TERRAFORM GLOBAL, INC.
Form 10-Q
January 31, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2016

OR

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

For the transition period from to

Commission File Number: 001-37528

TerraForm Global, Inc.
(Exact name of registrant as specified in its charter)

Delaware	47-1919173
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
7550 Wisconsin Avenue, 9th Floor, Bethesda, Maryland	20814
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes o No x

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o

To

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

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As of December 31, 2016, there were 113,228,527 shares of Class A common stock outstanding, 61,343,054 shares of Class B common stock outstanding, and no shares of Class B1 common stock outstanding.

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TerraForm Global, Inc. and Subsidiaries
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PART I . Financial Information

Item 1. Financial Statements.

TERRAFORM GLOBAL, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Operating revenues, net	$56,430	$25,681	$104,116	$43,487
Operating costs and expenses:				
Cost of operations	7,114	2,751	12,316	3,109
Cost of operations - affiliate	4,683	1,369	9,713	2,333
General and administrative	(1,740)	2,931	1,207	7,417
General and administrative - affiliate	15,965	3,852	23,202	6,819
Acquisition, formation and related costs	83	13,683	10,088	13,683
Depreciation, accretion and amortization	13,025	3,336	27,597	6,071
Total operating costs and expenses	39,130	27,922	84,123	39,432
Operating income (loss)	17,300	(2,241)	19,993	4,055
Other expense (income):				
Loss (gain) on the extinguishment of debt	526	1,219	(5,735)	1,219
Interest expense, net	28,975	28,186	62,638	45,007
Gain on previously held equity investment	—	(1,426)	—	(1,426)
Gain on foreign currency exchange	(13,882)	(6,686)	(26,231)	(6,974)
Other income, net	(6,061)	(187)	(13,031)	(317)
Total other expenses, net	9,558	21,106	17,641	37,509
Income (loss) before income tax expense	7,742	(23,347)	2,352	(33,454)
Income tax expense (benefit)	2,061	(668)	2,919	450
Net income (loss)	5,681	$(22,679)	$(567)	$(33,904)
Less: gain attributable to non-controlling interests	4,584		2,968	
Net income (loss) attributable to TerraForm Global, Inc. Class A common stockholders	$1,097		(3,535)	
Weighted average number of shares:				
Class A common stock - Basic and diluted	106,856		106,856	
Earnings (loss) per share:				
Class A common stock - Basic and diluted	$0.01		$(0.03)	

See accompanying notes to unaudited condensed consolidated financial statements.

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TERRAFORM GLOBAL, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	$5,681	$(22,679)	$(567)	$(33,904)
Other comprehensive income (loss):				
Net foreign currency translation adjustments	34,225	(2,338)	38,782	2,139
Net unrealized gain (loss) on hedging instruments	2,139	(4,147)	(12,324)	(4,250)
Other comprehensive income (loss), net of tax	36,364	(6,485)	26,458	(2,111)
Total comprehensive income (loss)	$42,045	(29,164)	25,891	(36,015)
Less: Predecessor comprehensive loss prior to initial public offering on August 5, 2015	—	(29,164)	—	(36,015)
Comprehensive income subsequent to initial public offering	42,045	$—	25,891	$—
Less: Comprehensive income attributed to non-controlling interest:				
Net income	4,584		$2,968	
Net foreign currency translation adjustments	13,453		$15,285	
Net unrealized gain (loss) on hedging instruments	1,433		(8,249)	
Comprehensive income attributed to non-controlling interest	19,470		10,004	
Comprehensive income attributed to Class A common stockholders	22,575		15,887	

