

TerraForm Power, Inc.
Form 8-K
November 18, 2014

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 (Date of earliest event reported): November 17, 2014

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

001-36542
(Commission File Number)
Delaware
(State or other jurisdiction of
incorporation or organization)

46-4780940
(I. R. S. Employer
Identification No.)

12500 Baltimore, Avenue
Beltsville, Maryland 20705
(Address of principal executive offices, including zip code)

(443) 909-7200
(Registrant's telephone number, including area code)

N/A
(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 provision (see General Instruction A.2 below):

- 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 1.01 Entry into a Material Definitive Agreement.

On November 17, 2014, SunEdison, Inc. (“SunEdison”), TerraForm Power, Inc. (“TerraForm Power”) and TerraForm Power, LLC (“TerraForm LLC”), a wholly-owned direct subsidiary of TerraForm Power, entered into a purchase and sale agreement (the “Purchase Agreement”) to acquire First Wind Holdings, LLC (“Parent,” together with its subsidiaries, “First Wind”). In the transaction, TerraForm LLC will purchase from First Wind certain solar and wind operating projects, and SunEdison will purchase Parent and all of the outstanding equity interests in certain subsidiaries of Parent that own, directly or indirectly, wind and solar operating and development projects, upon the terms and subject to the conditions in the Purchase Agreement (the “Acquisition”).

SunEdison will purchase First Wind’s development platform, pipeline and projects in development, including over 1.6 GW of pipeline and backlog that is expected to be added to TerraForm Power’s project call right list for 2015-2017. All wattage measurements are in alternating current (AC) for wind projects, and in direct current (DC) for solar projects unless noted. Beyond this pipeline and backlog, First Wind has an identified development opportunities representing more than 6.4 GW of wind and solar projects.

TerraForm LLC will purchase 521 MW of operating power assets (including 500MW of wind and 21 MW of solar power assets) from First Wind, increasing the capacity of TerraForm LLC’s operating portfolio by more than 50% through high-quality, contracted wind and solar projects in Maine, New York, Hawaii, Vermont and Massachusetts. SunEdison and TerraForm LLC will pay a total consideration of up to \$2.4 billion. SunEdison will pay a total upfront consideration of up to \$1.1 billion, including the assumption of \$361 million of debt at closing, and an expected \$510 million of earnout payments over two-and-a-half years upon full notice to proceed with respect to solar earnout projects and substantial completion with respect to wind earnout projects (collectively, “Project Completion”). During the earnout period, SunEdison has agreed to take certain necessary action to achieve Project Completion for the earnout projects, including arranging all funding for necessary capital expenditures and continuing the employment of certain identified key employees to facilitate the development and construction of the earnout projects. SunEdison will not have any obligation to develop an earnout project if any specified disqualifying event occurs and is not cured within the cure period. First Wind will have the right to provide substitute projects with regard to the earnout in the event one or more of the initial earnout projects are terminated before Project Completion.

TerraForm LLC will acquire First Wind’s operating portfolio for an enterprise value of \$862 million, which includes the equity purchase price, the assumption of debt for First Wind’s operating portfolio, certain swap and debt breakage fees, and the purchase of a partner’s ownership stake in certain assets held by First Wind through a joint venture (the “JV Purchase”).

SunEdison and TerraForm LLC will also undertake \$1.5 billion of debt refinancings, including the debt assumed in the transaction and the then existing TerraForm Power debt and certain swaps and debt breakage costs. TerraForm LLC and SunEdison have secured fully committed bridge financing to support the transaction (the “Bridge Financing Commitment”). The Bridge Financing Commitment consists of an up to \$815 million second lien bridge facility of SunEdison and an up to \$1,550 million unsecured bridge facility of TerraForm Power Operating, LLC, a subsidiary of TerraForm LLC. The Bridge Financing Commitment is subject to certain conditions, including the negotiation of definitive documentation and other customary closing conditions.

In addition to customary closing conditions, the closing of the Acquisition is subject to (i) the redemption of certain secured notes issued by First Wind, the redemption price of which is required to be paid by SunEdison and (ii) the concurrent closing of the JV Purchase. The closing is also subject to the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Act”) or early termination of the waiting period under the HSR Act and approval by the Federal Energy Regulatory Commission and certain state Public Utility Commissions.

In connection with the entry into the Purchase Agreement, TerraForm LLC, SunEdison and SunEdison Holdings Corporation entered into an intercompany agreement (the “Intercompany Agreement”). The Intercompany Agreement sets forth the agreement among the parties with respect to, among other things, (a) contributions between, and allocations among, the parties and their respective affiliates of certain costs, expenses, indemnity payments and purchase price adjustments under the Purchase Agreement and certain excess capital expenditures and operation and maintenance costs for operating projects following the closing of the Acquisition, (b) the grant by SunEdison, Inc. to

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TerraForm LLC of certain call right options, and (c) the modification of certain terms of the Interest Payment Agreement dated as of July 23, 2014 among SunEdison, Inc., SunEdison Holdings Corporation, TerraForm LLC and TerraForm Power Operating, LLC.

Each of the foregoing descriptions of the Purchase Agreement and the Intercompany Agreement is qualified in its

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. Description

99.1 Press Release dated November 17, 2014.

SIGNATURES

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

TerraForm Power, Inc.

By: /s/ Sebastian Deschler
Sebastian Deschler
Senior Vice President, General Counsel and
Secretary

Dated: November 17, 2014.

EXHIBIT INDEX

Exhibit No. Description

99.1 Press Release dated November 17, 2014.