



Capital Dynamics Acquisition
Distributed Solar Generation Portfolio

October 30, 2014



TerraForm **POWER**
a SunEdison company

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Transaction Overview

- TerraForm has agreed to acquire 77.6 MW of distributed solar power plants from Capital Dynamics
- \$250M purchase price for 100% interest in 39 solar power plants
- High quality acquired assets increase diversity of TerraForm's existing portfolio
 - 19-year weighted average remaining contract life with creditworthy offtakers
- Portfolio expected to generate \$21M of unlevered CAFD in the NTM period
- Levered cash-on-cash return of 9%
 - Financing will be consistent with TerraForm's long-term capital structure
- Transaction is immediately accretive to CAFD per share
- Acquisition is expected to close in 4Q 2014
- TerraForm has obtained fully committed financing to fund the transaction



Strategic Rationale

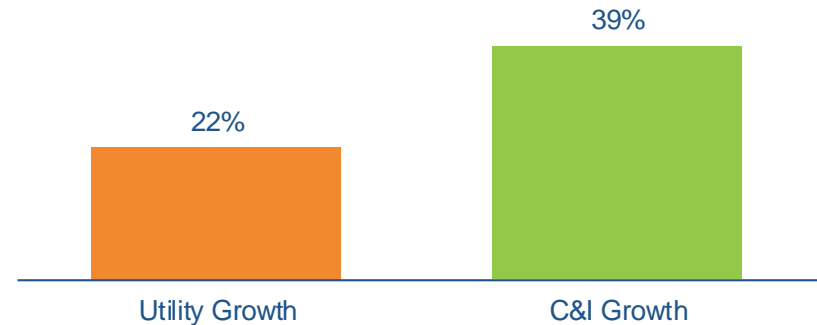
- Delivers on TerraForm's "two pillars" growth strategy of executing attractive third-party acquisitions together with organic Sponsor drop downs
 - Two acquisitions (Hudson and Capital Dynamics) executed since the IPO
- Advances TerraForm's strategy of pursuing the fragmented solar Distributed Generation (DG) marketplace
 - Leadership position driven by people, capital, and scalable platform
- Increases TerraForm's presence in the high growth DG segment
 - DG growing at approximately twice the rate of the utility scale market
- Provides greater diversification to TerraForm's existing cash flows
 - Geographic and offtaker diversification supported by high quality contracts
- Immediately accretive to CAFD per share

Distributed Generation Market Opportunity

Segment Overview

- Distributed Generation is the fastest growing PV segment (~40% 2012-2016 CAGR)
- Highly fragmented nature of the sector creates significant growth opportunities
- Stronger economics vs. utility-scale opportunities
- The acquired Hudson and Capital Dynamics portfolios are comprised of 100% DG projects
- Acquisition further solidifies TerraForm's position as market leader in distributed solar
 - SunEdison ranked #1 in PV installs in the Commercial & Industrial segment in 2013 ⁽¹⁾

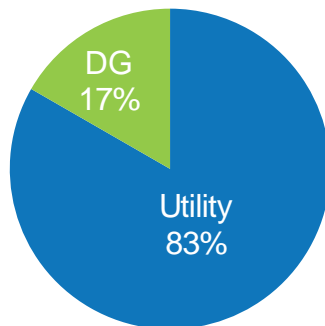
2012-2016 Solar Market Growth Comparison



