



Alamosa Project in Colorado: 8 MW

# 1Q 2015 Results

May 7, 2015



**TerraForm** POWER  
a SunEdison company

# Safe Harbor

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With the exception of historical information, the matters disclosed in this presentation are forward-looking statements. Such statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Potential risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission (SEC), in addition to the risks and uncertainties described on page 3 of this presentation. These forward-looking statements represent the Company's judgment as of the date of this presentation. The Company disclaims, however, any intent or obligation to update these forward-looking statements.

This presentation also includes non-GAAP financial measures. You can find a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures in today's press release announcing our financial results, which press release is included as an exhibit to our Form 8-K filed today with the SEC and has been posted in the Investor Relations portion of our web site at [www.TerraForm.com](http://www.TerraForm.com).

# Forward-Looking Statements

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This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, including with respect to expected Adjusted EBITDA, cash available for distribution, earnings, future growth and financial performance, and typically can be identified by the use of words such as “expect,” “estimate,” “anticipate,” “forecast,” “intend,” “project,” “target,” “plan,” “believe” and similar terms and expressions. Forward-looking statements are based on current expectations and assumptions. Although TerraForm Power believes that its expectations and assumptions are reasonable, it can give no assurance that these expectations and assumptions will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, among others: the failure of counterparties to fulfill their obligations under offtake agreements; price fluctuations, termination provisions and buyout provisions in offtake agreements; delays or unexpected costs during the completion of projects under construction; TerraForm Power’s ability to successfully identify, evaluate and consummate acquisitions from SunEdison, Inc. or third parties or changes in the anticipated timing of any acquisitions; government regulation; operating and financial restrictions under agreements governing indebtedness; TerraForm’s ability to borrow additional funds and access capital markets; TerraForm Power’s ability to compete against traditional and renewable energy companies; TerraForm Power’s ability to integrate acquired power plants, including the First Wind assets; and hazards customary to the power production industry and power generation operations, such as unusual weather conditions and outages. Furthermore, any dividends are subject to available capital, market conditions and compliance with associated laws and regulations. TerraForm Power undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Adjusted EBITDA and cash available for distribution are estimates as of today’s date, May 7, 2015, and are based on assumptions believed to be reasonable as of this date. TerraForm Power expressly disclaims any current intention to update such guidance. The foregoing review of factors that could cause TerraForm Power’s actual results to differ materially from those contemplated in the forward-looking statements included in this news release should be considered in connection with information regarding risks and uncertainties that may affect TerraForm Power’s future results included in TerraForm Power’s filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). In addition, TerraForm Power makes available free of charge at [www.terraform.com](http://www.terraform.com) copies of materials it files with, or furnishes to, the SEC.

# Agenda

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## Topic

1. Executive Summary

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2. Growth and Execution Since IPO

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3. 1Q 2015 Financial Results

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4. 2015 Guidance and Outlook

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5. Appendix

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USA: Mt. Signal 266 MW

## Section 1: Executive Summary

# Executive Summary

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- **Declaring 1Q Dividend of \$0.325/share (\$1.30/share annualized), up 20%**
- **1Q: CAFD Aligned with Expectations @ \$39M**
  - Fleet operating well and performing to expectations
  - 167 MW of drop downs from SUNE with \$17M of 2015 CAFD
- **Visibility to Growth; 3.6 GW Drop Down Inventory, 90% Contracted**
- **Acquisitions: Continue to Convert M&A Pipeline**
  - Atlantic Power: 521 MW wind with \$44M CAFD; intend to fund through future warehouse
  - Invenergy and Moose Power: 31 MW solar with \$13M of annual CAFD (\$9M in 2015)
- **Capital Formation: Aligned to Support Growth**
  - Quarter-end liquidity of \$500M<sup>(1)</sup>, \$100M revolver capacity added May 1<sup>st</sup>
  - SUNE closed \$1.5B warehouse facility with First Reserve
- **2015: Increasing Current Guidance from \$1.30/share to \$1.35/share**
  - CAFD: Increasing by \$11M from \$214M to \$225M

