

**SolarCity**

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AUGUST 9, 2016

# Q2 2016 Review

# Forward-Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties, including statements regarding SolarCity's business strategies; our operational growth and expansion opportunities; the deployment and installation of megawatts, including estimated Q3 2016, Q4 2016 and full year 2016 megawatt installations; the proposed combination of SolarCity and Tesla Motors, Inc., the combined company's future financial condition, performance and operating results, strategy and plans, and the effects of the proposed combination on SolarCity's access to capital and operating results; our cash balance at the end of Q3 2016 and Q4 2016 future bookings and success of future sales initiatives; financial strategies for cash generation; forecasted cash flows from existing Energy Contracts, including related assumptions as to energy production, future operations and maintenance expenses, cancellation rates, renewal rates, default rates, amounts of renewable energy credits and other performance based incentives, and other identified assumptions; our forecast of the value of megawatts deployed; our projections related to decreases in cost per Watt, including our plans to reduce our sales cost per Watt and to achieve one of our lowest cost per Watt in our operating history in Q4 2016; the impact of proprietary technology in decreasing our installation costs; our expectations regarding future hardware and energy storage pricing; our plans to achieve manufacturing economies of scale and associated manufacturing cost reductions; our expectations as to future regulatory and policy outcomes affecting our industry; our projections regarding the future pricing of utility-generated electricity and customer savings; our liquidity and forecasted access to capital, including assumptions related to the terms of future financing (including risk premiums and interest rates), the terms and frequency of future securities offerings, the sufficiency of committed available financing, our expectations regarding the refinancing of existing debt obligations, including our aggregation facilities and short-term Solar Bonds, and the impact of the proposed merger with Tesla on our access to capital; the amount of megawatts that can be installed and deployed based on committed available financing; the success of our product development efforts and customer preferences, including the potential and performance of residential loan offerings, residential and commercial energy storage products, integrated roofing offerings, utility service offerings and other new product offerings; and assumptions relating to the foregoing.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. In order to meet our projections, we will need to expand, train and retain our workforce, increase the efficiency of our sales and installation operations, and increase our existing bookings rate. Additional key risks and uncertainties include the proposed combination of SolarCity and Tesla Motors, Inc. and resulting operational synergies; the effect of electric utility industry regulations, net metering and related policies; the availability and amount of rebates, tax credits and other financial incentives; continued confidence in our tax equity investors and lending partners in the quality of our solar assets; the availability and amount of financing from fund investors; the level of demand for our solar energy systems; the availability of a sufficient, timely, and cost-effective supply of solar panels and balance of system components in each of our geographies; our ability to expand our salesforce and increase bookings, including in new geographies; our ability to successfully integrate acquired businesses, operations and personnel; our ability to achieve manufacturing economies of scale and associated cost reductions, our expectations regarding the Riverbend agreement, the development and construction of the Riverbend facility, the anticipated timing and expense related to acquisition of manufacturing equipment, and related assumptions regarding capital and operating expenses and the performance of our manufacturing operations; the effects of existing and future tariffs and other trade barriers; changes in federal tax treatment; the retail price of utility-generated electricity or the availability of alternative energy sources; risks associated with SolarCity's rapid growth; risks associated with international expansion; the success of our product development efforts and customer preferences; risks that consumers who have executed energy contracts may seek to cancel those contracts; assumptions as to the value under energy contracts and contract renewal rates and terms, including applicable net present values, performance-based incentives, and other rebates, credits and expenses; changes in strategic planning decisions by management or reallocation of internal resources; and general market, political, economic and business conditions. You should read the section entitled "Risk Factors" in our most recent Quarterly Report on Form 10-Q and subsequent Current Reports on Form 8-K, which have been filed with the Securities and Exchange Commission, which identify certain of these and additional risks and uncertainties. We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as otherwise required by law.

# Q2 2016 Summary

- 201 MW Installed exceeded plan
- MW Booked up 42% vs. Q1 2016 (loans / cash sales = 19% of July gross bookings)
- Cost per Watt declined 4% with Sales  
Costs down 27% vs. Q1 2016
- Value of MW Deployed improved by \$0.16 per watt vs. Q1 2016
- Revenue growth of >80% year-over-year
- Net present value of recurring cash flows (after project financing) exceeded the \$2 Billion mark



