UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: July 26, 2016

TERRAFORM POWER, INC.
(Exact name of registrant as specified in its charter)

Delaware	001-37528	47-1919173
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

7550 Wisconsin Avenue, 9th Floor, Bethesda, Maryland 20814
(Address of principal executive offices, including zip code)

(240) 762-7700
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01 Regulation FD Disclosure

On July 26, 2016, TerraForm Power, Inc. (the "Company") provided certain selected information to the beneficial holders (collectively, the "Holders") of TerraForm Power Operating, LLC's 5.875% Senior Notes due 2023 issued pursuant to the indenture dated as of January 28, 2015, and its 6.125% Senior Notes due 2025 issued pursuant to the indenture dated as of March 30, 2016 (together, the "Indentures"), and certain of their advisors. This information contains preliminary unaudited financial information from the fourth quarter of 2015 and the first quarter of 2016, and a discussion of the principal risks facing the Company. The financial information may change materially as a result of the completion of the audit of the Company's financial results for fiscal year 2015. The information does not represent a complete picture of the Company's financial position, results of operations or cash flows and is not a replacement for full financial statements prepared in accordance with U.S. GAAP. The disclosure of this information takes place during the Company's ongoing solicitation of consents from the Holders to waive covenants under the Indentures that require the Company to file with the Securities and Exchange Commission (the "SEC") or make publicly available annual and quarterly reports within the time periods specified in the SEC rules and regulations. A Press Release announcing the disclosure is attached hereto as Exhibit 99.1. The preliminary unaudited financial information, attached as Exhibit 99.2, was accompanied by commentary regarding key initiatives being pursued by the Company. The risk factors, a copy of which is included as Exhibit 99.3, update the discussion of risks of holding the Company's Class A common stock included in the Company's annual report on Form 10-K for fiscal year ended December 31, 2014, and in the Company's Form 10-Q for the period ended September 30, 2015, which contains the most recent interim financial statements the Company has filed with the SEC.

Item 9.01 Financial Statement and Exhibits.

(d) *Exhibits*

Exhibit No.	Description
99.1	Press release, dated July 26, 2016, titled "TerraForm Power Provides Preliminary Financial Data for Bondholders"
99.2	Slide Deck, dated July 26, 2016, titled "TerraForm Power Supplemental Information Requested by Bondholders"
99.3	Document, dated July 26, 2016, titled "TerraForm Power Risk Factors"

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TERRAFORM POWER, INC.

By: /s/ Rebecca Cranna
Name: Rebecca Cranna
Title: Executive Vice President and Chief Financial Officer

Date: July 26, 2016

Exhibit 99.1

TerraForm Power Provides Preliminary Financial Data for Bondholders

BETHESDA, Md., July 26, 2016 – TerraForm Power, Inc. (Nasdaq: TERP, “the Company”), an owner and operator of clean energy power plants, at the request of certain of its bondholders, has posted a presentation on its website today containing selected financial information. This presentation contains preliminary unaudited financial information for the fourth quarter of 2015 and first quarter of 2016. The financial information may change materially as a result of the completion of the audit of the Company’s financial results for fiscal year 2015. The information does not represent a complete picture of the Company’s financial position, results of operations or cash flows and is not a replacement for full financial statements prepared in accordance with U.S. GAAP.

TerraForm Power has also posted an updated disclosure addressing risk factors relating to the Company’s business. The risk factors update the discussion of risks included in the Company’s annual report on Form 10-K for the fiscal year ended December 31, 2014, and in its Form 10-Q for the period ended September 30, 2015, which contains the Company’s most recent published interim financial statements.

The financial information and risk factors may be found on the Investor section of the Company’s website at www.terraformpower.com. They have also been included as exhibits to a Form 8-K furnished by the Company to the Securities and Exchange Commission.

About TerraForm Power

TerraForm Power is a renewable energy company that is changing how energy is generated, distributed and owned. TerraForm Power creates value for its investors by owning and operating clean energy power plants. For more information about TerraForm Power, please visit: www.terraformpower.com.

Cautionary Note Regarding Forward-Looking Statements

This communication 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. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks, and uncertainties and typically include words or variations of words such as “expect,” “anticipate,” “believe,” “intend,” “plan,” “seek,” “estimate,” “predict,” “project,” “goal,” “guidance,” “outlook,” “objective,” “forecast,” “target,” “potential,” “continue,” “would,” “will,” “should,” “could,” or “may” or other comparable terms and phrases. All statements that address operating performance, events, or developments that TerraForm Power expects or anticipates will occur in the future are forward-looking statements. They may include estimates of expected adjusted EBITDA, cash available for distribution (CAFD), earnings, revenues, capital expenditures, liquidity, capital structure, future growth, financing arrangement and other financial performance items (including future dividends per share), descriptions of management’s plans or objectives for future operations, products, or services, or descriptions of assumptions underlying any of the above. Forward-looking statements provide TerraForm Power’s current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although TerraForm Power believes its respective 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.

By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, our relationship with SunEdison, including SunEdison's bankruptcy filings and our reliance on SunEdison to perform under material intercompany agreements and to provide management and accounting services, project level operation and maintenance and asset management services, to maintain critical information technology and accounting systems and to provide our employees; our ability to integrate the projects we acquire from third parties or otherwise realize the anticipated benefits from such acquisitions; actions of third parties, including but not limited to the failure of SunEdison, to fulfill its obligations; price fluctuations, termination provisions and buyout provisions in offtake agreements; delays or unexpected costs during the completion of projects under construction; our ability to successfully identify, evaluate, and consummate acquisitions from SunEdison or third parties or changes in expected terms and timing of any acquisitions; regulatory requirements and incentives for production of renewable power; operating and financial restrictions under agreements governing indebtedness; the condition of the debt and equity capital markets and our ability to borrow additional funds and access capital markets; the impact of foreign exchange rate fluctuations; our ability to compete against traditional and renewable energy companies; hazards customary to the power production industry and power generation operations, such as unusual weather conditions and outages or other curtailment of our power plants; departure of some or all of SunEdison's employees that are dedicated to the Company; pending and future litigation; and our ability to operate our business efficiently, to operate and maintain our information technology, technical, accounting and generation monitoring systems, to manage and complete governmental filings on a timely basis, and to manage our capital expenditures. Furthermore, any dividends are subject to available capital, market conditions, and compliance with associated laws and regulations. Many of these factors are beyond TerraForm Power's control.

TerraForm Power disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data, or methods, future events, or other changes, except as required by law. The foregoing list of factors that might cause results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties which are described in TerraForm Power's Form 10-K for the fiscal year ended December 31, 2014, and Forms 10-Q with respect to the second and third quarters of 2015, as well as additional factors it may describe from time to time in other filings with the Securities and Exchange Commission or incorporated herein. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Contacts:

Investors / Analysts:
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investors@terraform.com

Media:
media@terraform.com

Exhibit 99.2

TerraForm Power
Supplemental Information Requested by Bondholders

July 26, 2016

TerraForm POWER
a SunEdison company

Forward Looking Statements

This communication 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. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks, and uncertainties and typically include words or variations of words such as "expect," "anticipate," "believe," "intend," "plan," "seek," "estimate," "predict," "project," "goal," "guidance," "outlook," "objective," "forecast," "target," "potential," "continue," "would," "will," "should," "could," or "may" or other comparable terms and phrases. All statements that address operating performance, events, or developments that TerraForm Power expects or anticipates will occur in the future are forward-looking statements. They may include estimates of expected adjusted EBITDA, cash available for distribution (CAFD), earnings, revenues, capital expenditures, liquidity, capital structure, future growth, financing arrangements and other financial performance items (including future dividends per share), descriptions of management's plans or objectives for future operations, products, or services, or descriptions of assumptions underlying any of the above. Forward-looking statements provide TerraForm Power's current expectations or predictions of future conditions, events, or results and speak only as of the date they are made. Although TerraForm Power believes its respective 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.

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TerraForm Power disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data, or methods, future events, or other changes, except as required by law. The foregoing list of factors that might cause results to differ materially from those contemplated in the forward-looking statements should be considered in connection with information regarding risks and uncertainties which are described in TerraForm Power's Form 10-K for the fiscal year ended December 31, 2014, and Forms 10-Q with respect to the first, second and third quarters of 2015, as well as additional factors it may describe from time to time in other filings with the Securities and Exchange Commission or incorporated herein. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Introduction & Importance of our Updated Risk Factors

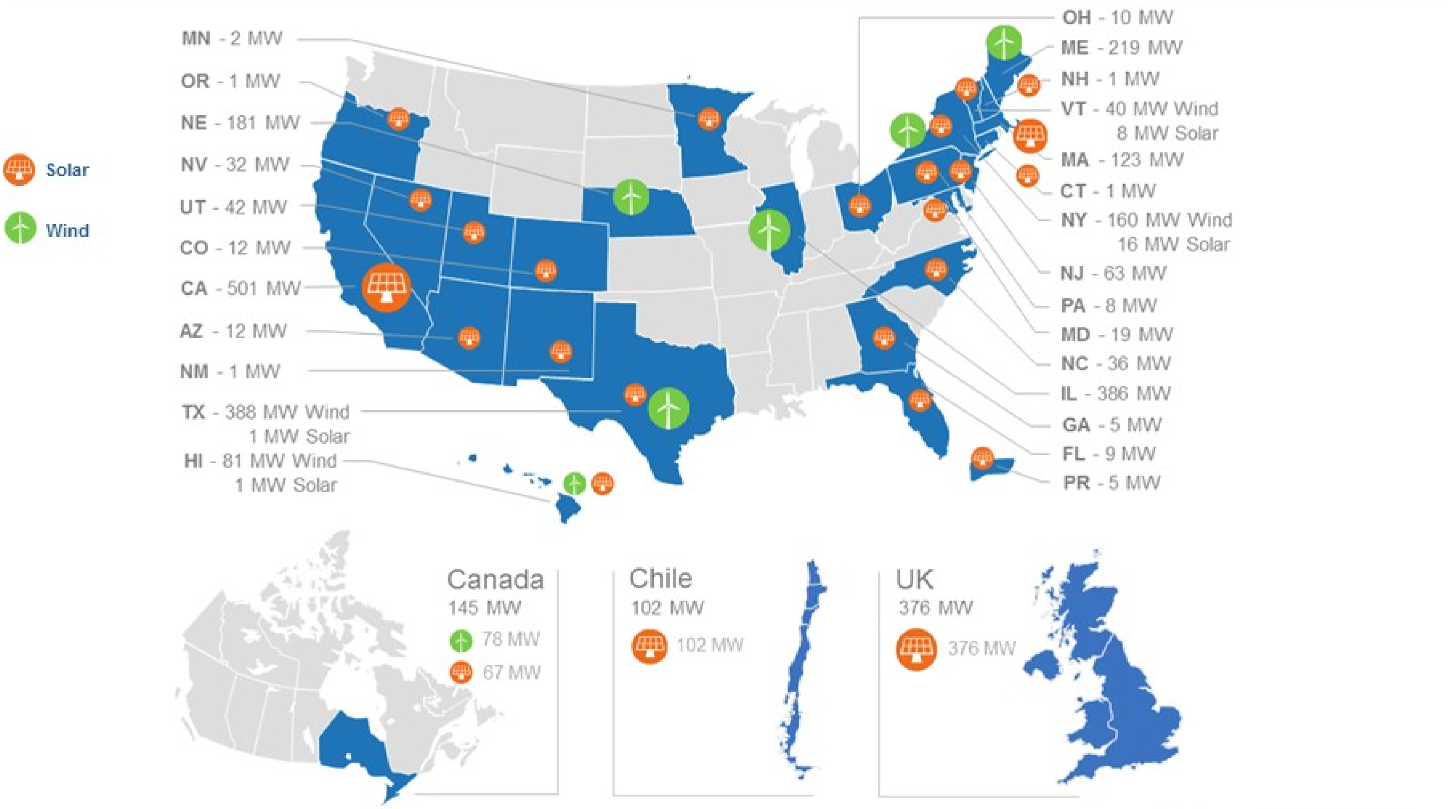
- The following information is being provided at the request of bondholders and their advisors
- The financial information presented on the following slides is preliminary and unaudited. Financial information may change materially as a result of the completion of the audit for fiscal year 2015
- The information does not represent a complete picture of the financial position, results of operation or cash flows of TerraForm Power ("TerraForm Power" or the "Company"), and is not a replacement for full financial statements prepared in accordance with U.S. GAAP
- The Company's last annual or quarterly report was its Form 10-Q for the period ended September 30, 2015. The Company has not filed its Form 10-K for 2015. The circumstances of the Company and the risks it faces have changed substantially since the date of its last filing on Form 10-Q in November 2015. **You should review the updated Risk Factors relating to the Company provided simultaneously with this presentation, which include a description of important new risks relating to the chapter 11 proceedings of SunEdison, the consequences of the absence of audited financial information, pending litigation and other matters.** These materials and the Risk Factors also have been filed with the SEC on a Form 8-K, dated July 26, 2016

Situation Update

- Management is motivated to maximize value for all stakeholders and position TerraForm Power for long-term growth
- TerraForm Power is focused on key areas of execution
  - Continuity of operations
  - Independence: governance, systems, employees
  - Strengthen balance sheet
  - Optimize portfolio through non-recourse project financings and selective divestitures
- Update on the Sale of SunEdison's Interests in the Company:
  - SunEdison has requested that the Company share confidential information about the Company and take other steps to facilitate the marketing of SunEdison's interests in the Company, and the Company is considering this request
  - TerraForm Power has announced that it is working with SunEdison to explore potential value creating options for SunEdison's interests in the Company. The Company has made no decision to support any particular bidder, structure or transaction
  - The Company adopted a stockholder protection rights agreement in response to the potential sale by SunEdison and the announced accumulation of TerraForm Power's Class A shares by third parties

Diversified Portfolio Across Key Markets

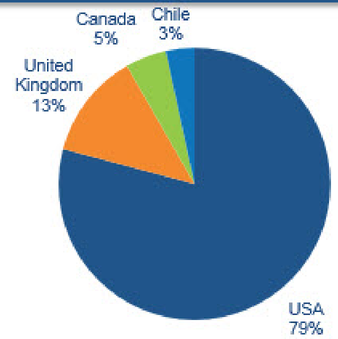
Geographically Diverse Fleet of 3.0 GW[1]



1. Reflects portfolio as of June 30, 2016.

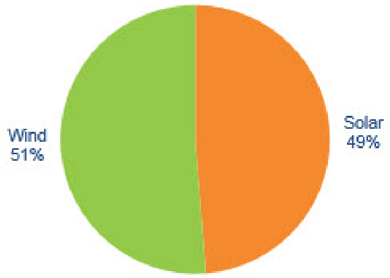
High Quality 3.0 GW Renewable Power Plant Portfolio

Location



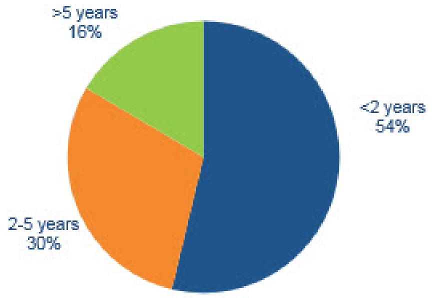
Assets located in attractive power markets

Generation Type



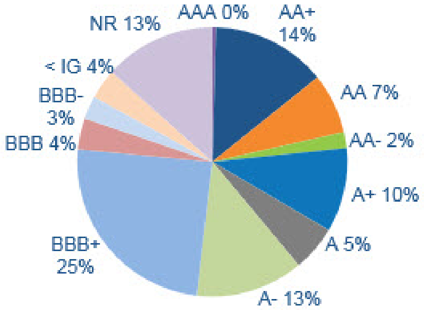
Fleet diversity

Asset Age



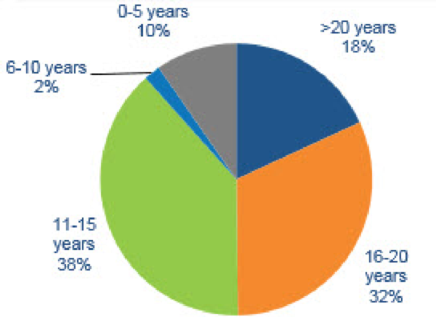
Average age of 3 years;
Average remaining useful life of 26 years

S&P Counterparty Rating



Average high quality credit rating of A

Remaining Contract Length

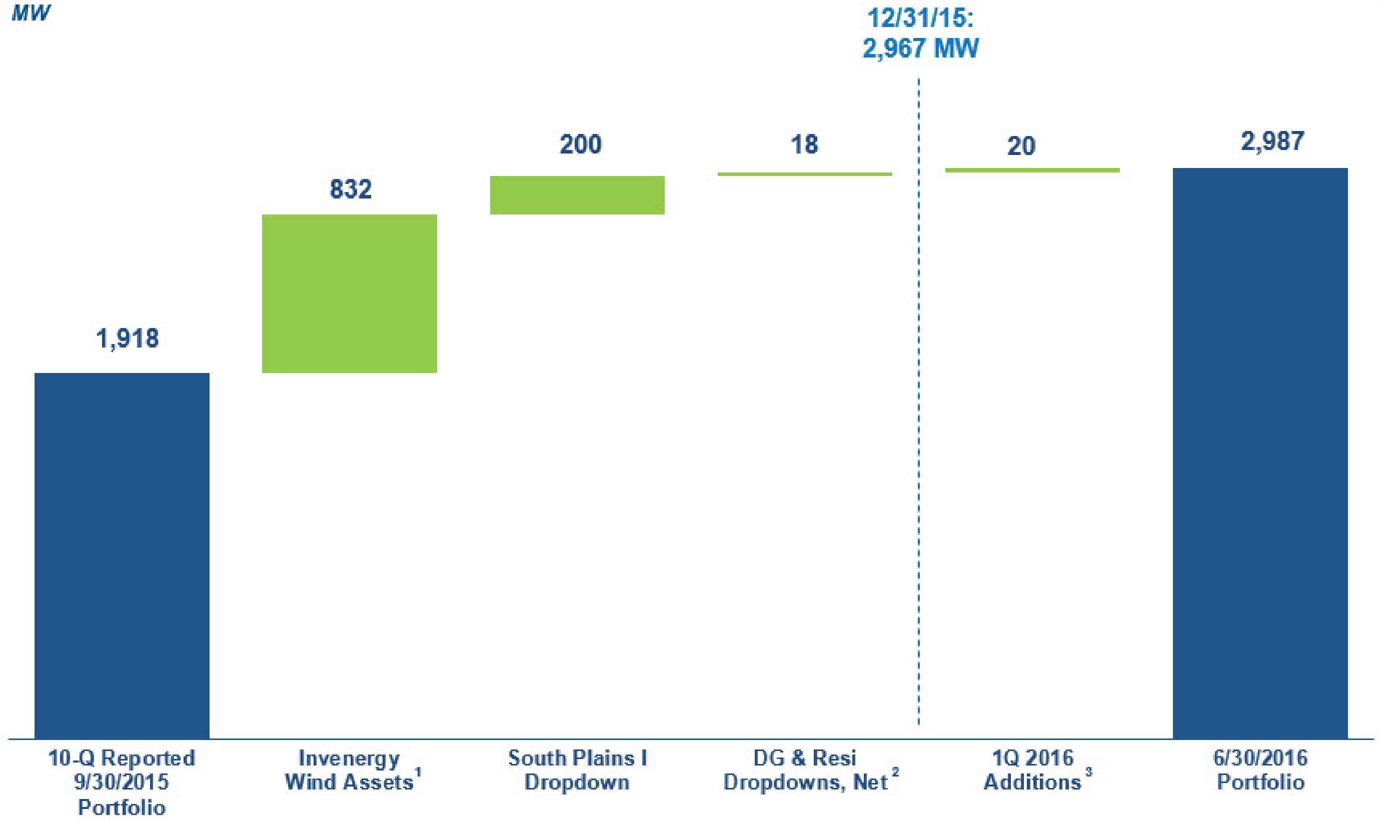


Average remaining PPA life of 15 years

TerraForm POWER

Note: As of June 30, 2016. Weighted by MW.

Current View of Portfolio Formation



Note: Reflects net capacity based on economic ownership.
1. Excludes 98 MW Prairie Breeze II and III assets which have not closed.
2. Additional distributed generation and residential dropdowns from SunEdison, net of cancellations, and capacity updates.
3. Includes 18 MW River Mountain and 1 MW distributed generation drop downs from SunEdison and 1 MW final closing of Moose Power acquisition. No assets were acquired in 2Q 2016. TerraForm Power has committed to make up to $35M in remaining purchase price payments to SunEdison for assets that have already been acquired, subject to satisfaction of customary conditions precedent. In the third quarter, TerraForm Power expects to terminate the commitment to SunEdison to acquire the Comanche solar project for $163M. Additionally, TerraForm Power does not expect to acquire incremental projects from SunEdison or enter into any new commitments to SunEdison in 2016.

TerraForm POWER

Preliminary Unaudited 2015 Results

Metric	2015
Net MW Owned (Period End)	2,967
Production (GWh)	3,462
Capacity Factor	24%
Revenue	$467M - $473M
Adjusted Revenue[1]	$464M – $470M
Adjusted Revenue / MWh	$135 – $136
Net Loss	($203M) – ($181M)
Adjusted EBITDA	$354M – $364M
CAFD	$224M – $234M

Commentary

- 2015 operating results in line with management expectations driven by balanced portfolio with generation and geographic mix
- Grew operating portfolio by 1,989 MW Y-o-Y including:
  - 832 MW acquisition of Invenergy wind assets[2]
  - 521 MW acquisition of First Wind operating assets
  - 574 MW of SunEdison drop downs
  - 61 MW of other third party acquisitions
- Net loss impacted by:
  - $56M contingent loss related to First Wind prepaid warranty and deposits for asset purchases from SunEdison[3]
  - $55M acquisition-related expense
  - $37M loss on unrealized FX and extinguishment of debt
  - $26M amortization of deferred financing and debt discount (included in interest expense)
  - $10M LAP acquisition termination settlement

Note: Ranges have been provided for key financial metrics as the 2015 audit has not yet been completed.

1. Adjusted for amortization of favorable or unfavorable rate revenue contracts, unrealized gains or losses on energy derivatives, and amortization of ITC revenue.
2. Excludes 98 MW Prairie Breeze II and III assets which have not closed.
3. Accounting treatment of First Wind prepaid warranty and deposits for asset purchases may change based on various factors and outcome of SunEdison's bankruptcy proceedings

Preliminary 1Q 2016 Results

Metric	1Q 2016
Net MW Owned (Period End)	2,987
Production (GWh)	2,072
Capacity Factor	30%
Revenue	$151M - $159M
Adjusted Revenue[1]	$158M – $166M
Adjusted Revenue / MWh	$76 – $80
Net Loss	($46M) – ($32M)
Adjusted EBITDA	$117M – $125M
CAFD	$58M – $66M

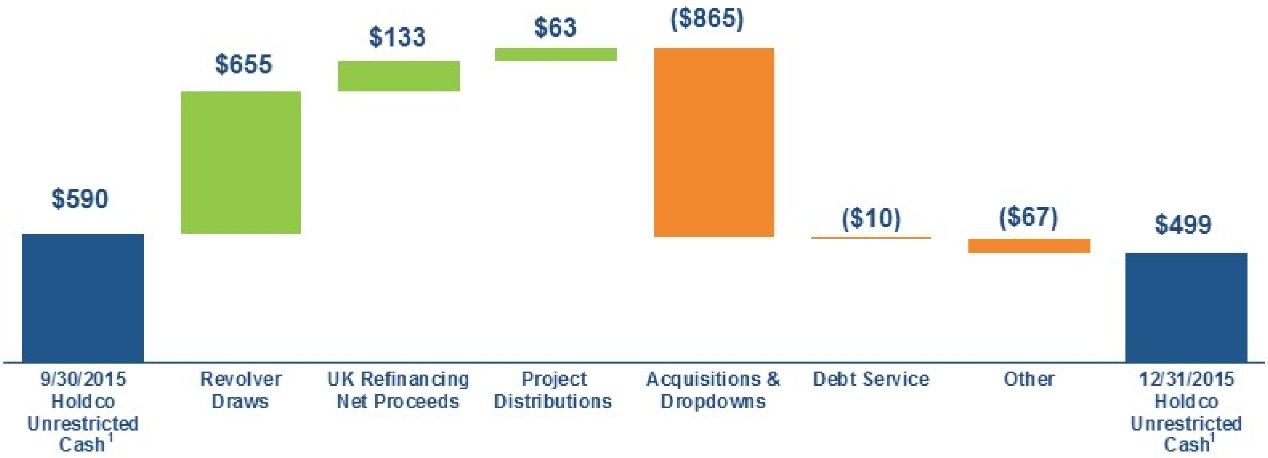
Commentary

- 1Q 2016 operating fleet performance ahead of management expectations driven by prudent project cost management and favorable Northeast and Central wind resource
- Modest portfolio growth vs. 4Q 2015 includes SunEdison dropdowns of utility and distributed generation solar projects and final closing of Moose Power acquisition
- Net loss impacted by:
  - $9M amortization of deferred financing and debt discount (included in interest expense)
  - $8M advisory and legal expenses related to SunEdison bankruptcy
  - $3M acquisition-related expenses

Note: Ranges have been provided for key financial metrics as the interim financial statements for the period ended March 31, 2016 are still under review.
1. Adjusted for amortization of favorable or unfavorable rate revenue contracts, unrealized gains or losses on energy derivatives, and amortization of ITC revenue.