**Executing Above Plan and Increasing Dividend Guidance**

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

1. Excludes restricted cash of \$87M



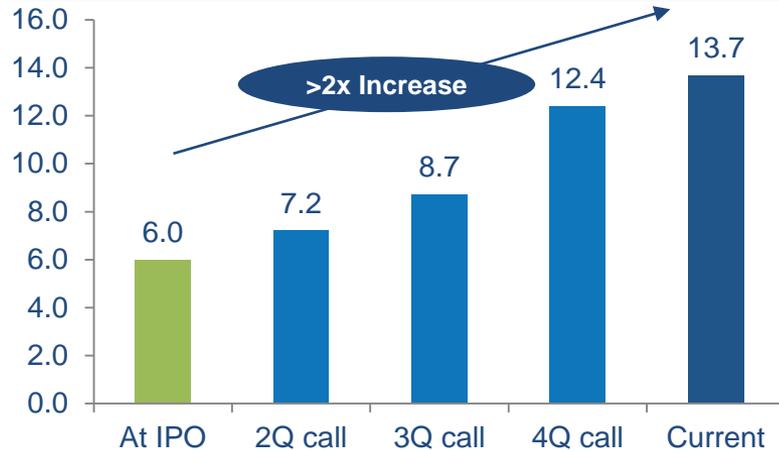


USA: KWP | 30 MW

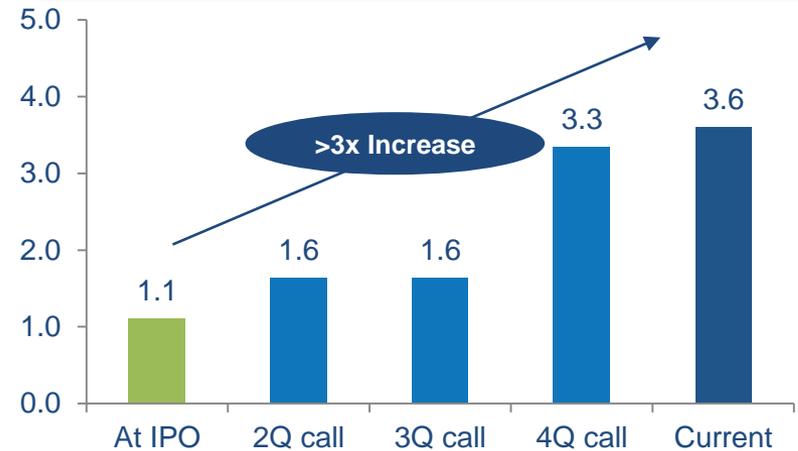
## Section 2: Growth and Execution Since IPO

# Clarity and Visibility to Growth ... Consistent Outperformance

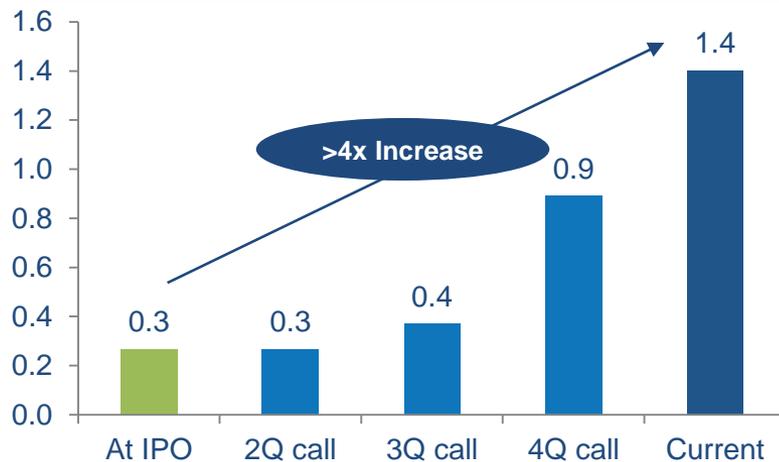
## SunEdison: Expected Project Conversions (GW)



## Call Right Projects (GW)



## Cumulative Third Party M&A (GW)



## 2015 CAFD Guidance (\$M)



# TerraForm Accomplishments Since IPO

Acquisitions and drop downs since IPO have significantly increased TERP's scale



@ IPO  
July 2014



Current

% Increase

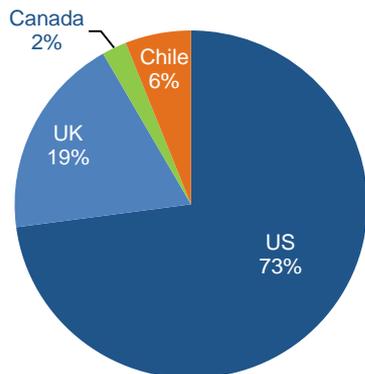
	@ IPO July 2014	Current	% Increase
<b>Total MW</b>	808 MW	1,675 MW	<b>107%</b>
<b>Call Right Pipeline<sup>(1)</sup></b>	1.1 GW	3.6 GW	<b>227%</b>
<b>2015 Adjusted EBITDA Guidance</b>	\$193M	\$382M	<b>98%</b>
<b>2015 CAFD Guidance</b>	\$107M	\$225M	<b>110%</b>
<b>Dividend Guidance</b>	\$0.90	\$1.35	<b>50%</b>
<b>Long-Term Dividend Growth Target</b>	15%	24%	<b>60%</b>

1. TerraForm also has a 6-year right of first offer on certain other projects that SunEdison develops in the U.S., Canada, the U.K. and Chile