# Quarterly Overview

Metric	Unit	2014				2015				2016	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>SCTY Units:</b>											
SCTY % of New U.S. Distributed Solar Capacity	%	17%	19%	25%	25%	22%	27%	32%	30%	30%	TBD
<b>MW Installed</b>	<b>MW</b>	<b>82</b>	<b>107</b>	<b>137</b>	<b>177</b>	<b>153</b>	<b>189</b>	<b>256</b>	<b>272</b>	<b>214</b>	<b>201</b>
MW Deployed	MW	82	107	137	176	143	177	205	253	245	211
MW Interconnected	MW	83	79	113	138	160	156	203	194	228	236
Energy Contract Pricing of New Deployments (Yr. 1)	\$/kWh	\$0.12	\$0.12	\$0.12	\$0.12	\$0.13	\$0.13	\$0.13	\$0.12	\$0.12	\$0.13
Annual Escalator	%	1.7%	1.9%	1.9%	1.9%	2.1%	2.1%	2.2%	2.0%	2.0%	2.2%
SREC (5-Yr. Portfolio Average)	\$/kWh	\$0.01	\$0.01	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.03	\$0.01	\$0.02
Energy Harvest (Yr. 1)	kWh/kW	1,425	1,416	1,406	1,402	1,404	1,379	1,352	1,347	1,294	1,273
<b>Value Generation and Monetization (PV6):</b>											
Contracted Value of MW Deployed in Period (PV6)	\$/W	\$3.68	\$3.55	\$3.37	\$3.24	\$3.44	\$3.49	\$3.50	\$3.32	\$3.13	\$3.26
Renewal Value of MW Deployed in Period (PV6)	\$/W	\$0.38	\$0.40	\$0.38	\$0.34	\$0.33	\$0.34	\$0.36	\$0.32	\$0.33	\$0.36
<b>Total Value of MW Deployed in Period (PV6)</b>	<b>\$/W</b>	<b>\$4.06</b>	<b>\$3.95</b>	<b>\$3.75</b>	<b>\$3.58</b>	<b>\$3.77</b>	<b>\$3.83</b>	<b>\$3.86</b>	<b>\$3.64</b>	<b>\$3.46</b>	<b>\$3.62</b>
<b>Asset Financing in Period (including rebates)*</b>	<b>\$/W</b>	<b>\$2.69</b>	<b>\$2.04</b>	<b>\$2.62</b>	<b>\$2.28</b>	<b>\$2.35</b>	<b>\$2.33</b>	<b>\$3.20</b>	<b>\$2.40</b>	<b>\$3.12</b>	<b>\$2.54</b>
<b>Cost per Watt**:</b>											
Sales	\$/W	\$0.51	\$0.48	\$0.50	\$0.57	\$0.57	\$0.52	\$0.59	\$0.54	\$0.97	\$0.71
Installation	\$/W	\$2.40	\$2.28	\$2.19	\$2.10	\$2.10	\$2.12	\$1.94	\$1.92	\$1.98	\$2.07
G&A	\$/W	\$0.28	\$0.23	\$0.18	\$0.17	\$0.22	\$0.20	\$0.23	\$0.21	\$0.23	\$0.27
<b>Total Cost per Watt</b>	<b>\$/W</b>	<b>\$3.19</b>	<b>\$2.99</b>	<b>\$2.87</b>	<b>\$2.84</b>	<b>\$2.89</b>	<b>\$2.84</b>	<b>\$2.76</b>	<b>\$2.67</b>	<b>\$3.18</b>	<b>\$3.05</b>
R&D Cash Expenses (Ex-Module Manufacturing)***	\$M	(\$1.4)	(\$2.2)	(\$2.5)	(\$4.2)	(\$3.6)	(\$3.8)	(\$5.9)	(\$6.1)	(\$6.0)	(\$6.2)
Corporate Capital Expenditures	\$M	(\$4.7)	(\$2.9)	(\$5.8)	(\$9.5)	(\$13.2)	(\$19.2)	(\$9.7)	(\$11.6)	(\$9.7)	(\$2.7)
Module Manufacturing Total Cash Committed****	\$M	\$-	\$-	\$-	(\$5.0)	(\$23.5)	(\$69.4)	(\$45.3)	(\$31.2)	(\$42.1)	(\$49.2)
<b>Debt and Cash:</b>											
Debt – Recourse	\$M	(\$153.4)	(\$204.7)	(\$154.0)	(\$143.7)	(\$284.2)	(\$425.0)	(\$522.0)	(\$602.5)	(\$612.3)	(\$601.0)
Debt – Convertible	\$M	(\$230.0)	(\$230.0)	(\$730.0)	(\$796.0)	(\$796.0)	(\$796.0)	(\$796.0)	(\$909.0)	(\$909.0)	(\$909.0)
Cash & Short-Term Investments	\$M	\$519.6	\$405.3	\$733.5	\$642.7	\$575.8	\$489.1	\$418.4	\$393.9	\$361.7	\$146.0
<b>Current Portfolio Value</b>											
Cumulative GW Deployed under Energy Contracts – EoP	GW	0.6	0.7	0.8	1.0	1.1	1.3	1.5	1.7	2.0	2.2
Recurring Cash Generation of PowerCo - Unlevered	\$M	\$11.8	\$14.5	\$10.4	\$10.1	\$13.4	\$22.3	\$27.9	\$25.6	\$32.2	\$50.6
Recurring Cash Generation of PowerCo - Levered	\$M	\$10.0	\$11.7	\$6.4	\$5.3	\$8.4	\$16.0	\$19.8	\$15.4	\$18.0	\$32.8
Contracted Pre-Tax Unlevered NPV Remaining (PV6)	\$M								\$2,436	\$2,766	\$3,131
Renewal Pre-Tax Unlevered NPV Remaining (PV6)	\$M								\$769	\$856	\$910
Energy Contract Pre-Tax Unlevered NPV remaining (PV6)	\$M	\$1,030	\$1,212	\$1,445	\$1,735	\$2,032	\$2,391	\$2,790	\$3,205	\$3,622	\$4,041
Non-Recourse Financing including cash equity	\$M	(\$206)	(\$324)	(\$448)	(\$485)	(\$617)	(\$731)	(\$1,013)	(\$1,242)	(\$1,628)	(\$1,837)
<b>PowerCo Portfolio Pre-Tax Unlevered NPV Less Debt*****</b>	<b>\$M</b>	<b>\$824</b>	<b>\$888</b>	<b>\$997</b>	<b>\$1,250</b>	<b>\$1,415</b>	<b>\$1,660</b>	<b>\$1,777</b>	<b>\$1,963</b>	<b>\$1,994</b>	<b>\$2,204</b>
Contracted SREC Pre-Tax Unlevered NPV Remaining (PV6)	\$M									\$103	\$104
SREC Financing	\$M									(\$15M)	(\$13M)

\* Asset Financing in Period is based on our quarterly calculation methodology, which we detail in a memo on our website.

\*\* Cost per Watt is based on our quarterly cost calculation methodology, which we detail in a memo on our website.

\*\*\* Excludes stock compensation.

\*\*\*\* Includes \$13.1 million in cash expenditures related to the mandatory consolidation of Silevo's Chinese joint venture in Q1 2016.

\*\*\*\*\* Calculation in Q1/Q2 2016 and Q4 2015 updated based on new automated process

# Q2 Value of MW Deployed under Energy Contract at \$719M\*

The 30-Year Value of MW Deployed under Energy Contracts Q2 2016 was \$719M, or \$3.62/W\*\*  
 Upfront Cash Receipts Accounted for \$1.65/W, and Unlevered Pre-Tax NPV of Future Cash Flows Accounted for \$1.97/W

VALUE OF MW DEPLOYED TO SCTY\*



- MW Deployed: 211
  - Commercial represented 16% of total
  - 191 MW of Lease/PPA with tax equity
  - 7 MW of MyPower consumer loans with no tax equity
  - 12 MW of System Sales (excluded from Value of MW Deployed under Energy Contracts)
  - 1 MW of Solar Loans (also excluded from Value of MW Deployed under Energy Contracts)

