# Create a planet run by the sun.

**Q1 Financial Results – May 10, 2017**

# Safe Harbor & Forward Looking Statements

This presentation 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 in this presentation include, but are not limited to, statements related to financial and operating guidance and expectations for our second quarter and full year 2017, momentum in our business strategies, expectations regarding our strategic partnership with National Grid, expectations regarding customers, cost reductions, project value, MW booked, MW deployed, product mix, proceeds raised on assets deployed and NPV as well as our ability to raise debt, tax equity, and cash equity and manage cash flow and liquidity, leverage our platform services and deliver on planned innovations and investments as well as expectations for our growth, the growth of the industry, macroeconomic trends and the legislative and regulatory environment of the industry.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. These forward-looking statements are subject to a number of risks, uncertainties and assumptions which could cause our results to differ materially and adversely from those expressed or implied including, but not limited to: the availability of additional financing on acceptable terms; changes in the retail prices of traditional utility generated electricity; changes in policies and regulations including net metering and interconnection limits or caps; the availability of rebates, tax credits and other incentives; the availability of solar panels and other raw materials; our limited operating history, particularly as a new public company; our ability to attract and retain our relationships with third parties, including our solar partners; our ability to meet the covenants in our investment funds and debt facilities; and such other risks and uncertainties identified in the reports that we file with the U.S. Securities and Exchange Commission, or SEC, from time to time. You should not rely on forward-looking statements as predictions of future events.

All forward-looking statements in this presentation are based on information available to us as of the date hereof, and we assume no obligation to update publicly these forward-looking statements for any reason, except as required by law.

# Create a planet run by the sun

Actual neighborhood of Sunrun customer homes

# It Takes a Great Brand to Get Invited Home to Meet the Family






# Sunrun Gains Market Share and Generates Significant Value

## 73 MW Deployed

**21% increase**
from Q1 2016

## $56 Million NPV

**145% increase**
from Q1 2016

**$0.83** per watt in NPV

## $1.1 Billion in Net Earning Assets

**35%** increase from Q1 2016

## $4.21 Project Value Per Watt

Lower than prior year due to business mix

## $3.38 Creation Cost[1] Per Watt

Lower than prior year due to declines in all categories and business mix

## 951 Cumulative MW Deployed

**45%** increase from Q1 2016

See Appendix for glossary of terms

(1) The presentation of Creation Cost for periods prior to December 31, 2016 reflects changes made to the methodology further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.

# Progress Against Key Priorities

## Make Residential Solar Mainstream

- Remain focused on disciplined growth – continue to focus on NPV generation through selective growth and cost improvements
- Less than 2% of U.S. households have adopted solar thus far, but in Hawaii, where residential solar first made economic sense, adoption has surpassed 36% and growth is continuing

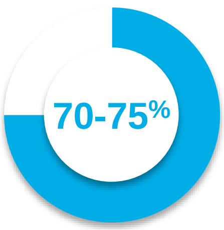
## Multi-Channel Model Provides Broad Reach & Strategic Benefits

- Leverage our national scale and local execution to deliver cost efficiencies and success in each market we operate in
- As the largest dedicated residential solar company with a national presence, Sunrun is the natural choice for big-box retailers and large consumer brands, which are effective acquisition channels and offer geographic expansion opportunities