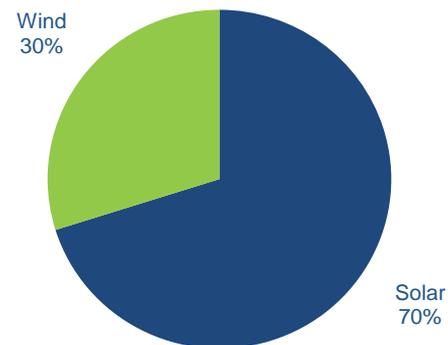
# High Quality Operating Portfolio of 1,675<sup>(1)</sup> MW

## Location



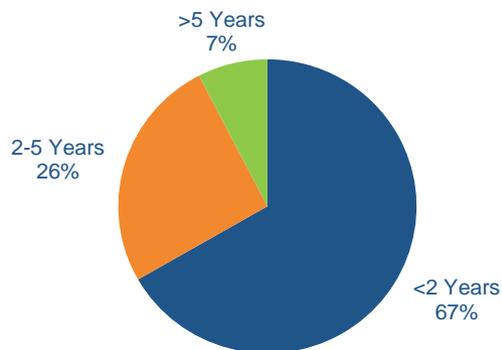
Assets located in attractive power markets

## Generation Type



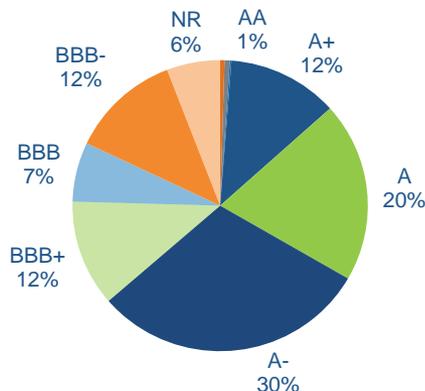
Diversification into wind

## Asset Age



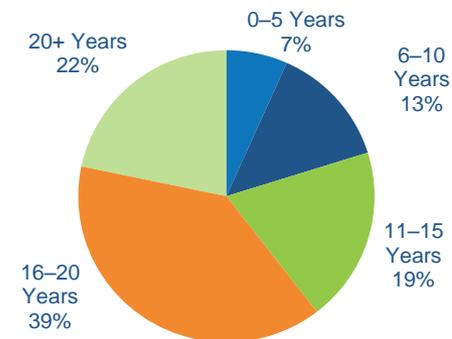
Most projects are <2 years old, with 30-year expected asset life

## S&P Counterparty Rating



High quality average credit rating of A-

## Remaining Contract Length



Average remaining PPA life of 16 years

Note: Weighted by MW

1. 1,675 MW excludes Atlantic Power, Invenergy and Moose Power; includes 20 MW of projects expected to reach COD in 2Q



# Drop Down Inventory Increased to 3.6 GW

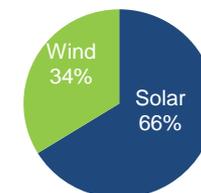
## 2015 Drop Down Inventory

Project	COD	Fuel Type	MW
Ontario 2015 DG Projects	2015	Solar	4
Ontario 2015 Utility Projects	2015	Solar	3
UK Projects	2015	Solar	59
Chile Project #1	2015	Solar	42
US DG 2015 Projects	2015	Solar	117
US AP North Lake I	2015	Solar	24
US Bluebird	2015	Solar	8
US River Mountains Solar	2015	Solar	18
US Goldfinch	2015	Solar	4
US Kingfisher	2015	Solar	8
Seven Sisters	2015	Solar	23
South Plains	2015	Wind	200
Oakfield	2015	Wind	148
<b>Total</b>			<b>657</b>

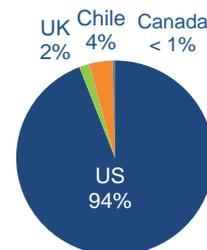
## 2016+ Drop Down Inventory

Project	COD	Fuel Type	MW
Ontario 2016-2017 DG Projects	2016-2017	Solar	8
Chile Project #2	2016	Solar	94
US DG 2016+ Projects	2016-2017	Solar	163
US Western Project #1	2016	Solar	156
US Island Project #1	2016	Solar	64
US Southwest Project #1	2016	Solar	99
US Utah Project #1	2016	Solar	163
US California Project #1	2016	Solar	55
Tenaska Imperial Solar Energy Ctr. West	2016	Solar	73
US California Project #2	2016	Solar	46
US California Projects #3-4	2016-2019	Solar	528
Mililani Solar I	2016	Solar	27
Kawailoa Solar	2016	Solar	65
Waiawa	2016	Solar	68
Mililani Solar II	2016	Solar	20
Four Brothers	2016	Solar	420
South Plains II	2016	Wind	300
Bingham	2016	Wind	185
Hancock	2016	Wind	51
Weaver	2017	Wind	73
Route 66 II	2017	Wind	200
Bowers	2017	Wind	48
<b>Total</b>			<b>2,905</b>