**\$3.62/W**

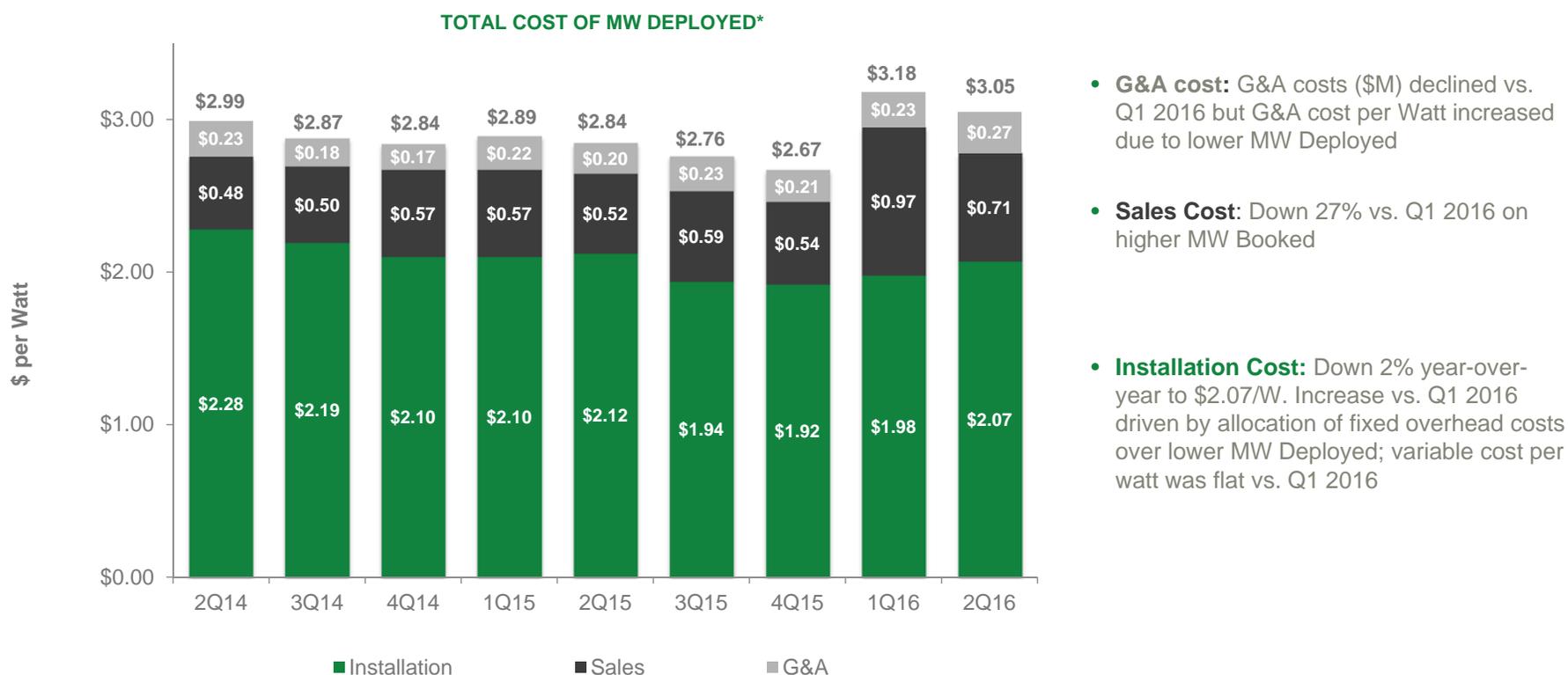
- Tax equity investment: \$1.59/W blended (or \$1.65/W ex-MyPower)
- Upfront Cash Rebates/Prepayments: \$0.06/W
- Contracted Unlevered NPV: \$1.61/W
- Renewal Unlevered NPV: \$0.36/W

• Represents Gross Value to SCTY at a 6% discount rate net of distributions and any additional value attributed to tax equity investment partners. Discount rate sensitivities provided in Appendix B  
 \*\* Contracted \$3.26/W (or \$648M) and estimated renewal \$0.36/W (or \$71M).

# Sales Costs Declined 27% vs. Q1 2016

Sales Costs Declined 27% vs. Q1 2016 as MW Booked Rebounded with 42% Growth Q/Q to 227 MW

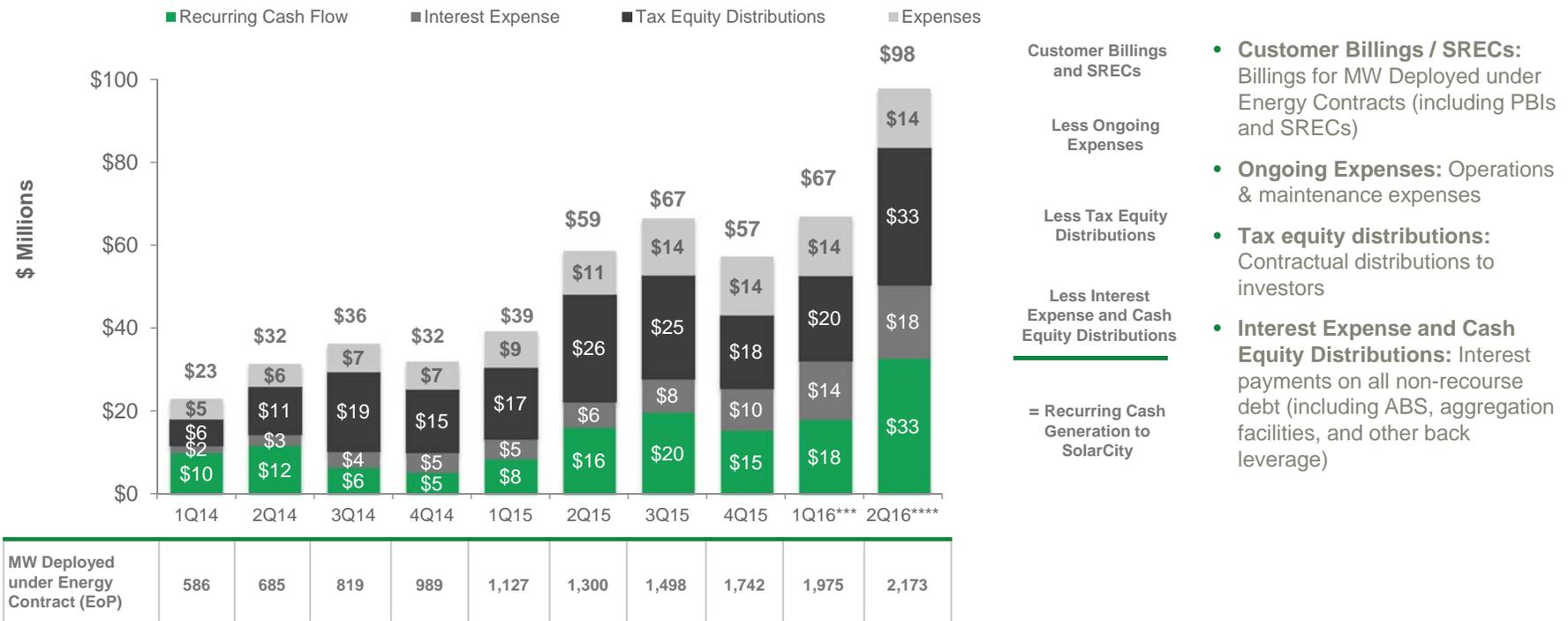
In Turn, Total Cost per Watt Declined 4% as Compared to Q1 2016 to \$3.05/W