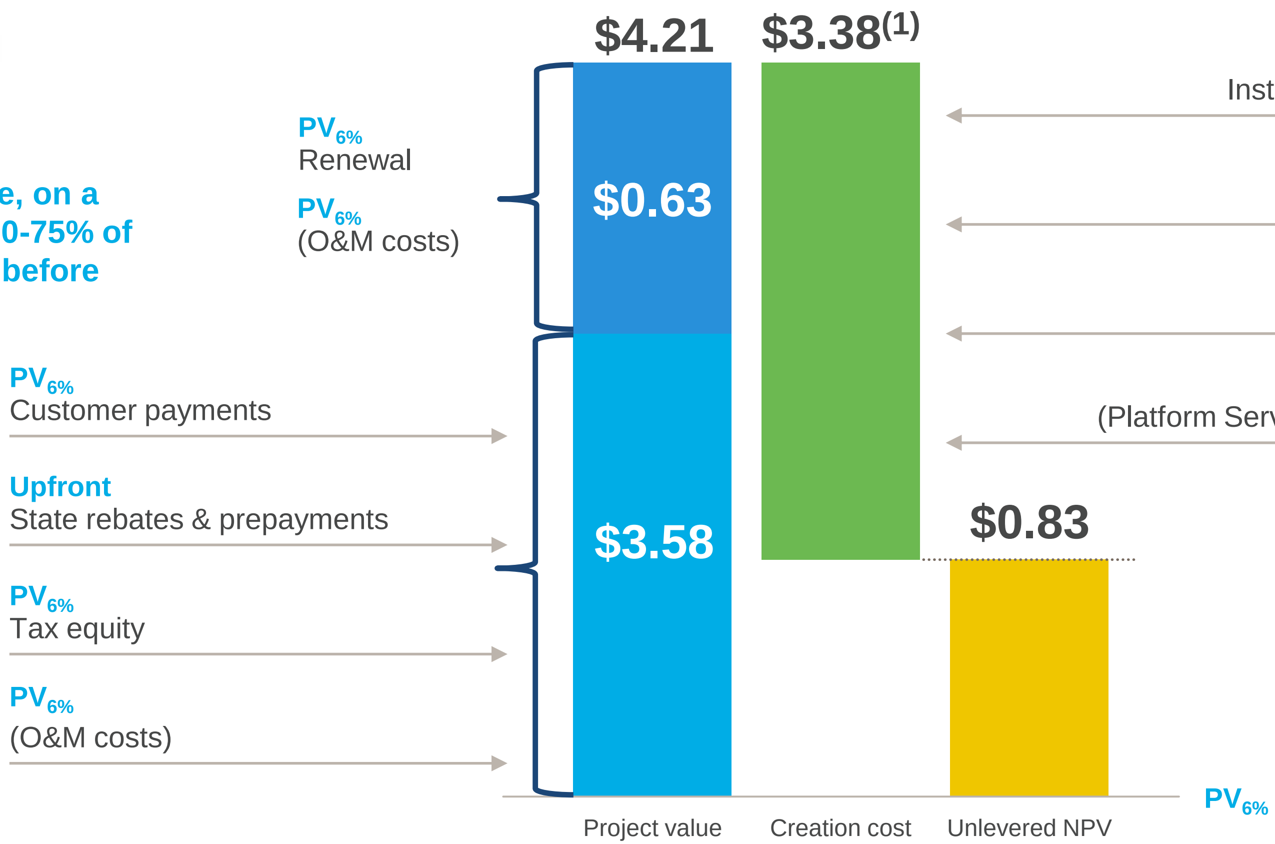
## Innovate Brilliant Home Energy

- Leverage leading position to address all home energy needs, including BrightBox™, our solar + storage offering and grid services to enhance value proposition to our customers and the grid at large
- BrightBox™ adoption trends surpass expectations and installations continue in California and Hawaii
- Our multi-pronged partnership with National Grid demonstrates that forward thinking utilities recognize the value distributed energy resources can bring to the country's energy infrastructure

# Unlevered NPV was $0.83 per watt in Q1




**We expect to monetize, on a non-recourse basis, 70-75% of Project Value upfront before cash equity(2)**




See Appendix for glossary of terms.

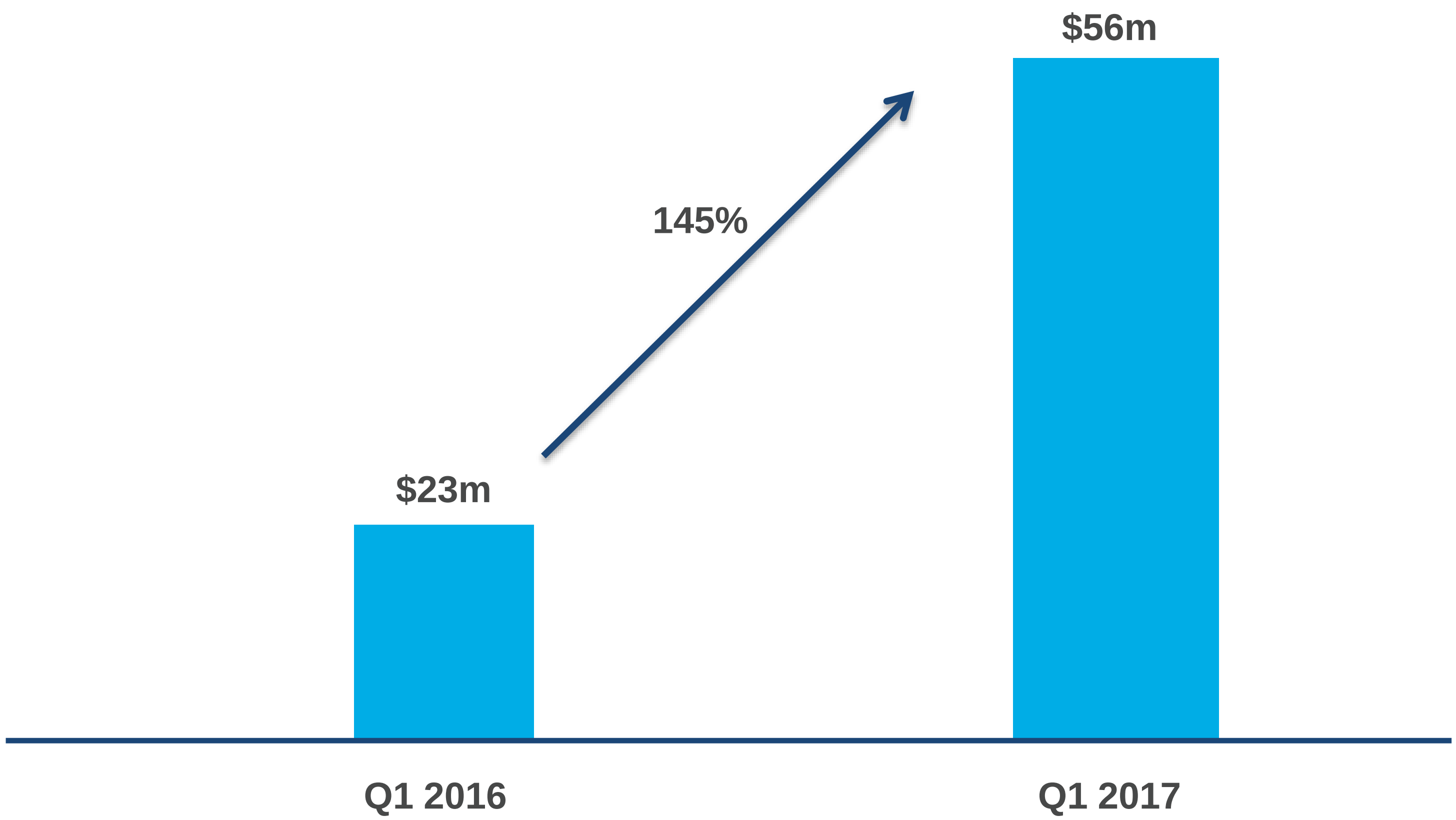
Note: Numbers may not sum due to rounding.