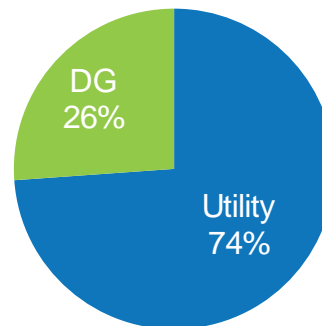
Source: Bloomberg New Energy Finance

TerraForm Portfolio Breakdown

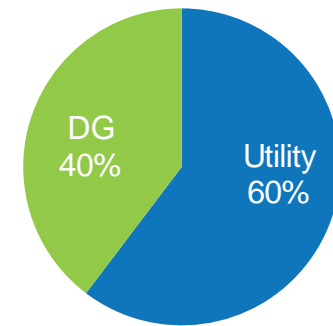
IPO Portfolio by MW



Pro Forma by MW



Pro Forma by CAFD



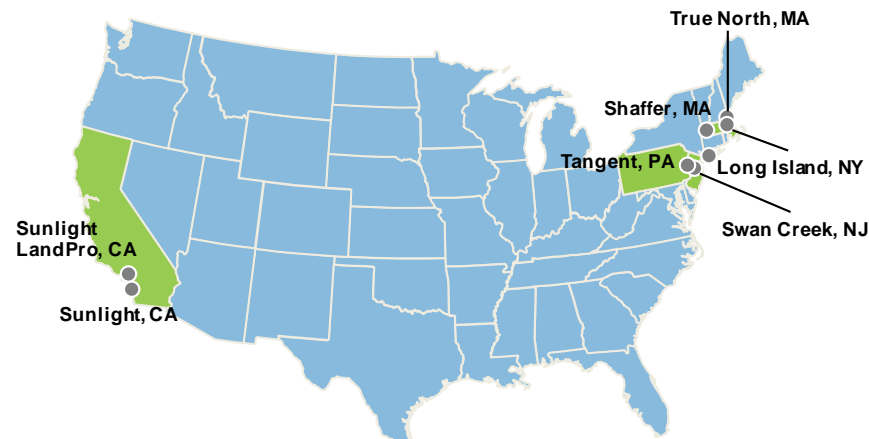
(1) Source: GTM Research, US PV Leaderboard.

Capital Dynamics Portfolio Overview

Portfolio Overview

- Large-scale 77.6 MW distributed generation portfolio with geographic diversification
 - 39 power plants across 5 states and 17 sites
- 100% contracted portfolio with average remaining contract life of ~19 years
- Diverse group of high credit quality counterparties with average credit rating of A3/A-
- NTM Period CAFD: \$21M**

Geographic Footprint



Project Name, State	Net MW	Ownership ⁽²⁾	COD	# of Power Plants	# of Offtakers	Remaining PPA Term
Sunlight, CA	25.6	100%	2013-2014	14	1	19-20
Long Island, NY	12.8	100%	2012	7	1	18
Kearsarge, MA	10.9	100%	2013-2014	4	4	19
Swan Creek, NJ	8.1	100%	2012	1	1	18
Shaffer, MA	6.0	100%	2014	1	1	25
True North, MA	5.7	100%	2012	1	3	28
Sunlight LandPro, CA	5.4	100%	Dec 2014 ⁽¹⁾	3	1	20
Tangent, PA	3.0	100%	2011	8	4	17
Total	77.6	100%		39	16	~19

(1) All projects are anticipated to reach COD concurrent with closing of the acquisition.

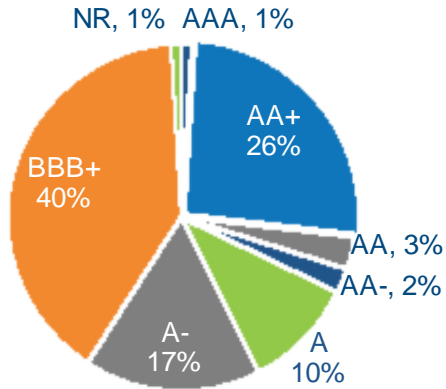
(2) Ownership does not reflect equity interests held by any tax equity investor or lessor under sub-leaseback financing or of non-controlling interests in a partnership



Capital Dynamics Portfolio Overview (Cont'd)