Holdco Cash Walk from 3Q 2015 to 4Q 2015

$M, unless otherwise noted

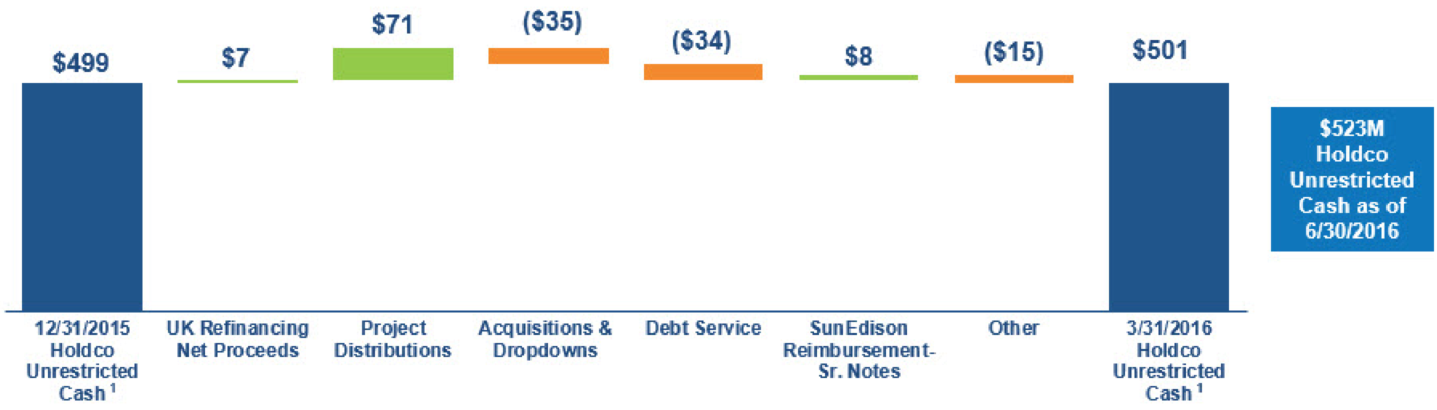


- YE 2015 Holdco unrestricted cash of $499M, inclusive of $655M revolver draws in October and November
  - $133M net proceeds from UK refinancing in November (additional $7M net proceeds received in 1Q 2016)
  - $63M of project distributions received during 4Q 2015
  - $865M paid for first closing of Invenergy wind assets and SunEdison drop downs including South Plains I
  - $10M debt service includes $8M Senior Notes interest payment and $2M payment of revolver fees and interest
  - $67M other includes 3Q 2015 dividend payment of $49M and net payables & other of $19M, partially offset by FX hedge gains of $1M

Note: As of 12/31/2015, Company characterizes restricted cash as (i) cash on deposit in collateral account, debt service, maintenance and other reserves and (ii) in operating accounts but subject to distribution restrictions due to defaults.
1. Holdco unrestricted cash excludes unrestricted project cash and restricted cash at the corporate level, project level or in escrow.

Holdco Cash Walk from 4Q 2015 to 1Q 2016

$M, unless otherwise noted



- 1Q 2016 Holdco unrestricted cash of $501M, inclusive of $655M revolver draws from 4Q 2015
  - Additional $7M of net proceeds from UK refinancing received in January
  - $71M of project distributions received during 1Q 2016
  - $35M paid for final closing of Moose Power, SunEdison utility solar and distributed generation drop downs and final payments for prior quarter drop downs
  - $34M debt service includes $28M Senior Notes interest payment and $6M payment of revolver fees and interest; SunEdison subsequently reimbursed $8M of the Senior Notes interest payment
  - $15M other includes net payables & other of $16M, partially offset by FX hedge gains of $1M
- Revolver commitments of $725M utilized by $655M of draws and $63M of Letters of Credit

Note: As of 12/31/2015, Company characterizes restricted cash as (i) cash on deposit in collateral account, debt service, maintenance and other reserves and (ii) in operating accounts but subject to distribution restrictions due to defaults.

1. Holdco unrestricted cash excludes unrestricted project cash and restricted cash at the corporate level, project level or in escrow.

Appendix

Risk Factors

- Please refer to the risk factors provided simultaneously and to be read in conjunction with this presentation

Definitions: Adjusted Revenue, Adjusted EBITDA, CAFD

Adjusted Revenue

We define Adjusted Revenue as operating revenues, net adjusted for non-cash items including unrealized gain/loss on derivatives, amortization of favorable and unfavorable rate revenue contracts, net and other non-cash items. We believe Adjusted Revenue 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. Adjusted Revenue is a non-GAAP measure used by our management for internal planning purposes, including for certain aspects of our consolidated operating budget.

Adjusted EBITDA

We define Adjusted EBITDA as net income plus interest expense, net; income taxes; depreciation, accretion and amortization expense; stock-based compensation expense; and certain other non-cash charges, unusual or non-recurring items and other items that we believe are not representative of our core business or future operating performance. Our definitions and calculations of these items may not necessarily be the same as those used by other companies. Adjusted EBITDA is not a measure of liquidity or profitability and should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure determined in accordance with U.S. GAAP.

Cash Available For Distribution (CAFD)

We define CAFD as net cash provided by operating activities of Terra LLC as adjusted for certain other cash flow items that we associate with our operations. It is a non-GAAP measure of our ability to generate cash to service our dividends. As used in this report, CAFD represents net cash provided by (used in) operating activities of Terra LLC (i) plus or minus changes in assets and liabilities as reflected on our statements of cash flows, (ii) minus deposits into (or plus withdrawals from) restricted cash accounts required by project financing arrangements to the extent they decrease (or increase) cash provided by operating activities, (iii) minus cash distributions paid to non-controlling interests in our renewable energy facilities, if any, (iv) minus scheduled project-level and other debt service payments and repayments in accordance with the related borrowing arrangements, to the extent they are paid from operating cash flows during a period, (v) minus non-expansionary capital expenditures, if any, to the extent they are paid from operating cash flows during a period, (vi) plus cash contributions from SunEdison pursuant to the Interest Payment Agreement and the Amended Interest Payment Agreement, (vii) plus operating costs and expenses paid by SunEdison pursuant to the MSA to the extent such costs or expenses exceed the fee payable by us pursuant to such agreement but otherwise reduce our net cash provided by operating activities and (viii) plus or minus operating items as necessary to present the cash flows we deem representative of our core business operations, with the approval of the audit committee. CAFD is a non-GAAP measure and should not be considered an alternative to net income (loss), net cash provided by operating activities or any other liquidity measure determined in accordance with U.S. GAAP, nor is it indicative of funds available to fund our cash needs.

Restricted Cash Accounting Policy Change

Note: As of December 31, 2015, TerraForm Power changed its policy regarding restricted cash to characterize the following as restricted cash: (i) cash on deposit in collateral accounts, debt service reserve accounts, maintenance and other reserve accounts, and (ii) cash on deposit in operating accounts but subject to distribution restrictions relating to covenant defaults on debt existing as of the balance sheet date. **Previously, project-level cash available for operating purposes, but subject to compliance procedures and lender approvals prior to distribution from project level accounts, was also considered restricted. This project-level cash is now considered unrestricted but is designated as unavailable for immediate corporate purposes.** The impact of the new accounting policy on reported CAFD is immaterial for 2015 and is expected to be immaterial for 2016.

Reg G: Reconciliation of Net Operating Revenue to Adjusted Revenue (Midpoint of Range)

$M, unless otherwise noted

	2015	1Q 2016
Net Operating Revenue (Midpoint of Range)	$470	$155
Unrealized loss (gain) on derivatives, net (a)	1	(0)
Amortization of favorable and unfavorable rate revenue contracts, net (b)	5	9
Other non-cash (c)	(9)	(2)
Adjusted Revenue - Midpoint of Range	**$467**	**$162**

a) Represents the change in the fair value of commodity contracts not designated as hedges.

b) Represents net amortization of favorable and unfavorable rate revenue contracts included within operating revenues, net.

c) Primarily represents deferred revenue recognized related to the upfront sale of investment tax credits to non-controlling interest members.

Reg G: Reconciliation of Net Loss to Adjusted EBITDA (Midpoint of Range)

$M, unless otherwise noted

	2015	1Q 2016
Net loss (Midpoint of Range)	($192)	($39)
Add (subtract):		
Interest expense, net (a)	168	69
Income tax benefit	(11)	0
Depreciation, accretion and amortization expense (b)	167	74
General and administrative expenses - affiliate (c)	53	19
Stock-based compensation expense	13	1
Acquisition and related costs, including affiliate (d)	55	3
Loss on prepaid warranty and other investments (e)	57	-
Unrealized loss on derivatives, net (f)	1	(0)
Loss on extinguishment of debt, net (g)	16	-
LAP settlement (h)	10	-
Facility-level non-controlling interest member transaction fees (i)	4	-
Loss (gain) on foreign currency exchange, net (j)	19	(5)
Other non-cash operating revenues (k)	(9)	(2)
Other non-operating expenses (l)	8	1
Adjusted EBITDA - Midpoint of Range	**$359**	**$121**

Footnotes to Reg G: Reconciliation of Net Loss to Adjusted EBITDA (Midpoint of Range)

a) We received an equity contribution of $4.0 million from SunEdison pursuant to the Interest Payment Agreement for the year ended December 31, 2015. We received an equity contribution from SunEdison of $6.6 million and $8.0 million pursuant to the Amended Interest Payment Agreement during the year ended December 31, 2015 and the three months ended March 31, 2016, respectively.

b) Includes a $5.3 million and $8.9 million reduction within operating revenues, net due to net amortization of favorable and unfavorable rate revenue contracts for the year ended December 31, 2015 and the three months ended March 31, 2016, respectively.

c) General and administrative expenses – affiliate represent costs incurred by SunEdison for services provided to the Company pursuant to the MSA. In conjunction with the closing of the IPO on July 23, 2014, we entered into the MSA with SunEdison, pursuant to which SunEdison agreed to provide or arrange for other service providers to provide management and administrative services to us. Cash consideration paid to SunEdison for these services for the year ended December 31, 2015 and the three months ended March 31, 2016 totaled $4.0 million and $1.8 million, respectively. The amount of general and administrative expenses in excess of the fees paid to SunEdison in each period is treated as an addback in the reconciliation of net income (loss) to Adjusted EBITDA.

d) Represents transaction related costs, including affiliate acquisition costs, associated with the acquisitions completed during the year ended December 31, 2015 and the three months ended March 31, 2016.

e) In conjunction with the First Wind Acquisition, SunEdison committed to reimburse us for capital expenditures and operations and maintenance labor fees in excess of budgeted amounts (not to exceed $53.9 million through 2019) for certain of our wind power plants. During the year ended December 31, 2015, the Company received contributions pursuant to this agreement of $4.3 million. As a result of the SunEdison Bankruptcy, the Company recorded a loss of $45.4 million related to the write-off of this prepaid warranty agreement, which is no longer considered collectible. In addition, during 2015, we made an investment in residential assets to be acquired from SunEdison. As a result of the SunEdison Bankruptcy, we do not expect to receive these assets and have recognized an $11.3 million loss related to this investment.

f) Represents the change in the fair value of commodity contracts not designated as hedges.

g) We recognized a net loss on extinguishment of debt of $16.2 million for the year ended December 31, 2015, driven by the following: i) the termination of the Term Loan and related interest rate swap, ii) the exchange of the previous revolver with a new revolving credit facility in January 2015, iii) prepayment of premium paid in conjunction with the payoff of First Wind indebtedness at the acquisition date, and iv) the refinancing of project-level indebtedness of our U.K. portfolio. These losses were partially offset by a gain resulting from the termination of financing lease obligations upon acquisition of the Duke Energy operating facility.

h) Pursuant to the Settlement Agreement, TERP made a one-time payment to LAP in the amount of $10.0 million in April 2016 in exchange for and contingent on the termination of the Arbitration against TERP. The expense incurred as a result of the one-time payment was recorded to general and administrative expenses for the year ended December 31, 2015.

i) Represents professional fees for legal, tax, and accounting services related to entering into certain tax equity financing arrangements and are not deemed representative of our core business operations.

j) We incurred a net loss of $19.5 million and a net gain of $5.1 million on foreign currency exchange for the year ended December 31, 2015 and the three months ended March 31, 2016, respectively, due primarily to unrealized gains/losses on the re-measurement of intercompany loans which are primarily denominated in British pounds.

k) Primarily represents deferred revenue recognized related to the upfront sale of investment tax credits to non-controlling interest members.

l) Represents certain other non-cash charges or unusual or non-recurring items that we believe are not representative of our core business or future operating performance.

Reg G: Reconciliation of Cash from Operations to CAFD (Midpoint of Range)

$M, unless otherwise noted

Adjustments to reconcile net cash provided by operating activities to cash available for distribution:	2015	1Q 2016
Net cash provided by operating activities (Midpoint of Range)	$122	$35
Changes in operating assets and liabilities	(23)	5
Deposits (into) or withdrawals from restricted cash accounts	7	(9)
Cash distributions to non-controlling interests	(24)	(2)
Scheduled project level and other debt service and repayments	(44)	(7)
Non-expansionary capital expenditures	(23)	(3)
Other:		
General and administrative expenses - affiliate (a)	53	19
Acquisition and related costs, including affiliate (b)	55	3
Change in accrued interest	13	0
LAP settlement (c)	10	-
Economic ownership adjustment (d)	54	-
Facility-level non-controlling interest member transaction fees (e)	4	-
Contributions received pursuant to agreements with SunEdison (f)	15	8
Other items	10	13
Estimated cash available for distribution - Midpoint of Range (g)	**$229**	**$62**

Footnotes to Reg G: Reconciliation of Cash from Operations to CAFD (Midpoint of Range)

a) General and administrative expenses – affiliate represent costs incurred by SunEdison for services provided to the Company pursuant to the MSA. In conjunction with the closing of the IPO on July 23, 2014, we entered into the MSA with SunEdison, pursuant to which SunEdison agreed to provide or arrange for other service providers to provide management and administrative services to us. Cash consideration paid to SunEdison for these services for the year ended December 31, 2015 and the three months ended March 31, 2016 totaled $4.0 million and $1.8 million, respectively. The amount of general and administrative expenses in excess of the fees paid to SunEdison in each period is treated as an addback in the reconciliation of net cash provided by operating activities to CAFD.

b) Represents transaction related costs, including affiliate acquisition costs, associated with the acquisitions completed during the year ended December 31, 2015 and the three months ended March 31, 2016.

c) Pursuant to the Settlement Agreement, TERP made a one-time payment to LAP in the amount of $10.0 million in April 2016 in exchange for and contingent on the termination of the Arbitration against TERP. The expense incurred as a result of the one-time payment was recorded to general and administrative expenses for the year ended December 31, 2015.

d) Represents economic ownership of certain acquired operating assets which accrued to us prior to the acquisition close date. The amount recognized for the year ended December 31, 2015 primarily related to our acquisition of Invenergy Wind, First Wind, and Northern Lights. Per the terms of the Invenergy Wind acquisition, we received economic ownership of the Invenergy Wind assets effective July 1, 2015 and $40.6 million of CAFD accrued to us from July 1, 2015 through the December 15, 2015 closing date. Per the terms of the First Wind acquisition, we received economic ownership of the First Wind operating assets effective January 1, 2015 and $7.2 million of CAFD accrued to us from January 1, 2015 through the January 29, 2015 closing date. Per the terms of the Northern Lights acquisition, we received economic ownership of the Northern Lights facilities effective January 1, 2015 and $3.7 million of CAFD accrued to us from January 1, 2015 through the June 30, 2015 closing date. The remaining $2.7 million of economic ownership related to our acquisitions of Moose Power and Integrys, which both closed in the second quarter of 2015.

e) Represents professional fees for legal, tax, and accounting services related to entering into certain tax equity financing arrangements and are not deemed representative of our core business operations.

f) We received an equity contribution of $4.0 million from SunEdison pursuant to the Interest Payment Agreement for the year ended December 31, 2015. We received an equity contribution from SunEdison of $6.6 million and $8.0 million pursuant to the Amended Interest Payment Agreement during the year ended December 31, 2015 and the three months ended March 31, 2016, respectively. In addition, in conjunction with the First Wind Acquisition, SunEdison committed to reimburse us for capital expenditures and operations and maintenance labor fees in excess of budgeted amounts (not to exceed $53.9 million through 2019) for certain of our wind power plants. During the year ended December 31, 2015, the Company received contributions pursuant to this agreement of $4.3 million.

g) TERP implemented an updated policy for the accounting for restricted cash effective for the year ending December 31, 2015. The impact of the new accounting policy on reported CAFD is immaterial for 2015 and is expected to be immaterial for 2016. However, the new policy causes timing differences in quarter-to-quarter CAFD recognition within a calendar year, and 1Q 2016 CAFD would be estimated to be in the range of $20 million to $28 million if reported under the prior policy. For a full discussion of the new policy for accounting for restricted cash, please refer to page 14 of this document.

TerraForm POWER

a SunEdison company

Exhibit 99.3

TERRAFORM POWER, INC.

RISK FACTORS

July 26, 2016

The following pages discuss the principal risks we face. These include, but are not limited to, risks arising from the bankruptcy of our controlling shareholder, SunEdison. These risk factors update the discussion of risks included in our annual report on Form 10-K for the fiscal year ended December 31, 2014, and in our Form 10-Q for the period ended September 30, 2015, which contains the most recent interim financial statements that we have filed with the Securities and Exchange Commission. Some of the terms used in the discussion below are defined in our Form 10-K or Form 10-Q, or in subsequent Form 8-K's that we have filed or furnished with the Securities and Exchange Commission.

Risks Related to our Delayed Exchange Act Filings

Delays in our filing of our Form 10-K for the fiscal year ended December 31, 2015 and Form 10-Q for the fiscal quarter ended March 31, 2016, as well as delays in preparation of audited financial statements at the project level could have a material adverse effect.

We have not filed our Form 10-K for the fiscal year ended December 31, 2015 or Form 10-Q for the fiscal quarter ended March 31, 2016 principally due to the need to complete all steps and tasks necessary to finalize our annual financial statements and other disclosures. On March 15, 2016, we received a notification letter from a Director of Nasdaq Listing Qualifications. The notification letter stated that because the Company had not yet filed its Form 10-Q for the quarter ended March 31, 2016, and because it remained delinquent in filing its Form 10-K for the year ended December 31, 2015 the Company was not in compliance with Nasdaq Listing Rule 5250(c)(1). On May 12, 2016, we received an additional notification letter from a Director of Nasdaq Listing Qualifications. The notification letter stated that because the Company had not yet filed its Form 10-Q for the quarter ended March 31, 2016, the Company was not in compliance with Nasdaq Listing Rule 5250(c)(1). On May 16, 2016, in compliance with the deadline specified in the notification letters, the Company submitted a plan to Nasdaq as to how it plans to regain compliance with Nasdaq's continued listing requirements. On May 20, 2016, the Company received a letter from a Director of Nasdaq Listing Qualifications granting the Company an exception of 180 calendar days from the due date of the Form 10-K for the year ended December 31, 2015, or until September 12, 2016, to regain compliance with Nasdaq's continued listing requirements. The Company may regain compliance at any time during the extension period upon filing with the SEC its Form 10-K for the fiscal year ended December 31, 2015, Form 10-Q for the quarter ended March 31, 2016, as well as all subsequent required periodic financial reports that are due within that period.

In accordance with the current terms of our Revolver, we delivered to the lenders thereunder unaudited financial statements for the fiscal quarter ended March 31, 2016 by June 30, 2016. The Revolver also requires us to deliver our financial statements and the accompanying audit report with respect to fiscal year 2015 by the earlier of (a) the tenth business day prior to the date on which the failure to deliver such financial statements would constitute an event of default under our Senior Notes due 2023 and (b) March 30, 2017. The Revolver also requires us to deliver unaudited financial statements with respect to fiscal quarters ending June 30, 2016 and September 30, 2016, by the date that is 75 days after the end of each fiscal quarter. If we are unable to provide such annual statements and report or quarterly statements before the end of the cure period or to obtain an additional waiver or forbearance, the lenders could accelerate the maturity of this facility, which would result in an event of default under our Senior Notes due 2023 and 2025.

The Senior Notes due 2023 and 2025 require the Company to deliver audited financial statements for the fiscal year 2015 and a quarterly reports for the fiscal quarter ended March 31, 2016 and the fiscal quarter ended June 30 no later than 60 days following the date required by the SEC's rules and regulations (including extensions thereof), with a 90 day grace period upon providing written notice in accordance with the Senior Notes due 2023 and 2025. If we are unable to provide such a report and statements before the end of the cure period, the trustee or the holders of at least 25% in aggregate principal amount of notes outstanding could accelerate the notes under the indenture, which would also result in a cross default under the Revolver that would permit the lenders holding more than 50% of the aggregate exposure under the Revolver to accelerate the outstanding principal amount of loans and terminate the outstanding commitments under our Revolver.

On June 24, 2016, the Company announced the commencement by Terra Operating, LLC of a consent solicitation from holders of record as of 5:00 p.m., New York City time, on June 23, 2016 of its Senior Notes due 2023 and 2025 to obtain waivers of reporting covenants related to the delivery of audited financial statements under the indentures, in each case, through December 31, 2016, in exchange for payment of a consent fee and monthly waiver extension fees beginning on August 29, 2016. The consent solicitation is set to expire on July 29, 2016.

The delay in our Form 10-K and audited financial statements and our Form 10-Qs may impair our ability to obtain financing and access the capital markets. An inability to obtaining financing may have a material adverse effect on our ability to grow our business, acquire assets through acquisitions or optimize our portfolio and capital structure. Additionally, the delay in audited financial statements may reduce the comfort of our board of directors (the “Board”) with approving the payment of dividends.

Audited financial statements at the project-level have also been delayed. This delay and the delay in SunEdison’s audited financial statements have created defaults under most its non-recourse financing agreements,[1] which, if not cured or waived may restrict the ability of the project-level subsidiaries to make distributions to us or entitle the related lenders to demand repayment or enforce their security interests, which could have a material adverse effect on our business, results of operations, financial condition and ability to pay dividends.

Risks Related to our Relationship with SunEdison and the SunEdison Bankruptcy

We are highly dependent on SunEdison and the SunEdison Bankruptcy poses substantial risk to our business, operations and financial condition.

We have significant relationships with, and in certain areas depend significantly on, SunEdison, for important corporate and project services, acquisitions and other matters, including the asset management and operation and maintenance of most of our projects. Because of our dependence on SunEdison, the risks and uncertainties of the SunEdison Bankruptcy pose a substantial risk to our business, operations and financial condition. The SunEdison Bankruptcy is likely to have (or has had) a material adverse effect on our business, results of operations and financial condition and these risks and uncertainties could increase the impact of the SunEdison Bankruptcy. Although the SunEdison Bankruptcy poses risks to our financial condition due to the potential resulting costs and diminished revenues, the Company does not rely substantially on SunEdison for funding or liquidity and believes that the Company continues to have sufficient liquidity to support its ongoing operations.

Such risks and uncertainties of the SunEdison Bankruptcy include:

- SunEdison’s decisions during bankruptcy, including what contracts it seeks to assume, assume and assign or reject or what dispositions it chooses to make, potential opposition to such decisions from SunEdison’s creditors and other parties in interest and the requirement that the bankruptcy court approve many of SunEdison’s decisions during bankruptcy, including the assumption, assumption and assignment or rejection of contracts by SunEdison and any transactions entered into by SunEdison outside the ordinary course of business;
- SunEdison’s ability to confirm and consummate a plan of reorganization;
- SunEdison’s ability to maintain or obtain sufficient financing sources for its operations during the pendency of the bankruptcy or to obtain sufficient exit financing;
- The bankruptcy court’s rulings, which as a result of the bankruptcy court’s equitable powers, are difficult to predict with any certainty;

- Potential increased difficulty in retaining and motivating SunEdison’s key employees through the process of reorganization, and increased difficulty in attracting new employees;
- The actions and decisions of SunEdison’s stakeholders, including creditors, regulators and other third parties;
- The resolution of intercompany claims between us and SunEdison.

The SunEdison Bankruptcy could result in a liquidation of SunEdison. Because of our dependence on SunEdison, a liquidation of SunEdison is likely to have a material adverse effect on our business, results of operations and financial condition. A disorganized liquidation would increase the risk of material adverse effect on our business.