(1) The presentation of Creation Cost for periods prior to December 31, 2016 reflect changes made to the methodology as further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.

(2) We expect to monetize, on a non-recourse basis, 70-75% of Project Value upfront which would reflect approximately 82-88% of contracted Project Value in Q1.

# NPV of $56M Up 145% Year-Over-Year

**Driven by volume growth and unit economic improvements**



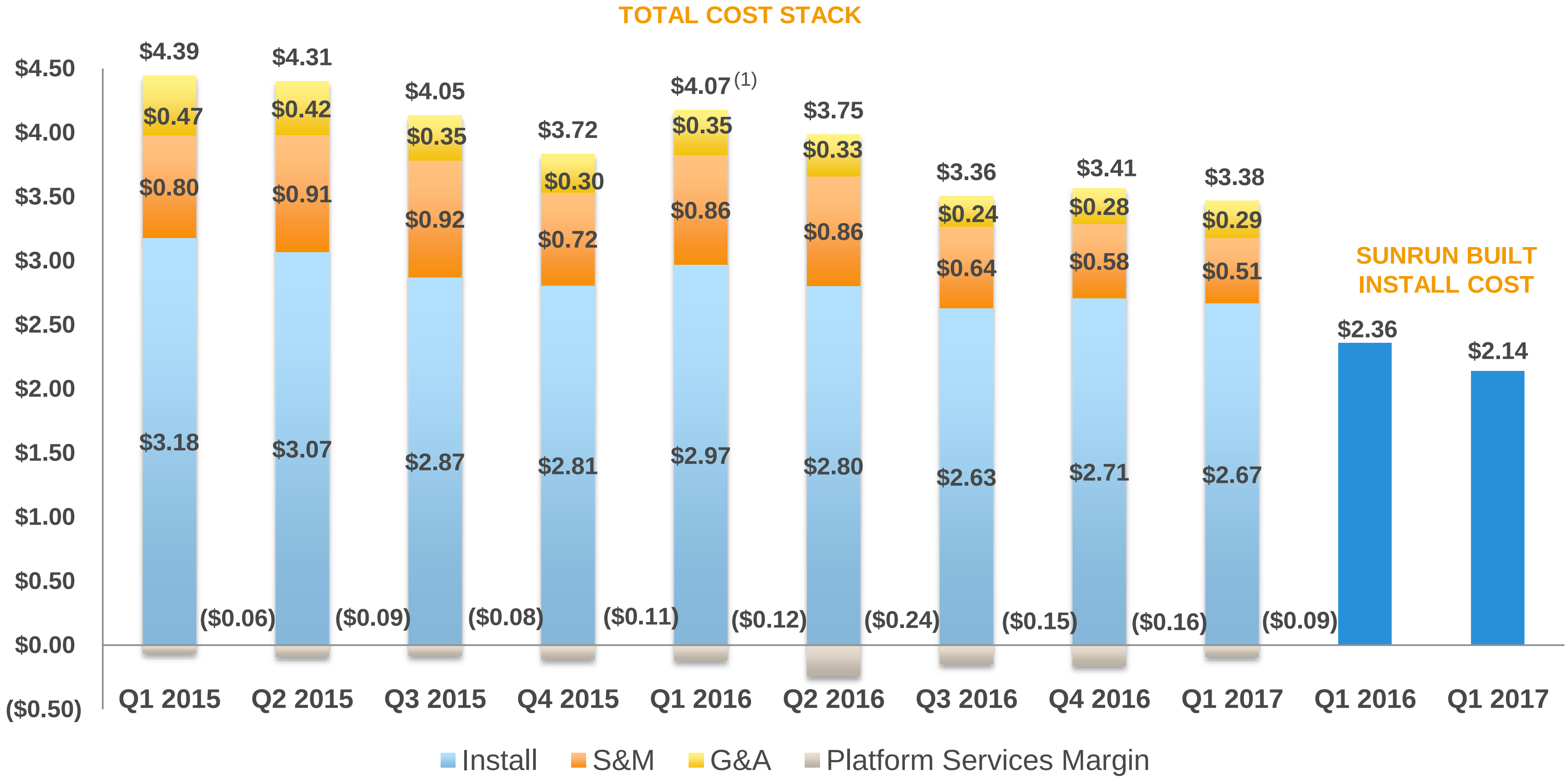

Note: The presentation of Creation Cost for periods prior to December 31, 2016 reflects changes made to the methodology further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.