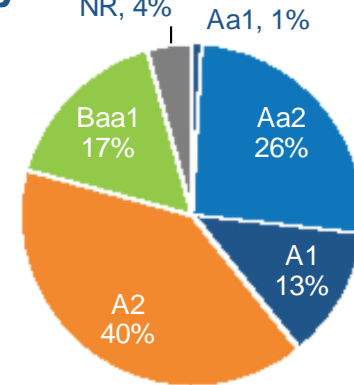
Counterparty Credit Rating by MW

S&P



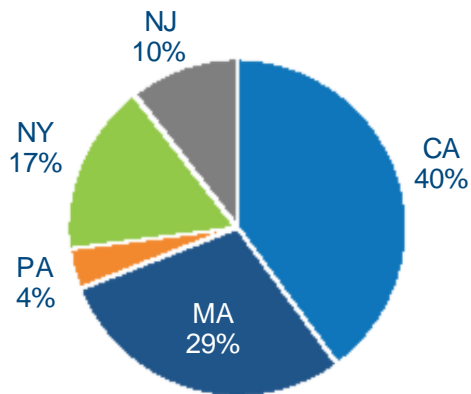
Average: A-

Moody's

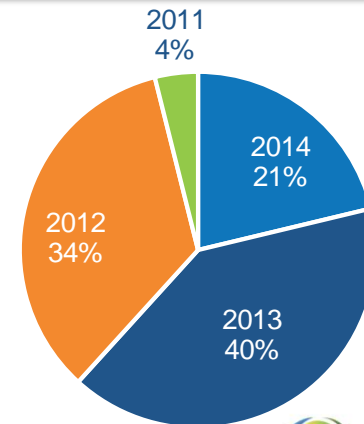


Average: A3

Portfolio Location by MW



Portfolio COD Year by MW



Fully Committed Financing Enhances Liquidity

(\$M unless otherwise noted)

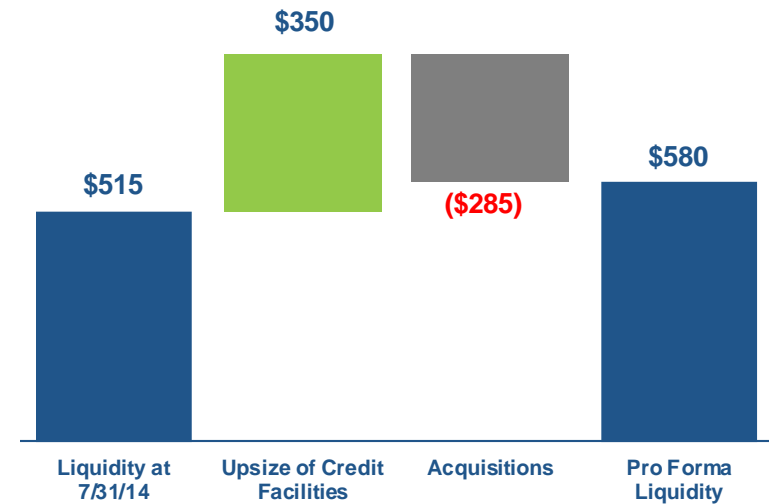
Sources of Funds

Term Loan Upsize	\$275
Revolver Upsize	75
Total Sources of Funds	\$350

Uses of Funds

Capital Dynamics Acquisition	\$250
Hudson Acquisition	35
Cash for Growth	65
Total Uses of Funds	\$350

Well-Capitalized Balance Sheet



- Significant flexibility to fund future acquisitions and drop downs
- All necessary financing commitments received
 - Term Loan to be upsized by \$275M, to \$575M
 - Revolving Credit Facility to be upsized by \$75M, to \$215M

Key Takeaways

- Dual pillars of growth: Recent third-party acquisitions demonstrate ability to deliver on growth strategy through multiple channels
- Capital Dynamics acquisition further cements TerraForm's leadership position in the fragmented and high growth distributed generation marketplace
- Acquired DG portfolio of substantial scale with high quality contracted cash flows. Provides further diversification to TerraForm's portfolio
- Acquisition is immediately accretive to CAFD per share

Growth Pillars → Execution → CAFD Growth → DPS Growth





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