# Recurring Cash Generation of PowerCo\* of \$86 Million over the Last 12 Months

Recurring Cash Generation of PowerCo Represents the Realization of Levered Project Cash Flow in Each Period  
This Captures Customer Payments, SRECs, and PBIs Less Ongoing Expenses, Tax Equity Distributions, and Non-Recourse Debt Interest

## RECURRING CASH GENERATION OF POWERCO\*\*



\* Recurring Cash Generation of PowerCo is based on our quarterly calculation methodology, which we detail in a memo on our website.

\*\* Excludes net upfront payments from prepayments on Energy Contracts.

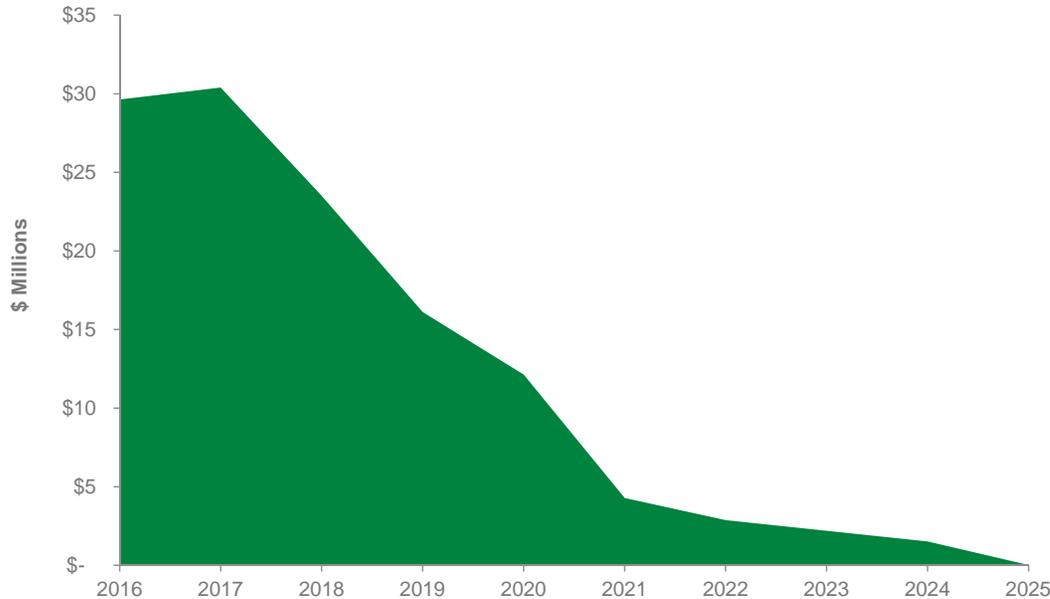
\*\*\* Excludes \$10 million in prepayments (net of debt pay-down) on MyPower consumer loans

\*\*\*\* Includes additional \$4 million in tax equity distributions paid out in July related to Q2 2016 customer billings

# Total SREC Portfolio Expected to Generated ~\$123 Million in Nominal Revenue over the Next 10 Years\*

With 311 MW in service and ~1,102 MWh/MW in SREC states, PowerCo Portfolio generates ~343,000 SRECs per year  
~50,000 new SRECs added in Q2 2016 with <50% of our SREC portfolio contracted and the balance still available to be hedged

CONTRACTED SREC PORTFOLIO\* AS OF 6/30/16 (\$M)