## MW by Asset Type



## MW by Country

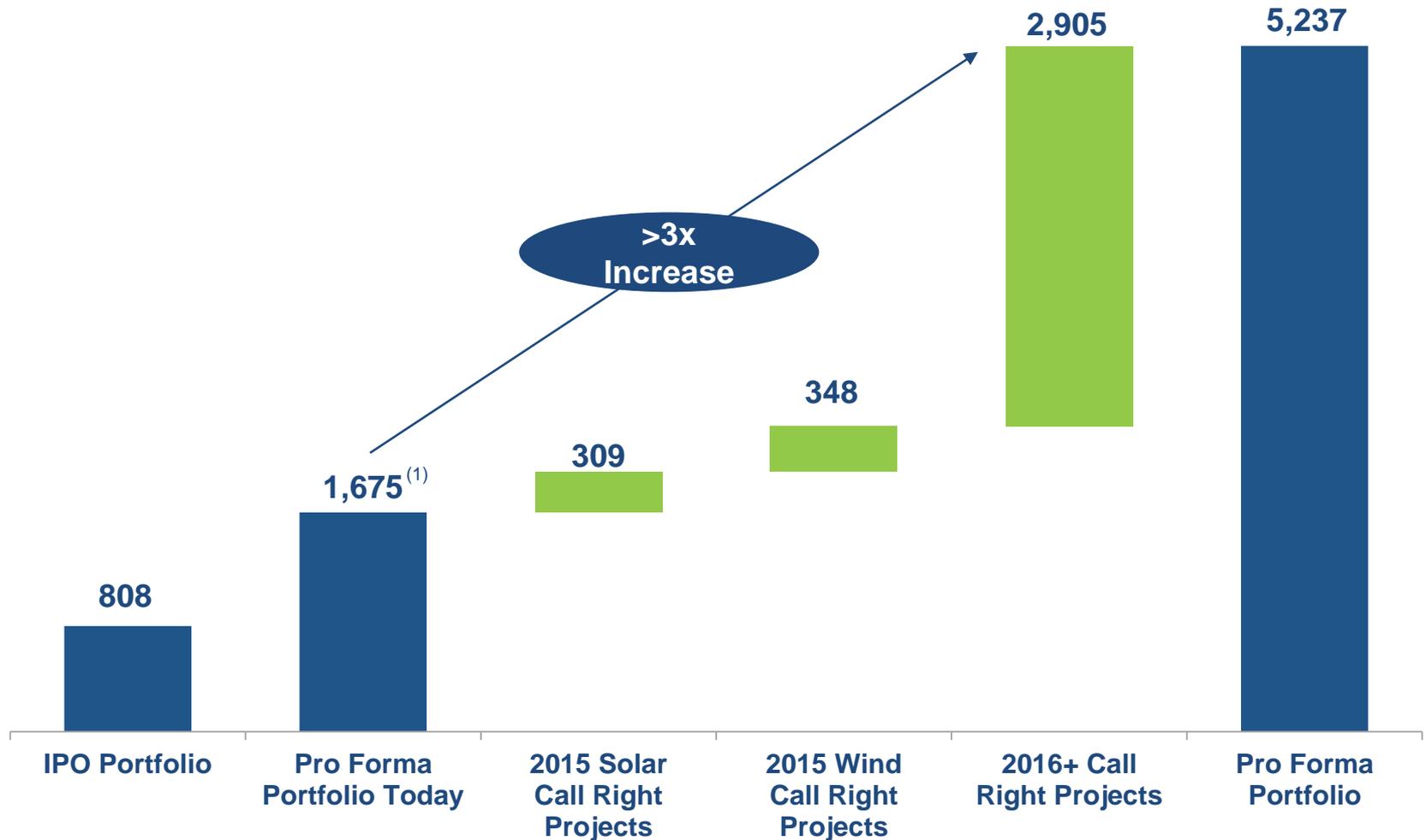


Note: Represents MW-ac for wind assets, MW-dc for solar assets

# Increased Scale to 1.7 GW...Clear Path to 5.2 GW

Operating MW Growth of 107% Since IPO; >6x Growth Including Call Rights

MW

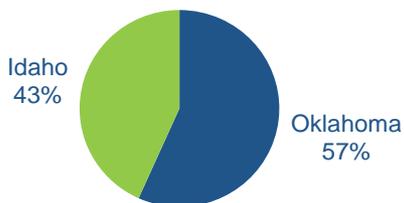


1. Includes 20 MW of projects expected to reach COD in 2Q; excludes Atlantic Power, Invenergy and Moose Power

# Atlantic Power Transaction Asset Summary

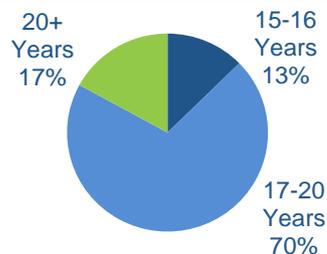
Physical Characteristics						Contracts			
Project Name	State	Net Capacity (MW) <sup>(1)</sup>	Ownership	COD	Power Market	Remaining Contract Life	Off-taker	Off-taker Moody's Rating	Off-taker S&P Rating
Canadian Hills	OK	295	99%	2012	SPP	17 – 22	SWEPCO, GRDA, OMPA	Baa2, A1, A2	BBB, A, A
Meadow Creek	ID	120	100%	2012	WECC	17	PacifiCorp	A3	A-
Idaho Wind	ID	50	27.6%	2010 - 2011	WECC	15	IPC	A3	BBB
Rockland	ID	40	50%	2011	WECC	21	IPC	A3	BBB
Goshen	ID	16	12.5%	2010	CAISO	15	SCE	A2	BBB+
<b>Total</b>		<b>521 MW</b>				<b>18 years<sup>(2)</sup></b>		<b>A3<sup>(2)</sup></b>	<b>BBB+<sup>(2)</sup></b>

**Location (by MW)**



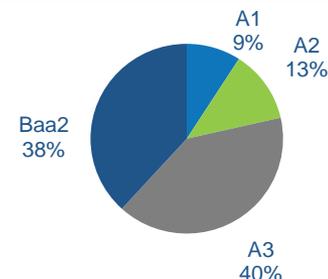
*Attractive Assets in High Wind Resource Locations*

**Remaining Contract Length (by MW)**



*Weighted Average Remaining Contract Life of ~18 years*

**Off-taker Credit Rating (Moody's)**



*A3 Weighted Average Off-taker Credit Rating*

**Diversified and Contracted Portfolio**

1. 521 MW is Atlantic Power's net ownership position. Represents MW-ac  
 2. Weighted average based on MW



USA: DG 2009-2013 Portfolio of 15 MW

## Section 3: 1Q Financial Results

# 1Q 2015 Results Overview

Metric	Result
MW in Operation 3/31/2015	1,655 MW
MWh	613k
Capacity Factor <sup>(1)</sup>	22%
Revenue / MWh	\$122
Revenue <sup>(2)</sup>	\$75M
Adjusted EBITDA	\$52M
CAFD	\$39M

## Highlights

- 1,655 MW in operation at the end of 1Q
  - 930 MW at end of 4Q
  - 51 MW reached COD in 1Q
  - 521 MW from First Wind acquisition
  - 167 MW from SUNE drop downs in 1Q