We rely on SunEdison for management services. Breach, rejection or renegotiation of the Management Services Agreement by SunEdison or the departure of some or all of SunEdison’s employees could have a material adverse effect on our business, results of operations and financial condition.

We rely on SunEdison to provide us with management services under the MSA, including management, secretarial, accounting, banking, treasury, administrative, regulatory and reporting functions (including critical systems and technology); developing and implementing business strategy (such as recommending acquisitions, dispositions and the raising of funds and, assisting in such matters where requested); maintenance of books and records; calculation and payment of taxes; and preparation of audited and unaudited financial statements.

In addition to the termination provisions within the MSA, as described under the risk factor *“SunEdison is a party to important agreements at the corporate and project-levels, which may be adversely affected by the SunEdison Bankruptcy*,” SunEdison could also seek to reject or renegotiate the MSA as part of the SunEdison Bankruptcy. If SunEdison terminates or rejects the MSA, or defaults or is otherwise unable or unwilling to perform its obligations under the agreement or seeks to significantly renegotiate the agreement, we may be unable to contract with a substitute service provider on similar terms or at all. We may also be unable to perform the services ourselves, through hiring employees and migrating or establishing separate systems. The fees of substitute service providers or the costs of performing all or a portion of the services ourselves would likely be substantially more than the fees that we currently pay under the MSA, which are subject to caps of $7.0 million and $9.0 million for 2016 and 2017, respectively. In addition, in light of SunEdison’s familiarity with our assets, a substitute service provider may not be able to provide the same level of service. If we cannot locate a service provider that is able to provide us with substantially similar services as SunEdison does under the MSA on similar terms, or perform those services ourselves, it would likely have a material adverse effect on our business, financial condition, and results of operations.

Due to our relationship with SunEdison under the MSA, all of the personnel that manage the Company's operations are employees of SunEdison except for our Chairman and Interim Chief Executive Officer Mr. Blackmore. Our growth strategy relies on our executive officers and key employees for their strategic guidance and expertise in the selection of renewable energy facilities that we may acquire in the future. As the solar energy industry and wind energy industry are relatively new, there is a scarcity of experienced executives and employees in these industries and the clean energy industry more widely. SunEdison has experienced departures of key professionals and personnel in the past, including the recent departure of several key employees. The departure of key employees or the departure of a material number of SunEdison’s employees who perform services for us or on our behalf, the failure to appoint qualified or effective successors in the event of such departures or a change to the MSA as described above, could have a material adverse effect on our ability to achieve our objectives. The MSA does not require SunEdison to maintain the employment of any of its professionals or, except with respect to the dedicated TerraForm Power personnel, to cause any particular professional to provide services to us or on our behalf and SunEdison may terminate the employment of any professional. In addition to our dependence on SunEdison’s employees pursuant to the MSA, we rely on the employees of SunEdison’s global asset management business unit and its associated entities for the operation, maintenance and asset management of most of our projects, pursuant to project level operation and maintenance and asset management agreements. The departure of employees of SunEdison's global asset management business unit could have a material adverse effect on the performance of these services, and several such employees have recently departed from SunEdison.

The SunEdison Bankruptcy will limit SunEdison's ability to provide certain types of compensation to its employees without authorization from the bankruptcy court, and may increase the likelihood that other executive officers or key employees to choose to depart SunEdison, including employees that are solely dedicated to performing services for our benefit. Furthermore, SunEdison may elect to reduce its employee headcount as part of the SunEdison Bankruptcy process. Departure of such key executives and other employees, including employees that are solely dedicated to performing services for our benefit or are performing under our project level operation and maintenance and asset management agreements, could have a material adverse effect on our business, results of operations and financial condition.

Due to our management services arrangement with SunEdison under the MSA, our financial reporting and control processes rely to a significant extent on SunEdison systems and personnel.

Under the MSA, SunEdison provides the systems and personnel for our financial reporting and control processes (such as information technology, enterprise resource management and accounting systems) and, as a result, our financial reporting and control processes rely to a significant extent on SunEdison systems and personnel. If there are control deficiencies at SunEdison, including with respect to the systems we utilize, it is necessary for us to assess whether those deficiencies could affect our financial reporting and, if so, address them to the extent necessary and appropriate.

On February 29, 2016, SunEdison announced that its delay in filing its Form 10-K was principally due to (1) the need to complete all tasks and steps necessary to finalize the annual financial statements and the other disclosures required to be included in that filing, and (2) ongoing inquiries and investigations by the audit committee of its board of directors and its advisors relating to allegations concerning the accuracy of SunEdison's anticipated financial position based on certain issues raised by former executives and current and former employees of SunEdison. On March 16, SunEdison announced a further delay in filing its Form 10-K, stating that this delay was due to the additional scope of work required from the identification by SunEdison's management of material weaknesses in its internal controls over financial reporting, primarily due to deficient information technology controls in connection with newly implemented systems. On April 14, SunEdison announced that the independent directors of the board of SunEdison completed their evaluation of materials regarding the anticipated financial position previously disclosed to SunEdison's board based on allegations made by former executives and current and former employees. SunEdison announced that the independent directors determined that as of date of the report from independent counsel, there were no identified material misstatements in SunEdison's historical financial statements as well as no substantial evidence to support a finding of fraud or willful misconduct of management, other than with respect to the conduct of one former non-executive employee, but that the independent counsel materials identified issues with SunEdison's overly optimistic culture and its tone at the top. The independent directors of SunEdison also identified several issues regarding the Company's cash forecasting and liquidity management practices and adopted a remedial plan (the "SunEdison Remedial Plan").

We have been assessing whether these issues could affect our financial statements. This assessment could continue to require significant internal resources and management time. To date, we have not identified any material misstatements or restatements of our audited or unaudited financial statements or disclosures for any period previously reported. The material weaknesses that we have identified as of the date hereof and the associated risks of such or other material weaknesses are described under "Our failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act as a public company could have a material adverse effect on our business and share price." For a discussion of the consequences of the delay in our audited financial statements, see "*Delays in our filing of our Form 10-K for the fiscal year ended December 31, 2015 and Form 10-Q for the fiscal quarter ended March 31, 2016, as well as delays in preparation of audited financial statements at the project level could have a material adverse effect" above.*

Implementing additional controls and procedures and taking remedial actions could require substantial time and resources and we can provide no assurance that our ongoing review will not identify additional material weaknesses or other issues that would require remediation.

The SunEdison Bankruptcy could result in a material adverse effect on many of our projects because SunEdison is a party to a material project agreement or a guarantor thereof, or because SunEdison was the original owner of the project.

In most of our debt-financed projects, SunEdison is a party to one or more material project agreements, including asset management or O&M agreements in its capacity as our O&M provider or asset manager, or is a guarantor of the obligations of those service providers. Many of our project-debt financing agreements contain covenants or defaults relating to such agreements or guarantees. As a result, the SunEdison Bankruptcy could result in (or may have resulted in) defaults under many of our project-debt financing agreements, which are generally curable. We are currently working with our project lenders and finance parties to obtain waivers and/or forbearance agreements as we seek to cure such defaults; however, no assurances can be given that such waivers and/or forbearance agreements will be obtained. Similarly, in most of our tax equity-financed projects, SunEdison is a party to one or more material project agreements, including asset management or O&M contract agreements, or is a guarantor thereof. Many of our tax equity financed project agreements contain provisions related to, or that could be impacted by, such agreements. As a result, the SunEdison Bankruptcy could result in adverse consequences to us under many of our tax equity-financed projects. Although most of the capital contributions from our tax equity partners have been fully funded, certain facilities have not been fully funded for which the SunEdison Bankruptcy also cause our tax equity partner to assert the right not to fund additional capital contributions. Several of our tax-equity projects are structured as master lease arrangements, under which the SunEdison Bankruptcy may trigger termination rights of the applicable tax investors.

Such defaults in our debt-financed projects and adverse consequences to us in tax equity-financed projects, if not cured or waived, may restrict the ability of the project-level subsidiaries to make distributions to us. These defaults may also entitle the related lenders or lessees under the master lease arrangements to demand repayment, sweep or net project cash flows or enforce their security interests, which could have a material adverse effect on our business, results of operations and financial condition. If we are unable to make distributions from our project-level subsidiaries, it would likely have a material adverse effect on our ability to service our corporate-level indebtedness and pay dividends to holders of our Class A common stock.

While our relevant review remains ongoing, we have not identified any significant PPAs that include a provision that would directly permit the offtake counterparty to terminate the agreement in the event of a SunEdison bankruptcy. However, to date we have identified a PPA that contains an event of default that can be triggered by certain events of default under the related project-level credit agreements. It is possible that the SunEdison Bankruptcy or our failure to deliver project-level audited financial statements could be an event of default under the corresponding credit agreements if the bankruptcy could reasonably be expected to result in a material adverse effect or the borrower is unable to replace the debtor party or parties triggering such an event of default. This project is expected to provide approximately $8.3 million of project-level cash available for distribution for 2016. We are working to obtain waivers or forbearance agreements from our project level lenders that would avoid triggering this default under this PPA. Although we believe our lenders will likely be incentivized to take steps to avoid defaults under this PPA given the importance of maintaining our PPAs, we cannot be certain that we will be permitted to replace the debtor parties during the pendency of the SunEdison Bankruptcy.

Although SunEdison continues to indicate its intent to perform under the O&M and asset management agreements, as detailed under "*SunEdison is a party to important agreements at the corporate and project-levels, which may be adversely affected by the SunEdison Bankruptcy*," SunEdison may choose in the future during the SunEdison Bankruptcy not to perform under or assume any or all of the O&M and asset management agreements, and the bankruptcy court also may decline to authorize the assumption of any or all of the O&M and asset management agreements. If SunEdison does not substantially perform under these agreements or rejects these agreements and we are unable to secure replacement service providers, it could lead to defaults under the terms of project-level debt contracts, hedging agreements, and tax equity agreements, as well as adverse consequences for our unlevered projects. An inability to secure replacement service providers and the resulting defaults and other consequences would be expected to have a material adverse effect on our business, results of operations and financial condition. Securing replacement service providers on less favorable terms or at higher costs than our existing contracts could also have a material adverse effect on our business, results of operations and financial condition. Additionally, if we are unable to enter into long-term replacement agreements to provide for O&M and asset management and other required services for our facilities, we would seek to purchase the related services under short-term agreements, exposing us to market price volatility.

SunEdison was the construction contractor or module supplier for many of our projects, and it is unlikely that we will be able to recover on any claims under those contracts or related warranties.

SunEdison served as the prime construction contractor pursuant to engineering, procurement and construction contracts with our subsidiaries for most of our renewable energy facilities acquired from SunEdison. These contracts are generally fixed price, turn-key construction contracts that include workmanship and other warranties with respect to the design and construction of the facilities that survive for a period of time after the completion of construction. These contracts or related contracts (including operation and maintenance agreements) also often include production or availability guarantees with respect to the output or availability of the facility that survive completion of construction. Moreover, we also generally obtained solar module warranties from SunEdison, including module workmanship warranties and output guarantees, for those solar facilities that we acquired from SunEdison that utilized SunEdison modules. Because of these relationships, we have existing warranty or contract claims and will likely in the future have such claims. The SunEdison Bankruptcy will likely reduce or eliminate our recoveries on claims under these agreements and warranties, which may have a material adverse effect on our business, results of operation and financial condition.

SunEdison is a party to important agreements at the corporate and project-levels, which may be adversely affected by the SunEdison Bankruptcy.

As detailed in other risk factors under “Risks Related to our Relationship with SunEdison and the SunEdison Bankruptcy,” we have a number of important agreements with SunEdison at the corporate and project-levels and for acquisitions. In addition to those agreements, SunEdison also has cash payment obligations under the Amended Interest Payment Agreement, which are expected to be an additional $8.0 million during the remainder of 2016 ($8.0 million was paid in the first quarter of 2016) and $16.0 million in 2017 and in conjunction with the First Wind acquisitions has committed to reimburse the Company for capital expenditures and operations and maintenance and labor fees in excess of budgeted amounts (not to exceed $53.9 million through 2019) for certain of its wind power plants.

The SunEdison Bankruptcy could adversely affect these agreements in a number of respects. For example, the protection of the automatic stay, which arises upon the commencement of a bankruptcy case, prohibits us from terminating a contract with any of the debtor entities (which includes SunEdison, Inc.). Similarly, the Bankruptcy Code invalidates certain clauses that permit a party to terminate an executory contract (a contract where both parties have performance remaining) based on the counterparty’s financial condition, insolvency or commencement of bankruptcy proceedings. Legal proceedings to obtain relief from the automatic stay, to terminate agreements or to enforce rights under agreements can be time consuming, costly and uncertain as to outcome. SunEdison may require bankruptcy court approval in order to continue performing under certain agreements. Agreements with entities that are debtors may not be enforceable until SunEdison seeks (and receives) bankruptcy court approval to assume (accept) those contracts. SunEdison has discretion on whether to seek to assume, assume and assign (in certain cases) or reject executory contracts and we do not control this decision. Approval of the bankruptcy court is required for such assumption, assumption and assignment or rejection and parties in interest have the right to object to such assumption, assumption and assignment or rejection. Although assumption, assumption and assignment or rejection generally must be of the entire agreement, SunEdison could alternatively seek to renegotiate such contracts with us. SunEdison has agreed and could agree in the future to provisions in its DIP financing that limit its ability to perform under agreements with us and that give the DIP lenders significant power over such performance.

Our ability to recover for breach, failure to perform or rejection of contracts (particularly for prepetition claims) is likely to be limited, and may be eliminated, depending on the recoveries generally for SunEdison’s unsecured creditors, due to competing claims with higher priority and the limited financial resources of SunEdison.

These effects of the SunEdison Bankruptcy on our agreements with SunEdison could also have a material adverse effect on our business, results of operations and financial condition.

Our audited financial statements for the year ended December 31, 2015 may include a going concern explanatory note because of the risk that our assets and liabilities could be consolidated with those of SunEdison in the SunEdison Bankruptcy.

We believe that we have observed formalities and operating procedures to maintain our separate existence from SunEdison, that our assets and liabilities can be readily identified as distinct from those of SunEdison and that we do not rely substantially on SunEdison for funding or liquidity and will have sufficient liquidity to support our ongoing operations. Our contingency planning with respect to the SunEdison Bankruptcy has included and will include, among other things, establishing stand-alone information technology, accounting and other critical systems and infrastructure, establishing separate human resources systems and employee retention efforts, and seeking proposals for backup operation and maintenance and asset management services for our power plants from other providers.

However, there is a risk that an interested party in the SunEdison Bankruptcy could request that the assets and liabilities of the Company be substantively consolidated with SunEdison and that the Company and/or its assets and liabilities be included in the SunEdison Bankruptcy. Substantive consolidation is an equitable remedy in bankruptcy that results in the pooling of assets and liabilities of the debtor and one or more of its affiliates solely for purposes of the bankruptcy case, including for purposes of distributions to creditors and voting on and treatment under a reorganization plan. While it has not been requested to date and we believe there is no basis for substantive consolidation in our circumstances, we cannot provide assurance that substantive consolidation will not be requested in the future or that the bankruptcy court would not consider it.

To the extent the bankruptcy court were to determine that substantive consolidation was appropriate under the facts and circumstances, then the assets and liabilities of any entity that was subject to the substantive consolidation order could be available to help satisfy the debt or contractual obligations of other entities. Bankruptcy courts have broad equitable powers, and as a result, outcomes in bankruptcy proceedings are inherently difficult to predict. Due to the significant liabilities of SunEdison, substantive consolidation of the Company with SunEdison and inclusion in the SunEdison Bankruptcy would impede our ability to satisfy our liabilities in the normal course of business and otherwise restrict our operations and capacity to function as a standalone enterprise. As a result of the foregoing, our financial statements for the year ended December 31, 2015 or the related audit report may include an explanatory note regarding the Company's ability to continue as a going concern. An event of default under our Revolver may occur to the extent that any such explanatory note or references thereto in the related audit report would constitute a failure to deliver financial statements or an audit report that is unqualified as to going concern. If this were to occur, lenders representing 50% of the aggregate exposure under our Revolver could accelerate the maturity of the Revolver, which would result in an event of default under our Senior Notes due 2023 and 2025.

We have expended and may continue to expend significant resources in connection with the SunEdison Bankruptcy.

Due to SunEdison's liquidity constraints and in preparation for the SunEdison Bankruptcy, we have expended significant resources on contingency planning. During the SunEdison Bankruptcy, we have expended significant resources in connection with the SunEdison Bankruptcy and related matters, including legal fees, consultant and financial advisor fees and related expenses, and it is likely that such expenses will continue during the duration of the SunEdison Bankruptcy. We have also dedicated, and anticipate that we will continue to dedicate, significant internal resources and management time to contingency planning and to addressing the consequences of the SunEdison Bankruptcy. This could reduce the internal time and resources available for other areas of our business, and substantially increase our operating expenses.

The SunEdison Bankruptcy has subjected us to increased litigation risk.

The SunEdison Bankruptcy has increased the risk that we will be subject to litigation and could increase our potential exposure to litigation costs. In particular, there is a risk that SunEdison or its creditors may bring actions against us to avoid payment made to us by SunEdison or transactions that we consummated with SunEdison. We also face increased risks of liability and litigation to the extent that the SunEdison Bankruptcy results in SunEdison becoming unable to fulfill its contractual commitments in circumstances where the Company has a financial interest (for example, with respect to projects that have been paid for but have not been transferred).

Additionally, because our directors' and officers' insurance policies through the period of July 15, 2016 are shared with SunEdison, including a number of policies under which SunEdison is the named insured, the SunEdison Bankruptcy will limit our ability to utilize such insurance to cover the liability of, and our indemnification obligations to, our directors and officers. This may materially adversely affect our business, financial condition and results of operations.

Our growth strategy has been substantially dependent on SunEdison and the SunEdison Bankruptcy could have a material adverse effect on our future growth.

Our business, including our growth strategy, has been substantially dependent on SunEdison, including its ability to obtain financing and generate sufficient cash to adequately fund its operations and on SunEdison's ability to fund the construction and development of Call Right Projects under the Support Agreement and the Intercompany Agreement. As detailed under "*SunEdison may offer certain Call Right Projects to unaffiliated third parties or remove Call Right Projects identified in the Support Agreement and in the Intercompany Agreement and we must still agree on a number of additional matters covered by the Support Agreement,*" as part of the SunEdison Bankruptcy, SunEdison may seek to reject the Support Agreement, Intercompany Agreement or other agreements with respect to the Call Rights Projects or may elect not to perform under such agreements, or may not be permitted to assume and/or perform under such agreements by the bankruptcy court. In addition, even if SunEdison is willing to satisfy its obligations to us under the Support Agreement, Intercompany Agreement or other agreements with respect to the Call Rights Projects, SunEdison must be able to fund the development and completion of projects to be transferred thereunder and there is substantial risk that SunEdison will be unable to do so. In addition, the approval of the Bankruptcy court and SunEdison's DIP lenders may also be required for the performance of these contracts outside of the ordinary course of business.

In addition, bankruptcy court and/or creditor approval would be required for performance under these contracts outside of the ordinary course of business. Acquisitions from SunEdison generally will be subject to bankruptcy court approval and/or the approval of SunEdison's key creditors during the SunEdison Bankruptcy, and receipt of such approvals cannot be assured. As a result, our financial and operating performance and prospects, including our ability to grow our dividend per share, may be affected by the performance, prospects, and priorities of SunEdison. Material adverse developments at SunEdison, including the SunEdison Bankruptcy, or changes in its strategic priorities may reduce our cash available for distribution and materially and adversely affect our growth, business, financial condition and results of operations.

The SunEdison Bankruptcy may adversely affect our relationships with current or potential counterparties.

We have important counterparties at every level of operations, including offtakers under the PPAs, corporate and project-level lenders, suppliers and service providers. The SunEdison Bankruptcy may damage our relationship with our counterparties due to concerns about the SunEdison Bankruptcy and its impact on our business. These concerns may cause counterparties to be less willing to grant waivers or forbearances if needed for other matters and more likely to enforce contractual provisions or reduce utilization of our services (or the provision of supplies or services) where the counterparty has flexibility in volume or duration. These concerns may also cause our existing or potential new counterparties to be less likely to enter into new agreements or to demand more expensive or onerous terms, credit support, security or other conditions. Damage to our existing or potential future counterparty relationships may materially and adversely affect our business, financial condition and results of operations, including our growth strategy.

SunEdison is our controlling stockholder and exercises substantial influence over TerraForm Power and may cause corporate actions to be taken even if its interests conflict with the interests of our other stockholders.

SunEdison beneficially owns all of our outstanding Class B common stock. Each share of our outstanding Class B common stock entitles SunEdison to 10 votes on all matters presented to our stockholders. As a result of its ownership of our Class B common stock, SunEdison possesses approximately 84.0% of the combined voting power of our stockholders even though SunEdison only owns approximately 34.5% of total shares outstanding (inclusive of Class A common stock and Class B common stock). As a result of this ownership, SunEdison has a substantial influence on our affairs and its voting power will constitute a large percentage of any quorum of our stockholders voting on any matter requiring the approval of our stockholders. Such matters include the election of directors, the adoption of amendments to our amended and restated certificate of incorporation and bylaws and approval of mergers or sale of all or substantially all of our assets. This concentration of ownership may also have the effect of delaying or preventing a change in control of our company or discouraging others from making tender offers for our shares, which could prevent stockholders from receiving a premium for their shares. In addition, SunEdison, for so long as it and its controlled affiliates possess a majority of the combined voting power, has the power, directly or indirectly, to appoint or remove all of our directors, including the members of our Corporate Governance and Conflicts Committee (the "Conflicts Committee") and all of our executive officers. SunEdison also has a right to specifically designate up to two additional directors to our Board until such time as SunEdison and its controlled affiliates cease to own shares representing a majority voting power in us. SunEdison may cause corporate actions to be taken even if its interests conflict with the interests of our other stockholders (including holders of our Class A common stock).

Other than personnel designated as dedicated to us, SunEdison personnel and support staff that provide services to us under the MSA are not required to, and we do not expect that they will, have as their primary responsibility the management and administration of our business or act exclusively for us. Under the MSA, SunEdison has the discretion to determine which of its employees, other than the designated TerraForm Power personnel, will perform assignments required to be provided to us under the MSA.

In connection with the SunEdison Bankruptcy, SunEdison has received final approval from the bankruptcy court for its DIP financing and related credit agreement. We expect SunEdison's DIP lenders will have significant control over SunEdison's interactions with us during the SunEdison Bankruptcy due to the covenants in the DIP credit agreement. The DIP credit agreement also gives substantial authority, on behalf of management of SunEdison, over the restructuring and the relationship between SunEdison and us to the chief restructuring officer of SunEdison, who has been appointed the chief executive officer of SunEdison. In connection with the SunEdison Bankruptcy, SunEdison will also be required to seek approval of the bankruptcy court prior to engaging in activities or transactions outside of the ordinary course of business, which activities or transactions could be challenged by parties in interest. The covenants in the DIP credit agreement or the bankruptcy may lead SunEdison to cause corporate actions to be taken by us even if the action conflict with the interests of our other stockholders (including holders of our Class A common stock).

Our organizational and ownership structure may create significant conflicts of interest that may be resolved in a manner that is not in our best interests or the best interests of holders of our Class A common stock and that may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our organizational and ownership structure involves a number of relationships that may give rise to certain conflicts of interest between us and holders of our Class A common stock, on the one hand, and SunEdison, on the other hand. We have entered into the MSA with SunEdison and our executive officers are employees of SunEdison, except for our Chairman and Interim Chief Executive Officer Mr. Blackmore. SunEdison is a related party under the applicable securities laws governing related party transactions and may have interests which differ from our interests or those of holders of our Class A common stock, including with respect to the types of acquisitions made, the timing and amount of dividends by TerraForm Power, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisers and service providers. We have a Conflicts Committee to assist us in addressing conflicts of interest as they arise. SunEdison, for so long as it and its controlled affiliates possess a majority of our combined voting power, has the power, directly or indirectly, to appoint or remove all of our directors and committee members, including the members of our Conflicts Committee, and our executive officers. These powers have affected and may in the future affect the functioning of our Conflicts Committee. On November 20, 2015, the members of our Conflicts Committee were removed by the Board from that committee and two of the three members subsequently resigned from our Board. In their resignation letters, these two independent directors stated that they did not believe they would be able to protect the interests of the shareholders going forward, and therefore resigned. In addition, contemporaneously, our Chief Executive Officer was removed as an officer and director and our Chief Financial Officer was removed as an officer. Our next Chief Executive Officer, who resigned on March 30, 2016, served as both the Chief Financial Officer of SunEdison and as the Chief Executive Officer of TerraForm Global, which may have created conflicts of interest during this period. These management changes have resulted in considerable negative publicity.