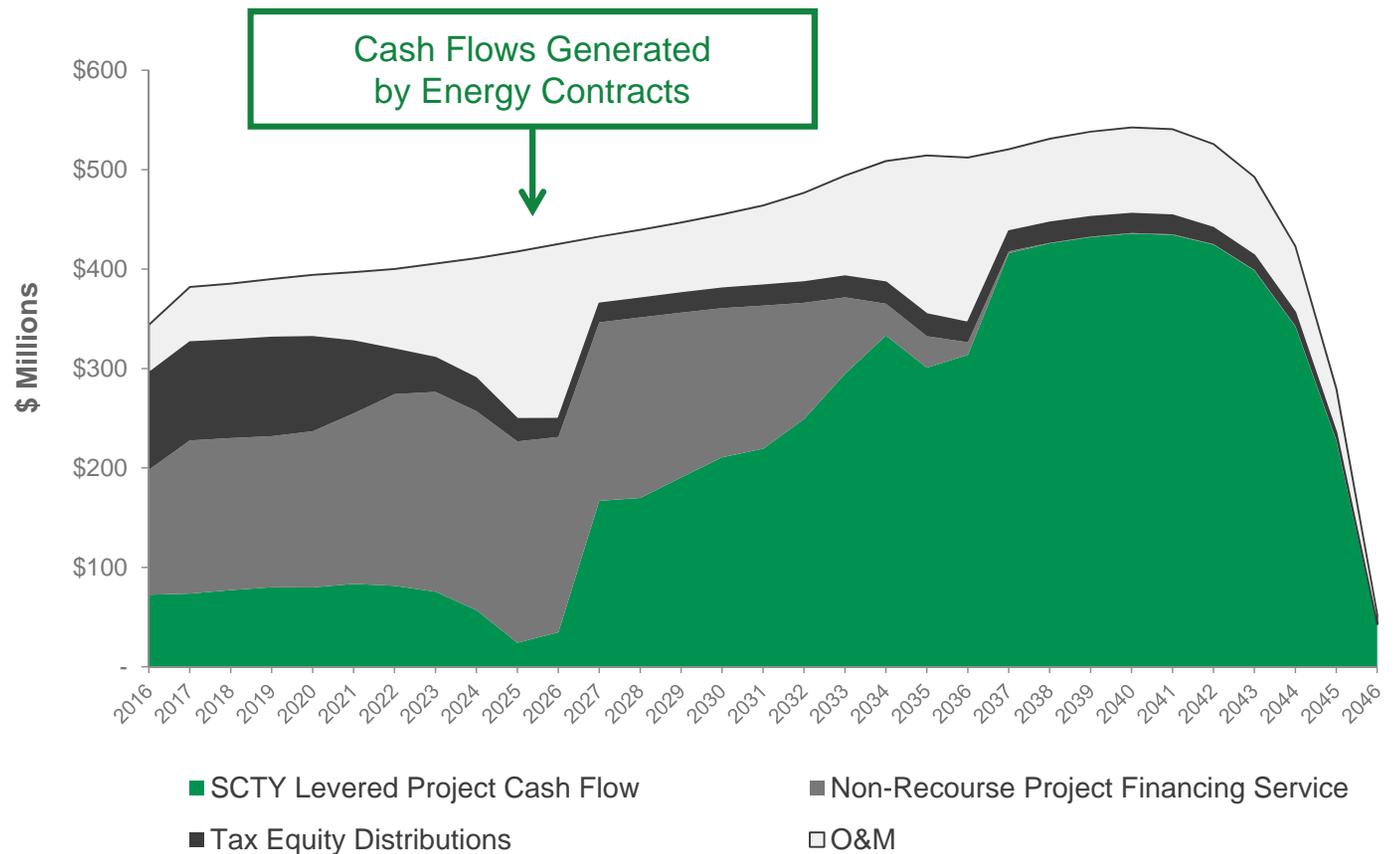
- Solar Renewable Energy Credits (SRECs) typically represent 1 MWh of solar energy production.
- The most prominent SREC programs are based in MA, MD, and NJ.
- Energy retailers may be required to purchase SRECs in the open market to comply with Renewable Portfolio Standards in these geographical areas
- A typical residential household generates 5-6 SRECs per year (5-6 kW system size x ~1,100 hours of sun per year).
- Solar systems generate SRECs for 10+ years.
- SRECs are tradable credits that represents all of the clean energy benefits of electricity generated from a solar energy system, and pricing can be hedged (though typically only for the next 1-5 years).

**Unlevered NPV of Contracted SREC Portfolio at a 6% Discount Rate: \$104 Million**  
**SREC Debt Outstanding as of 6/30/16: \$13 Million**

# NPV\* of PowerCo's Unlevered Cash Flow Less Project Financing at \$2.2B Excluding SRECs

The Pre-Tax Unlevered NPV Remaining of PowerCo's Portfolio is Forecast at \$4.0 Billion with Non-Recourse Project Financing at \$1.8 billion  
Of this Total, \$3.1 Billion Is Contracted, and \$0.9 Billion Is Estimated from Renewal

PowerCo Portfolio as of 6/30/16	
Cumulative Energy Contract Deployed	2.2 GW**
Avg. Annual Energy Harvest (2016)	1,383 kWh/kW
Avg. Energy Contract Price (2016)	\$0.12/kWh
Avg. Energy Contract Price Escalator	2.2%
Tax Equity % of lease/PPA Gross Cash Flow (2016)	39.5%
Pre-Tax Unlevered NPV Remaining of PowerCo	\$4.0B
Non-Recourse Project Financing including Cash Equity (\$M)	\$1,837
Blended Cost of Debt (%)	5.1%



# Balance Sheet Summary

		Remaining Term (Yrs.)	Underlying Assets	\$M Outstanding at End of Q2 2016	Payment Schedule	Change vs. the End of Q1 2016	
PowerCo	Investment-Grade ABS Debt	7 – 12	418 MW	\$655M	Amortizing	Principal amortization of ~\$2M	Non-recourse Serviced by cash flow of underlying projects
	Aggregation Facilities and Other Project Finance*	<1 - 5	1,182 MW	\$959M	Revolving	Lower aggregation debt due to delayed tranching	Taken out with long-term financing (ABS, bank debt or cash equity)
	Cash Equity	18	201 MW	\$223M	Amortizing	First cash equity transaction	
DevCo	Revolving Credit Facility***	<1 - 2	Pipeline	\$366M	Revolving	Debt pay-down of ~\$9M	Taken out with aggregation facilities and tax equity
	Vehicle Loans and Other Loans	<1 - 3	Vehicles	\$17M	Term	Debt pay-down of ~\$4M	
	Solar Bonds	1 - 15	-	\$218M	Term	Refinanced \$75M in SpaceX Solar Bonds in June	
	Convertible Debt	2 – 4	-	\$909M	Term		
	Cash & Investments – Unrestricted	-	-	\$146M	-	Project financing delays, R&D investment, and lower payables	
MW Deployed – No Back Leverage			87				
MW Deployed – Fully monetized			216				

