

August 8, 2016

Dear Stockholder:

On July 24, 2016, the Board of Directors adopted a Stockholder Protection Rights Agreement. This letter briefly describes the Rights Agreement and the Board's reasons for adopting it.

The Rights Agreement was adopted to protect stockholders against attempts to acquire control of the Company by means of "creeping" acquisitions in the open market, a hostile tender offer made at less than a full and fair price and other takeover tactics that can be used to deprive stockholders of the ability to get a full and fair price for all of their shares in the context of a change in control. The Board believes that Rights Agreements have also proven that they can be effective in providing a board of directors of a target company with more time to pursue alternatives to an inadequate hostile bid and negotiating leverage with a bidder should the board decide to engage in such activities.

The Rights Agreement is not intended to and will not prevent a takeover of the Company at a full and fair price. However, it may cause substantial dilution to a person or group that acquires 15% or more of the Company's Class A Common Stock unless the Rights are first redeemed, or the Rights Agreement terminated, by the Board of Directors.

The Rights Agreement does not in any way weaken the Company's financial strength or interfere with its business plans. The issuance of the Rights has no dilutive effect, will not affect reported earnings per share, is not taxable to the Company or you and will not change the way in which the Company's shares are traded.

The Rights should not interfere with any merger or other business combination that is in the best interests of the Company and its stockholders, since the Rights may be redeemed by the Company at \$0.01 per Right in cash prior to the first date on which the Company publicly announces that a person or group has acquired 15% or more of the Company's Class A Common Stock.

A summary of the terms of the Rights Agreement is attached. The summary is not complete and is qualified in its entirety by the Rights Agreement, a copy of which can be obtained free of charge from the SEC's website at sec.gov or from the Company's website at terraform.com.

In adopting the Rights Agreement, the Board has expressed its confidence in the Company's future and the Board's determination that you, the stockholders, be given every opportunity to participate fully in that future.

On behalf of the Board of Directors,



Peter Blackmore
Chairman and Interim CEO

TERRAFORM POWER, INC.

TERM SHEET

FOR

STOCKHOLDER PROTECTION RIGHTS AGREEMENT

Distribution and Transfer of
Rights; Rights Certificates:

The Board of Directors would declare a dividend of one Right for each share of Class A Common Stock outstanding. Prior to the Separation Time referred to below, the Rights would be evidenced by, and trade with, the Class A Common Stock and would not be exercisable. After the Separation Time, the Company would cause the Rights Agent to mail Rights Certificates to stockholders and the Rights would trade independent of the Class A Common Stock.

Separation Time:

Rights would separate from the Class A Common Stock and become exercisable following the earlier of (i) the tenth business day (or other date designated by resolution of the Board) after any person commences a tender offer that would result in such person becoming the beneficial owner of a total of 15% or more of the Class A Common Stock or (ii) the date of the “Flip-in” Trigger referred to below.

Exercise of Rights:

On or after the Separation Time, each Right would initially entitle the holder to purchase, for \$40 (the “Exercise Price”), one one-hundredth of a share of Participating Preferred Stock. (The Participating Preferred Stock would be designed so that each one one-hundredth of a share has economic and voting terms similar to those of one share of Class A Common Stock.)

“Flip-in” Trigger:

Upon the public announcement by the Company that any person (an “Acquiring Person”) has acquired 15% or more of the outstanding Class A Common Stock:

(i) Rights owned by the Acquiring Person or transferees thereof would automatically be void; and

(ii) unless the Board, with the prior written approval of holders of a majority of the shares of Class B Common Stock, determines otherwise, and provided the Acquiring Person has not acquired more than 50% of the outstanding

Class A Common Stock, each other Right will automatically be exchanged for one share of Class A Common Stock (or one one-hundredth of a share of Participating Preferred Stock); and

(iii) if the Board, with the prior written approval of holders of a majority of the shares of Class B Common Stock, determines not to have the Rights automatically exchanged, each other Right will automatically become a right to buy, for the Exercise Price, that number of shares of Class A Common Stock (or Participating Preferred Stock) having a market value of twice the Exercise Price.

“Flip-over” Trigger:

After an Acquiring Person has become such, (i) the Company may not consolidate or merge with any person, if the Company’s Board of Directors is controlled by the Acquiring Person or the Acquiring Person is the Beneficial Owner of 50% or more of the outstanding shares of Class A Common Stock, and the transaction is with the Acquiring Person or its Affiliate or Associate or the shares owned by the Acquiring Person are treated differently from those of other stockholders, and (ii) the Company may not sell 50% or more of its assets if the Company’s Board of Directors is controlled by the Acquiring Person unless in either case proper provision is made so that each Right would thereafter become a right to buy, for the Exercise Price, that number of shares of common stock of such other person having a market value of twice the Exercise Price.