On June 1, 2016, the Company adopted an amendment to the Terra LLC Agreement creating an LLC Conflicts Committee, which is granted the exclusive power to exercise all of its rights, powers and authority as the sole managing member of Terra LLC to manage and control the business and affairs of Terra LLC and its controlled affiliates relating to or involving SunEdison and any of its affiliates (other than the Company and its controlled affiliates) until the first annual meeting of the Company's stockholders after December 31, 2016. There is a risk that this delegation will be revoked, or that the members of the LLC Conflicts Committee will be removed, each of which are permissible by a written instrument signed by the Company, acting in its capacity as managing member of Terra LLC, with either (i) the written consent of a majority of the LLC Conflicts Committee members then in office, or (ii) the prior approval of the holders (other than, directly or indirectly, SunEdison or its affiliates) of a majority of the outstanding shares of Class A common stock.

In addition, our dependence on SunEdison may make it more difficult to assess the benefits of any related party transaction with SunEdison to TerraForm Power and the short- and long-term consequences of our participation or lack of participation in a particular transaction. Any material transaction between us and SunEdison (including the waiver of rights with respect to the Call Right Projects and any ROFO Projects) are subject to our related party transaction policy, which will require prior approval of such transaction by our Conflicts Committee. There are inherent limitations in the ability of our Conflicts Committee to help us manage conflicts of interest or perceived conflicts of interest. Our various measures to address conflicts of interest, including our Conflicts Committee and our related party transaction approval policy has not prevented shareholders from instituting shareholder derivative claims related to conflicts of interest. Regardless of the merits of these claims, we may be required to expend significant management time and financial resources in the defense of these proceedings. Additionally, to the extent we fail to appropriately deal with conflicts of interest, or even if we are perceived to have failed to deal appropriately with any such conflicts, it could negatively impact our reputation and ability to raise additional funds and the willingness of counterparties to do business with us, all of which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our organizational and ownership structure is complex and has recently been subject to increased scrutiny and negative publicity, particularly relating to changes in our senior management and board of directors, which may have a material adverse effect on, among other things, the value of our securities and our ability to conduct our business, as well as subject us to increased litigation risk.

Our organizational and ownership structure is complex and has recently been subject to increased scrutiny, including inquiries from our stakeholders, litigation from activist shareholders and negative publicity. In particular, there has been considerable negative publicity in the media relating to the resignations and removals of certain members of our Board, including members of our Conflicts Committee, as well as the replacement of our Chief Executive Officer and Chief Financial Officer in November 2015. Negative publicity has also included allegations of breaches of fiduciary duty by our Board and our executive officers, perceived conflicts of interest among us, our executive officers and our affiliates and criticism of our and our affiliates' business strategies. Our reputation may be closely related to that of SunEdison, and the reputation and public image of SunEdison has suffered as a result of its financial condition and the SunEdison Bankruptcy. Such negative publicity may materially adversely impact our business in a number of ways, including, among other things:

- causing the trading value of our outstanding securities to diminish;
- damaging our reputation and adversely affecting the willingness of counterparties to do business with us, including obtaining consents and approvals from counterparties;
- subjecting us and our affiliates to increased risks of future litigation or affecting the course of our current litigation;
- disrupting our ability to execute our and our affiliates' business plans, including in respect of potential transactions with our affiliates, and potentially reducing our cash available for distribution; and
- limiting our ability to raise capital and refinance existing obligations.

SunEdison has pledged the shares of Class B common stock, Class B units and IDRs that it owns to its lenders under its credit facilities. If the lenders foreclose on these shares, the market price of our shares of Class A common stock could be materially adversely affected.

SunEdison has pledged all of the shares of Class B common stock, and a corresponding amount of the Class B units of Terra LLC, as well as our IDRs, that SunEdison owns to SunEdison's lenders as security under its DIP financing and its first and second lien credit facilities and outstanding second lien secured notes. Foreclosure by the lenders under the first and second lien credit facilities and outstanding second lien secured notes likely will be stayed during the pendency of the SunEdison Bankruptcy. However, if SunEdison breaches certain covenants and obligations in its DIP financing, an event of default or maturity of the DIP financing could result and the lenders could exercise their right to accelerate all the debt under the DIP financing and foreclose on the pledged shares (and a corresponding number of Class B units and IDRs). In addition, in the course of exploring financing alternatives, SunEdison could seek to sell all or a portion of its shares of Class B common stock and Class B units or IDRs or otherwise dispose of such interests to increase its liquidity profile or to effect acquisitions or other similar transactions. Foreclosures or transfers are subject to certain limitations in our governing documents, including that SunEdison (together with its controlled affiliates) must continue to own a number of Class B units equal to 25% of the units held by SunEdison upon completion of our IPO until the earlier of (i) three years from the completion of the IPO and (ii) the date that Terra LLC has made cash distributions in excess of the Third Target Distribution (as defined in Terra LLC's amended and restated operation agreement) for four quarters ("Class B Share Lock Up"). However, such limitations may not be enforceable against foreclosures or transfers occurring in connection with the SunEdison Bankruptcy, including foreclosures by the lenders under SunEdison's DIP financing.

Any future sale of the shares of Class A common stock received that have been converted from Class B common stock upon foreclosure of the pledged securities or upon the sale or other disposition of SunEdison's Class B common stock could cause the market price of our Class A common stock to decline. SunEdison, through wholly owned subsidiaries, owns 48,202,310 Class B units of Terra LLC, which are exchangeable (together with shares of our Class B common stock) for shares of our Class A common stock. Moreover, subject to the Class B Share Lock Up and certain other restrictions, we may have limited ability to consent to or otherwise influence or control the ultimate purchaser or purchasers of the Class A common stock sold by SunEdison. A foreclosure on or sale of the shares of our Class B common stock and of Class B units of Terra LLC's units held by SunEdison may result in a change of control. Among other potential implications, a change of control that results in a subsequent holder or holders of our stock gaining control of the Company without the consent of our Revolver lenders would constitute an event of default under our Revolver and would require Terra Operating to offer to repurchase its Senior Notes due 2023 and its Senior Notes due 2025 at 101% of the applicable principal amount, plus accrued and unpaid interest and additional interest, if any, to the repurchase date. Furthermore, a change of control would trigger a termination of the Amended Interest Payment Agreement. Any such change of control may have a material adverse effect on our business, financial condition, results of operation and cash flows.

A sale of SunEdison or a sale of SunEdison's ownership interest in us, may have a material adverse effect on our business, financial condition, results of operations and cash flows.

SunEdison could sell or transfer all or a portion of its ownership interests in us to an unaffiliated third party, including in a merger or consolidation or in a transfer of all or substantially all of its assets, and such sales or transfers may occur during the SunEdison Bankruptcy subject to the approval of the bankruptcy court. Previously, in connection with the extinguishment of certain of its outstanding indebtedness, SunEdison has sold a portion of their ownership of the Company's Class B shares, which upon transfer were converted into Class A shares of the Company, and could sell additional shares in the future in order to reduce indebtedness or raise capital, or in connection with its reorganization or liquidation in bankruptcy. If a new owner were to acquire ownership of SunEdison or acquire ownership of SunEdison's ownership interests in us, including in connection with the reorganization or liquidation of SunEdison in bankruptcy, and appoint new directors or officers of its own choosing, the new owner would be able to exercise substantial influence over our policies and procedures and exercise substantial influence over our management and the types of acquisitions we make. Such changes could result in our capital being used to make acquisitions that are substantially different from our targeted acquisitions and otherwise effect a significant change in our current business strategy. Additionally, we cannot predict with any certainty the effect that any transfer of ownership would have on the trading price of our Class A common stock or our ability to raise capital or make investments in the future, because such matters would depend to a large extent on the identity of the new owner and the new owner's intentions with regard to us. Subject to the Class B Share Lock Up and certain other restrictions, we may have limited ability to consent to or otherwise influence or control the ultimate purchaser or purchasers of the Class A common stock sold by SunEdison. The enforceability of such restrictions is described above in the risk factor *"SunEdison has pledged the shares of Class B common stock that it owns to its lenders under its credit facilities. If the lenders foreclose on these shares, the market price of our shares of Class A common stock could be materially adversely affected."*

Such changes could also result in termination of any agreements under which SunEdison provides operation and maintenance or asset management services to us. The risks of such terminations is described above in the risk factor "*We are highly dependent on SunEdison and the SunEdison Bankruptcy poses substantial risk to our business, operations and financial condition.*" In addition, our strategy relies on our executive officers and key personnel for their strategic guidance and expertise. The occurrence of such changes could result in the departure of one or more of these executive officers or key personnel. If we are unable to find suitable replacements, our ability to implement our strategy could be diminished. Additionally, the occurrence of such changes may trigger change of control provisions found in certain of our PPAs and non-recourse financing agreements as described in the Risk Factor "*Certain of our PPAs and non-recourse financing arrangements include provisions that would permit the counterparty to terminate the contract or accelerate maturity in the event SunEdison ceases, directly or indirectly, to control or own a certain percentage of our company.*" A change of control that results in a subsequent holder or holders of our stock gaining control of the Company without the consent of our Revolver lenders would also constitute an event of default under our Revolver and would require Terra Operating to offer to repurchase its Senior Notes due 2023 and our Senior Notes due 2025 at 101% of the applicable principal amount, plus accrued and unpaid interest and additional interest, if any, to the repurchase date. Furthermore, a change of control would trigger a termination of the Amended Interest Payment Agreement. SunEdison can enter into these transactions without needing the approval of our Class A common stockholders, but sales or transfers of SunEdison's ownership interests are subject to certain restrictions under our governing documents, including the Class B Share Lock Up.

Any such change of control may have a material adverse effect on our business, financial condition, results of operation and cash flows.

Certain of our PPAs and non-recourse financing arrangements include provisions that would permit the counterparty to terminate the contract or accelerate maturity in the event SunEdison ceases, directly or indirectly, to control or own a certain percentage of our company.

Certain of our PPAs and non-recourse financing arrangements may contain change in control provisions that provide the counterparty with a termination right or the ability to accelerate maturity in the event of a change of control without the counterparty's consent. These provisions are triggered in the event SunEdison ceases to own, directly or indirectly, capital stock representing more than 50% of the voting power, which is equal to an approximately 9% economic interest ownership, of all of our capital stock outstanding on such date. As a result, if SunEdison ceases to control us whether as a result of a sale, foreclosure, reorganization, restructuring or other similar circumstance, in connection with the SunEdison Bankruptcy or otherwise, the counterparties could terminate such contracts or accelerate the maturity of such financing arrangements. SunEdison could enter into a transaction that could result in the triggering of a change of control, including a sale of SunEdison's entire ownership position in us, without a vote of our Class A common stockholders. The termination of any of our PPAs or the acceleration of the maturity of any of our non-recourse financing could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The holder or holders of our IDRs may elect to cause Terra LLC to issue Class B1 units to it or them in connection with a resetting of target distribution levels related to the IDRs, without the approval of our Conflicts Committee or the holders of Terra LLC's units, us as manager of Terra LLC, or our board of directors (or any committee thereof). This could result in lower distributions to holders of our Class A common stock.

The holder or holders of a majority of the IDRs (currently SunEdison through one or more wholly owned subsidiaries) have the right, if the Subordination Period has expired and if we have made cash distributions in excess of the then-applicable Third Target Distribution for each of the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on Terra LLC's cash distribution levels at the time of the exercise of the reset election. The right to reset the target distribution levels may be exercised without the approval of the holders of Terra LLC's units, us, as manager of Terra LLC, or our Board (or any committee thereof). Following a reset election, a baseline distribution amount will be calculated as an amount equal to the average cash distribution per Class A unit, Class B1 unit and Class B unit for the two consecutive fiscal quarters immediately preceding the reset election (such amount is referred to as the "Reset Minimum Quarterly Distribution"), and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the Reset Minimum Quarterly Distribution.

In connection with the reset election, the holders of the IDRs will receive Terra LLC Class B1 units and shares of our Class B1 common stock. Therefore, the reset of the IDRs will dilute existing stockholders' ownership. This dilution of ownership may cause dilution of future distributions per share as a higher percentage of distributions per share would go to SunEdison or a future owner of the IDRs if the IDRs are sold.

We anticipate that SunEdison (or any subsequent holder of the IDRs) would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions without such conversion. However, it is possible that SunEdison (or another holder) could exercise this reset election at a time when Terra LLC is experiencing declines in aggregate cash distributions or is expected to experience declines in its aggregate cash distributions. In such situations, the holder of the IDRs may desire to be issued Class B1 units rather than retain the right to receive incentive distributions based on the initial target distribution levels. As a result, a reset election may cause the Company (which holds all of Terra LLC's Class A units), and, in turn, holders of our Class A common stock to experience a reduction in the amount of cash distributions that they would have otherwise received had Terra LLC not issued new Class B1 units to the holders of the IDRs in connection with resetting the target distribution levels.

The IDRs may be transferred to an unaffiliated third party without the consent of holders of Terra LLC's units, us, as manager of Terra LLC, or our board of directors (or any committee thereof).

SunEdison may not sell, transfer, exchange, pledge (other than as collateral under its credit facilities) or otherwise dispose of the IDRs to any unaffiliated third party (other than its controlled affiliates) until after it has satisfied its $175.0 million aggregate Projected FTM CAFD commitment to us in accordance with the Support Agreement, and during the pendency of the SunEdison Bankruptcy, subject to the approval of the bankruptcy court. SunEdison has pledged the IDRs as collateral under its DIP facility and its existing first and second lien credit agreements, and second lien secured notes but our constituent documents prohibit transfer of the IDRs upon foreclosure until after SunEdison has satisfied its Projected FTM CAFD commitment to us. These prohibitions may not be enforceable against foreclosures occurring in connection with the SunEdison Bankruptcy, including foreclosures by the lenders under SunEdison's DIP financing. After that period, SunEdison may transfer the IDRs to an unaffiliated third party at any time without the consent of the holders of Terra LLC's units, us, as manager of Terra LLC, or our Board (or any committee thereof). However, Terra LLC has been granted in the Terra LLC limited liability company agreement a right of first refusal with respect to any proposed sale of IDRs to an unaffiliated third party (other than its controlled affiliates), under which we may exercise to purchase the IDRs proposed to be sold on the same terms offered to such third party at any time within 30 days after we receive written notice of the proposed sale and its terms. This right of first refusal may not be enforceable with respect to sales occurring in connection with the SunEdison Bankruptcy. If SunEdison transfers the IDRs to an unaffiliated third party, including as part of the SunEdison Bankruptcy process, SunEdison would not have the same incentive to grow our business and increase quarterly distributions to holders of Class A common stock over time.

If we incur material tax liabilities, distributions to holders of our Class A common stock may be reduced, without any corresponding reduction in the amount of distributions paid to SunEdison or other holders of the IDRs, Class B units and Class B1 units.

We are entirely dependent upon distributions we receive from Terra LLC in respect of the Class A units held by us for payment of our expenses and other liabilities. We must make provisions for the payment of our income tax liabilities, if any, before we can use the cash distributions we receive from Terra LLC to make distributions to our Class A common stockholders. If we incur material tax liabilities, our distributions to holders of our Class A common stock may be reduced. However, the cash available to make distributions to the holders of the Class B units and IDRs issued by Terra LLC (all of which are currently held by SunEdison), or to the holders of any Class B1 units that may be issued by Terra LLC in connection with an IDR reset or otherwise, will not be reduced by the amount of our tax liabilities. As a result, if we incur material tax liabilities, distributions to holders of our Class A common stock may be reduced, without any corresponding reduction in the amount of distributions paid to SunEdison or other holders of the IDRs, Class B units and Class B1 units of Terra LLC.

Our ability to terminate the MSA early will be limited.

The MSA provides that we may terminate the agreement upon 30 days prior written notice to SunEdison upon the occurrence of any of the following: (i) SunEdison defaults in the performance or observance of any material term, condition or covenant contained therein in a manner that results in material harm to us and the default continues unremedied for a period of 30 days after written notice thereof is given to SunEdison; (ii) SunEdison engages in any act of fraud, misappropriation of funds or embezzlement that results in material harm to us; (iii) SunEdison is grossly negligent in the performance of its duties under the agreement and such negligence results in material harm to us; (iv) upon the happening of certain events relating to the bankruptcy or insolvency of SunEdison; (v) upon the earlier to occur of the five-year anniversary of the date of the agreement and the end of any 12-month period ending on the last day of a calendar quarter during which we generated cash available for distribution in excess of $350.0 million; (vi) on such date as SunEdison and its affiliates no longer beneficially hold more than 50% of the voting power of our capital stock; and (vii) upon the date that SunEdison experiences a change in control. Furthermore, if we request an amendment to the scope of services provided by SunEdison under the MSA and we are not able to agree with SunEdison as to a change to the service fee resulting from a change in the scope of services within 180 days of the request, we will be able to terminate the agreement upon 30 days' prior notice to SunEdison.

We will not be able to terminate the agreement for any other reason, and the agreement continues in perpetuity until terminated in accordance with its terms. We do not believe that SunEdison has fully performed as obligated under the MSA, in particular with respect to financial reporting and internal control matters. However, the termination provisions upon a bankruptcy or insolvency of SunEdison are likely not enforceable, and during the pendency of the SunEdison Bankruptcy, the automatic stay may prevent us from terminating the agreement in accordance with its terms without authorization from the bankruptcy court. The MSA also includes non-compete provisions that prohibit us from engaging in certain activities competitive with SunEdison's power project development and construction business. The agreement provides that these non-compete provisions survive termination indefinitely. If SunEdison's performance does not meet the expectations of investors, the market price of our Class A common stock could suffer.

As described under the risk factor "SunEdison is a party to important agreements at the corporate and project-levels, *which may be adversely affected by the SunEdison Bankruptcy*," as part of the SunEdison Bankruptcy, SunEdison could also seek to reject or renegotiate the Management Services Agreement, which would also create significant risks.

There is a substantial risk that we will not obtain additional Call Rights Projects identified in the Support Agreement or projects in the Intercompany Agreement and our future acquisitions from SunEdison may be limited.

We have the option to acquire 2.0 GW of Call Right Projects from SunEdison. We entered into the Support Agreement with SunEdison in connection with our IPO, which requires SunEdison to offer us additional qualifying projects from its development pipeline that are projected to generate an aggregate of at least $175.0 million of cash available for distribution during the first 12 months following the qualifying project's respective commercial operations date. The Call Right Projects that are currently identified pursuant to the Support Agreement have an estimated combined nameplate capacity of 0.6 GW. Additionally, in connection with the First Wind acquisition, we entered into an Intercompany Agreement with SunEdison, under which we have been granted additional call rights with respect to certain projects in the First Wind pipeline, which are expected to represent an additional 0.9 GW of renewable energy facilities.

In light of the SunEdison Bankruptcy, there is substantial risk that we will not be able to acquire additional projects under the Support Agreement or Intercompany Agreement. As part of the SunEdison Bankruptcy, SunEdison may seek to reject the Support Agreement, Intercompany Agreement or other agreements with respect to the Call Rights Projects or ROFO Projects or may be limited in its ability to perform under the Support Agreement by the bankruptcy court or by the terms of the SunEdison bankruptcy financing. It also appears that SunEdison is seeking to market certain of these projects in connection with its bankruptcy. We have not waived our existing rights with respect to these projects. As our long-term growth strategy is the acquisition of new renewable energy facilities, losing our ability to acquire Call Right Projects (or delays or the reduced quality of Call Right Projects) could materially and adversely affect our expected growth and, ultimately, our forecasted CAFD, business, financial condition and results of operations.

If the Support Agreement is not rejected or materially renegotiated in connection with the SunEdison Bankruptcy, the agreement requires SunEdison to offer us additional qualifying Call Right Projects from its pipeline on a quarterly basis until we have acquired Call Right Projects that are projected to generate the specified minimum amount of Projected FTM CAFD for each of the periods covered by the Support Agreement. We anticipate that we will not be able to achieve all of the expected benefits from the Support Agreement if we are unable to mutually agree with SunEdison with respect to these matters. Until the price for a Call Right Project is agreed or determined, in the event SunEdison receives a bona fide offer for a Call Right Project from an unaffiliated third party, we have the right to match the price offered by such third party and acquire such Call Right Project on the terms SunEdison could obtain from the third party. In addition, our effective remedies under the Support Agreement may also be limited in the event that a material dispute with SunEdison arises under the terms of the Support Agreement and by SunEdison's current liquidity situation and the SunEdison Bankruptcy. As previously disclosed, we do not expect in the near term to exercise our option to acquire material additional facilities from SunEdison under the Support Agreement. As a result, the Company has elected to waive its call right over 1.8 GW of renewable energy facilities pursuant to the terms of the Support Agreement and the Intercompany Agreement, which has reduced the Call Right Projects from 4.0 GW as of September 30, 2015 to 2.0 GW as of March 31, 2016. Our waiver of our call right described above and any waiver in the future of our call rights with respect to Call Right Projects under the Support Agreement and Intercompany Agreement may limit our ability to grow our business and to grow our cash available for distribution.

If the agreements with respect to the ROFO Projects are not rejected or materially renegotiated in connection with the SunEdison Bankruptcy, SunEdison has agreed to grant us a right of first offer on any of the ROFO Projects that it determines to sell or otherwise transfer during the six-year period following the completion of our IPO. However, SunEdison will not be obligated to sell any of the ROFO Projects and, as a result, we do not know when, if ever, any ROFO Projects will be offered to us. Furthermore, in the event that SunEdison elects to sell ROFO Projects, SunEdison will not be required to accept any offer we make and may choose to sell the assets to an unaffiliated third party or not sell the assets at all.

Our other commitments for acquisitions from SunEdison are likely to be significantly reduced in the near term. These outstanding commitments are subject to the satisfaction or waiver of certain conditions that are impacted by the SunEdison Bankruptcy and its associated consequences.

The liability of SunEdison is limited under our arrangements with it and we have agreed to indemnify SunEdison against claims that it may face in connection with such arrangements, which may lead it to assume greater risks when making decisions relating to us than it otherwise would if acting solely for its own account.

Under the MSA, SunEdison will not assume any responsibility other than to provide or arrange for the provision of the services described in the MSA in good faith. In addition, under the MSA, the liability of SunEdison and its affiliates will be limited to the fullest extent permitted by law to conduct involving bad faith, fraud, willful misconduct or gross negligence or, in the case of a criminal matter, action that was known to have been unlawful. In addition, we have agreed to indemnify SunEdison to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with our operations, investments and activities or in respect of or arising from the MSA or the services provided by SunEdison, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. These protections may result in SunEdison tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which SunEdison is a party may also give rise to legal claims for indemnification that are adverse to us or holders of our Class A common stock.

Risks Related to our Business

Our failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act as a public company could have a material adverse effect on our business and share price.

Prior to completion of our IPO on July 23, 2014, we had not operated as a public company and did not have to independently comply with Section 404(a) of the Sarbanes-Oxley Act. We are required to meet these standards in the course of preparing our financial statements as of and for the year ended December 31, 2015, and our management is required to report on the effectiveness of our internal control over financial reporting for such year. Additionally, as we are no longer an emerging growth company, as defined by the JOBS Act, our independent registered public accounting firm is required pursuant to Section 404(b) of the Sarbanes-Oxley Act to attest to the effectiveness of our internal control over financial reporting on an annual basis. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected on a timely basis. The existence of any material weakness would require management to devote significant time and incur significant expense to remediate any such material weaknesses and management may not be able to remediate any such material weaknesses in a timely manner.

As of December 31, 2015, we did not maintain an effective control environment primarily attributable to the following identified material weaknesses:

- Ineffective controls in the area of security and access to our newly implemented and existing Enterprise Resource Planning (ERP) systems in North America and the newly implemented consolidation system, specifically the design and maintenance of user access controls to ensure that access to the financial applications and data is adequately restricted to appropriate personnel.
- Ineffective controls over the validation of revenue recognition for operating solar projects in North America based on internally generated energy usage data, specifically due to reliance on energy usage information obtained from systems that were not subjected to a general information technology control ("GITC") environment. In addition, there were ineffective manual reconciliation and review controls related to the analysis of revenue.
- Ineffective controls over the processing of accounts payable and general administrative expenses, specifically the completeness and accuracy of accrued liabilities and timely allocation of expenses to the appropriate ledger.
- Ineffective controls over completeness, accuracy and valuation of costs of projects that have been acquired from SunEdison, specifically validation of completeness of project cost information and validation of assumptions and inputs into the valuation.
- Ineffective controls over account reconciliations including restricted cash classification, specifically the timely performance and thoroughness of documentation and review.

These control deficiencies did not result in any material misstatements, however they create a reasonable possibility that a material misstatement to the consolidated financial statements will not be prevented or detected on a timely basis, and therefore we concluded that the deficiencies represent material weaknesses in the Company's internal control over financial reporting and our internal control over financial reporting was not effective as of December 31, 2015. . We are working to remediate these issues as promptly as practicable. To date, we have not identified any material misstatements or restatements of our audited or unaudited financial statements or disclosures for any period previously reported.