Numbers may not total due to rounding.

See Appendix for glossary of terms.

# Costs Decline Year-Over-Year

## Sunrun Built Install Cost At $2.14 / Watt, a $0.22 decrease year-over-year




Note: The presentation of Creation Cost for periods prior to December 31, 2016 reflects changes made to the methodology further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.

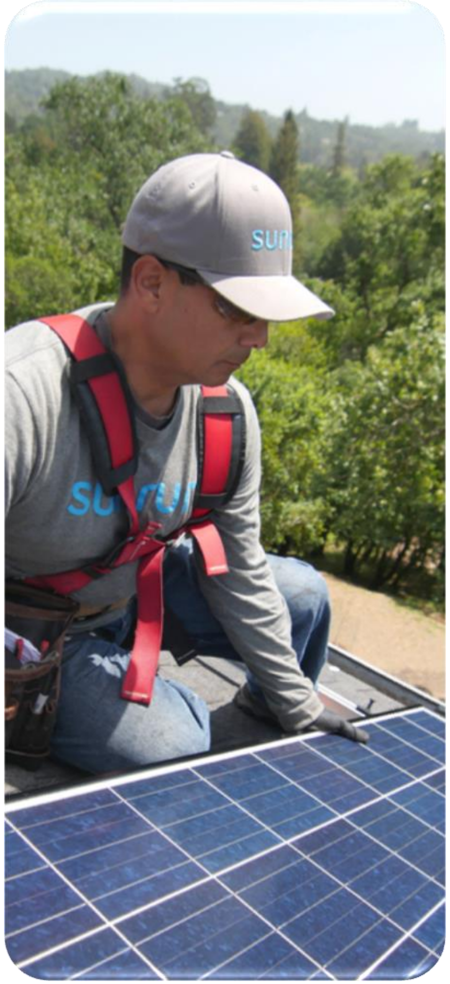
Numbers may not total due to rounding.

(1) Q1 2016 figures are pro forma and exclude exit costs in Nevada.

# Guidance

- Deployments of 72 MW in Q2

- Reiterating guidance of 325 MWs in 2017




# Net Earning Assets grew 35% Year-Over-Year

| ($ in millions) | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 |
|---|---|---|---|---|---|
| Gross Earning Assets, Contracted[(1)] | $913 | $992 | $1,108 | $1,200 | $1,269 |
| Gross Earning Assets, Renewal[(1)] | $467 | $507 | $561 | $609 | $647 |
| **Total Gross Earning Assets[(1)]** | **$1,380** | **$1,499** | **$1,669** | **$1,809** | **$1,916** |
| Project Level Debt[(1)] [(2)] | ($442) | ($512) | ($571) | ($654) | ($702) |
| Lease Pass-Through Financing Obligation | ($148) | ($144) | ($143) | ($144) | ($144) |
| **Net Earning Assets** | **$791** | **$843** | **$954** | **$1,011** | **$1,070** |

See Appendix for glossary of terms.

Note: Numbers may not sum due to rounding

(1) Gross Earning Assets excludes the pro-rata share of forecasted unlevered cash flows attributable to cash equity financing partners, allocated based on the estimated pro-rata split of cash flows. Because estimated cash distributions to our cash equity financing partners are deducted from Gross Earning Assets, so is a proportional share of the corresponding project level debt from Net Earning Assets.

(2) Project Level Debt is presented net of substantially all debt issuance costs to conform with the adoption of a new accounting standard.

# Significant Renewal Value Potential

In addition to presenting the portion of Project Value represented by the renewal period, we also provide an estimate of total post-contract value from the Operating Portfolio (i.e., cumulative systems deployed) based on **Real PPA rates** and **years of renewals** as an alternative method to estimate the value of assets after the initial contract period ends.

*Deployed portfolio as of 3/31/17, $ of NPV in millions, using a 6% discount rate*

**Years of Renewal Obtained After Initial Contract Ends**

| Real PPA Rate at Renewal[1] ($/kwh) | | 1 years | 2 years | 3 years | 4 years | 5 years | 6 years | 7 years | 8 years | 9 years | 10 years |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **$ 0.04** | $ 13 | $ 23 | $ 31 | $ 36 | $ 43 | $ 52 | $ 63 | $ 74 | $ 85 | $ 95 |
| | **$ 0.06** | $ 25 | $ 46 | $ 64 | $ 79 | $ 96 | $ 115 | $ 135 | $ 155 | $ 174 | $ 192 |
| | **$ 0.08** | $ 37 | $ 69 | $ 97 | $ 122 | $ 149 | $ 177 | $ 207 | $ 236 | $ 264 | $ 290 |
| | **$ 0.10** | $ 48 | $ 91 | $ 130 | $ 166 | $ 202 | $ 240 | $ 279 | $ 317 | $ 353 | $ 388 |
| | **$ 0.12** | $ 60 | $ 114 | $ 163 | $ 209 | $ 255 | $ 302 | $ 351 | $ 398 | $ 443 | $ 486 |
| | **$ 0.14** | $ 72 | $ 136 | $ 196 | $ 252 | $ 308 | $ 365 | $ 423 | $ 479 | $ 532 | $ 584 |
| | **$ 0.16** | $ 83 | $ 159 | $ 229 | $ 295 | $ 360 | $ 428 | $ 495 | $ 560 | $ 622 | $ 681 |
| | **$ 0.18** | $ 95 | $ 182 | $ 263 | $ 338 | $ 413 | $ 490 | $ 567 | $ 640 | $ 711 | $ 779 |
| | **$ 0.20** | $ 107 | $ 204 | $ 296 | $ 382 | $ 466 | $ 553 | $ 639 | $ 721 | $ 801 | $ 877 |