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM GLOBAL, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$870,494	$922,318
Current portion of restricted cash, including consolidated variable interest entities of $61,590 in June 30, 2016 and $46,321 in December 31, 2015	72,264	119,151
Accounts receivable, net	41,931	30,287
Prepaid expenses and other current assets, including consolidated variable interest entities of $100,411 in June 30, 2016 and $123,876 in December 31, 2015	117,841	139,335
Total current assets	1,102,530	1,211,091
Power plants, net, including consolidated variable interest entities of $461,067 in June 30, 2016 and $460,042 in December 31, 2015	1,375,254	1,206,604
Restricted cash	18,003	22,682
Intangible assets, net, including consolidated variable interest entities of $51,362 in June 30, 2016 and $51,159 in December 31, 2015	70,054	70,630
Equity method investment	—	73,249
Deposit for acquisitions, net	49,733	51,101
Other assets	40,211	51,809
Total assets	$2,655,785	$2,687,166
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Current portion of long-term debt, including consolidated variable interest entities of $333,144 in June 30, 2016 and $326,535 in December 31, 2015	$324,225	$319,498
Accounts payable	23,555	8,491
Accrued expenses and other current liabilities, including consolidated variable interest entities of $46,773 in June 30, 2016 and $15,496 in December 31, 2015	111,305	129,437
Due to Sun Edison, net	29,326	44,254
Total current liabilities	488,411	501,680
Long-term debt, less current portion	888,082	952,653
Asset retirement obligations	10,855	8,629
Other long-term liabilities	8,044	1,455
Deferred tax liabilities, including consolidated variable interest entities of $38,615 in June 30, 2016 and $37,295 in December 31, 2015	43,494	39,482
Total liabilities	1,438,886	1,503,899
Stockholders’ Equity:		
Preferred stock, par value $0.01 per share, 50,000,000 shares authorized, no shares issued and outstanding at June 30, 2016 or December 31, 2015	—	—
Class A common stock, par value $0.01 per share, 2,750,000,000 shares authorized, 113,101,162 shares issued and outstanding at June 30, 2016, 114,630,318 shares issued and outstanding at December 31, 2015	1,131	1,146
Class B common stock, par value $0.01 per share, 200,000,000 shares authorized, 61,343,054 shares issued and outstanding at June 30, 2016 and December 31, 2015	613	613
Class B1 common stock, par value $0.01 per share, 550,000,000 shares authorized, no shares issued or outstanding in 2016 or 2015	—	—
Treasury stock	(28)	(28)
Additional paid-in capital	935,492	923,740

Accumulated deficit	(215,664)	(212,129)
Accumulated other comprehensive loss	8,241	(11,181)
Total TerraForm Global, Inc. stockholders’ equity	729,785	702,161
Non-controlling interests	487,114	481,106
Total stockholders’ equity	1,216,899	1,183,267
Total liabilities and stockholders’ equity	$2,655,785	$2,687,166

See accompanying notes to unaudited condensed consolidated financial statements.

TERRAFORM GLOBAL, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Controlling Interests												Non-controll	
	Class A Common Stock		Class B Common Stock		Class B1 Common Stock		Treasury Stock		Additional Paid-in-Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)			A D
(In thousands, except per share data)	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				Total	Capital	
Balance at December 31, 2015	114,630,318	$1,146	61,343,054	$613	—	$—	5,244	$(28)	$923,924	$(212,661)	$(11,253)	$701,741	$609,416	$(
Investments in NPS and WXA	—	$—	—	$—	—	$—		$—	$(184)	$532	$72	$420	$(191)	$
Balance at December 31, 2015 (Recasted)	114,630,318	$1,146	61,343,054	$613	—		5,244	$(28)	$923,740	$(212,129)	$(11,181)	$702,161	$609,225	$(
Class A shares forfeited on termination of employment	(1,529,156)	(15)	—	—	—	—		—	15	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—		—	1,972	—	—	1,972	—	—
Net income (loss)	—	—	—	—	—	—		—	—	(3,535)	—	(3,535)	—	2,
Net SunEdison Investment	—	—	—	—	—	—		—	—	—	—	—	36,443	—
Other comprehensive loss	—	—	—	—	—	—		—	—	—	19,422	19,422	—	—
Dividends paid	—	—	—	—	—	—		—	(30,674)	—	—	(30,674)	—	—
Transfer of equity interest from non-controlling to controlling	—	—	—	—	—	—		—	14,869	—	—	14,869	(14,869)	—
Equity reallocation	—	—	—	—	—	—		—	25,570	—	—	25,570	(25,570)	—
Balance at June 30, 2016	113,101,162	$1,131	61,343,054	$613	—		5,244	$(28)	$935,492	$(215,664)	$8,241	$729,785	$605,229	$(

See accompanying notes to unaudited condensed consolidated financial statements.