# Cash Outlook

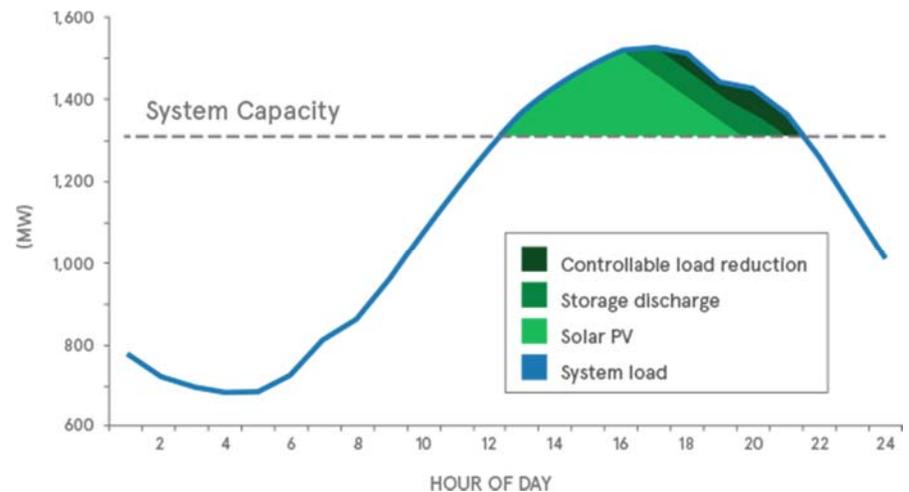
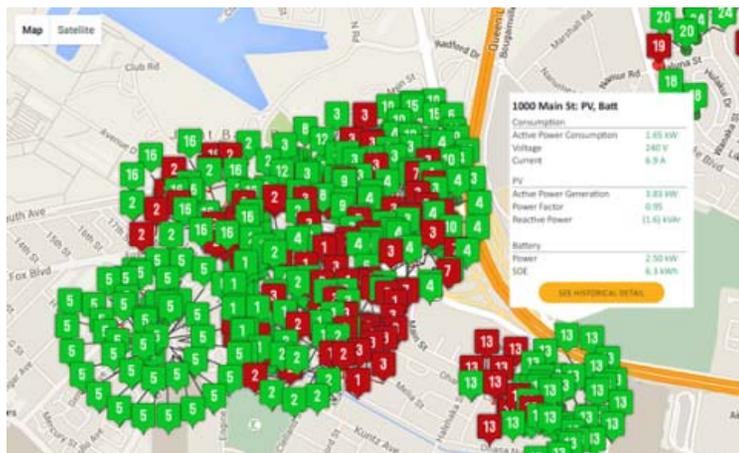
- Cash Consumption of ~\$216 million in Q2 2016 was mainly because of:
  - Project financing delays of ~30 days due to the proposed Tesla acquisition
  - Investment in module manufacturing operations and R&D
- Cash balance expected to increase by the end of Q3 2016 (as compared to the end of Q2 2016) and to further increase by the end of Q4 2016 (as compared to the projected closing balance as of the end of Q3 2016)

# 2016 Guidance Update

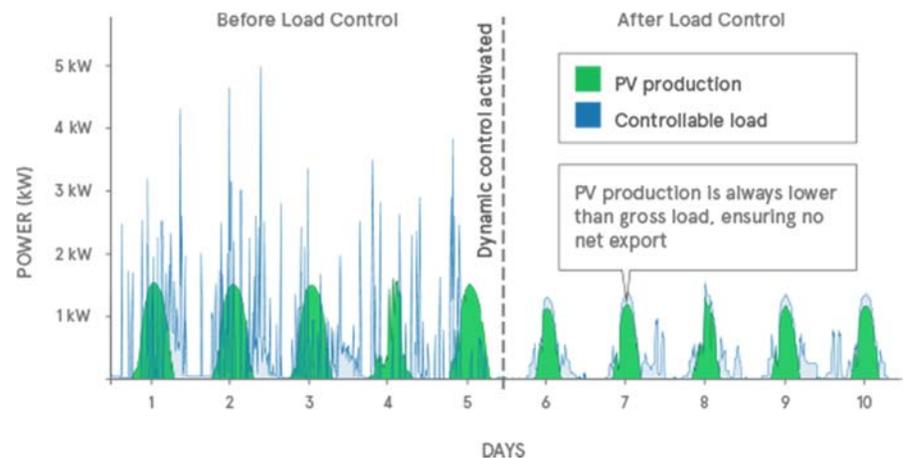
- Q3 2016 Guidance:
  - 170 MW Installed
- 2016 Guidance Updated to 900 – 1,000 MW Installed
  - Mid-to-High end assumes residential sales productivity improves
  - Implies Q4 2016 guidance of 315-415 MW, with C&I seeing a significant uptick in MW deployed incl. MW that are currently under construction
- Cost Reduction:
  - Infrastructure in place to support annual installations of ~1.25 GW, so we will be reducing costs to match our current volume forecast
  - We expect to report one of the lowest Cost per Watt quarters in our history in Q4 2016

# Promising Early Results of Grid Services

Initial Launch of Grid Services Is Experiencing Good Traction with Projects Underway with PG&E, SCE, and the California Energy Commission  
Current Pipeline of Projects Being Evaluated Is in Excess of \$100 Million



- Dynamic Capacity and Peak Shaving
- Flexible Ramping and Spinning Reserves
- Frequency Regulation
- Voltage and Reactive Power Support
- Reliability and Resiliency
- Grid Visibility and Situational Intelligence
- Metering and Data Backhaul



# Questions & Answers



# Appendix A: Detailed Q2 2016 Unlevered Project Model

## UNLEVERED PROJECT CASH FLOW OF LEASES/PPAS DEPLOYED IN Q2 2016

Year	0	1	2	3	4	5	6	7	8	9	10	11*	12	13	14	15
Gross Project Cash Flow	\$0.06	\$0.17	\$0.18	\$0.18	\$0.17	\$0.17	\$0.15	\$0.16	\$0.16	\$0.16	\$0.16	\$0.02	\$0.17	\$0.17	\$0.17	\$0.18
Tax Equity Investment	\$1.65															
Tax Equity Distributions		(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.05)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
<b>Unlevered Project Cash Flow to SCTY</b>	<b>\$1.71</b>	<b>\$0.13</b>	<b>\$0.13</b>	<b>\$0.13</b>	<b>\$0.12</b>	<b>\$0.12</b>	<b>\$0.10</b>	<b>\$0.11</b>	<b>\$0.15</b>	<b>\$0.15</b>	<b>\$0.15</b>	<b>\$0.00</b>	<b>\$0.15</b>	<b>\$0.16</b>	<b>\$0.16</b>	<b>\$0.16</b>
SCTY Share of Cash Flow		73%	73%	73%	72%	71%	68%	69%	92%	92%	92%	28%	93%	93%	93%	93%
Tax Equity Share of Cash Flow		27%	27%	27%	28%	29%	32%	31%	8%	8%	8%	72%	7%	7%	7%	7%

Year	16	17	18	19	20	21*	22	23	24	25	26	27	28	29	30**
Gross Project Cash Flow	\$0.18	\$0.18	\$0.19	\$0.19	\$0.20	\$0.06	\$0.18	\$0.18	\$0.19	\$0.19	\$0.19	\$0.20	\$0.20	\$0.21	\$0.21
Tax Equity Distributions	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
<b>Unlevered Project Cash Flow to SCTY</b>	<b>\$0.17</b>	<b>\$0.17</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.04</b>	<b>\$0.17</b>	<b>\$0.17</b>	<b>\$0.17</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.19</b>	<b>\$0.19</b>	<b>\$0.20</b>
SCTY Share of Cash Flow	93%	93%	93%	93%	93%	79%	93%	93%	93%	93%	93%	93%	93%	93%	93%
Tax Equity Share of Cash Flow	7%	7%	7%	7%	7%	21%	7%	7%	7%	7%	7%	7%	7%	7%	7%