Redemption:

The Rights may be redeemed by the Board, at any time until a “Flip-in” Trigger has occurred, at a Redemption Price of \$0.01 per Right.

Power to Amend:

The Board may amend the Plan in any respect until a “Flip-in” Trigger has occurred. Thereafter, the Board may amend the Plan in any respect not materially adverse to Rights holders generally.

Expiration and Carve out for
an Acquisition of
SunEdison’s Equity
Securities:

The Rights will expire on the earlier of (i) the close of business on the date of the first annual stockholders meeting of the Company to be held on or after January 1, 2017, unless the term is extended by the Board with the approval of the stockholders holding a majority of the voting power of the Common Stock, in which event the Rights will expire at such time designated by the Board with such stockholder

approval or (ii) immediately prior to the acquisition by one or more persons (including through an acquisition, reorganization or other change of control of SunEdison, Inc. (“SunEdison”)) of all or substantially all of the shares of Common Stock beneficially owned by SunEdison.

Qualified Offer:

If the Board of Directors has not redeemed or exchanged the Rights in response to a Qualified Offer, stockholders representing 10% of the shares of the Company’s Class A Common Stock or of the voting power of the shares of Common Stock outstanding (other than shares of Class A Common Stock held by the offeror or its Affiliates and Associates) may request that the Board call a special meeting of stockholders to vote on redeeming the rights, with the request to be submitted no earlier than 40 business days nor later than 80 business days after the emergence of the Qualified Offer (which must continue to be in effect). The Board must then call and hold the special meeting within 90 business days after its receipt of the stockholder request. If a majority of the voting power of the Common Stock and a majority of the shares of Class A Common Stock (other than shares of Class A Common Stock held by the offeror or its Affiliates and Associates) vote at the special meeting in favor of redeeming the Rights, they will be redeemed when the vote results are certified. If the Board fails to call and hold the special meeting by the 90th business day after its receipt of the stockholder request for the special meeting (except if the reason the meeting is not held is because of the absence of a quorum due to the failure of SunEdison to be present at the meeting), then the Rights will be redeemed at the close of business on that 90th business day.

“Qualified Offer” has a number of conditions. Among other things, the offer must be a fully financed all-cash tender offer or an exchange offer offering common stock of the offeror, or a combination thereof, for any and all of the outstanding Class A Common Stock of the Company; must have commenced within the meaning of Rule 14d-2(a) under the Securities Exchange Act of 1934, as amended; must not result in a Board-retained investment bank rendering an opinion to the Board that the consideration in the offer is either unfair or inadequate; must not be conditioned on any financing, funding, due diligence or

similar condition; must be accompanied by an irrevocable written commitment of the offeror that the offer will remain open for at least 40 business days (and at least 10 business days following a special meeting of stockholders held to vote on redeeming the Rights or, if the special meeting has not been held, the end of the 90 business day period in which the special meeting should have been held); must be conditioned on a minimum of at least 50% of the outstanding shares of Class A Common Stock (other than shares of Class A Common Stock held by the offeror or its Affiliates and Associates); and must be accompanied by an irrevocable written commitment by the offeror to consummate as promptly as practicable upon successful completion of the offer a second step transaction whereby all shares of Common Stock not tendered into the offer will be acquired for the same amount and form of consideration per share actually paid pursuant to the offer.

LLC Agreement
Anti-Dilution Amendment:

Any issuance of shares of Class A Common Stock as a result of any exchange, exercise or redemption of Rights in accordance with the terms of the Rights Agreement will be accompanied by the issuance to TerraForm Power, Inc. of an equal number of Class A Units in TerraForm Power, LLC (“Terra LLC”) in accordance with the Amended and Restated Limited Liability Company Agreement for Terra LLC (the “LLC Agreement”). Upon any such issuance of Class A Units, an equitable adjustment will be made in accordance with the terms of the LLC Agreement to protect the Class B Units in Terra LLC from dilution. The adjustment will be made by issuing additional Class B Units in Terra LLC to holders of then existing Class B Units according to an anti-dilution formula set forth in an amendment to the LLC Agreement adopted in connection with the Rights Agreement. Simultaneously with the issuance of additional Class B Units in Terra LLC, TerraForm Power, Inc. will issue an equal number of shares of Class B Common Stock to the recipients of such additional Class B Units. The Minimum Quarterly Distributions (as defined in the LLC Agreement) will also be adjusted by the same anti-dilution factor.

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