(1) 2.5% inflation assumed

See Appendix for glossary of terms.

Note: Additional sensitivities are provided in the appendix.

# Question & Answer

# Operating Metrics Summary

For a description of how the below metrics are calculated, see (i) our 2016 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 8, 2017, (ii) the quarterly earnings releases and presentation materials for each applicable period available on our investor relations website and (iii) the accompanying notes therein.

## Operating Metrics

| | 1Q15 | 2Q15 | 3Q15 | 4Q15 | FY2015 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | FY2016 | 1Q17 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MW Booked** (1) | **34.3** | **46.2** | **65.7** | **82.3** | **228.5** | **61.7** | **68.7** | **82.8** | **71.9** | **285.1** | **73.5** |
| *q/q growth* | | *35%* | *42%* | *25%* | | *(25)%* | *11%* | *21%* | *(13)%* | | *2%* |
| *y/y growth* | | | | | | *80%* | *49%* | *26%* | *(13)%* | *25%* | *19%* |
| **MW Deployed** | **36.6** | **42.4** | **55.7** | **68.1** | **202.9** | **59.9** | **65.2** | **79.9** | **77.2** | **282.0** | **72.8** |
| *q/q growth* | | *16%* | *31%* | *22%* | | *(12)%* | *9%* | *22%* | *(3)%* | | *(6)%* |
| *y/y growth* | | | | | | *63%* | *54%* | *43%* | *13%* | *39%* | *21%* |
| **Cumulative MW Deployed** | **430.1** | **472.5** | **528.2** | **596.0** | **596.0** | **656.0** | **721.0** | **801.0** | **878.5** | **878.5** | **951.3** |
| *q/q growth* | | *10%* | *12%* | *13%* | | *10%* | *10%* | *11%* | *10%* | | *8%* |
| *y/y growth* | | | | | | *53%* | *53%* | *52%* | *47%* | *47%* | *45%* |
| **Leased MW Deployed** | **35.3** | **40.4** | **52.1** | **58.3** | **186.2** | **51.7** | **54.9** | **71.6** | **67.3** | **245.5** | **67.4** |
| *q/q growth* | | *15%* | *29%* | *12%* | | *(11)%* | *6%* | *30%* | *(6)%* | | *0%* |
| *y/y growth* | | | | | | *46%* | *36%* | *37%* | *15%* | *32%* | *30%* |
| *Leased MWs as % of total MW Deployed* | *96%* | *95%* | *94%* | *86%* | *92%* | *86%* | *84%* | *90%* | *87%* | *87%* | *93%* |
| **Cumulative Leased MW Deployed** | **384.7** | **425.1** | **477.2** | **535.6** | **535.6** | **587.2** | **642.1** | **713.7** | **781.0** | **781.0** | **848.4** |
| *q/q growth* | | *11%* | *12%* | *12%* | | *10%* | *9%* | *11%* | *9%* | | *9%* |
| *y/y growth* | | | | | | *53%* | *51%* | *50%* | *46%* | *46%* | *44%* |
| **Project Value** *(per watt)* | **$ 5.02** | **$ 5.00** | **$ 4.70** | **$ 4.50** | **$ 4.76** | **$ 4.51** | **$ 4.61** | **$ 4.43** | **$ 4.41** | **$ 4.48** | **$ 4.21** |
| Contracted | 4.45 | 4.43 | 4.18 | 4.01 | 4.19 | 3.99 | 4.03 | 3.84 | 3.80 | 3.90 | 3.58 |
| Renewal | 0.57 | 0.57 | 0.52 | 0.49 | 0.57 | 0.52 | 0.58 | 0.59 | 0.60 | 0.58 | 0.63 |
| **Creation Cost** *(per watt)* (2) | **$ 4.39** | **$ 4.31** | **$ 4.05** | **$ 3.72** | **$ 4.06** | **$ 4.07** | **$ 3.75** | **$ 3.36** | **$ 3.41** | **$ 3.61** | **$ 3.38** |
| Installation | 3.18 | 3.07 | 2.87 | 2.81 | 2.95 | 2.97 | 2.80 | 2.63 | 2.71 | 2.76 | 2.67 |
| Sales & Marketing (expensed & capitalized) | 0.80 | 0.91 | 0.92 | 0.72 | 0.83 | 0.86 | 0.86 | 0.64 | 0.58 | 0.72 | 0.51 |
| General & Administrative | 0.47 | 0.42 | 0.35 | 0.30 | 0.37 | 0.35 | 0.33 | 0.24 | 0.28 | 0.29 | 0.29 |
| (-) Platform services margin | (0.06) | (0.09) | (0.08) | (0.11) | (0.09) | (0.12) | (0.24) | (0.15) | (0.16) | (0.17) | (0.09) |
| **Sunrun Built Install Cost** *(per watt)* | | | **$ 2.35** | **$ 2.33** | | **$ 2.36** | **$ 2.27** | **$ 2.01** | **$ 2.04** | **$ 2.21** | **$ 2.14** |
| **Unlevered NPV** *(per watt)* | **$ 0.63** | **$ 0.69** | **$ 0.65** | **$ 0.78** | **$ 0.70** | **$ 0.44** | **$ 0.86** | **$ 1.07** | **$ 1.00** | **$ 0.87** | **$ 0.83** |
| **NPV created** *($ in millions)* | **$ 22** | **$ 28** | **$ 34** | **$ 46** | **$ 130** | **$ 23** | **$ 47** | **$ 76** | **$ 67** | **$ 213** | **$ 56** |
| *y/y growth* | | | | | | *3%* | *70%* | *126%* | *47%* | *64%* | *145%* |
| **Gross Earning Assets** *($ in millions)* | | | | | | | | | | | |
| Gross Earning Assets, contracted | | | | $ 842 | $ 842 | $ 913 | $ 992 | $ 1,108 | $ 1,200 | $ 1,200 | $ 1,269 |
| Gross Earning Assets, renewal | | | | 432 | 432 | 467 | 507 | 561 | 609 | 609 | 647 |
| **Total Gross Earning Assets** | **$ 881** | **$ 962** | **$ 1,078** | **$ 1,274** | **$ 1,274** | **$ 1,380** | **$ 1,499** | **$ 1,669** | **$ 1,809** | **$ 1,809** | **$ 1,916** |
| *q/q growth* | | *9%* | *12%* | *18%* | | *8%* | *9%* | *11%* | *8%* | | *6%* |
| *y/y growth* | | | | | | *57%* | *56%* | *55%* | *42%* | *42%* | *39%* |
| Project Level Debt | (191) | (198) | (336) | (338) | (338) | (442) | (512) | (571) | (654) | (654) | (702) |
| Lease Pass-Through Financing Obligation | (196) | (207) | (127) | (157) | (157) | (148) | (144) | (143) | (144) | (144) | (144) |
| **Net Earning Assets** *($ in millions)* | **$ 494** | **$ 558** | **$ 615** | **$ 779** | **$ 779** | **$ 791** | **$ 843** | **$ 954** | **$ 1,011** | **$ 1,011** | **$ 1,070** |
| *q/q growth* | | *13%* | *10%* | *27%* | | *2%* | *7%* | *13%* | *6%* | | *6%* |
| *y/y growth* | | | | | | *60%* | *51%* | *55%* | *30%* | *30%* | *35%* |