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TERRAFORM GLOBAL, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net loss	$(567)	$(33,904)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization of deferred financing costs	1,768	13,929
Depreciation, amortization and accretion	27,597	6,071
Stock-based compensation expense	1,972	—
Change in fair value of interest rate swaps	4,638	(470)
Gain on previously held equity investment	—	(1,426)
(Gain) loss on extinguishment of debt	(5,735)	1,219
Unrealized gains on foreign currency, net	(21,239)	—
Deferred tax (benefit) expense	(511)	450
Changes in assets and liabilities:		
Accounts receivable	3,366	(5,927)
Prepaid expenses and other current assets	7,915	(9,934)
Accounts payable, accrued expenses, and other current liabilities	(9,584)	13,711
Due to/from SunEdison, net	(3,192)	23,120
Other noncurrent assets and liabilities	(2,838)	9,519
Net cash provided by operating activities	3,590	16,358
Cash flows from investing activities:		
Capital expenditures	(47,105)	(94,475)
Change in cash committed for construction	—	20,493
Change in restricted cash	57,103	(55,854)
Cash paid for acquisitions, net of cash acquired	(32,128)	(113,851)
Deposits on investments	—	(860)
Cash acquired upon FERSA consolidation	8,022	—
Returns from BioTherm escrow and deposits	3,775	—
Net cash used in investing activities	(10,333)	(244,547)
Cash flows from financing activities:		
Proceeds from Bridge Facility	—	400,000
Repayments on Bridge Facility	—	(91,469)
Repayments of the 2022 Senior Notes	(35,441)	—
Proceeds from system debt financing	—	48,800
Repayments of system debt financing	(29,477)	(98,041)
Net SunEdison investment	48,983	7,245
Dividends paid	(30,674)	—
Proceeds from private placement, net of fee	—	485,933
Proceeds from loans from parent and affiliates	—	5,111
Payment of deferred financing costs	—	(11,779)
Net cash (used in) provided by financing activities	(46,609)	745,800
Net (decrease) increase in cash and cash equivalents	(53,352)	517,611
Effect of exchange rate changes on cash and cash equivalents	1,528	(19)
Cash and cash equivalents at beginning of period	922,318	150,146
Cash and cash equivalents at end of period	$870,494	$667,738

See accompanying notes to unaudited condensed consolidated financial statements.

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TERRAFORM GLOBAL, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS
Nature of Operations
TerraForm Global, Inc. and its subsidiaries (the “Company”) is a controlled affiliate of SunEdison, Inc. (together with its consolidated subsidiaries excluding the Company, "SunEdison"). TerraForm Global, Inc. is a holding company and its sole asset is an equity interest in TerraForm Global, LLC (“Global LLC”), a globally diversified renewable energy company that owns, through its subsidiaries, wind and solar power plants and long-term contractual arrangements to sell the electricity generated by such power plants to third parties. TerraForm Global, Inc. is the managing member of Global LLC and operates, controls and consolidates the business affairs of Global LLC.
Going Concern
The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The unaudited condensed consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.
Our sponsor, SunEdison, Inc., and certain of its domestic and international subsidiaries voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code on April 21, 2016 (the “SunEdison Bankruptcy”). We believe that we have observed formalities and operating procedures to maintain our separate existence, 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, retaining replacement operation and maintenance and asset management services for our power plants from other providers and the pursuit of strategic alternatives.
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. While it has not been requested to date and we believe there is no basis for substantive consolidation in our circumstances, we cannot assure you that substantive consolidation will not be requested in the future or that the bankruptcy court would not consider it. 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. Bankruptcy courts have broad equitable powers, and as a result, outcomes in bankruptcy proceedings are inherently difficult to predict.
To the extent the bankruptcy court were to determine that substantive consolidation was appropriate under the Company's facts and circumstances, the assets and liabilities of the Company could be made available to help satisfy the debt or contractual obligations of SunEdison.
There have also been covenant defaults under certain of our project level financing arrangements, mainly because of delays in the delivery of project level audited financial statements and the delay in the filing of the Company’s audited annual financial statements for the year ended December 31, 2015, which was filed on Form 10-K on December 21, 2016. In addition, in a number of cases, the SunEdison Bankruptcy resulted in defaults because SunEdison, Inc. and certain of its affiliates have been serving as operation and maintenance and asset management services providers or as guarantors under relevant contracts. We have been working diligently with our lenders to cure or waive instances of default, including through the completion of project level audits and the retention of replacement service providers. However, there can be no assurance that all remaining defaults will be cured or waived. All of our project level financing arrangements are on a non-recourse basis, and therefore these defaults do not directly affect the financial position of the Company. However, if the remaining defaults are not cured or waived, this would continue to restrict the ability of the relevant project companies to make distributions to us, which may affect our ability to meet certain covenants under the Company’s revolving credit facility (the "Revolver"), or entitle certain project level lenders to demand repayment or enforce their security interests.