**30-Year Unlevered Pre-Tax NPV:  
\$3.62/W**

- Tax equity investment: \$1.65/W (upfront)
- Rebates/Customer prepayments: \$0.06/W (upfront)
- Contracted Unlevered NPV: \$1.54/W
- Renewal Unlevered NPV: \$0.37/W

# Appendix B: Value of MW Deployed in Q2 2016 Sensitivities

VALUE OF MW DEPLOYED FORECAST (\$M)

\$M	4%	6%	8%
Contracted	\$714	<b>\$648</b>	\$597
Renewal	\$116	<b>\$71</b>	\$44
<b>Total</b>	<b>\$830</b>	<b>\$719</b>	<b>\$641</b>

VALUE OF MW DEPLOYED FORECAST (\$/WATT)

\$ per Watt	4%	6%	8%
Contracted	\$3.59	<b>\$3.26</b>	\$3.01
Renewal	\$0.59	<b>\$0.36</b>	\$0.22
<b>Total</b>	<b>\$4.18</b>	<b>\$3.62</b>	<b>\$3.23</b>

# Appendix C: PowerCo and SREC Portfolio Sensitivities

POWERCO PORTFOLIO'S  
PRE-TAX UNLEVERED NPV REMAINING (\$M)

\$M	4%	6%	8%
Contracted	\$3,797	<b>\$3,131</b>	\$2,626
Renewal	\$1,419	<b>\$910</b>	\$593
<b>Total</b>	<b>\$5,216</b>	<b>\$4,041</b>	<b>\$3,219</b>

CONTRACTED SREC PORTFOLIO  
PRE-TAX UNLEVERED NPV REMAINING (\$M)

SREC	4%	6%	8%
SREC	\$110	<b>\$104</b>	\$99

# Appendix D: Definitions (1/3)

“**Asset Financing in Period**” represents the aggregate project financing cash receipts in a period. This includes (1) Tax Equity Investment, (2) Other Asset Financing, such as our aggregation and MyPower facilities, solar asset-backed loans, and cash equity, and (3) Upfront Cash Rebates and Prepayments. Asset Financing per watt is a ratio of total Asset Financing in the Period divided by MW Deployed under Energy Contracts in the period, and reflects only actual cash received in a period whether or not they are specifically related to the actual MW Deployed in the period.

“**Tax Equity Investment**” calculated based on the total cash receipts from our tax equity investment partners captured by (a) noncontrolling interests in subsidiaries, (b) lease pass-through financing obligations and (c) amounts assigned to the monetization of investment tax credit (ITC) revenues that we record either as deferred income tax credits revenues or as liability for advances received for future ITCs. We reduce the cash receipts in a period by any refunds we make to the tax equity investment partners in that same period.

“**Other Asset Financing**” is calculated based on all of the non-recourse project financing received in the period, which consists mainly of our non-recourse aggregation facility and MyPower facility debt, non-recourse solar asset-backed loans, and cash equity.

“**Upfront Cash Rebates and Prepayments**” are calculated based on the cash receipts from both (a) upfront state rebates and (b) customer prepayments received, which we consider to be a source of asset financing, in the period.

“**Contracted SREC Portfolio Pre-Tax Unlevered NPV Remaining**” represents the net present value at a 6% discount rate of the total cash inflows we forecast from the production of all Solar Renewable Energy Credits (SRECs) we have contracted to sell as of the measurement date. This forecast is based on (a) estimated kWh of energy production from all applicable solar energy systems that have already been deployed and (b) the price per kWh price established in the SREC sale contracts for each applicable year. It represents the total cash flows forecast before debt service and is net of any prepayments already received. We do not include any SRECs that have not been contracted to sell even if we own and expect to generate them from solar energy systems that have already been deployed.

“**Energy Contracts**” includes all residential, commercial and government leases and power purchase agreements and consumer loan agreements pursuant to which consumers use or will use energy generated by a solar energy system that we have installed or contracted to install. For landlord-tenant structures in which we contract with the landlord or development company, we include each residence as an individual contract. For commercial customers with multiple locations, each location is deemed a contract if we maintain a separate contract for that location.

“**Gross Project Cash Flow**” forecast represent our estimate of the sum of total cash inflows we forecast from MW Deployed in the applicable period under Energy Contracts over the 30 year expected life of the system. This includes (a) payments that our customers are obligated to pay us over the remaining term of such contracts, (b) associated performance-based incentive (PBI) payments, (c) associated solar renewable energy credits (SRECs) that we have contracted to sell, typically representing 5 years of a total potential term of 15 years, and are net of (d) estimated operations and maintenance, insurance, administrative and inverter replacement costs, based on contractually agreed amounts as well as historic and forecasted expenses. Operations and maintenance, insurance, and administrative costs reflect our operating expenses in our funds, or are estimated at \$0.021 per watt and assumed to grow at a 2.5% inflation rate per year, and inverter replacement unit costs are estimated to decline at a (2.5%) rate per year, implying \$0.15 per watt in Year 11 and \$0.12 per watt in Year 21. Energy production is estimated to degrade at 0.5% per year. For our MyPower Energy Contracts, we use the expected cash flows over the full term of the 30-year contract, and for lease and PPA Energy Contracts with terms less than 30 years, we assume the contracts are renewed at a contract price equal to 90% of the contractual price in effect at expiration of the initial term through the remainder of the expected 30-year system life.

“**Installed Customers**” includes all locations where we have installed a solar energy system.

“**Levered Project Cash Flow**” represents our forecast of Unlevered Project Cash Flows after non-recourse debt service. Debt service includes both (a) Aggregation Facility debt for the first two years, based on the terms of our current facility, as well as (b) Solar Asset-Backed Loans, which we assume we issue at the end of year two to refinance the Aggregation Facility debt. We base the interest rate on the average of all four of our previous issuances and assume principal repayment over an 18-year term.

# Appendix D: Definitions (2/3)

“**MW**” or “**megawatts**” represents the DC nameplate megawatt production capacity.