    - 15 MW expected to reach COD in 2Q
- Solid operational performance despite record snowfalls in Northeast U.S.
- Geographically diverse wind fleet performed well during the quarter
- Includes 2 months of First Wind performance
  - Pro forma revenue and EBITDA for all 3 months would have been \$86M and \$60M, respectively
- CAFD in-line with expectations

1. For calculation of capacity factor, the average MW in operation during 1Q was 1,314 MW

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

# Execution of 167 MW of Drop Downs and KWP I Buyout

## Drop Down Execution Overview

	UK & US DG
Size	167 MW
CAFD (unlevered)	\$24M
Equity	\$110M
Debt to be Repaid	\$177M
Total Consideration <sup>(1)</sup>	\$287M
Cash-on-Cash Return (unlevered)	~8%



UK 1Q Drop Down

## Financial Portfolio Optimization

- 30 MW KWP I plant
- \$55M capital investment to buy out tax equity position
- Results in \$6M annual CAFD and \$5M contribution in 2015
- Represents 11% cash yield for transaction



KWP I

1. Excludes tax equity investment

# Incremental M&A Activity and Proven Track Record

>1.4 GW of Third Party M&A in First Ten Months



Atlantic Power Corporation

Invenergy



Previous Acquisitions <sup>(1)</sup>

Wind Portfolio<sup>(2)</sup>

Solar Portfolio

Solar Portfolio

Total

	Previous Acquisitions <sup>(1)</sup>	Wind Portfolio <sup>(2)</sup>	Solar Portfolio	Solar Portfolio	Total
<b>Size</b>	890 MW	521 MW	25 MW	6 MW	<b>1,443 MW</b>
<b># of Power Plants</b>	157	5	2	14	<b>178</b>
<b>Locations</b>	U.S.	ID, OK	Ontario, Canada	Ontario, Canada	<b>U.S., Canada</b>
<b>Generation Type</b>	Utility Solar, DG Solar, Utility Wind	Utility Wind	Utility Solar	DG Solar	
<b>MW-Weighted Remaining PPA Life</b>	NA	18	18	19	
<b>MW-Weighted Credit Rating</b>	NA	BBB+ / A3	Aa2	Aa2	
<b>CAFD</b>	\$121 <sup>(3)</sup>	\$44M	\$10M	\$3M	<b>\$178M</b>
<b>Cash-on-Cash Yield (Unlevered)</b>	NA	9%	>8%	>8%	
<b>Closing Date</b>	July 2014 – January 2015	Expected Close 2Q 2015	Expected Close 2Q 2015	Expected Close 2Q-4Q 2015	