Additionally, covenant defaults may occur in the future under the Revolver and the indenture governing our 9.75% senior notes due 2022 (the "Senior Notes") in the event of further delays in the filing of our periodic reports with the SEC and potential violation of financial covenants. There can be no assurance that we will be able to file our periodic reports (including our Form 10-Q for the quarter ended September 30, 2016, our Form 10-K for the year ended December 31, 2016 and our Form

10-Q for the quarter ended March 31, 2017 or any quarters thereafter) with the SEC within the periods currently required under our Revolver and the indenture governing our Senior Notes. The Revolver also contains financial covenants that the Company is required to meet on a quarterly basis, and management projections indicate that the Company could violate the Revolver's debt service coverage covenant during 2017 which, if the Revolver is not amended or terminated, could cause a default under the Revolver and, depending on the outstanding amount under the Revolver at the time of such default, a cross-default on the Senior Notes.

There can be no assurance that our lenders will agree to further extensions of financial statement filing dates or amendments to relevant covenants on acceptable terms or at all. As of January 30, 2017, the Revolver is undrawn, and in the event we are not able to cure or secure a waiver for a default under the Revolver, the Company's available liquidity is sufficient to allow for the Revolver to be terminated, which would also avoid a cross-default on the Senior Notes. However, a default on the Senior Notes would permit the trustee or the holders of at least 25% in aggregate principal amount of notes outstanding to accelerate the Senior Notes. The Company would likely not have sufficient liquidity to meet this obligation, which could have a material adverse effect on our business, results of operations, financial condition and ability to pay dividends. A default under the indenture governing our Senior Notes 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 any outstanding principal amount of loans, terminate any outstanding letter of credit and terminate the outstanding commitments under our Revolver.

The risk of substantive consolidation of the Company with SunEdison and inclusion in the SunEdison Bankruptcy, as well as the risk of future covenant defaults under the Revolver and the indenture governing our Senior Notes, raise substantial doubt about the Company's ability to continue as a going concern.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC regulations for interim financial information. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("U.S. GAAP") for complete financial statements. The financial statements should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company's annual financial statements for the year ended December 31, 2015, filed with the SEC on Form 10-K on December 21, 2016.

Certain solar power plants in the Company's current portfolio have been contributed from SunEdison (also referred to as "dropdown") and are reflected in the accompanying unaudited condensed consolidated balance sheets at SunEdison's historical cost. When power plants are contributed or acquired from SunEdison, the Company is required to recast its historical financial statements to reflect the assets and liabilities of the acquired power plants for the period such power plants were owned by SunEdison in accordance with rules applicable to transactions between entities under common control.

For all periods prior to our initial public offering ("IPO") on August 5, 2015, the accompanying unaudited condensed consolidated financial statements reflect the operations of SunEdison Emerging Markets Co. (the "Predecessor"), which consisted of the assets that the Company acquired from SunEdison and third parties prior to and concurrently with the closing of the IPO, and were prepared using SunEdison's historical basis in these assets and liabilities. For all periods subsequent to the IPO, the accompanying unaudited condensed consolidated financial statements represent the results of TerraForm Global, Inc., which consolidates Global LLC through its controlling interest.

The historical financial statements of the Predecessor include allocations of certain SunEdison corporate expenses and income tax expense. Management believes the assumptions and methodology underlying the allocation of general corporate overhead expenses are reasonable. Subsequent to the IPO, corporate expenses represent those costs allocated to the Company under the Management Service Agreement ("MSA"), as more fully described in Note 17 -Related Parties.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all material adjustments consisting of normal and recurring adjustments necessary to present fairly the Company's unaudited condensed consolidated financial position as of June 30, 2016, and the results of operations, comprehensive income and cash flows for the six months ended June 30, 2016 and 2015.

Use of Estimates

In preparing the unaudited condensed consolidated financial statements in conformity with U.S. GAAP, the Company used estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements. Such estimates also affect the reported amounts of revenues, expenses and cash flows during the reporting period. To the extent there are material differences between the estimates and actual results, the Company's future results of operations would be affected.

Restricted Cash

Restricted cash consists of cash on deposit in financial institutions that is restricted to satisfy the requirements of certain debt and acquisition agreements and funds held within the Company's project companies that are restricted for current debt service payments and other purposes in accordance with the applicable debt agreements. These restrictions include: (i) cash on deposit in collateral accounts, debt service reserve accounts, and maintenance reserve accounts; and (ii) cash on deposit in operating accounts but subject to distribution restrictions due to debt defaults, as of the balance sheet dates.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. ASU 2014-09 is effective for the Company on January 1, 2018. Early adoption is permitted but not before January 1, 2017. ASU 2014-09 permits the use of either a retrospective or cumulative effect transition method. The Company has not determined which transition method it will adopt, and it is currently evaluating the impact that ASU 2014-09 will have on its consolidated financial statements and related disclosures upon adoption. We do not plan to adopt this standard prior to January 1, 2018.