(1) The presentation of MW Booked for periods prior to December 31, 2016 reflects changes made to the methodology further described in our 2016 Annual Report on Form 10-K filed with the SEC on March 8, 2017 and quarterly earning presentations available on our investor relations website.
(2) The presentation of Creation Cost for periods prior to December 31, 2016 reflects changes made to the methodology further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.

# Gross Earning Assets - Sensitivities

***$ in millions, as of March 31, 2017***

**Gross Earning Assets Under Energy Contract**

| | Discount rate | | | | |
|---|---|---|---|---|---|
| **Default rate** | **4%** | **5%** | **6%** | **7%** | **8%** |
| 5% | $ 1,461 | $ 1,341 | $ 1,235 | $ 1,141 | $ 1,057 |
| 0% | $ 1,503 | $ 1,379 | $ 1,269 | $ 1,172 | $ 1,085 |

**Gross Earning Assets Value of Purchase or Renewal**

| | Discount rate | | | | |
|---|---|---|---|---|---|
| **Purchase or Renewal rate** | **4%** | **5%** | **6%** | **7%** | **8%** |
| 80% | $ 860 | $ 695 | $ 564 | $ 459 | $ 374 |
| 90% | $ 987 | $ 798 | $ 647 | $ 526 | $ 429 |
| 100% | $ 1,113 | $ 900 | $ 729 | $ 593 | $ 484 |

**Total Gross Earning Assets**

| | Discount rate | | | | |
|---|---|---|---|---|---|
| **Purchase or Renewal rate** | **4%** | **5%** | **6%** | **7%** | **8%** |
| 80% | $ 2,363 | $ 2,074 | $ 1,833 | $ 1,630 | $ 1,459 |
| 90% | $ 2,489 | $ 2,176 | $ 1,916 | $ 1,698 | $ 1,514 |
| 100% | $ 2,616 | $ 2,278 | $ 1,998 | $ 1,765 | $ 1,569 |

Note: See Appendix for glossary of terms.