1. Previous acquisitions include Mt. Signal, Hudson Solar Energy, Capital Dynamics and First Wind
2. Intend to fund through future warehouse, with assets to be dropped down into TERP at a future date
3. Represents levered CAFD for Mt. Signal and Hudson



# Strong Liquidity Position Supports Future Growth

## Financial Policy

- 1 Targeted long-term Holdco leverage = 3.0-3.5x
- 2 Targeted long-term consolidated leverage = 5.0-5.5x
- 3 Meaningful liquidity to support growth

## Strong Liquidity (as of March 31)

(\$M unless otherwise noted)



- Increased liquidity with \$100M of additional revolver commitments as of May 1<sup>st</sup>
- Significant flexibility to utilize cash and revolver capacity as funding sources

1. Excludes \$87M of restricted cash

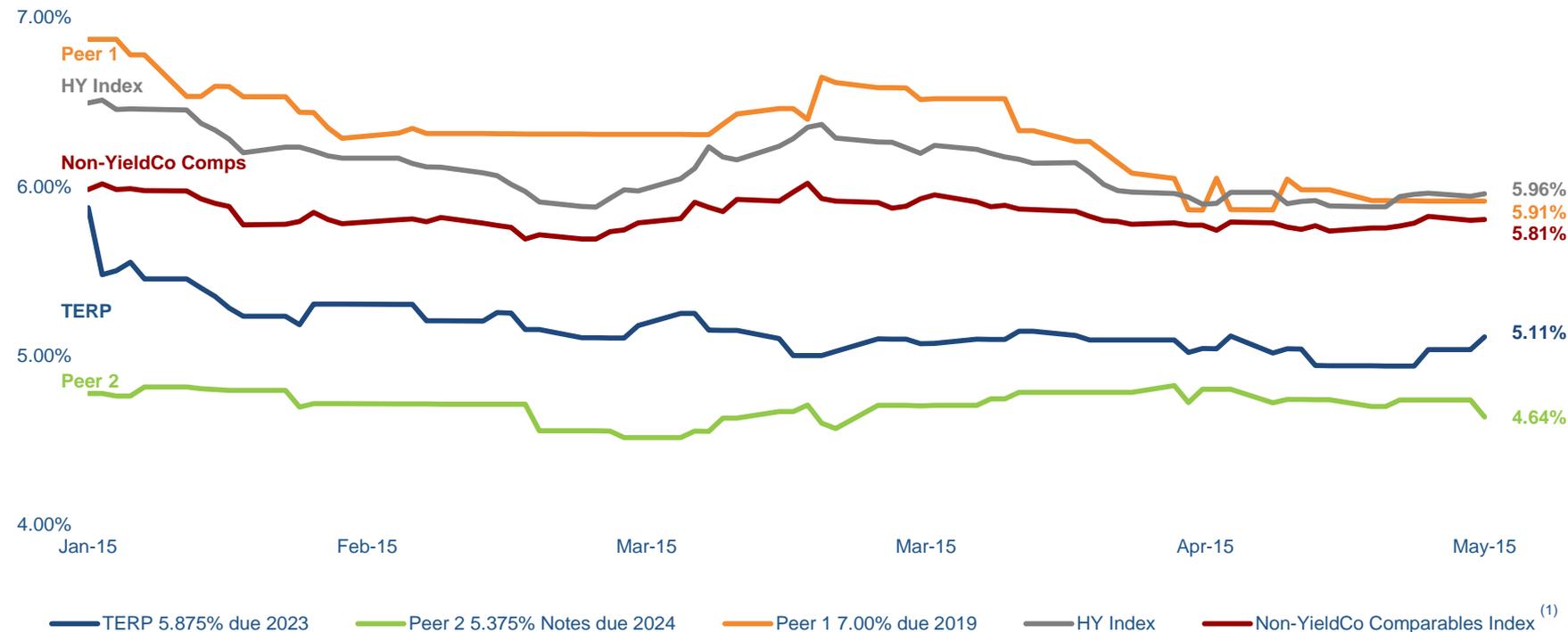
# Driving Down Cost of Capital

\$M, unless otherwise noted

- Well-capitalized balance sheet and clear articulation of financial leverage policy has resonated with debt investors
- TERP bond yields have significantly tightened versus peers, driving down TERP's cost of capital