The existence of these or other material weakness in our internal control over financial reporting could also result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause shareholders to lose confidence in our reported financial information, all of which could materially and adversely affect our business and share price.

Current market conditions have increased certain of the risks we face.

Conditions in the capital markets for growth, income and energy companies, including renewables companies, generally declined in the third and fourth quarters of 2015 and have generally continued to decline. We have been affected by this general decline as well as limitations on our ability to access the capital markets for reasons particular to the Company, including the SunEdison Bankruptcy and other risks that we face. In some cases, these developments have affected the plans and perspectives of various market participants, including operating entities, consumers and financing providers, and have contributed to increased uncertainty and heightened some of the risks we face. We and other companies have adjusted our plans and priorities in light of these developments. While we remain focused on executing our near term objectives, we will continue to monitor market developments and consider further adjustments to our plans and priorities if required, which could result in further significant changes to our business strategy. As a result of the negative impact on our business from these developments, we no longer expect to achieve the growth rate in our dividend per Class A common share that we had been targeting.

Risks that have increased as a result of these developments include, but are not limited to, risks related to access to capital and liquidity and risks related to the performance and prospects of third parties, including SunEdison as described under "*Risks Related to our Relationship with SunEdison and the SunEdison Bankruptcy*," which may reduce our ability to access the capital markets. Additionally, and as described above, in light of current market conditions, we have terminated certain of our commitments to acquire assets from SunEdison and waived our option to purchase certain assets from SunEdison.

Furthermore, any significant disruption to our ability to access the capital markets, or a significant increase in interest rates, could make it difficult for us to successfully acquire attractive renewable energy facilities and may also limit our ability to obtain debt or equity financing to complete such acquisitions. If we are unable to raise adequate proceeds when needed to fund such acquisitions, the ability to grow our renewable energy facility portfolio may be limited, which could have a material adverse effect on our ability to implement our growth strategy and, ultimately, our projected cash available for distribution, business, financial condition, results of operations and cash flows.

We are involved in costly and time-consuming litigation and other regulatory proceedings, including the SunEdison Bankruptcy proceedings, which require significant attention from our management and involve a greater exposure to legal liability.

We have and continue to be involved in legal proceedings, administrative proceedings, claims and other litigation that arise in the ordinary course of business, including due to failed or terminated transactions. In addition, we are named as defendants from time to time in other lawsuits and regulatory actions relating to our business, some of which may claim significant damages. SunEdison's controlling interests in TerraForm Power and the position of certain of our executive officers on the board of directors and in senior management of TerraForm Power have resulted in, and may increase the possibility of future claims of breaches of fiduciary duties including claims of conflicts of interest related to TerraForm Power. In particular, SunEdison, TerraForm Power and certain officers and directors of TerraForm Power have been named as defendants in certain stockholder derivative complaints for breaches of fiduciary duties and claims of conflicts of interest related to SunEdison's then-pending acquisition of certain residential rooftop solar assets of Vivint Solar. The remedies sought include damages. Although the Vivint Solar acquisition has been terminated, these proceedings may continue. We have also been subject to claims arising out of our acquisition activities with respect to the certain payments in connection with the acquisition of First Wind by SunEdison. We also may be subject to litigation arising out of the SunEdison Bankruptcy, including actions to avoid payments made to us by SunEdison or transactions that we consummated with SunEdison.

Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. Unfavorable outcomes or developments relating to these proceedings, or new proceeding involving similar allegations or otherwise, such as monetary damages or equitable remedies, could have a material adverse impact on our business and financial position, results of operations or cash flows or limit our ability to engage in certain of our business activities. Settlement of claims could adversely affect our financial condition and results of operations. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are often expensive, lengthy and disruptive to normal business operations and require significant attention from our management. We are currently, and may be subject in the future, to claims, lawsuits or arbitration proceedings related to matters in tort or under contracts, employment matters, securities class action lawsuits, shareholder derivative actions, breaches of fiduciary duty, conflicts of interest, tax authority examinations or other lawsuits, regulatory actions or government inquiries and investigations.

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We have become the target of such securities litigation, and we may become the target of additional securities litigation in the future, which could result in substantial costs and divert our management's attention from other business concerns, which could have a material adverse effect on our business.

Current or future litigation or administrative proceedings relating to the operation of our renewable energy facilities could have a material adverse effect on our business, financial condition and results of operations.

We have and continue to be involved in legal proceedings, administrative proceedings, claims and other litigation relating to the operation of our renewable energy facilities that arises in the ordinary course of business. Individuals and interest groups may sue to challenge the issuance of a permit for a renewable energy facility. A renewable energy facility may also be subject to legal proceedings or claims contesting the operation of the facility. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. Unfavorable outcomes or developments relating to these proceedings, such as judgments for monetary damages, injunctions or denial or revocation of permits, could have a material adverse effect on our business, financial condition and results of operations. Settlement of claims could adversely affect our financial condition and results of operations. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are often expensive, lengthy and disruptive to normal business operations and require significant attention from our management. As described in the risk factor *"The SunEdison Bankruptcy has subjected us to increased litigation risk,"* the SunEdison bankruptcy also increases our risks in certain of these proceedings and in future litigation.

The resignation of our President and Chief Executive Officer, the appointment of our Chairman and Interim Chief Executive Officer, the search for, and any appointment of, a permanent President and Chief Executive Officer and board and management changes could have a material adverse impact on our business.

On November 20, 2015, Holdings exercised its right to designate Mr. Peter Blackmore and Mr. Jack F. Stark to the Company's Board. Subsequent to such designations, the Board approved an increase in the size of the Board to twelve persons and appointed Mr. Christopher A. Compton to fill the vacancy. The Board also approved the following actions, effective as of November 20, 2015:

- Mr. Blackmore was appointed as the new Chairman of the Board following the resignation as Chairman of the Board by Mr. Ahmad R. Chatila;
- Mr. Blackmore, Mr. Stark and Mr. Compton were appointed as the sole members of the Conflicts Committee and, as a result, Mr. Mark Lerdal and Mr. Hanif "Wally" Dahya were removed from the Conflicts Committee;

- Mr. Carlos Domenech Zomoza was removed as President and Chief Executive Officer of the Company and Mr. Brian Wuebbels was appointed to serve as the new President and Chief Executive Officer of the Company on a permanent basis; and
- Mr. Alejandro Hernandez was removed as Executive Vice President and Chief Financial Officer of the Company and Mr. Manavendra Sial was appointed to serve as interim Chief Financial Officer of the Company.

Shortly after a recess and prior to removal of Mr. Domenech Zomoza and Mr. Hernandez, Mr. Steven Tesoriere resigned from the Board effective immediately and departed before the continuation of the meeting. On, about or shortly after the conclusion of the meeting of the Board at which the foregoing actions were taken and, in any event after all the foregoing actions were taken, Mr. Francisco “Pancho” Perez Gundin, Mr. Mark Florian and Mr. Lerdal notified the Company of their resignation from the Board, effective immediately. In addition, as a result of and effective upon the termination of Mr. Domenech Zomoza from his position as an employee of SunEdison, Mr. Domenech Zomoza was removed as a member of the Board. Immediately prior to such meeting of the Board, Mr. Lerdal was the chairperson of the Conflicts Committee and a member of the Audit Committee of the Board, and Mr. Tesoriere was a member of the Audit Committee of the Board. The resignations of Messrs. Gundin, Florian and Lerdal were the result of their disagreement with the actions described above.

On November 22, 2015, Ms. Rebecca Cranna was appointed to serve as Executive Vice President and Chief Financial Officer of the Company on a permanent basis, and Mr. Sial correspondingly stepped down as interim Chief Financial Officer of the Company.

On March 30, 2016, Mr. Wuebbels resigned as President and Chief Executive Officer of the Company and resigned as a member of the Company’s Board. Following Mr. Wuebbels resignation, the Board elected Mr. Ilan Daskal, the Chief Financial Officer Designee and Executive Vice President of SunEdison, to be a member of the Board and fill the vacancy created by Mr. Wuebbels’ resignation. In connection with Mr. Wuebbels' resignation, the Board delegated all of the powers, authority and duties vested in the President and Chief Executive Officer to the Chairman of the Board, Mr. Blackmore. From March 30, 2016 until April 21, 2016, Mr. Blackmore served as the chairman of the Office of the Chairman. On April 21, 2016, the Board dissolved the Office of the Chairman and Mr. Blackmore was appointed the Chairman and Interim Chief Executive Officer.

On April 21, 2016, Mr. Blackmore, Chairman of the Board, was appointed as the Chairman and Interim Chief Executive Officer of the Company. In connection with this appointment, Mr. Blackmore ceased to be a member of the Conflicts Committee. Mr. Stark was appointed as the Chairman of the Conflicts Committee and Mr. Dahya was designated as a member of this committee.

On May 25, 2016, at the proposal of SunEdison, the Board appointed Mr. David Ringhofer to be a member of the Board effective upon the resignation of Mr. Ahmad Chatila. On May 26, 2016, Mr. Ahmad Chatila resigned from his position as a director on the Board. The resignation was contingent upon, and effective immediately prior to, the appointment of Mr. Ringhofer as a member of the Board. On June 24, 2016, Mr. Daskal resigned from his position as a director on the Board. The resignation was contingent upon, and effective immediately prior to, the appointment of Mr. Gregory Scallen as an observer of the Board. On June 24, 2016, at the proposal of SunEdison, the Board appointed Mr. Gregory Scallen as an observer of the Board, effective upon the resignation of Mr. Daskal and continuing until July 24, 2016, or until his earlier death, resignation or removal. The Board also approved Mr. Scallen to become a member of the Board on July 24, 2016.

On June 30, 2016, the Board appointed Mr. Thomas Studebaker as Chief Operating Officer of the Company and Mr. David Rawden as Interim Chief Accounting Officer, which appointments become effective on July 7, 2016.

As a result of these changes, we may experience disruption or have difficulty in maintaining or developing our business. Further, any search for, and hiring of, a permanent chief executive officer may also cause disruption or result in difficulty in maintaining or developing our business. The marketplace for experienced senior executive officers is competitive and we may experience challenges and significant expenses in hiring a permanent chief executive officer. Our performance is influenced by the performance of our senior management. These changes in management could negatively impact our senior management team’s ability to quickly and efficiently respond to problems and effectively manage our business.

Integrating the Invenergy Wind power plants we acquired may be more difficult, costly or time-consuming than expected the anticipated benefits of the Invenergy Wind power plant acquisition may not be realized, and additional acquisitions of Invenergy Wind power plants may not be completed.

The success of the Invenergy Wind power plant acquisitions, including anticipated benefits, will depend, in part, on our ability to successfully combine and integrate the assets we acquired or acquire with our existing operations. Any difficulties we have in integrating the Invenergy Wind power plants could materially and adversely affect our business, financial condition, results of operations and cash flows.

Additionally, at the time the Company entered into the purchase agreements for the other Invenergy Wind power plants, the Company agreed to acquire in a second closing two additional wind facilities from Invenergy Wind subject to satisfaction of closing conditions. The facilities have a combined nameplate capacity of 98.6 MW (net), are located in Nebraska and are currently in operation. The second closing has not occurred and the purchase agreement contained a July 1, 2016 outside date. As a result, Invenergy and the Company now have the right to terminate the purchase agreement with respect to these two additional facilities at any time. However, we are in discussions with Invenergy Wind to extend this deadline for an additional period of time. Invenergy Wind may be unwilling to extend this deadline or to do so on terms acceptable to us. We also may determine not to extend our commitment or consummate the acquisition. If the purchase agreement is terminated by either party, we will be not purchase these facilities as planned.

A significant portion of our assets consists of intangible assets, the value of which may be reduced if we determine that those assets are impaired.

In accordance with Accounting Standards Codification (“ASC”) 350, *Intangibles - Goodwill and Other*, indefinite-lived intangible assets and goodwill are evaluated for impairment annually or more frequently if circumstances indicate impairment may have occurred. Impairment assessment under generally accepted accounting principles (“GAAP”) requires that we consider, among other factors, differences between the current book value and estimated fair value of our net assets. Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and identifiable intangible assets acquired. As of December 31, 2015, the net carrying value of intangible assets and goodwill represented $930.5 million, or 11%, of our total assets.

Based on our annual impairment testing conducted as of December 1, 2015, and a review of any potential indicators of impairment, we concluded that the carrying value of intangible assets and goodwill were not impaired. If intangible assets or goodwill are impaired based on a future impairment test, we could be required to record non-cash impairment charges to our operating income. Such non-cash impairment charges, if significant, could materially and adversely affect our results of operations in the period recognized.

Counterparties to our PPAs may not fulfill their obligations or may seek to terminate the PPA early, which could result in a material adverse impact on our business, financial condition, results of operations and cash flows.

All but a minor portion of the electricity generated by our current portfolio of renewable energy facilities is sold under long-term PPAs with public utilities or commercial, industrial or government end-users or is hedged pursuant to hedge agreements with investment banks and creditworthy counterparties. Certain of the PPAs associated with renewable energy facilities in our portfolio allow the offtake purchaser to terminate the PPA in the event certain operating thresholds or performance measures are not achieved within specified time periods or, in certain instances, by payment of an early termination fee. If a PPA was terminated or if, for any reason, any purchaser of power under these contracts is unable or unwilling to fulfill their related contractual obligations or refuses to accept delivery of power delivered thereunder, and if we are unable to enter a new PPA on acceptable terms in a timely fashion or at all, it could have a material adverse effect on our business, financial condition, results of operations and cash flows. The risks factors *“The SunEdison Bankruptcy may adversely affect our relationships with current or potential counterparties”* and *“Because SunEdison is a party to a material project agreement or a guarantor thereof, the SunEdison Bankruptcy could result in a material adverse effect on many of our projects”* describe additional risks with respect to our counterparty relationships and PPAs due to the SunEdison Bankruptcy.

A portion of the revenues under the PPAs for our U.K. solar generation facilities are subject to price adjustments after a period of time. If we do not sell these facilities and if the market price of electricity decreases and we are otherwise unable to negotiate more favorable pricing terms, our business, financial condition, results of operations and cash flows may be materially and adversely affected.

The PPAs for the U.K. solar generation facilities in our portfolio have fixed electricity prices for a specified period of time (typically four years), after which such electricity prices are subject to an adjustment based on the market price at the time of the adjustment. While the PPAs with price adjustments specify a minimum price, the minimum price is significantly below the initial fixed price. A decrease in the market price of electricity, including due to lower prices for traditional fossil fuels, could result in a decrease in the pricing under such contracts if the fixed-price period has expired, unless we are able to negotiate more favorable pricing terms. If we do not sell these facilities as we are currently exploring, a decrease in the price payable to us under our PPAs could materially and adversely affect our business, financial condition, results of operations and cash flows.

Certain of our PPAs allow the offtake purchaser to buy out a portion of the renewable energy facility upon the occurrence of certain events, in which case we will need to find suitable replacement renewable energy facilities to invest in.

Certain of the PPAs for renewable energy facilities in our portfolio or that we may acquire in the future allow the offtake purchaser to purchase all or a portion of the applicable renewable energy facility from us. If the offtake purchaser exercises its right to purchase all or a portion of the renewable energy facility, we would need to reinvest the proceeds from the sale in one or more renewable energy facilities with similar economic attributes in order to maintain our cash available for distribution. If we were unable to locate and acquire suitable replacement renewable energy facilities in a timely fashion it could have a material adverse effect on our results of operations and cash available for distribution.

Most of our PPAs do not include inflation-based price increases.

In general, our PPAs do not contain inflation-based price increase provisions. To the extent that the countries in which we conduct our business experience high rates of inflation, thereby increasing our operating costs in those countries, we may not be able to generate sufficient revenues to offset the effects of inflation, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

A material drop in the retail price of utility-generated electricity or electricity from other sources could increase competition for new PPAs, limiting our ability to attract new customers and adversely affecting our growth.

Decreases in the retail prices of electricity supplied by utilities or other clean energy sources would harm our ability to offer competitive pricing and could harm our ability to sign PPAs with new customers. The price of electricity from utilities could decrease for a number of reasons, including:

- the construction of a significant number of new power generation plants, including nuclear, coal, natural gas or renewable energy facilities;
- the construction of additional electric transmission and distribution lines;
- a reduction in the price of natural gas, including as a result of new drilling techniques or a relaxation of associated regulatory standards;
- energy conservation technologies and public initiatives to reduce electricity consumption; and
- the development of new clean energy technologies that provide less expensive energy.

A shift in the timing of peak rates for utility-supplied electricity to a time of day when solar energy generation is less efficient could make solar energy less competitive and reduce demand. If the retail price of energy available from utilities were to decrease, we would be at a competitive disadvantage in negotiating new PPAs and therefore we may be unable to attract new customers and our growth would be limited.

We may not be able to replace expiring PPAs with contracts on similar terms. If we are unable to replace an expired distributed generation PPA with an acceptable new contract, we may be required to remove the renewable energy facility from the site or, alternatively, we may sell the assets to the site host.

We may not be able to replace an expiring PPA with a contract on equivalent terms and conditions, including at prices that permit operation of the related facility on a profitable basis. If we are unable to replace an expiring PPA with an acceptable new revenue contract, the affected site may temporarily or permanently cease operations. In the case of a distributed generation solar facility that ceases operations, the PPA terms generally require that we remove the assets, including fixing or reimbursing the site owner for any damages caused by the assets or the removal of such assets. The cost of removing a significant number of distributed generation solar facilities could be material. Alternatively, we may agree to sell the assets to the site owner, but the terms and conditions, including price, that we would receive in any sale, and the sale price may not be sufficient to replace the revenue previously generated by the solar generation facility.

Our renewable energy facilities are exposed to curtailment risks, which may reduce the return to us on those investments and adversely impact our business, financial condition, and results of operations.

Certain of our renewable energy facilities' generation of electricity may be curtailed without compensation due to transmission limitations or limitations on the electricity grid's ability to accommodate intermittent electricity generating sources, reducing our revenues and impairing our ability to capitalize fully on a particular assets potential.

For example, our Stetson and Rollins wind power plants have experienced significant curtailment starting in February 2012 due to a combination of construction on the Maine Power Reliability Project ("MPRP") a large transmission upgrade project affecting generation and transmission throughout Maine and adjoining areas, and transmission export limits at the Keene Road interface. These wind power plants in the aggregate have had curtailment of 40 GWh for 2015 and averaged 58 GWh in 2014 and 2013, respectively, attributable in the aggregate to the MPRP construction and the Keene Road interface limits. The elements of the MPRP that affect Stetson and Rollins were completed in 2015. We are also currently pursuing several different solutions that may help to eliminate the Keene Road issue.

We are also experiencing curtailment with respect to other of our solar and wind power plants. Solutions to ameliorate or eliminate curtailment with respect to our power plants, including the Keene Road and other curtailment issues, may not be available or may not be effective or may be cost prohibitive to undertake and implement. Curtailment at levels above our expectations could have a material adverse effect on our business, financial condition and results of operations and cash flows and our ability to pay dividends to holders of our Class A common stock.

The growth of our business depends on locating and acquiring interests in attractive renewable energy facilities from SunEdison and unaffiliated third parties at favorable prices and with favorable financing terms. Additionally, even if we consummate such acquisitions and financings on terms that we believe are favorable, such acquisitions may in fact result in a decrease in cash available for distribution per Class A common share.

Our primary business strategy is to acquire renewable energy facilities that are operational at the time of acquisition. We may also, in limited circumstances, acquire renewable energy facilities that are pre-operational. We intend to continue to pursue opportunities to acquire renewable energy facilities. The following factors, among others, could affect the availability of attractive renewable energy facilities to grow our business and dividend per Class A common share:

- competing bids for a renewable energy facility, including from companies that may have substantially greater capital and other resources than we do;

- fewer third party acquisition opportunities than we expect, which could result from, among other things, available renewable energy facilities having less desirable economic returns or higher risk profiles than we believe suitable for our business plan and investment strategy;
- the SunEdison Bankruptcy and uncertainties regarding the bankruptcy and its outcome;
- in connection with the SunEdison Bankruptcy, if SunEdison elects not to perform under the Support Agreement, Intercompany Agreement or other agreements with respect to the Call Right Projects or ROFO projects or the bankruptcy court declines to approve the assumption of any or all such agreements;
- SunEdison's failure to complete the development of (i) the Call Right Projects, which could result from, among other things, SunEdison's limited liquidity and the SunEdison Bankruptcy, limitations from the bankruptcy court or from the terms of the SunEdison bankruptcy filing, challenges in obtaining necessary permits, unwillingness or inability to procure the requisite financing, equipment or interconnection, or an inability to satisfy the conditions to effectiveness of project agreements such as PPAs, and (ii) any of the other projects in its development pipeline in a timely manner, or at all, in either case, which could limit our acquisition opportunities under the Support Agreement and the Intercompany Agreement;
- our failure to reach an agreement or exercise rights with SunEdison and unaffiliated third parties regarding pricing of the applicable projects; and
- the inability of SunEdison or such unaffiliated third parties to perform their obligations under the applicable agreements, including as a result of the SunEdison Bankruptcy.

We will not be able to increase our dividend per share unless we are able to acquire additional renewable energy facilities at favorable prices, optimize our portfolio and capital structure. Even if we consummate acquisitions that we believe will be accretive to our dividends per share, those acquisitions may in fact result in a decrease in dividends per share as a result of incorrect assumptions in our evaluation of such acquisitions, unforeseen consequences or external events beyond our control.

Our acquisition strategy exposes us to substantial risk.

The acquisition of renewable energy facilities is subject to substantial risk, including the failure to identify material problems during due diligence (for which we may not be indemnified post-closing), the risk of over-paying for assets (or not making acquisitions on an accretive basis), the ability to obtain or retain customers and, if the renewable energy facilities are in new markets, the risks of entering markets where we have limited experience. While we perform due diligence on prospective acquisitions, we may not be able to discover all potential operational deficiencies in such renewable energy facilities. As detailed in *"Because SunEdison is a party to a material project agreement or a guarantor thereof, the SunEdison Bankruptcy could result in a material adverse effect on many of our projects,"* the SunEdison Bankruptcy and its constrained liquidity further exposes us to risk in projects where SunEdison was the EPC contractor or guarantor. For instance, we may learn of statutory liens asserted by subcontractors against projects where SunEdison was the EPC contractor or guarantor, and our ability to recover against SunEdison in respect of payments made to such subcontractors to discharge those liens will likely be limited. In addition, our expectations for the operating performance of newly constructed renewable energy facilities as well as those under construction are based on assumptions and estimates made without the benefit of operating history. However, the ability of these renewable energy facilities to meet our performance expectations is subject to the risks inherent in newly constructed renewable energy facilities and the construction of such facilities, including, but not limited to, degradation of equipment in excess of our expectations, system failures and outages. Future acquisitions may not perform as expected or the returns from such acquisitions may not support the financing utilized to acquire them or maintain them. Furthermore, integration and consolidation of acquisitions requires substantial human, financial and other resources and may divert management's attention from our existing business concerns, disrupt our ongoing business or not be successfully integrated. As a result, the consummation of acquisitions may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may not be able to effectively identify or consummate any future acquisitions on favorable terms, or at all. Additionally, even if we consummate acquisitions on terms that we believe are favorable, such acquisitions may in fact result in a decrease in cash available for distribution to holders of our Class A common stock. In addition, we may engage in asset dispositions or other transactions that result in a decrease in our cash available for distribution.

Future acquisition opportunities for renewable energy facilities are limited. While SunEdison has granted us the option to purchase the Call Right Projects and a right of first offer with respect to the right of first offer projects (the “ROFO Projects”), we have waived our call rights over 1.8 GW of renewable energy facilities pursuant to the Support Agreement and the Intercompany Agreement, materially reducing the amount of Call Right Projects available. Additionally, as summarized above under the risk factor “*There is a substantial risk that we will not obtain additional Call Rights Projects identified in the Support Agreement or projects in the Intercompany Agreement and our future acquisitions from SunEdison may be limited*,” there is substantial risk that we will not acquire renewable energy facilities pursuant to the Support Agreement and Intercompany Agreement and that our future acquisitions from SunEdison will be limited. We will compete with other companies for future acquisition opportunities from third parties.

This may increase our cost of making acquisitions or cause us to refrain from making acquisitions at all. Some of our competitors are much larger than us with substantially greater resources. These companies may be able to pay more for acquisitions and may be able to identify, evaluate, bid for and purchase a greater number of assets than our resources permit. If we are unable to identify and consummate future acquisitions, it will impede our ability to execute our growth strategy and limit our ability to increase the amount of dividends paid to holders of our Class A common stock. In addition, as we continue to manage our liquidity profile, we may engage in asset dispositions, or incur additional project-level debt, which may result in a decrease in our cash available for distribution.