# Additional Renewal Value Sensitivities

## Renewal Value of Operating Portfolio as of 3/31/17 using Real PPA Rates(1) & Years of Renewal

### Total Renewal Value of Operating Portfolio - 5 % discount rate

*Deployed portfolio as of 3/31/17, $ of NPV in millions, using a 5% discount rate*

**Years of Renewal Obtained After Initial Contract Ends**

| | | 1 years | 2 years | 3 years | 4 years | 5 years | 6 years | 7 years | 8 years | 9 years | 10 years |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ 0.04 | $ 15 | $ 28 | $ 37 | $ 43 | $ 52 | $ 63 | $ 77 | $ 91 | $ 104 | $ 117 |
| | $ 0.06 | $ 29 | $ 54 | $ 76 | $ 95 | $ 115 | $ 138 | $ 164 | $ 189 | $ 214 | $ 237 |
| Real | $ 0.08 | $ 43 | $ 81 | $ 115 | $ 146 | $ 179 | $ 214 | $ 251 | $ 288 | $ 323 | $ 357 |
| PPA Rate at | $ 0.10 | $ 57 | $ 108 | $ 155 | $ 198 | $ 242 | $ 290 | $ 339 | $ 386 | $ 433 | $ 477 |
| Renewal[1] | $ 0.12 | $ 71 | $ 135 | $ 194 | $ 250 | $ 306 | $ 365 | $ 426 | $ 485 | $ 542 | $ 597 |
| ($/kwh) | $ 0.14 | $ 85 | $ 162 | $ 234 | $ 301 | $ 369 | $ 441 | $ 513 | $ 583 | $ 652 | $ 718 |
| | $ 0.16 | $ 99 | $ 189 | $ 273 | $ 353 | $ 433 | $ 516 | $ 600 | $ 682 | $ 761 | $ 838 |
| | $ 0.18 | $ 112 | $ 215 | $ 313 | $ 405 | $ 497 | $ 592 | $ 688 | $ 780 | $ 871 | $ 958 |
| | $ 0.20 | $ 126 | $ 242 | $ 352 | $ 456 | $ 560 | $ 667 | $ 775 | $ 879 | $ 980 | $ 1,078 |

### Total Renewal Value of Operating Portfolio - 6 % discount rate

*Deployed portfolio as of 3/31/17, $ of NPV in millions, using a 6% discount rate*

**Years of Renewal Obtained After Initial Contract Ends**

| | | 1 years | 2 years | 3 years | 4 years | 5 years | 6 years | 7 years | 8 years | 9 years | 10 years |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ 0.04 | $ 13 | $ 23 | $ 31 | $ 36 | $ 43 | $ 52 | $ 63 | $ 74 | $ 85 | $ 95 |
| | $ 0.06 | $ 25 | $ 46 | $ 64 | $ 79 | $ 96 | $ 115 | $ 135 | $ 155 | $ 174 | $ 192 |
| Real | $ 0.08 | $ 37 | $ 69 | $ 97 | $ 122 | $ 149 | $ 177 | $ 207 | $ 236 | $ 264 | $ 290 |
| PPA Rate at | $ 0.10 | $ 48 | $ 91 | $ 130 | $ 166 | $ 202 | $ 240 | $ 279 | $ 317 | $ 353 | $ 388 |
| Renewal[1] | $ 0.12 | $ 60 | $ 114 | $ 163 | $ 209 | $ 255 | $ 302 | $ 351 | $ 398 | $ 443 | $ 486 |
| ($/kwh) | $ 0.14 | $ 72 | $ 136 | $ 196 | $ 252 | $ 308 | $ 365 | $ 423 | $ 479 | $ 532 | $ 584 |
| | $ 0.16 | $ 83 | $ 159 | $ 229 | $ 295 | $ 360 | $ 428 | $ 495 | $ 560 | $ 622 | $ 681 |
| | $ 0.18 | $ 95 | $ 182 | $ 263 | $ 338 | $ 413 | $ 490 | $ 567 | $ 640 | $ 711 | $ 779 |
| | $ 0.20 | $ 107 | $ 204 | $ 296 | $ 382 | $ 466 | $ 553 | $ 639 | $ 721 | $ 801 | $ 877 |

### Total Renewal Value of Operating Portfolio - 7 % discount rate

*Deployed portfolio as of 3/31/17, $ of NPV in millions, using a 7% discount rate*

**Years of Renewal Obtained After Initial Contract Ends**

| | | 1 years | 2 years | 3 years | 4 years | 5 years | 6 years | 7 years | 8 years | 9 years | 10 years |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ 0.04 | $ 11 | $ 20 | $ 26 | $ 30 | $ 36 | $ 43 | $ 52 | $ 61 | $ 69 | $ 77 |
| | $ 0.06 | $ 21 | $ 39 | $ 54 | $ 66 | $ 80 | $ 95 | $ 112 | $ 128 | $ 143 | $ 157 |
| Real | $ 0.08 | $ 31 | $ 58 | $ 82 | $ 103 | $ 124 | $ 147 | $ 171 | $ 194 | $ 216 | $ 236 |
| PPA Rate at | $ 0.10 | $ 41 | $ 77 | $ 109 | $ 139 | $ 168 | $ 199 | $ 231 | $ 261 | $ 289 | $ 316 |
| Renewal[1] | $ 0.12 | $ 51 | $ 96 | $ 137 | $ 175 | $ 212 | $ 251 | $ 290 | $ 327 | $ 363 | $ 396 |
| ($/kwh) | $ 0.14 | $ 61 | $ 115 | $ 165 | $ 211 | $ 257 | $ 303 | $ 350 | $ 394 | $ 436 | $ 476 |
| | $ 0.16 | $ 71 | $ 134 | $ 193 | $ 247 | $ 301 | $ 355 | $ 409 | $ 460 | $ 509 | $ 556 |
| | $ 0.18 | $ 81 | $ 154 | $ 221 | $ 283 | $ 345 | $ 407 | $ 468 | $ 527 | $ 583 | $ 636 |
| | $ 0.20 | $ 91 | $ 173 | $ 249 | $ 320 | $ 389 | $ 459 | $ 528 | $ 593 | $ 656 | $ 715 |