In August 2014, the FASB issued ASU 2014-15, Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern, which describes how an entity should assess its ability to meet obligations and sets rules for how this information should be disclosed in the financial statements. ASU 2014-15 provides accounting guidance that will be used along with existing auditing standards. ASU 2014-15 applies to all entities for the first annual period ending after December 15, 2016, and interim periods thereafter. The Company does not expect this standard will have a material effect on the Company's consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, Income Statement-Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. ASU 2015-01 eliminates from U.S. GAAP the concept of extraordinary items. An entity will no longer be required to (1) segregate an extraordinary item from the results of ordinary operations; (2) separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; and (3) disclose income taxes and earnings-per-share data applicable to an extraordinary item. ASU 2015-01 will be effective for fiscal years beginning after December 15, 2015. An entity may apply ASU 2015-01 prospectively or retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company does not expect this standard will have a material effect on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810) Amendments to the Consolidation Analysis, which affects the following areas of the consolidation analysis: limited partnerships and similar entities, evaluation of fees paid to a decision maker or service provider as a variable interest and in determination of the primary beneficiary, effect of related parties on the primary beneficiary determination and for certain investment funds. ASU 2015-02 is effective on a retrospective basis for the Company for the fiscal year ending December 31, 2016 and interim periods therein. The Company adopted ASU 2015-02 as of January 1, 2016, which resulted in certain of our consolidated subsidiaries to be considered variable interest entities. One previously unconsolidated investment was consolidated as a result of implementing this standard (see Acquisition of FERSA in Note 3 - Acquisitions). No consolidated subsidiaries were deconsolidated as a result of implementing this standard.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheets as a direct deduction from the carrying amount of that debt liability. In August 2015, the FASB issued ASU 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of Credit Arrangements. ASU 2015-15

indicates that an entity may defer and present debt issuing costs associated with line-of-credit arrangements as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. ASU 2015-03 and ASU 2015-15 are effective on a retrospective basis for annual and interim periods beginning on or after December 15, 2015. The Company adopted ASU 2015-03 and ASU 2015-15 as of January 1, 2016, which resulted in a reclassification of $21.4 million and $23.6 million from deferred financing costs, net to long-term debt and financing lease obligations, including current portion, as of June 30, 2016 and December 31, 2015, respectively.

In April 2015, the FASB issued ASU 2015-06 Earnings Per Share (Topic 260), which provides guidance on the presentation of historical earnings per unit under the two-class method for transfers of net assets between entities under common control. ASU 2015-06 is effective for the Company for the fiscal year ending December 31, 2016 and interim periods therein.

In September 2015, the FASB issued ASU 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments, which eliminates the requirement for an acquirer in a business combination to account for measurement-period adjustments retrospectively. Instead, acquirers must recognize measurement-period adjustments during the period in which they determine the amounts, including the effect on earnings of any amounts they would have recorded in previous periods if the accounting had been completed at the acquisition date. ASU 2015-16 is effective for the Company on a prospective basis on January 1, 2016. Early adoption is permitted for any interim and annual financial statements that have not yet been made available for issuance. The Company early adopted ASU 2015-16 and all measurement-period adjustments for business combinations completed in 2015 were recorded in our consolidated financial statements for the year ended December 31, 2015, with the exception of FERSA which was accounted for using the equity method.

In November 2015, the FASB issued ASU 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes instructing reporting entities to classify deferred income taxes as non-current on the unaudited condensed consolidated balance sheets. Deferred income taxes were previously required to be classified as current or non-current on the unaudited condensed consolidated balance sheets. The provisions of ASU 2015-17 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted for any interim and annual financial statements that have not yet been made available for issuance. A reporting entity has the option to apply ASU 2015-17 prospectively or retrospectively. We have early adopted ASU 2015-17 effective December 31, 2015 using the prospective method allowed under the standard and prior periods were not retrospectively adjusted.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which primarily changes the lessee’s accounting for operating leases by requiring recognition of lease right-of-use assets and lease liabilities. This standard is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is evaluating the effect of the standard on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-05, Derivatives and Hedging (Topic 815), which clarifies that a change in one of the parties to a derivative contract (through novation) that is part of a hedge accounting relationship does not, by itself, require designation of that relationship, as long as all other hedge accounting criteria continue to be met. This standard is effective for annual and interim periods in fiscal years beginning after December 15, 2016, with early adoption permitted. The Company does not expect this standard will have a material effect on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-06, Derivatives and Hedging (Topic 815), which clarifies that determining whether the economic characteristics of a put or call are clearly and closely related to its debt host requires only an assessment of the four-step decision sequence outlined in FASB ASC paragraph 815-15-25-24. Additionally, entities are not required to separately assess whether the contingency itself is clearly and closely related. This standard is effective for annual and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. The Company does not expect this standard will have a material effect on the Company’s consolidated financial statements.