“**MW Booked**” represents the aggregate megawatt production capacity of solar energy systems pursuant to customer contracts that were signed (with no contingencies remaining) during the applicable period net of contracts that were cancelled during the applicable period. This metric includes solar energy systems booked under Energy Contracts (i.e. leases, PPAs, and MyPower contracts) and Direct Sales (i.e., cash). This metric also includes utility-scale and community solar energy projects for which site control and firm off-taker commitments have been obtained and feasibility of interconnection has been confirmed, the latest of which is completed during the applicable period.

“**MW Deployed**” represents the megawatt production capacity of solar energy systems that have had all required building department inspections completed during the applicable period. This metric includes solar energy systems deployed under Energy Contracts as well as for solar energy system direct sales.

“**MW Installed**” represents the megawatt production capacity of solar energy systems, for which (i) all solar panels, inverters, mounting and racking hardware, and system wiring have been installed, (ii) the system inverter is connected and a successful DC string test has been completed confirming the production capacity of the system, and (iii) the system is capable of being grid connected (including pending a utility disconnect procedure), the latest of which is completed during the applicable period. This metric includes solar energy systems deployed under Energy Contracts as well as for solar energy system direct sales. In each case in-period completion of the above criteria may be demonstrated by written verification by our President (which may include written sub-certifications).

“**MW Interconnected**” represents the megawatt production capacity of solar energy systems that have had all required building department inspections completed by the authority having jurisdiction and subsequently interconnected to the utility grid.

“**PowerCo Portfolio**” represents the cumulative MW Deployed under Energy Contracts that we have retained.

“**Unlevered Project Cash Flow**” represents our forecast of Gross Project Cash Flows after Tax Equity Lease/PPA Distributions for MW Deployed under Energy Contracts. “Tax Equity Lease/PPA Distributions” are based on the terms of the agreements we have in place with our tax equity investment partners for the MW Deployed in the applicable period under lease and PPA Energy Contracts. We do not use tax equity investment for our MyPower product. For tax equity investment in our lease and PPA Energy Contracts, our investment partners share in a portion of the Gross Project Cash Flow forecast received over the term of the agreement. Our estimate is not inclusive of any potential buy-out of our tax equity partners’ interests in the project after Year 20.

“**Pre-Tax Unlevered NPV**” represents the net present value at a 6% discount rate of the Unlevered Project Cash Flow forecast (Gross Project Cash Flows after Tax Equity Lease/PPA Distributions) excluding the payment of income and other taxes. This includes both “Contracted Unlevered NPV,” which represents the net present value of Unlevered Project Cash Flow under contract as well as “Renewal Unlevered NPV,” which represents the net present value of Unlevered Project Cash Flow forecast from renewal of our lease/PPA contracts.

“**Recurring Cash Generation of PowerCo**” represents the net cash flows we received or expected to receive pursuant to lease and power purchase agreements with customers, including value from solar renewable energy credits (“SRECs”) after deducting the total ongoing expenses to maintain such systems and scheduled distributions to tax equity investors and interest expense.

“**Value of MW Deployed**” represents the sum of (1) Tax Equity Investment, (2) Upfront Cash Rebates and Prepayments, and (3) Pre-Tax Unlevered NPV.

# Appendix D: Definitions (3/3)

## Disclaimer in Reviewing Key Operating Metrics

The following key operating metrics are based on our operating results in specified periods. These metrics are not intended to be relied upon to predict future operating results, and should not be read as a guarantee of future period performance. These metrics involve assumptions by our management team and are dependent upon a number of factors, many of which are beyond our control (such as general market conditions, interest rates, commodity pricing, the solvency of our key vendors and suppliers, and weather conditions). For a discussion of material risks that may affect our future operating performance, please see the risk factors in our most recently filed annual or quarterly report filed with the U.S. Securities and Exchange Commission.

Cost Per Watt is currently our key performance metric to assess the efficiency of our customer acquisition and system installation activities for our long-term energy contracts. Cost Per Watt should be viewed independently of cost of revenue and our operating expenses, as Cost Per Watt is a performance metric and is not intended to be combined with any of these items. Cost Per Watt relies upon certain assumptions by our management team as to the appropriate allocation of costs across our sales, installation and general and administrative functional areas, as well as the appropriate megawatts generated by our business activities to compare to each of these functional areas. The description and calculation of our Cost Per Watt is detailed in a separately provided “Cost Calculation Methodology” available on our Investor Relations website. We believe that this metric is a useful measurement of the costs of originating and deploying our solar assets in a given fiscal period.

Asset Financing in Period is currently our key performance metric to measure the monetization of our solar assets. Asset Financing in Period should be viewed independently of cash provided by (used in) financing activities or cash provided by (used in) investing activities, as Asset Financing in Period is a performance metric and is not intended to be combined with any of these items. The description and calculation of our Asset Financing in Period is detailed in a separately provided “Asset Financing in Period Methodology” available on our Investor Relations website. We believe that this metric is a useful measurement of the cash generation from our previously (or currently) deployed solar assets in a given fiscal period.

Recurring Cash Generation of PowerCo is currently our key performance metric to measure the amount of cash received from previously deployed solar assets. Recurring Cash Generation of PowerCo should be viewed independently of revenue and operating expenses, as Recurring Cash Generation of PowerCo is a performance metric and is not intended to be combined with any of these items. The description and calculation of Recurring Cash Generation of PowerCo is detailed in a separately provided “Recurring Cash Generation of PowerCo Methodology” available on our Investor Relations website. We believe that this metric is a useful measurement of the cash generation from all of our previously (or currently) deployed solar assets within a given fiscal period.

Value of MW Deployed under Energy Contracts is currently our key performance metric to forecast the amount of future cash to be received from solar assets deployed in the period. Value of MW Deployed under Energy Contracts should be viewed independently of deferred revenue and solar energy systems, leased and to be leased – net, as Value of MW Deployed under Energy Contracts is a performance metric and is not intended to be combined with any of these items. Value of MW Deployed under Energy Contracts relies upon certain assumptions made by our management team as to the appropriate discount rate, solar energy production, and estimated operations and maintenance, insurance, administrative and inverter replacement costs (which are based on contractually agreed amounts as well as historic and forecasted expenses). In forecasting Value of MW Deployed under Energy Contracts, we assume no customer defaults and make no provision for the payment of income and other taxes. We believe that this metric is a useful measurement of the present value of our system development activities.

Thank you