As an alternative presentation to estimate the potential value of Sunrun's currently deployed assets, we estimate the NPV of future cash flows under various scenarios, sensitizing the number of years of renewal obtained after the initial contract ends along with the PPA rates obtained in real terms and with various discount rates.

(1) 2.5% inflation assumed

# Glossary

**Creation Cost** includes (i) certain installation and general and administrative costs after subtracting the gross margin on solar energy systems and product sales divided by watts deployed during the measurement period and (ii) certain sales and marketing expenses under new Customer Agreements, net of cancellations during the period divided by the related watts deployed.

**Customers** refers to all residential homeowners (i) who have executed a Customer Agreement or cash sales agreement with us and (ii) for whom we have internal confirmation that the applicable solar energy system has reached notice to proceed or "NTP", net of cancellations.

**Customer Agreements** refers to, collectively, solar power purchase agreements and solar leases.

**Gross Earning Assets** the net cash flows (discounted at 6%) we expect to receive during the initial 20-year term of our Customer Agreements for systems that have been deployed as of the measurement date, plus a discounted estimate of the value of the Customer Agreement renewal term or solar system purchase at the end of the initial term. Gross Earning Assets excludes estimated cash distributions to investors in consolidated joint ventures and estimated operating, maintenance and administrative expenses for systems deployed as of the measurement date. In calculating Gross Earning Assets, we deduct estimated cash distributions to our cash equity financing providers. In calculating Gross Earning Assets, we do not deduct customer payments we are obligated to pass through to investors in lease pass-throughs as these amounts are reflected on our balance sheet as long-term and short-term lease pass-through obligations, similar to the way that debt obligations are presented. In determining our finance strategy, we use lease pass-throughs and long-term debt in an equivalent fashion as the schedule of payments of distributions to lease pass-through investors is more similar to the payment of interest to lenders than the internal rates of return (IRRs) paid to investors in other tax equity structures.

**Gross Earning Assets Under Energy Contract** represents the net cash flows during the initial (typically 20 year) term of our Customer Agreements (less substantially all value from SRECs prior to July 1, 2015), for systems deployed as of the measurement date.

**Gross Earning Assets Value of Purchase or Renewal** is the forecasted net present value we would receive upon or following the expiration of the initial Customer Agreement term (either in the form of cash payments during any applicable renewal period or a system purchase at the end of the initial term), for systems deployed as of the measurement date.

**MW Booked** represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to an executed Customer Agreement, for which we have confirmation that the systems have reached NTP, net of cancellations.

**MW Deployed** represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to executed Customer Agreements, for which we have (i) confirmation that the systems are installed on the roof, subject to final inspection or (ii) in the case of certain system installations by our partners, accrued at least 80% of the expected project cost.

**Net Earning Assets** represents Gross Earning Assets less both project level debt and Lease Pass-Through Financing Obligation, as of the same measurement date. Because estimated cash distributions to our cash equity financing partners are deducted from Gross Earning Assets, a proportional share of the corresponding project level debt is deducted from Net Earning Assets.

**NPV** equals Unlevered NPV multiplied by leased megawatts deployed in period.

**NTP or Notice to Proceed** refers to our internal confirmation that a solar energy system has met our installation requirements for size, equipment and design.

**Proceeds** equals the sum of proceeds from non-recourse debt, proceeds from lease pass-through financing obligations, contributions received from redeemable and non-redeemable noncontrolling interests, proceeds from state tax credits, and estimated customer upfront payments and utility rebates. Estimated customer upfront payments and utility rebates is estimated by averaging the beginning period deferred revenue (current portion) and end period deferred revenue (current portion) divided by the portion of the year being analyzed.

**Project Value** represents the value of upfront and future payments by customers, the benefits received from utility and state incentives, as well as the present value of net proceeds derived through investment funds. Specifically, Project Value is calculated as the sum of the following items (all measured on a per-watt basis with respect to megawatts deployed under Customer Agreements during the period): (i) estimated gross earning assets, (ii) utility or upfront state incentives, (iii) upfront payments from customers for deposits and partial or full prepayments of amounts otherwise due under Customer Agreements and which are not already included in Gross Earning Assets and (iv) finance proceeds from tax equity investors, excluding cash true-up payments or the value of asset contributions in lieu of cash true-up payments made to investors. Project Value includes contracted SRECs for all periods after July 1, 2015.

**Unlevered NPV** equals the difference between Project Value and estimated Creation Cost on a per watt basis.