## Significant TERP Yield Improvement Since Issuance and Continued Tightening

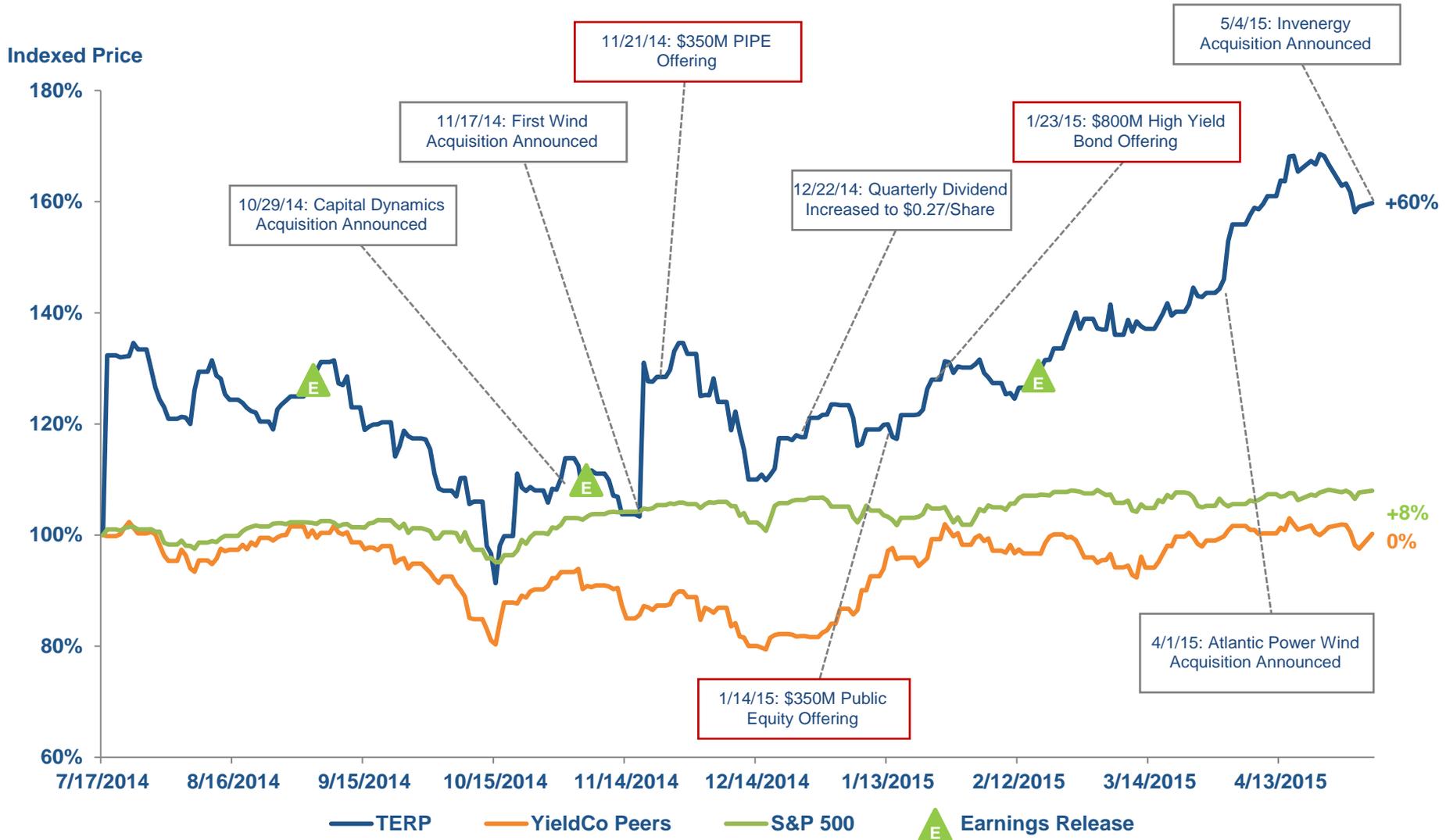
Yield to Worst



1. Non-YieldCo Comparables index includes AES, Calpine, Covanta, Dynegy and NRG Energy



# TerraForm Has Outperformed Since IPO



Note: YieldCo Peers includes ABY, NEP, NYLD and PEGI. Pricing date as of May 4, 2015