The substantial decline of our stock price has significantly increased the difficulty of identifying acquisitions that we believe will be accretive to CAFD per unit. Even if we consummate acquisitions that we believe will be accretive to CAFD per unit, those acquisitions may in fact result in a decrease in CAFD per unit as a result of incorrect assumptions in our evaluation of such acquisitions, unforeseen consequences or other external events beyond our control. Furthermore, if we consummate any future acquisitions, our capitalization and results of operations may change significantly, and stockholders will generally not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of these funds and other resources. As a result of the negative impact on our business from these developments, we no longer expect to achieve the growth rate in our dividend per Class A common share that we had been targeting. If our stock price continues to trade at current levels, we may not be able to consummate transactions that are accretive to CAFD per unit or increase our dividend per share of Class A common stock.

Our ability to grow and make acquisitions with cash on hand may be limited by our cash dividend policy.

Although we believe it is prudent to defer any decision on paying dividends to our stockholders for the time being given the limitations on our ability to access the capital markets and the other risks that we face, in the future we intend to continue our dividend policy of causing Terra LLC to distribute a portion of CAFD each quarter and to rely primarily upon external financing sources, including the issuance of debt and equity securities and, if applicable, borrowings under our Revolver, to fund our acquisitions and growth capital expenditures. We may be precluded from pursuing otherwise attractive acquisitions if the projected short-term cash flow from the acquisition or investment is not adequate to service the capital raised to fund the acquisition or investment. As such, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations.

Our indebtedness could adversely affect our financial condition and ability to operate our business, including restricting our ability to pay cash dividends or react to changes in the economy or our industry.

Our substantial debt could have important negative consequences on our financial condition, including:

- increasing our vulnerability to general economic and industry conditions and to the consequences of the SunEdison Bankruptcy and to our delayed financial statements;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to pay dividends to holders of our Class A common stock or to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- limiting our ability to enter into or receive payments under long-term power sales which require credit support;
- limiting our ability to fund operations or future acquisitions;
- restricting our ability to make certain distributions with respect to our capital stock and the ability of our subsidiaries to make certain distributions to us, in light of restricted payment and other financial covenants in our credit facilities and other financing agreements;
- exposing us to the risk of increased interest rates because certain of our borrowings, which may include borrowings under our Revolver, are at variable rates of interest;
- limiting our ability to obtain additional financing for working capital, including collateral postings, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who have less debt.

We expect to incur additional indebtedness in the future. As of December 31, 2015, we had open commitments of $240.9 million in the aggregate to acquire additional renewable energy facilities with a combined nameplate capacity of 195.5 MW from SunEdison, subject to the satisfaction of certain conditions precedent. We are pursuing funding for our short-term commitments using a combination of cash on hand, assumption and/or incurrence of debt, revolver draws, as available to us under the terms thereunder, and through structured financing arrangements. Any acquisitions for which we are committed and are not purchased by third parties will result in our obligation to purchase such renewable energy facilities directly, subject to the satisfaction of applicable conditions precedent to our obligations. To the extent we are able to secure financing to fund any such purchase commitment at all or on favorable terms, it may result in a significant increase in our indebtedness and leverage.

Our Revolver, the Senior Notes due 2023 and the Senior Notes due 2025 contain financial and other restrictive covenants that limit our ability to return capital to stockholders or otherwise engage in activities that may be in our long-term best interests. Our inability to satisfy certain financial covenants could prevent us from paying cash dividends, and our failure to comply with those and other covenants could result in an event of default which, if not cured or waived, may entitle the related lenders to demand repayment and accelerate the indebtedness or, in the case of the Revolver, enforce their security interests, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Limitations on our ability to distribute cash from our project-level subsidiaries to the Company, including as a result of defaults on our project-level indebtedness, will negatively impact our ability to satisfy financial tests under our Revolver or otherwise meet financial tests under our Senior Notes due 2023 and Senior Notes due 2025.

Our existing agreements governing our non-recourse financing contain financial and other restrictive covenants that limit our project subsidiaries' ability to make distributions to us or otherwise engage in activities that may be in our long-term best interests. We expect any future project financings that we incur or assume will contain similar provisions. The non-recourse financing agreements generally prohibit distributions from the project entities to us unless certain specific conditions are met, including the satisfaction of certain financial ratios and the absence of defaults or events of default. Our inability to satisfy certain financial covenants or cure defaults or events of default may prevent cash distributions by the particular project(s) to us, including defaults related to the SunEdison Bankruptcy or to delayed project-level audits. The risks with respect to the SunEdison Bankruptcy on our project financings is further detailed in *"Because SunEdison is a party to a material project agreement or a guarantor thereof, the SunEdison Bankruptcy could result in a material adverse effect on many of our projects"* above. Our failure to obtain such waivers or forbearance agreements with respect to defaults or to comply with those and other covenants has resulted in (or could result in future) events of default which, if not cured or waived, may entitle the related lenders to demand repayment or enforce their security interests, which could have a material adverse effect on our business, results of operations and financial condition. If we are unable to make distributions from our project-level subsidiaries, it would likely have a material adverse effect on our ability to pay dividends to holders of our Class A common stock.

If our subsidiaries default on their obligations under their non-recourse indebtedness or voluntarily or involuntarily commence bankruptcy proceedings, this may constitute an event of default under our Revolver, and we may be required to make payments to lenders to avoid such default or to prevent foreclosure on the collateral securing the non-recourse debt. If we are unable to or decide not to make such payments, we would lose certain of our renewable energy facilities upon foreclosure.

Our subsidiaries incur, and we expect will in the future incur, various types of non-recourse indebtedness. Non-recourse debt is repayable solely from the applicable renewable energy facility's revenues and is secured by the facility's physical assets, major contracts, cash accounts and, in many cases, our ownership interest in the project subsidiary. Limited recourse debt is debt where we have provided a limited guarantee, and recourse debt is debt where we have provided a full guarantee, which means if our subsidiaries default on these obligations, we will be liable directly to those lenders, although in the case of limited recourse debt only to the extent of our limited recourse obligations. To satisfy these obligations, we may be required to use amounts distributed by our other subsidiaries as well as other sources of available cash, reducing our cash available to execute our business plan and pay dividends to holders of our Class A common stock. In addition, if our subsidiaries default on their obligations under limited recourse financing agreements or voluntarily or involuntarily commence bankruptcy proceedings this may, under certain circumstances where Terra LLC or Terra Operating LLC guarantee such obligations and the amounts guaranteed exceed $75 million, individually or in the aggregate, result in an event of default under our Revolver, allowing our lenders to foreclose on their security interests.

Even if that is not the case, we may decide to make payments to prevent the lenders of these subsidiaries from foreclosing on the relevant collateral. Such a foreclosure could result in us losing our ownership interest in the subsidiary or in some or all of its assets. The loss of our ownership interest in one or more of our subsidiaries or some or all of their assets could have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we are unable to renew letter of credit facilities our business, financial condition, results of operations and cash flows may be materially adversely affected.

Our Revolver includes a letter of credit facility to support project-level contractual obligations. This letter of credit facility will need to be renewed as of January 27, 2020 and we are required to satisfy the applicable financial ratios and covenants throughout the term of the letter of credit facility. If we are unable to renew our letters of credit as expected or if we are only able to replace them with letters of credit under different facilities on less favorable terms, we may experience a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, the inability to provide letters of credit may constitute a default under certain non-recourse financing arrangements, restrict the ability of the project-level subsidiary to make distributions to us and/or reduce the amount of cash available at such subsidiary to make distributions to us.

Our ability to raise additional capital to fund our operations may be limited.

Our primary business strategy is to own, operate and acquire operational clean power generation assets. We do not always expect to have sufficient amounts of cash on hand to fund all such future acquisition costs. As a result, we will need to arrange additional financing to fund a portion of such acquisitions, potential contingent liabilities and other aspects of our operations. Our ability to arrange additional financing, either at the corporate-level or at a non-recourse project-level subsidiary, may be limited. Additional financing, including the costs of such financing, will be dependent on numerous factors, including:

- general economic and capital market conditions;
- credit availability from banks and other financial institutions;
- investor confidence in us, our partners, SunEdison, as our principal stockholder (on a combined voting basis), manager under the MSA and frequently as asset and O&M manager for our projects, and the regional wholesale power markets;
- the impact of the SunEdison Bankruptcy;
- our financial performance and the financial performance of our subsidiaries;

- our level of indebtedness and compliance with covenants in debt agreements;
- the timing of our ability to complete our Form 10-Q for the quarter ended March 31, 2016 and obtain audited project-level financial statements;
- maintenance of acceptable credit ratings or credit quality, including maintenance of the legal and tax structure of the project-level subsidiary upon which the credit ratings may depend;
- our cash flows; and
- provisions of tax and securities laws that may impact raising capital.

We may not be successful in obtaining additional financing for these or other reasons. Furthermore, we may be unable to refinance or replace non-recourse financing arrangements or other credit facilities on favorable terms or at all upon the expiration or termination thereof. Our failure, or the failure of any of our renewable energy facilities, to obtain additional capital or enter into new or replacement financing arrangements when due may constitute a default under such existing indebtedness and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Credit ratings downgrades have resulted in a negative perception of our creditworthiness, and will adversely affect our ability to raise additional financing.

Credit ratings agencies have issued corporate and issuer credit ratings with respect to us and our Senior Notes due 2023 and Senior Notes due 2025. These ratings are used by investors (including debt investors) and other third parties in evaluating our credit risk. Credit ratings are continually revised. Our credit ratings have declined as a result of the SunEdison Bankruptcy and other risks that we face. This decline in our credit ratings will have a material adverse effect on our ability to raise additional equity or indebtedness in the capital markets or could adversely affect the trading prices of our Class A stock or Senior Notes due 2023 and Senior Notes due 2025. These declines could also negatively impact the perception of our counterparties and other stakeholders regarding our ability to meet our obligations. These perceptions and concerns may also cause our existing or potential new counterparties to be less likely to enter into new agreements or to demand more expensive or onerous terms, credit support, security or conditions. Further declines in our credit ratings may materially and adversely affect our business, financial condition and results of operations.

Our ability to generate revenue from certain utility-scale solar and wind power plants depends on having interconnection arrangements and services.

If the interconnection or transmission agreement of a clean power generation asset we own or acquire is terminated for any reason, we may not be able to replace it with an interconnection or transmission arrangement on terms as favorable as the existing arrangement, or at all, or we may experience significant delays or costs in to securing a replacement. If a transmission network to which one or more of our existing power plants or a power plant we acquire is connected experiences “down time,” the affected clean power generation asset may lose revenue and be exposed to non-performance penalties and claims from its customers. The owners of the network will not usually compensate electricity generators for lost income due to down time. These factors could materially affect our ability to forecast operations and negatively affect our business, results of operations, financial condition and cash flows.

We cannot predict whether transmission facilities will be expanded in specific markets to accommodate competitive access to those markets. In addition, certain of our operating facilities’ generation of electricity may be physically or economically curtailed without compensation due to transmission limitations, reducing our revenues and impairing our ability to capitalize fully on a particular facility’s generating potential. Such curtailments could have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, economic congestion on the transmission grid (for instance, a positive price difference between the location where power is put on the grid by a clean power generation asset and the location where power is taken off the grid by the facility’s customer) in certain of the bulk power markets in which we operate may occur and we may be deemed responsible for those congestion costs. If we were liable for such congestion costs, our financial results could be adversely affected.

We face competition from traditional and renewable energy companies.

The solar and wind energy industries, and the broader clean energy industry, are highly competitive and continually evolving, as market participants strive to distinguish themselves within their markets and compete with large incumbent utilities and new market entrants. We believe that our primary competitors are the traditional incumbent utilities that supply energy to our potential customers under highly regulated rate and tariff structures. We compete with these traditional utilities primarily based on price, predictability of price and the ease with which customers can switch to electricity generated by our renewable energy facilities. If we cannot offer compelling value to our customers based on these factors, then our business will not grow. Traditional utilities generally have substantially greater financial, technical, operational and other resources than we do, and as a result may be able to devote more resources to the research, development, promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. Traditional utilities could also offer other value-added products or services that could help them to compete with us even if the cost of electricity they offer is higher than ours. In addition, the source of a majority of traditional utilities' electricity is non-renewable, which may allow them to sell electricity more cheaply than electricity generated by our solar generation facilities, wind power plants, and other types of clean power generation assets we may acquire.

We also face risks that traditional utilities could change their volumetric-based (i.e., cents per kWh) rate and tariff structures to make distributed solar generation less economically attractive to their retail customers. Currently, net metering programs are utilized in 43 states to support the growth of distributed generation solar facilities by requiring traditional utilities to reimburse certain of their retail customers for the excess power they generate at the level of the utilities' retail rates rather than the rates at which those utilities buy power at wholesale. In Arizona, the state has allowed its largest traditional utility, Arizona Public Service, to assess a surcharge on customers with solar generation facilities for their use of the utility's grid, based on the size of the customer's solar generation facility. This surcharge will reduce the economic returns for the excess electricity that the solar generation facilities produce. These types of changes or other types of changes that could reduce or eliminate the economic benefits of net metering could be implemented in other states, which could significantly change the economic benefits of solar energy as perceived by traditional utilities' retail customers.

We also face competition in the energy efficiency evaluation and upgrades market and we expect to face competition in additional markets as we introduce new energy-related products and services. As the solar and wind industries grow and evolve, we will also face new competitors who are not currently in the market. Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors will limit our growth and will have a material adverse effect on our business and prospects.

There are a limited number of purchasers of utility-scale quantities of electricity, which exposes us and our utility-scale facilities to additional risk.

Since the transmission and distribution of electricity is either monopolized or highly concentrated in most jurisdictions, there are a limited number of possible purchasers for utility-scale quantities of electricity in a given geographic location, including transmission grid operators, state and investor-owned power companies, public utility districts and cooperatives. As a result, there is a concentrated pool of potential buyers for electricity generated by our renewable energy facilities, which may restrict our ability to negotiate favorable terms under new PPAs and could impact our ability to find new customers for the electricity generated by our renewable energy facilities should this become necessary. Furthermore, if the financial condition of these utilities and/or power purchasers deteriorated or the RPS programs, climate change programs or other regulations to which they are currently subject and that compel them to source renewable energy supplies change, demand for electricity produced by our utility-scale facilities could be negatively impacted.

In addition, provisions in our power sale arrangements may provide for the curtailment of delivery of electricity for various operational reasons at no cost to the power purchaser, including preventing damage to transmission systems and for system emergencies, force majeure, safety, reliability, maintenance and other operational reasons. Such curtailment would reduce revenues earned by us at no cost to the purchaser including, in addition to certain of the general types noted above, events in which energy purchases would result in costs greater than those which the purchaser would incur if it did not make such purchases but instead generated an equivalent amount of energy (provided that such curtailment is due to operational reasons and does not occur solely as a consequence of purchaser's filed avoided energy cost being lower than the agreement rates or purchasing less expensive energy from another facility). In Hawaii, where several of our wind power plants are located, purchasers are required to take reasonable steps to minimize the number and duration of curtailment events, and that such curtailments will generally be made in reverse chronological order based upon Hawaii utility commission approval (which is beneficial to older facilities such as our Kaheawa Wind Power I, or "KWP I"), such curtailments could still occur and reduce revenues to our Hawaii wind power plants. If we cannot enter into power sale arrangements on terms favorable to us, or at all, or if the purchaser under our power sale arrangements were to exercise its curtailment or other rights to reduce purchases or payments under such arrangements, our revenues and our decisions regarding development of additional renewable energy facilities may be adversely affected. The risks discussed above under "*The SunEdison Bankruptcy may adversely affect our relationships with current or potential counterparties*" may be increased by our dependence on a limited number of purchasers.

A significant deterioration in the financial performance of the retail industry could materially adversely affect our distributed generation business.

The financial performance of our distributed generation business depends in part upon the continued viability and financial stability of our customers in the retail industry, such as medium and large independent retailers and distribution centers. If the retail industry is materially and adversely affected by an economic downturn, increase in inflation or other factors, one or more of our largest customers could encounter financial difficulty, and possibly, bankruptcy. If one or more of our largest customers were to encounter financial difficulty or declare bankruptcy, they may reduce their PPA payments to us or stop them altogether.

Our hedging activities may not adequately manage our exposure to commodity and financial risk, which could result in significant losses or require us to use cash collateral to meet margin requirements, each of which could have a material adverse effect on our business, financial condition, results of operations and liquidity, which could impair our ability to execute favorable financial hedges in the future.

Certain of our wind power plants are party to financial swaps or other hedging arrangements. We may also acquire additional assets with similar hedging arrangements in the future. Under the terms of the existing financial swaps, certain wind power plants are not obligated to physically deliver or purchase electricity. Instead, they receive payments for specified quantities of electricity based on a fixed-price and are obligated to pay the counterparty the market price for the same quantities of electricity. These financial swaps cover quantities of electricity that we estimated are highly likely to be produced. As a result, gains or losses under the financial swaps are designed to be offset by decreases or increases in a facility’s revenues from spot sales of electricity in liquid markets. However, the actual amount of electricity a facility generates from operations may be materially different from our estimates for a variety of reasons, including variable wind conditions and wind turbine availability. If a wind power plant does not generate the volume of electricity covered by the associated swap contract, we could incur significant losses if electricity prices in the market rise substantially above the fixed-price provided for in the swap. If a wind power plant generates more electricity than is contracted in the swap, the excess production will not be hedged and the related revenues will be exposed to market price fluctuations. Moreover, certain of these financial or hedging arrangements are financially settled with reference to energy prices (or locational marginal prices) at a certain hub or node on the transmission system in the relevant energy market. At the same time, revenues generated by physical sales of energy from the applicable facility may be determined by the energy price (or locational marginal price) at a different node on the transmission system. This is an industry practice used to address the lack of liquidity at individual facility locations. There is a risk, however, that prices at these two nodes differ materially, and as a result of this so called “basis risk,” we may be required to settle our financial hedges at prices that are higher than the prices at which we are able to sell physical power from the applicable facility, thus reducing the effectiveness of the swap hedges.

We are exposed to foreign currency exchange risks because certain of our renewable energy facilities are located in foreign countries.

We generate a portion of our revenues and incur a portion of our expenses in currencies other than U.S. dollars. Changes in economic or political conditions in any of the countries in which we operate could result in exchange rate movement, new currency or exchange controls or other restrictions being imposed on our operations or expropriation. As our financial results are reported in U.S. dollars, if we generate revenue or earnings in other currencies, the translation of those results into U.S. dollars can result in a significant increase or decrease in the amount of those revenues or earnings. To the extent that we are unable to match revenues received in foreign currencies with costs paid in the same currency, exchange rate fluctuations in any such currency could have an adverse effect on our profitability. Our debt service requirements are primarily in U.S. dollars even though a percentage of our cash flow is generated in other foreign currencies and therefore significant changes in the value of such foreign currencies relative to the U.S. dollar could have a material adverse effect on our financial condition and our ability to meet interest and principal payments on debts denominated in U.S. dollars. In addition to currency translation risks, we incur currency transaction risks whenever we or one of our facilities enter into a purchase or sales transaction using a currency other than the local currency of the transacting entity.

Given the volatility of exchange rates, we cannot assure you that we will be able to effectively manage our currency transaction and/or translation risks. It is possible that volatility in currency exchange rates will have a material adverse effect on our financial condition or results of operations. We expect to experience economic losses and gains and negative and positive impacts on earnings as a result of foreign currency exchange rate fluctuations, particularly as a result of changes in the value of the Canadian dollar, the British pound and other currencies.

Additionally, although a portion of our revenues and expenses are denominated in foreign currency, we will pay dividends to holders of our Class A common stock in U.S. dollars. The amount of U.S. dollar denominated dividends paid to our holders of our Class A common stock will therefore be exposed to currency exchange rate risk. Although we intend to enter into hedging arrangements to help mitigate some of this exchange rate risk, these arrangements may not be sufficient. Changes in the foreign exchange rates could have a material adverse effect on our results of operations and may adversely affect the amount of cash dividends paid by us to holders of our Class A common stock.

A substantial portion of our revenues are attributable to the sale of renewable energy credits and solar renewable energy credits, which are renewable energy attributes that are created under the laws of individual states of the United States, and our failure to be able to sell such RECs or SRECs at attractive prices, or at all, could materially adversely affect our business, financial condition and results of operation.

A substantial portion of our revenues are attributable to our sale of RECs and other environmental attributes of our facilities which are created under the laws of the state of the United States where the facility is located. We sometimes seek to sell forward a portion of our RECs or other environmental attributes under contracts having terms in excess of one year to fix the revenues from those attributes and hedge against future declines in prices of RECs or other environmental attributes. If our renewable energy facilities do not generate the amount of electricity required to earn the RECs or other environmental attributes sold under such forward contracts or if for any reason the electricity we generate does not produce RECs or other environmental attributes for a particular state, we may be required to make up the shortfall of RECs or other environmental attributes under such forward contracts through purchases on the open market or make payments of liquidated damages. We have from time to time provided guarantees of Terra LLC as credit support for these obligations. Additionally, forward contracts for REC sales often contain adequate assurances clauses that allow our counterparties to require us to provide credit support in the form of parent guarantees, letters of credit or cash collateral. We have recently received requests for adequate assurance from several of our REC agreement counterparties. To date, despite these requests, we have not been required to provide such additional credit support.

We are currently limited in our ability to hedge sufficient volumes of our anticipated RECs or other environmental attributes, leaving us exposed to the risk of falling prices for RECs or other environmental attributes. RECs are created through state law requirements for utilities to purchase a portion of their energy from renewable energy sources and changes in state laws or regulation relating to RECs may adversely affect the availability of RECs or other environmental attributes and the future prices for RECs or other environmental attributes, which could have an adverse effect on our business, financial condition and results of operations.

While we currently own only solar and wind renewable energy facilities (and associated interconnecting transmission facilities), in the future we may decide to further expand our acquisition strategy to include other types of energy or transmission projects. To the extent that we expand our operations to include new business segments, our business operations may suffer from a lack of experience, which may materially and adversely affect our business, financial condition, results of operations and cash flows.

We have limited experience in energy generation operations. As a result of this lack of experience, we may be prone to errors if we expand our renewable energy facilities beyond solar and wind energy. With no direct training or experience in these areas, our management may not be fully aware of the many specific requirements related to working in industries beyond solar and wind energy generation. Additionally, we may be exposed to increased operating costs, unforeseen liabilities or risks, and regulatory and environmental concerns associated with entering new sectors of the renewable energy industry, which could have an adverse impact on our business as well as place us at a competitive disadvantage relative to more established non-solar and non-wind energy market participants. Our operations, earnings and ultimate financial success could suffer irreparable harm due to our management's lack of experience in these industries.

Operation of renewable energy facilities involves significant risks and hazards that could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may not have adequate insurance to cover these risks and hazards.

The ongoing operation of our facilities involves risks that include the breakdown or failure of equipment or processes or performance below expected levels of output or efficiency due to wear and tear, latent defect, design error or operator error or force majeure events, among other things. Operation of our facilities also involves risks that we will be unable to transport our product to our customers in an efficient manner due to a lack of transmission capacity. Unplanned outages of generating units, including extensions of scheduled outages, occur from time to time and are an inherent risk of our business. Unplanned outages typically increase our operation and maintenance expenses and may reduce our revenues as a result of generating and selling less power or require us to incur significant costs as a result of obtaining replacement power from third parties in the open market to satisfy our forward power sales obligations.

Our inability to efficiently operate our renewable energy facilities, manage capital expenditures and costs and generate earnings and cash flow from our asset-based businesses could have a material adverse effect on our business, financial condition, results of operations and cash flows. While we maintain insurance, obtain warranties from vendors and obligate contractors to meet certain performance levels, the proceeds of such insurance, warranties or performance guarantees may not cover our lost revenues, increased expenses or liquidated damages payments should we experience equipment breakdown or non-performance by contractors or vendors.

Power generation involves hazardous activities, including delivering electricity to transmission and distribution systems. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, other hazards, such as fire, structural collapse and machinery failure are inherent risks in our operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment and contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental cleanup costs, personal injury and property damage and fines and/or penalties. We maintain an amount of insurance protection that we consider adequate but we cannot provide any assurance that our insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which we may be subject. Furthermore, our insurance coverage is subject to deductibles, caps, exclusions and other limitations. A loss for which we are not fully insured could have a material adverse effect on our business, financial condition, results of operations or cash flows. Further, due to rising insurance costs and changes in the insurance markets, we cannot provide any assurance that our insurance coverage will continue to be available at all or at rates or on terms similar to those presently available. Any losses not covered by insurance could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business is subject to substantial governmental regulation and may be adversely affected by changes in laws or regulations, as well as liability under, or any future inability to comply with, existing or future regulations or other legal requirements.

Our business is subject to extensive federal, state and local laws in the U.S. and regulations in the foreign countries in which we operate. Compliance with the requirements under these various regulatory regimes may cause us to incur significant costs, and failure to comply with such requirements could result in the shutdown of the non-complying facility or, the imposition of liens, fines and/or civil or criminal liability.

