of ongoing cash flow due to control or contract with SunEdison, a subsidiary, or affiliate.*

Retained Annualized Unlevered CAFD: *Gross Annualized Unlevered CAFD associated with Retained MW. Retained Annualized Unlevered CAFD is an operational measure that is not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance, including net income, net cash provided by (used in) operating activities or any other liquidity measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs. We believe Retained Annualized Unlevered CAFD is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of financial performance. In addition, Retained Annualized Unlevered CAFD is used by our management team for internal planning purposes and for analysis of performance.*

TERP Drops: *Represents the number of MW for completed and operational projects that were dropped down to TerraForm during the period.*

3rd Party Sales MW: *Represents the number of MW for completed projects and percentage of completion for projects under construction during the period that will be sold to third parties. Also included are cash sales through channel partners including installations, kits, modules, solar water pumps, and other residential and small commercial equipment and system sales.*

Under Construction: *A project within pipeline and backlog, in various stages of completion, which is not yet operational.*