USA: Stetson Wind I 57 MW

## Section 4: 2015 Guidance and Outlook

# Significant Increase in 2015 CAFD Guidance Since IPO

*\$M unless otherwise noted*



# TerraForm 2015 Revised Annual DPS Guidance

Quarterly Dividend

\$0.23 ✓

Acquisitions  
Hudson  
Capital Dynamics

\$0.27 ✓

First Wind  
On-Boarded

\$0.325 ✓

Guidance  
Supported by Drop  
Downs & M&A

Yearly Guidance

\$0.90

\$1.08

\$1.30

\$1.35

\$0.05

Invenergy,  
Moose, KWP

At IPO

4Q Dividend  
Annualized

1Q Dividend  
Annualized

2015  
Guidance



# Best-in-Class Dividend Target Growth Profile

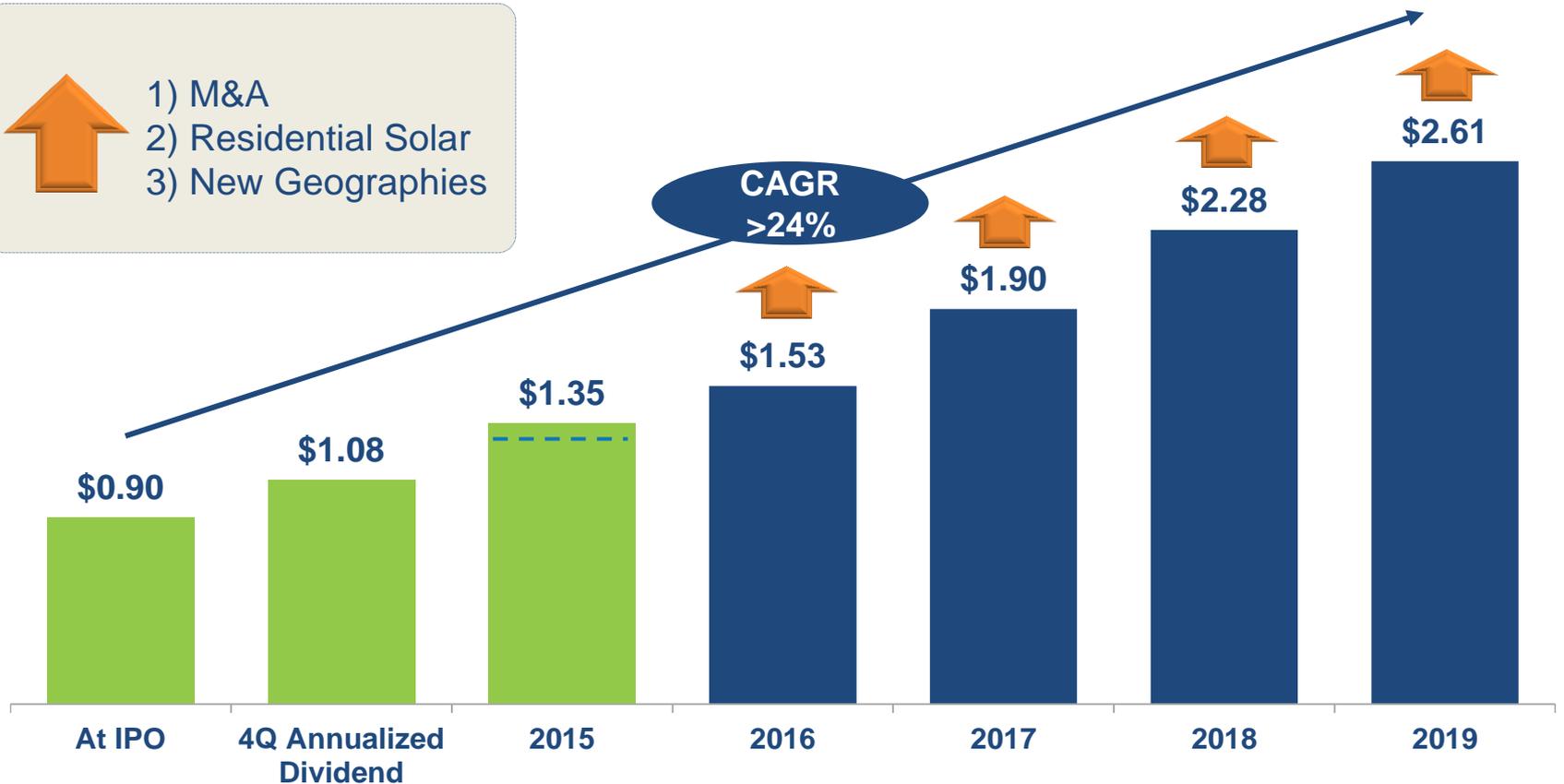
Guidance DPS

Target DPS



- 1) M&A
- 2) Residential Solar
- 3) New Geographies

CAGR  
>24%



Execution



CAFD Growth



DPS Growth



Chile: CAP 101 MW

## Appendix

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

<b>(in thousands)</b>	<b>Year Ended December 31, 2015</b>
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



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

<b>(in thousands)</b>	<b>Year Ended December 31, 2015</b>
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





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a SunEdison company