With the exception of Mt. Signal, Regulus, and certain of our wind power plants (“EWG Projects”), all of the renewable energy facilities located in the United States in our portfolio are QFs as defined under PURPA. Depending upon the power production capacity of the facility in question, our QFs and their immediate project company owners may be entitled to various exemptions from ratemaking and certain other regulatory provisions of the FPA, from the books and records access provisions of PUHCA, and from state organizational and financial regulation of electric utilities.

Each of the Mt. Signal Project Company (“ProjectCo”), the Regulus ProjectCo and the owners of the EWG Projects (each “EWG Project Co”) are an EWG which exempts it and us (for purposes of our ownership of each such company) from the federal books and access provisions of PUHCA. Certain of the EWG Projects are also QFs. Mt. Signal ProjectCo, the Regulus ProjectCo and the EWG Project Cos are subject to regulation for most purposes as “public utilities” under the FPA, including regulation of their rates and their issuances of securities. Each of the Mt. Signal ProjectCo, the Regulus ProjectCo and the EWG ProjectCos has obtained “market based rate authorization” and associated blanket authorizations and waivers from FERC under the FPA, which allows it to sell electricity, capacity and ancillary services at wholesale at negotiated, market based rates, instead of cost-of-service rates, as well as waivers of, and blanket authorizations under, certain FERC regulations that are commonly granted to market based rate sellers, including blanket authorizations to issue securities.

The failure of our QFs to maintain QF status may result in their becoming subject to significant additional regulatory requirements. In addition, the failure of the Mt. Signal ProjectCo, the Regulus ProjectCo, the EWG ProjectCos, or our QFs to comply with applicable regulatory requirements may result in the imposition of penalties as discussed further in "*Business - Regulatory Matters"*.

In particular, the Mt. Signal ProjectCo, the Regulus ProjectCo, the EWG ProjectCos, and any project companies that own or operate our QFs that obtain market based rate authority from FERC under the FPA are or will be subject to certain market behavior and anti-manipulation rules as established and enforced by FERC, and if they are determined to have violated those rules, will be subject to potential disgorgement of profits associated with the violation, penalties, and suspension or revocation of their market-based rate authority. If such entities were to lose their market-based rate authority, they would be required to obtain FERC’s acceptance of a cost-of-service rate schedule for wholesale sales of electric energy, capacity and ancillary services and could become subject to significant accounting, record-keeping, and reporting requirements that are imposed on FERC regulated public utilities with cost-based rate schedules.

Substantially all of our assets are also subject to the rules and regulations applicable to power generators generally, in particular the Reliability Standards of NERC or similar standards in Canada, the United Kingdom and Chile. If we fail to comply with these mandatory Reliability Standards, we could be subject to sanctions, including substantial monetary penalties, increased compliance obligations and disconnection from the grid.

The regulatory environment for electricity generation in the United States has undergone significant changes in the last several years due to state and federal policies affecting the wholesale and retail power markets and the creation of incentives for the addition of large amounts of new renewable energy generation and demand response resources. These changes are ongoing and we cannot predict the ultimate effect that the changing regulatory environment will have on our business. In addition, in some of these markets, interested parties have proposed material market design changes, as well as made proposals to re-regulate the markets or require divestiture of power generation assets by asset owners or operators to reduce their market share. If competitive restructuring of the power markets is reversed, discontinued or delayed, our business prospects and financial results could be negatively impacted.

Laws, governmental regulations and policies supporting renewable energy, and specifically solar and wind energy (including tax incentives), could change at any time, including as a result of new political leadership, and such changes may materially adversely affect our business and our growth strategy.

Renewable energy generation assets currently benefit from, or are affected by, various federal, state and local governmental incentives and regulatory policies. As further explained under "*Tax provisions and policies supporting renewable energy could change at any time, and such changes may result in a material increase in our estimated future income tax liability and may limit the current benefits of solar and wind energy investment*" below, in the United States, these policies include federal ITCs, PTCs, and trade import tariff policies, as well as state RPS and integrated resource plan ("IRP") programs, state and local sales and property taxes, siting policies, grid access policies, rate design, net energy metering, and modified accelerated cost-recovery system of depreciation. The growth of our wind energy business may be dependent on the U.S. Congress further extending the expiration date of, renewing or replacing wind ITC and PTCs, without which the market for tax equity financing for wind power plants would likely cease to exist. Any effort to overturn supportive federal and state policies could materially and adversely affect our business, financial condition, results of operations and cash flows.

Many U.S. states have adopted RPS programs mandating that a specified percentage of electricity sales come from eligible sources of renewable energy. If the RPS requirements are reduced or eliminated, it could lead to fewer future power contracts or lead to lower prices for the sale of power in future power contracts, which could have a material adverse effect on our future growth prospects. Such material adverse effects may result from decreased revenues, reduced economic returns on certain project company investments, increased financing costs and/or difficulty obtaining financing.

Renewable energy sources in Canada benefit from federal and provincial incentives, such as RPS programs, accelerated cost recovery deductions allowed for tax purposes, the availability of offtake agreements through RPS and the Ontario FIT program, and other commercially oriented incentives. Renewable energy sources in the United Kingdom benefit from renewable obligation certificates, climate change levy exemption certificates, embedded benefits and contracts for difference. Renewable energy sources in Chile benefit from an RPS program. Any adverse change to, or the elimination of, these incentives could have a material adverse effect on our business and our future growth prospects.

If any of the laws or governmental regulations or policies that support renewable energy change, or if we are subject to new and burdensome laws or regulations, such changes may have a material adverse effect on our business, financial condition, results of operations and cash flows.

We have a limited operating history and as a result we may not operate on a profitable basis.

We have a relatively new portfolio of assets, including several renewable energy facilities that have only recently commenced operations or that we expect will commence operations in the near future, and a limited operating history on which to base an evaluation of our business and prospects. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stages of operation, particularly in a rapidly evolving industry such as ours. We cannot assure you that we will be successful in addressing the risks we may encounter, and our failure to do so could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Maintenance, expansion and refurbishment of renewable energy facilities involve significant risks that could result in unplanned power outages or reduced output.

Our facilities may require periodic upgrading and improvement. Any unexpected operational or mechanical failure, including failure associated with breakdowns and forced outages, and any decreased operational or management performance, could reduce our facilities' generating capacity below expected levels, reducing our revenues and jeopardizing our ability to pay dividends to holders of our Class A common stock at forecasted levels or at all. Incomplete performance by SunEdison under O&M agreements may increase the risks of operational or mechanical failure of our facilities. Degradation of the performance of our renewable energy facilities provided for in the related PPAs may also reduce our revenues. Unanticipated capital expenditures associated with maintaining, upgrading or repairing our facilities may also reduce profitability.

We may also choose to refurbish or upgrade our facilities based on our assessment that such activity will provide adequate financial returns and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs, timing, available financing and future power prices. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Moreover, spare parts for wind turbines and solar facilities and key pieces of equipment may be hard to acquire or unavailable to us. Sources of some significant spare parts and other equipment are located outside of North America. If we were to experience a shortage of or inability to acquire critical spare parts we could incur significant delays in returning facilities to full operation, which could negatively impact our business financial condition, results of operations and cash flows.

Our KWP II wind power plant is required under its PPA to install and maintain a battery energy storage system, the manufacturer of which is in bankruptcy and no longer supplies batteries to any customers. If we are unable to source acceptable replacement batteries, this could result in a default under, or termination of, KWP II's PPA.

Our Kaheawa Wind Power II ("KWP II") wind power plant is required under its PPA to install and maintain a battery energy storage system ("BESS"). The manufacturer of the BESS is in bankruptcy and is no longer providing replacement batteries and other components for the BESS. We are sourcing replacement batteries from a new supplier, but such replacement batteries may not be sufficient for the system to operate as designed or may not be available in the quantities or at an economical price. Our Kahuku wind power plant had a similar BESS that was required to be operated under its PPA, but the BESS was destroyed in a fire. The facility installed a D-Var system as a replacement for the BESS under the Kahuku facility PPA, which has been operating as designed. If the BESS system at KWP II was damaged or could no longer operate, a D-Var could not be used at the KWP II facility as a replacement to the BESS due to technical constraints, and another replacement system may not be compatible or available at a price that would allow the facility to operate economically. Failure to maintain the battery system constitutes a default under KWP II's PPA and could result in the termination of KWP II's PPA, which could negatively impact our business financial condition, results of operations and cash flows.

Certain of the wind power plants use equipment originally produced and supplied by Clipper Windpower, LLC, or its affiliates ("Clipper") which no longer manufactures, warrants or services the wind turbines it produced. If Clipper equipment experiences defects in the future, we may not be able to obtain replacement components and will need to self-fund the correction or replacement of such equipment.

The Cohocton, Kahuku, Sheffield, and Steel Winds I and II wind power plants operate 92 Liberty turbines, with a combined nameplate capacity of 230.0 MW, supplied by Clipper. Since initial deployment, Clipper has announced and remediated various defects affecting the Liberty turbines deployed by us and by other customers, which resulted in prolonged downtime for turbines at various facilities. Moreover, Clipper no longer manufactures, warrants or services the Liberty turbines or other wind equipment it produced.

Beginning in 2012, we engaged in a number of litigation and arbitration proceedings with Clipper concerning the performance of the Liberty turbines. On February 12, 2013, all such disputes were settled pursuant to a Settlement, Release and Operation and Maintenance Transition Agreement among certain of our and Clipper entities (the "Settlement Agreement"). Pursuant to the Settlement Agreement, we have, among other things, released Clipper of all of its warranty obligations with respect to the equipment supplied by Clipper, and the obligations under the related operation and maintenance contracts, and we have been granted by Clipper a non-exclusive, royalty-free, perpetual, irrevocable license to make, improve and modify any equipment supplied by Clipper and to create derivative works from such equipment.

As a result, if Clipper equipment experiences defects in the future, we will not have the benefit of a manufacturer's warranty on such original equipment, may not be able to obtain replacement components and will need to self-fund the correction or replacement of such equipment, which could negatively impact our business financial condition, results of operations and cash flows.

Developers of renewable energy facilities depend on a limited number of suppliers of solar panels, inverters, module turbines, towers and other system components and turbines and other equipment associated with wind power plants. Any shortage, delay or component price change from these suppliers could result in construction or installation delays, which could affect the number of renewable energy facilities we are able to acquire in the future.

There have been periods of industry-wide shortage of key components, including solar panels and wind turbines, in times of rapid industry growth. The manufacturing infrastructure for some of these components has a long lead time, requires significant capital investment and relies on the continued availability of key commodity materials, potentially resulting in an inability to meet demand for these components. In addition, the United States government has imposed tariffs on solar cells manufactured in China. Based on determinations by the United States government, the applicable anti-dumping tariff rates range from approximately 8% to 239%. To the extent that United States market participants experience harm from Chinese pricing practices, an additional tariff of approximately 15%-16% will be applied. If SunEdison or other unaffiliated third parties purchase solar panels containing cells manufactured in China, our purchase price for renewable energy facilities would reflect the tariff penalties mentioned above. A shortage of key commodity materials could also lead to a reduction in the number of renewable energy facilities that we may have the opportunity to acquire in the future, or delay or increase the costs of acquisitions. The risks discussed above under "*The SunEdison Bankruptcy may adversely affect our relationships with current or potential counterparties*" may be increased by our dependence on a limited number of suppliers.

We may incur unexpected expenses if the suppliers of components in our renewable energy facilities default in their warranty obligations.

The solar panels, inverters, modules and other system components utilized in our solar generation facilities are generally covered by manufacturers' warranties, which typically range from 5 to 20 years. When purchasing wind turbines, the purchaser will enter into warranty agreements with the manufacturer which typically expire within two to five years after the turbine delivery date. In the event any such components fail to operate as required, we may be able to make a claim against the applicable warranty to cover all or a portion of the expense associated with the faulty component. However, these suppliers could cease operations and no longer honor the warranties, which would leave us to cover the expense associated with the faulty component. Our business, financial condition, results of operations and cash flows could be materially adversely affected if we cannot make claims under warranties covering our renewable energy facilities.

We are subject to environmental, health and safety laws and regulations and related compliance expenditures and liabilities.

Our assets are subject to numerous and significant federal, state, local and foreign laws, and other requirements governing or relating to the environment. Our facilities could experience incidents, malfunctions and other unplanned events, such as spills of hazardous materials that may result in personal injury, penalties and property damage. In addition, certain environmental laws may result in liability, regardless of fault, concerning contamination at a range of properties, including properties currently or formerly owned, leased or operated by us and properties where we disposed of, or arranged for disposal of, waste and other hazardous materials. As such, the operation of our facilities carries an inherent risk of environmental liabilities, and may result in our involvement from time to time in administrative and judicial proceedings relating to such matters. While we have implemented environmental management programs designed to continually improve environmental, health and safety performance, we cannot assure you that such liabilities including significant required capital expenditures, as well as the costs for complying with environmental laws and regulations, will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

Harming of protected species can result in curtailment of wind power plant operations.

The operation of wind power plants can adversely affect endangered, threatened or otherwise protected animal species. Wind power plants, in particular, involve a risk that protected species will be harmed, as the turbine blades travel at a high rate of speed and may strike flying animals (such as birds or bats) that happen to travel into the path of spinning blades.

Our wind power plants are known to strike and kill flying animals, and occasionally strike and kill endangered or protected species, including protected golden or bald eagles. As a result, we will attempt to observe all industry guidelines and governmentally recommended best practices to avoid harm to protected species, such as avoiding structures with perches, avoiding guy wires that may kill birds or bats in flight, or avoiding lighting that may attract protected species at night. In addition, we will attempt to reduce the attractiveness of a site to predatory birds by site maintenance (e.g., mowing, removal of animal and bird carcasses, etc.).

Where possible, we will obtain permits for incidental take of protected species. We hold such permits for some of our wind power plants, particularly in Hawaii, where several species are endangered and protected by law. We are currently in discussions with the U.S. Fish & Wildlife Service (“USF&WS”) about obtaining incidental take permits for bald and golden eagles at locations with low to moderate risk of such events. We are also discussing with USF&WS amending the incidental take permits for certain wind power plants in Hawaii, where observed endangered species mortality has exceeded prior estimates and may exceed permit limits on such takings.

Excessive taking of protected species can result in requirements to implement mitigation strategies, including curtailment of operations. Our wind power plants in Hawaii, several of which hold incidental take permits to authorize the incidental taking of small numbers of protected species, are subject to curtailment (i.e., reduction in operations) if excessive taking of protected species is detected through monitoring. At some of the facilities in Hawaii, curtailment has been implemented, but not at levels that materially reduce electricity generation or revenues. Such curtailments (to protect bats) have reduced nighttime operation and limited operation to times when wind speeds are high enough to prevent bats from flying into a wind power plant’s blades. Based on continuing concerns about species other than bats, however, additional curtailments are possible at those locations. We cannot guarantee that such curtailments will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

Risks that are beyond our control, including but not limited to acts of terrorism or related acts of war, natural disasters, hostile cyber intrusions, theft or other catastrophic events, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our renewable energy facilities, or those that we otherwise acquire in the future, may be targets of terrorist activities that could cause environmental repercussions and/or result in full or partial disruption of the facilities’ ability to generate electricity. Hostile cyber intrusions, including those targeting information systems as well as electronic control systems used at the facilities and for the related distribution systems, could severely disrupt business operations and result in loss of service to customers, as well as create significant expense to repair security breaches or system damage.

Furthermore, certain of our renewable energy facilities are located in active earthquake zones. The occurrence of a natural disaster, such as an earthquake, hurricane, lightning, flood or localized extended outages of critical utilities or transportation systems, or any critical resource shortages, affecting us could cause a significant interruption in our business, damage or destroy our facilities or those of our suppliers or the manufacturing equipment or inventory of our suppliers.

Additionally, certain of our renewable energy facilities and equipment are at risk for theft and damage. For example, we are at risk for copper wire theft, especially at our solar generation facilities, due to an increased demand for copper in the United States and internationally. Theft of copper wire or solar panels can cause significant disruption to our operations for a period of months and can lead to operating losses at those locations. Damage to wind turbine equipment may also occur, either through natural events such as lightning strikes that damage blades or in-ground electrical systems used to collect electricity from turbines, or through vandalism, such as gunshots into towers or other generating equipment. Such damage can cause disruption of operations for unspecified periods which may lead to operating losses at those locations.

Any such terrorist acts, environmental repercussions or disruptions, natural disasters or theft incidents could result in a significant decrease in revenues or significant reconstruction, remediation or replacement costs, beyond what could be recovered through insurance policies, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our use and enjoyment of real property rights for our renewable energy facilities may be adversely affected by the rights of lienholders and leaseholders that are superior to those of the grantors of those real property rights to us.

Renewable energy facilities generally are and are likely to be located on land occupied by the facility pursuant to long-term easements and leases. The ownership interests in the land subject to these easements and leases may be subject to mortgages securing loans or other liens (such as tax liens) and other easement and lease rights of third parties (such as leases of oil or mineral rights) that were created prior to the facility's easements and leases. As a result, the facility's rights under these easements or leases may be subject, and subordinate, to the rights of those third parties. We perform title searches and obtain title insurance to protect ourselves against these risks. Such measures may, however, be inadequate to protect us against all risk of loss of our rights to use the land on which our renewable energy facilities are located, which could have a material adverse effect on our business, financial condition and results of operations.

International operations subject us to political and economic uncertainties.

Our portfolio consists of renewable energy facilities located in the United States and Puerto Rico, Canada, the United Kingdom and Chile. In addition, since solar and wind energy generation and other forms of clean energy are in the early stages of development and the industry is evolving rapidly, we could decide to expand into other international markets. As a result, our activities are and will be subject to significant political and economic uncertainties that may adversely affect our operating and financial performance. These uncertainties include, but are not limited to:

- the risk of a change in renewable power pricing policies, possibly with retroactive effect;
- political and economic instability;
- measures restricting the ability of our facilities to access the grid to deliver electricity at certain times or at all;
- the macroeconomic climate and levels of energy consumption in the countries where we have operations;
- the comparative cost of other sources of energy;
- changes in taxation policies and/or the regulatory environment in the countries in which we have operations, including reductions to renewable power incentive programs;
- the imposition of currency controls and foreign exchange rate fluctuations;
- high rates of inflation;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- changes to land use regulations and permitting requirements;
- risk of nationalization or other expropriation of private enterprises and land, including creeping regulation that reduces the value of our facilities or governmental incentives associated with renewable energy;
- difficulty in timely identifying, attracting and retaining qualified technical and other personnel;
- difficulty competing against competitors who may have greater financial resources and/or a more effective or established localized business presence;
- difficulties with, and extra-normal costs of, recruiting and retaining local individuals skilled in international business operations;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms; and
- being subject to the jurisdiction of courts other than those of the United States, which courts may be less favorable to us.

These uncertainties, many of which are beyond our control, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our international operations require us to comply with anti-corruption laws and regulations of the United States government and various non-U.S. jurisdictions.

Doing business in multiple countries requires us and our subsidiaries to comply with the laws and regulations of the United States government and various non-U.S. jurisdictions. Our failure to comply with these rules and regulations may expose us to liabilities. These laws and regulations may apply to us, our subsidiaries, individual directors, officers, employees and agents, and those of SunEdison, and may restrict our operations, trade practices, investment decisions and partnering activities. In particular, our non-U.S. operations are subject to United States and foreign anti-corruption laws and regulations, such as the Foreign Corrupt Practices Act of 1977, as amended ("FCPA"). The FCPA prohibits United States companies and their officers, directors, employees and agents acting on their behalf from corruptly offering, promising, authorizing or providing anything of value to foreign officials for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. The FCPA also requires companies to make and keep books, records and accounts that accurately and fairly reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. As part of our business, we deal with state-owned business enterprises, the employees and representatives of which may be considered foreign officials for purposes of the FCPA. As a result, business dealings between our or SunEdison's employees and any such foreign official could expose the Company to the risk of violating anti-corruption laws even if such business practices may be customary or are not otherwise prohibited between the Company and a private third party. Violations of these legal requirements are punishable by criminal fines and imprisonment, civil penalties, disgorgement of profits, injunctions, debarment from government contracts as well as other remedial measures. We have established policies and procedures designed to assist us and our personnel in complying with applicable United States and non-U.S. laws and regulations; however, we cannot assure you that these policies and procedures will completely eliminate the risk of a violation of these legal requirements, and any such violation (inadvertent or otherwise) could have a material adverse effect on our business, financial condition and results of operations.

In the future, we may acquire certain assets in which we have limited control over management decisions and our interests in such assets may be subject to transfer or other related restrictions.

We have acquired, and may seek to acquire, assets in the future in which we own less than a majority of the related interests in the assets. In these investments, we will seek to exert a degree of influence with respect to the management and operation of assets in which we own less than a majority of the interests by negotiating to obtain positions on management committees or to receive certain limited governance rights, such as rights to veto significant actions. However, we may not always succeed in such negotiations, and we may be dependent on our co-venturers to operate such assets. Our co-venturers may not have the level of experience, technical expertise, human resources management and other attributes necessary to operate these assets optimally. In addition, conflicts of interest may arise in the future between us and our stockholders, on the one hand, and our co-venturers, on the other hand, where our co-venturers' business interests are inconsistent with our interests and those of our stockholders. Further, disagreements or disputes between us and our co-venturers could result in litigation, which could increase our expenses and potentially limit the time and effort our officers and directors are able to devote to our business.

The approval of co-venturers also may be required for us to receive distributions of funds from assets or to sell, pledge, transfer, assign or otherwise convey our interest in such assets, or for us to acquire SunEdison's interests in such co-ventures as an initial matter. Alternatively, our co-venturers may have rights of first refusal or rights of first offer in the event of a proposed sale or transfer of our interests in such assets. These restrictions may limit the price or interest level for our interests in such assets, in the event we want to sell such interests.

We may not be able to renew our sale-leasebacks on similar terms. If we are unable to renew a sale-leaseback on acceptable terms we may be required to remove the renewable energy facility from the facility site subject to the sale-leaseback transaction or, alternatively, we may be required to purchase the renewable energy facilities from the lessor at unfavorable terms.

Provided the lessee is not in default, customary end of lease term provisions for sale-leaseback transactions obligate the lessee to (i) renew the sale-leaseback assets at fair market value, (ii) purchase the renewable energy facilities at fair market value or (iii) return the renewable energy facility to the lessor. The cost of acquiring or removing a significant number of solar energy assets could be material. Further, we may not be successful in obtaining the additional financing necessary to purchase such renewable energy facilities from the lessor. Failure to renew our sale-leaseback transactions as they expire may have a material adverse effect on our business, financial condition, results of operations and cash flows.

The accounting treatment for many aspects of our solar energy business, and the wind energy business, is complex and any changes to the accounting interpretations or accounting rules governing our solar energy business or wind energy business could have a material adverse effect on our U.S. GAAP reported results of operations and financial results.

The accounting treatment for many aspects of our solar energy business and wind energy business is complex, and our future results could be adversely affected by changes in the accounting treatment applicable to our solar and wind energy businesses. In particular, any changes to the accounting rules regarding the following matters may require us to change the manner in which we operate and finance our business:

- revenue recognition and related timing;
- intra-company contracts;
- operation and maintenance contracts;
- joint venture accounting, including the consolidation of joint venture entities and the inclusion or exclusion of their assets and liabilities on our balance sheet;
- long-term vendor agreements; and
- foreign holding company tax treatment.

Negative public or community response to renewable energy facilities could adversely affect construction of our facilities.

Negative public or community response to solar, wind and other renewable energy facilities, could adversely affect our ability to acquire and operate our facilities. Our experience is that such opposition subsides over time after renewable energy facilities are completed and are operating, but there are cases where opposition, disputes and even litigation continue into the operating period and could lead to curtailment of a facility or other facility modifications.

The seasonality of our operations may affect our liquidity.

We will need to maintain sufficient financial liquidity to absorb the impact of seasonal variations in energy production or other significant events. Our principal sources of liquidity are cash generated from our operating activities, the cash retained by us for working capital purposes out of the gross proceeds of financing activities as well as our borrowing capacity under our Revolver, subject to the conditions required to draw under our Revolver. Our quarterly results of operations may fluctuate significantly for various reasons, mostly related to economic incentives and weather patterns.

For instance, the amount of electricity and revenues generated by our solar generation facilities is dependent in part on the amount of sunlight, or irradiation, where the assets are located. Due to shorter daylight hours in winter months which results in less irradiation, the generation produced by these facilities will vary depending on the season. The electricity produced and revenues generated by a wind power plant depend heavily on wind conditions, which are variable and difficult to predict. Operating results for wind power plants vary significantly from period to period depending on the wind conditions during the periods in question. Additionally, to the extent more of our renewable energy facilities are located in the northern or southern hemisphere, overall generation of our entire asset portfolio could be impacted by seasonality. Further, time-of-day pricing factors vary seasonally which contributes to variability of revenues. We expect our portfolio of renewable energy facilities to generate the lowest amount of electricity during the fourth quarter. However, we expect aggregate seasonal variability to decrease if geographic diversity of our portfolio between the northern and southern hemisphere increases.

If we fail to adequately manage the fluctuations in the timing of our renewable energy facilities, our business, financial condition or results of operations could be materially affected. The seasonality of our energy production may create increased demands on our working capital reserves and borrowing capacity under our Revolver during periods where cash generated from operating activities are lower. In the event that our working capital reserves and borrowing capacity under our Revolver are insufficient to meet our financial requirements, or in the event that the restrictive covenants in our Revolver restrict our access to such facilities, we may require additional equity or debt financing to maintain our solvency. Additional equity or debt financing may not be available when required or available on commercially favorable terms or on terms that are otherwise satisfactory to us, in which event our financial condition may be materially adversely affected.

The production of wind energy depends heavily on suitable wind conditions. If wind conditions are unfavorable or below our estimates, our electricity production, and therefore our revenue, may be substantially below our expectations.

The electricity produced and revenues generated by a wind power plant depend heavily on wind conditions, which are variable and difficult to predict. Operating results for wind power plants vary significantly from period to period depending on the wind conditions during the periods in question. We have based our decisions about which sites to develop in part on the findings of long-term wind and other meteorological studies conducted in the proposed area, which measure the wind's speed, prevailing direction and seasonal variations. Actual wind conditions at these sites, however, may not conform to the measured data in these studies and may be affected by variations in weather patterns, including any potential impact of climate change. Therefore, the electricity generated by our wind power plants may not meet our anticipated production levels or the rated capacity of the turbines located there, which could adversely affect our business, financial condition and results of operations. In some quarters the wind resources at our operating wind power plants, while within the range of our long-term estimates, have varied from the averages we expected. If the wind resources at a facility are below the average level we expect, our rate of return for the facility would be below our expectations and we would be adversely affected. Projections of wind resources also rely upon assumptions about turbine placement, interference between turbines and the effects of vegetation, land use and terrain, which involve uncertainty and require us to exercise considerable judgment. We or our consultants may make mistakes in conducting these wind and other meteorological studies. Any of these factors could cause our development sites to have less wind potential than we expected, or to cause us develop our sites in ways that do not optimize their potential, which could cause the return on our investment in these wind power plants to be lower than expected.

If our wind energy assessments turn out to be wrong, our business could suffer a number of material adverse consequences, including:

- our energy production and sales may be significantly lower than we predict;
- our hedging arrangements may be ineffective or more costly;
- we may not produce sufficient energy to meet our commitments to sell electricity or RECs and, as a result, we may have to buy electricity or RECs on the open market to cover our obligations or pay damages; and
- our wind power plants may not generate sufficient cash flow to make payments of principal and interest as they become due on the notes and our non-recourse debt, and we may have difficulty obtaining financing for future wind power plants.

If we are deemed to be an investment company, we may be required to institute burdensome compliance requirements and our activities may be restricted, which may make it difficult for us to complete strategic acquisitions or affect combinations.

If we are deemed to be an investment company under the Investment Company Act of 1940 (the "Investment Company Act") our business would be subject to applicable restrictions under the Investment Company Act, which could make it impractical for us to continue our business as contemplated.

We believe our company is not an investment company under Section 3(b)(1) of the Investment Company Act because we are primarily engaged in a non-investment company business, and we intend to conduct our operations so that we will not be deemed an investment company. However, if we were to be deemed an investment company, restrictions imposed by the Investment Company Act, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated.

Risks Inherent in an Investment in TerraForm Power, Inc.

We may not be able to pay comparable or growing cash dividends to holders of our Class A common stock in the future.

The amount of our cash available for distribution principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the adverse consequences of the SunEdison Bankruptcy, including with respect to our ability to obtain corporate- and project-level services from SunEdison or to secure alternatives;
- the timing of our ability to complete our Form 10-Q for the quarter ended March 31, 2016 and audited project level financial statements;
- defaults or potential defaults in our project-level financing agreements; and the resulting impact on our projects, litigation or other claims against us arising from the SunEdison Bankruptcy, and our relationships with key counterparties and the other risks described under *"Risks Related to our Relationship with SunEdison and the SunEdison Bankruptcy"*;
- our ability to integrate acquired assets and realize the anticipated benefits of these acquired assets;
- counterparties' to our offtake agreements willingness and ability to fulfill their obligations under such agreements;
- price fluctuations, termination provisions and buyout provisions related to our offtake agreements;
- our ability to enter into contracts to sell power on acceptable terms as our offtake agreements expire;
- delays or unexpected costs during the completion of construction of certain renewable energy facilities we intend to acquire;
- our ability to successfully identify, evaluate and consummate acquisitions;
- government regulation, including compliance with regulatory and permit requirements and changes in market rules, rates, tariffs and environmental laws;
- operating and financial restrictions placed on us and our subsidiaries related to agreements governing our indebtedness and other agreements of certain of our subsidiaries and project-level subsidiaries generally and in our Revolver;
- our ability to borrow additional funds and access capital markets, as well as our substantial indebtedness and the possibility that we may incur additional indebtedness going forward;
- our ability to compete against traditional and renewable energy companies;
- hazards customary to the power production industry and power generation operations such as unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, interconnection problems or other developments, environmental incidents, or electric transmission constraints and the possibility that we may not have adequate insurance to cover losses as a result of such hazards;
- restrictions contained in our debt agreements (including our project level financing, the indenture governing our Senior Notes and our Revolver;
- our ability to expand into new business segments or new geographies; and
- our ability to operate our businesses efficiently, manage capital expenditures and costs tightly, manage litigation, manage risks related to international operations and generate earnings and cash flow from our asset-based businesses in relation to our debt and other obligations.

As a result of all these factors, we cannot guarantee that we will have sufficient cash generated from operations to pay a specific level of cash dividends to holders of our Class A common stock. Furthermore, holders of our Class A common stock should be aware that the amount of cash available for distribution depends primarily on our cash flow, and is not solely a function of profitability, which is affected by non-cash items. We may incur other expenses or liabilities during a period that could significantly reduce or eliminate our cash available for distribution and, in turn, impair our ability to pay dividends to holders of our Class A common stock during the period. We are a holding company and our ability to pay dividends on our Class A common stock is limited by restrictions on the ability of our subsidiaries to pay dividends or make other distributions to us, including restrictions under the terms of the agreements governing project-level financing. Our project-level financing agreements prohibit distributions to us unless certain specific conditions are met, including the satisfaction of financial ratios. Our Revolver also restricts our ability to declare and pay dividends if an event of default has occurred and is continuing or if the payment of the dividend would result in an event of default.

To the extent we issue additional equity securities in connection with any acquisitions or growth capital expenditures, the payment of dividends on these additional equity securities may increase the risk that we will be unable to maintain or increase our per share dividend. There are no limitations in our amended and restated certificate of incorporation (other than a specified number of authorized shares) on our ability to issue equity securities, including securities ranking senior to our common stock. The incurrence of bank borrowings or other debt by Terra Operating, LLC or by our project-level subsidiaries to finance our growth strategy will result in increased interest expense and the imposition of additional or more restrictive covenants which, in turn, may impact the cash distributions we distribute to holders of our Class A common stock.

Terra LLC’s cash available for distribution will likely fluctuate from quarter to quarter, in some cases significantly, due to seasonality. As a result, we may cause Terra LLC to reduce the amount of cash it distributes to its members in a particular quarter to establish reserves to fund distributions to its members in future periods for which the cash distributions we would normally receive from Terra LLC would otherwise be insufficient to fund our quarterly dividend. If we fail to cause Terra LLC to establish sufficient reserves, we may not be able to maintain our quarterly dividend with respect to a quarter adversely affected by seasonality.

Finally, dividends to holders of our Class A common stock will be paid at the discretion of our Board. Our Board may decrease the level of or entirely discontinue payment of dividends.

We are a holding company and our only material asset is our interest in Terra LLC, and we are accordingly dependent upon distributions from Terra LLC and its subsidiaries to pay dividends and taxes and other expenses.

TerraForm Power is a holding company and has no material assets other than its ownership of membership interests in Terra LLC, a holding company that will have no material assets other than its interest in Terra Operating LLC, whose sole material assets are the renewable energy facilities that comprise our portfolio and the renewable energy facilities that we subsequently acquire. TerraForm Power, Terra LLC and Terra Operating LLC have no independent means of generating revenue. We intend to cause Terra Operating LLC’s subsidiaries to make distributions to Terra Operating LLC and, in turn, make distributions to Terra LLC, and, Terra LLC, in turn, to make distributions to TerraForm Power in an amount sufficient to cover all applicable taxes payable and dividends, if any, declared by us. To the extent that we need funds to pay a quarterly cash dividend to holders of our Class A common stock or otherwise, and Terra Operating LLC or Terra LLC is restricted from making such distributions under applicable law or regulation or is otherwise unable to provide such funds (including as a result of Terra Operating LLC’s operating subsidiaries being unable to make distributions, such as due to defaults in project-level financing agreements), it could materially adversely affect our liquidity and financial condition and limit our ability to pay dividends to holders of our Class A common stock.

Market interest rates may have an effect on the value of our Class A common stock.

One of the factors that influences the price of shares of our Class A common stock will be the effective dividend yield of such shares (i.e., the yield as a percentage of the then market price of our shares) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates, may lead prospective purchasers of shares of our Class A common stock to expect a higher dividend yield. If market interest rates increase and we are unable to increase our dividend in response, including due to an increase in borrowing costs, insufficient cash available for distribution or otherwise, investors may seek alternative investments with higher yield, which would result in selling pressure on, and a decrease in the market price of, our Class A common stock. As a result, the price of our Class A common stock may decrease as market interest rates increase.

The market price and marketability of our shares may from time to time be significantly affected by numerous factors beyond our control, which may adversely affect our ability to raise capital through future equity financings.

The market price of our shares may fluctuate significantly and the market price of our Class A common stock has declined substantially in recent months relative to others in our industry. Many factors may significantly affect the market price and marketability of our shares and may adversely affect our ability to raise capital through equity financings and otherwise materially adversely impact our business. These factors include, but are not limited to, the following:

- price and volume fluctuations in the stock markets generally;
- the SunEdison Bankruptcy, including concerns about the future of SunEdison and transfers of, or foreclosures against, shares of Class B common stock or IDRs currently held by SunEdison;
- liquidity concerns relating to us and our affiliates;
- negative publicity with respect to us or our affiliates and the public's reaction to our and our affiliates' press releases, other public announcements and filings with the SEC;
- changes in our executive officers, board members and/or committee members;
- negative reaction to specific acquisitions, dispositions, financings or other strategic transactions we may enter into;
- our ability to appropriately manage conflicts of interest with SunEdison;
- volatility in the market price and trading volume of securities of our affiliates;
- market and industry perception of our success, or lack thereof, in pursuing our business strategy;
- the announcement of or adverse resolution of new or pending litigation, arbitration or regulatory proceedings against us;
- general worldwide macroeconomic conditions, including availability of project financing and related interest rates, or changes in government policies regarding renewable energy;
- changes in our relationships or agreements with our affiliates, including SunEdison, including with respect to SunEdison's obligations under the MSA, Support Agreement and the Intercompany Agreement and at the project-level;
- significant volatility in the market price and trading volume of securities of registered investment companies, business development companies or companies in our sectors, which may not be related to the operating performance of these companies;
- changes in our earnings or variations in operating results;
- changes in regulatory policies or tax law;
- an increase in leverage as a result of our unfunded purchase commitments;
- operating performance of companies comparable to us; and
- loss of funding sources or the ability to finance or refinance our obligations as they come due.

We are a "controlled company," controlled by SunEdison, whose interest in our business may be different from ours or the holders of our Class A common stock.

Each share of our Class B common stock entitles SunEdison or its controlled affiliates to 10 votes on matters presented to our stockholders generally. SunEdison owns all of our Class B common stock. Therefore, SunEdison currently controls a majority of the vote on all matters submitted to a vote of the stockholders, including the election of our directors, even though its ownership of our Class B common stock represents less than 50% of the outstanding Class A common stock, Class B common stock on a combined basis. For as long as SunEdison holds our Class B common stock, SunEdison will maintain this control. As a result, we are and will likely continue to be considered a "controlled company" for the purposes of the NASDAQ Global Select Market listing requirements. As a "controlled company," we are permitted to opt out of the NASDAQ Global Select Market listing requirements that require (i) a majority of the members of our Board to be independent, (ii) that we establish a compensation committee and a nominating and governance committee, each comprised entirely of independent directors, and (iii) an annual performance evaluation of the nominating and governance and compensation committees. We rely on exceptions with respect to having a majority of independent directors, establishing a compensation committee or nominating committee and annual performance evaluations of such committees.

The NASDAQ Global Select Market listing requirements are intended to ensure that directors who meet the independence standard are free of any conflicting interest that could influence their actions as directors. As further described above the section “*Risks Related to our Relationship with SunEdison and the SunEdison Bankruptcy*” it is possible that the interests of SunEdison may in some circumstances conflict with our interests and the interests of holders of our Class A common stock. Should SunEdison’s interests differ from those of other stockholders, the other stockholders may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance rules for publicly-listed companies. Our status as a controlled company could make our Class A common stock less attractive to some investors or otherwise harm our stock price.

Provisions of our charter documents or Delaware law could delay or prevent an acquisition of us, even if the acquisition would be beneficial to holders of our Class A common stock, and could make it more difficult for investors to change management.

Provisions of our amended and restated certificate of incorporation and bylaws may discourage, delay or prevent a merger, acquisition or other change in control that holders of our Class A common stock may consider favorable, including transactions in which such stockholders might otherwise receive a premium for their shares. This is because these provisions may prevent or frustrate attempts by stockholders to replace or remove members of our management. These provisions include:

- a prohibition on stockholder action through written consent once SunEdison ceases to hold a majority of the combined voting power of our common stock;
- a requirement that special meetings of stockholders be called upon a resolution approved by a majority of our directors then in office;
- the right of SunEdison as the holder of our Class B common stock, to appoint up to two additional directors to our Board;
- advance notice requirements for stockholder proposals and nominations; and
- the authority of the Board to issue preferred stock with such terms as the Board may determine.

Section 203 of the Delaware General Corporation Law, prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder (generally a person that together with its affiliates owns or within the last three years has owned 15% of voting stock), for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. As a result of these provisions in our charter documents and Delaware law, the price investors may be willing to pay in the future for shares of our Class A common stock may be limited.

Additionally, in order to ensure compliance with Section 203 of the FPA, our amended and restated certificate of incorporation prohibits any person from acquiring, without prior FERC authorization or the written consent of our Board, in purchases other than secondary market transactions (i) an amount of our Class A or Class B1 common stock that, after giving effect to such acquisition, would allow such purchaser together with its affiliates (as understood for purposes of FPA Section 203) to exercise 10% or more of the total voting power of the outstanding shares of our Class A, Class B and Class B1 common stock in the aggregate, or (ii) an amount of our Class A common stock or Class B1 common stock as otherwise determined by our Board sufficient to allow such purchaser together with its affiliates to exercise control over our company. Any acquisition of our Class A common stock or Class B1 common stock in violation of this prohibition shall not be effective to transfer record, beneficial, legal or any other ownership of such common stock, and the transferee shall not be entitled to any rights as a stockholder with respect to such common stock (including, without limitation, the right to vote or to receive dividends with respect thereto). Any acquisition of 10% or greater voting power or a change of control with respect to us or any of our solar and wind generation project companies could require prior authorization from FERC under Section 203 the FPA. Furthermore, a “holding company” (as defined in PUHCA) and its “affiliates” (as defined in PUHCA) may be subject to restrictions on the acquisition of our Class A common stock or Class B1 common stock in secondary market transactions to which other acquirers are not subject. A purchaser of our securities which is a “holding company” or an “affiliate” or “associate company” of such a “holding company” (as defined in PUHCA) should seek their own legal counsel to determine whether a given purchase of our securities may require prior FERC approval.

Investors may experience dilution of their ownership interest due to the future issuance of additional shares of our Class A common stock.

We are in a capital intensive business, and may not have sufficient funds to finance the growth of our business, future acquisitions or to support our projected capital expenditures. As a result, we may require additional funds from further equity or debt financings, including tax equity financing transactions or sales of preferred shares or convertible debt to complete future acquisitions, expansions and capital expenditures and pay the general and administrative costs of our business. In the future, we may issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of purchasers of our Class A common stock offered hereby. Under our amended and restated certificate of incorporation, we are authorized to issue 850,000,000 shares of Class A common stock, 140,000,000 shares of Class B common stock, 260,000,000 shares of Class B1 common stock and 50,000,000 shares of preferred stock with preferences and rights as determined by our Board. The potential issuance of additional shares of common stock or preferred stock or convertible debt may create downward pressure on the trading price of our Class A common stock. We may also issue additional shares of our Class A common stock or other securities that are convertible into or exercisable for our Class A common stock in future public offerings or private placements for capital raising purposes or for other business purposes, potentially at an offering price, conversion price or exercise price that is below the trading price of our Class A common stock.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the stock price and trading volume of our Class A common stock could decline.

The trading market for our Class A common stock will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our Class A common stock adversely, or provide more favorable relative recommendations about our competitors, the price of our Class A common stock would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the stock price or trading volume of our Class A common stock to decline.

Future sales of our common stock or disposals or transfers by SunEdison of Class B common stock and Class B Units, including in connection with the SunEdison Bankruptcy, may cause the price of our Class A common stock to fall.

The market price of our Class A common stock could decline as a result of sales by investors, who hold restricted shares, into the market, or the perception that these sales could occur. Certain investors in our Class A common stock hold restricted shares due to securities law restrictions and/or contractual restrictions. These holders have exercised certain registration rights with respect to the shares that we hold and would be able to sell these shares into the market once any contractual restrictions on such shares expire. The presence of additional shares of our Class A common stock trading in the public market may have a material adverse effect on the market price of our securities.

The market price of our Class A common stock may also decline as a result of SunEdison disposing or transferring some or all of our outstanding Class B common stock and Class B units, which disposals or transfers would reduce SunEdison’s ownership interest in, and voting control over, us, as well as result in substantial dilution because of the resulting exchange of Class B units for Class A common stock. As further described in *"Risks Related to our Relationship with SunEdison and the SunEdison Bankruptcy,"* such disposals or transfers could occur in connection with the SunEdison Bankruptcy. These dispositions might also make it more difficult for us to sell equity securities at a time and price that we deem appropriate. On January 22, 2016, 12,161,844 Class A shares of the Company’s common stock were issued upon conversion of 12,161,844 Class B shares of the Company’s common stock held by SunEdison. After giving effect to the conversion, SunEdison indirectly owns 48,202,310 Class B shares of the Company.

Risks Related to Taxation

Tax provisions and policies supporting renewable energy could change at any time, and such changes may result in a material increase in our estimated future income tax liability and may limit the current benefits of solar and wind energy investment.

We face risks related to potential changes in tax laws that may limit the current benefits of solar and wind energy investment. Renewable energy facilities currently benefit from, or are affected by, various federal, state and local governmental incentives and regulatory policies. Government incentives provide significant support for renewable energy sources such as solar and wind energy, and a decrease in these tax benefits could increase the costs of investment in solar and wind energy. For example, in 2013 the Czech Republic and Spain announced retroactive taxes for solar energy producers. If these types of changes are enacted in other countries as well, the costs of solar energy may increase. In the United States, these policies include federal ITCs, PTCs, and trade import tariff policies, as well as state RPS and IRP programs, state and local sales and property taxes, siting policies, grid access policies, rate design, net energy metering, and modified accelerated cost-recovery system of depreciation. For example, the IRS Code provides an ITC of 30% of the cost-basis of an eligible resource, including solar generation facilities having commenced construction prior to the end of 2019, for which the percentage is currently scheduled to gradually be reduced to 10% for solar generation facilities commencing construction before December 31, 2022 with permanence thereafter. The U.S. Congress could reduce the ITC to below 30% prior to the end of 2019, reduce the ITC to below 10% for periods after 2022 or replace the expected 10% ITC with an untested production tax credit of an unknown amount. PTCs, which are federal income tax credits related to the quantity of renewable energy produced and sold during a taxable year, or ITCs in lieu of PTCs, are available only for wind power plants that began construction on or prior to December 31, 2019. The Wind PTC and ITC are extended to 2019 but reduced 20% in 2017, 40% in 2018, and 60% in 2019 before expiring in 2020. PTCs and accelerated tax depreciation benefits generated by operating renewable energy facilities can be monetized by entering into tax equity financing agreements with investors that can utilize the tax benefits, which have been a key financing tool for wind power plants. The growth of our wind energy business may be dependent on the U.S. Congress further extending the expiration date of, renewing or replacing wind ITC and PTCs, without which the market for tax equity financing for wind power plants would likely cease to exist. Congress could decide to overturn the new ITC and PTC decisions in future years, which would materially affect our business. Additionally, we may be required to repay a Section 1603 Grant, with interest, if the U.S. Treasury were to successfully challenge a solar generation facility and wind power plant for which such a Section 1603 Grant has been made as not complying with the requirements of Section 1603.

Any reduction in our ITCs, PTCs or depreciation deductions as a result of a change in law or successful transfer pricing challenge, or any elimination or modification of the accelerated tax depreciation schedule, may result in a material increase in our estimated future income tax liability and may negatively impact our business, financial condition and results of operations.

Additionally, in prior years we received grant payments for specified energy property from the U.S. Department of the Treasury in lieu of tax credits pursuant to Section 1603 Grant. As a condition to claiming these Section 1603 Grants, we are required to maintain compliance with the terms of the Section 1603 program for a period of five years beginning on the date the eligible solar and wind energy facility was placed in service. Failure to maintain compliance with the requirements of Section 1603 could result in recapture of all or a part of the amounts received under a Section 1603 Grant, plus interest.

Changes in foreign withholding taxes could adversely affect our results of operations.

We conduct a portion of our operations in Canada, the United Kingdom and Chile, and may in the future expand our business into other foreign countries. We are subject to risks that foreign countries may impose additional withholding taxes or otherwise tax our foreign income. Currently, distributions of earnings and other payments, including interest, to us from our foreign facilities could constitute ordinary dividend income taxable to the extent of our earnings and profits, which may be subject to withholding taxes imposed by the jurisdiction in which such entities are formed or operating. Any such withholding taxes will reduce the amount of after-tax cash we can receive. If those withholding taxes are increased, the amount of after-tax cash we receive will be further reduced.

Our future tax liability may be greater than expected if we do not generate Net Operating Losses, or "NOLs," sufficient to offset taxable income.

We expect to generate NOLs and NOL carryforwards that we can utilize to offset future taxable income. Based on our portfolio of assets that we expect will benefit from an accelerated tax depreciation schedule, and subject to tax obligations resulting from potential tax audits, we do not expect to pay significant United States federal income tax in the near term. However, in the event these losses are not generated as expected (including if our accelerated tax depreciation schedule for our eligible renewable energy facilities is eliminated or adversely modified), are successfully challenged by the IRS (in a tax audit or otherwise), or are subject to future limitations as a result of an "ownership change" as discussed below, our ability to realize these future tax benefits may be limited. Any such reduction, limitation, or challenge may result in a material increase in our estimated future income tax liabilities and may negatively impact our business, financial condition and operating results.

Our ability to use NOLs to offset future income may be limited.

Our ability to use existing NOL carryforwards and NOLs generated in the future could be substantially limited if we were to experience an "ownership change" as defined under Section 382 of the Internal Revenue Code. In general, an ownership change occurs if the aggregate stock ownership of certain stockholders (generally 5% stockholders, applying certain look-through and aggregation rules) increases by more than 50% over such stockholders' lowest percentage ownership over a rolling three-year period. If a corporation experiences an ownership change, its ability to use its pre-change NOL carryforwards and other pre-change deferred tax attributes to offset its post-change income and taxes may be limited. Future sales of our Class B common stock by SunEdison, as well as future issuances by us or trades of stock amount our other 5% stockholders, could contribute to a potential ownership change. During 2015, we believe that an ownership change occurred, which will result in an annual limitation on the amount of our NOL carryforward that can be utilized annually in future years.

A valuation allowance may be required for our deferred tax assets.

Our expected NOLs will be reflected as a deferred tax asset as they are generated until utilized to offset income. Valuation allowances may need to be maintained for deferred tax assets that we estimate are more likely than not to be unrealizable, based on available evidence at the time the estimate is made. Valuation allowances related to deferred tax assets can be affected by changes to tax laws, statutory tax rates and future taxable income levels and based on input from our auditors, tax advisers or regulatory authorities. In the event that we were to determine that we would not be able to realize all or a portion of our net deferred tax assets in the future, we would reduce such amounts through a charge to income tax expense in the period in which that determination was made, which could have a material adverse impact on our financial condition and results of operations and our ability to maintain profitability.