In March 2016, the FASB issued ASU 2016-07, Investments - Equity Method and Joint Ventures (Topic 323) which eliminates the requirement for an investor to retroactively apply the equity method when its increase in ownership interest (or degree of influence) in an investee triggers equity method accounting. This standard is effective for annual and interim periods in fiscal years beginning after December 15, 2016, with early adoption permitted. The Company does not expect this standard will have a material effect on the Company’s consolidated financial statements.

On March 30, 2016, the FASB issued ASU 2016-09, Compensation - Stock Compensation (Topic 718), which is intended to improve the accounting for share-based payment transactions as part of the FASB’s simplification initiative. ASU 2016-09 changes seven aspects of the accounting for share-based payment award transactions,

including but not limited to: (1) accounting for income taxes; (2) classification of excess tax benefits on the statement of cash flows; (3) forfeitures; (4) minimum statutory tax withholding requirements; and (5) classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. This standard is effective for annual and interim periods in fiscal years beginning after December 15, 2016, with early adoption permitted. The Company is evaluating the effect of the standard on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. The amendments of ASU 2016-15 were issued to address eight specific cash flow issues for which stakeholders have indicated to the FASB that a diversity in practice existed in how entities were presenting and

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classifying these items in the statement of cash flows. The issues addressed by ASU 2016-15 include but are not limited to the classification of debt prepayment and debt extinguishment costs, payments made for contingent consideration for a business combination, proceeds from the settlement of insurance proceeds, distributions received from equity method investees and separately identifiable cash flows and the application of the predominance principle. The amendments of ASU 2016-15 are effective for public entities for fiscal years beginning after December 15, 2017 and interim periods in those fiscal years. Early adoption is permitted, including adoption in an interim fiscal period with all amendments adopted in the same period. The adoption of ASU 2016-15 is required to be applied retrospectively. The Company is evaluating the impact of the standard on its consolidated statements of cash flows.

In October 2016, the FASB issued ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfer of Assets Other Than Inventory, which eliminates the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party exception for an intra-entity transfer of an asset other than inventory. ASU 2016-16 is effective for annual periods beginning after December 15, 2017, and for annual periods and interim periods thereafter with early adoption permitted. The Company is evaluating the effect of the standard on its consolidated financial statements.

In October 2016, the FASB issued ASU 2016-17, Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control. ASU 2016-17 updates ASU 2015-02. Under the amendments, a single decision maker is not required to consider indirect interests held through related parties that are under common control with the single decision maker to be the equivalent of direct interests in their entirety. Instead, a single decision maker is required to include those interests on a proportionate basis consistent with indirect interests held through other related parties. ASU 2016-17 is effective for annual periods beginning after December 15, 2017, and for annual periods and interim periods thereafter with early adoption permitted. The Company is evaluating the effect of the standard on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cashflows (Topic 320): Restricted Cash a Consensus of the FASB Emerging Issues Task Force. The amendments require that a statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this update do not provide a definition of restricted cash or restricted cash equivalents. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company is evaluating the effect of this standard on its consolidated financial statements.

In December 2016, the FASB issued ASU 2016-19, Technical Corrections and Improvements. The amendments cover a wide range of topics in the Accounting Standards Codification, including differences between original guidance and the Accounting Standards Codification, guidance clarification and reference corrections, simplification and minor improvements. The adoption of ASU 2016-19 is effective for annual periods, including interim periods, within those annual periods, beginning after December 15, 2016. The Company is evaluating the effect of this standard on its consolidated financial statements.

In December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers. The amendments in this update are of a similar nature to the items typically addressed in the ASU 2016-19, Technical Corrections and Improvements. However, the FASB decided to issue a separate update for technical corrections and improvements to Topic 606 and other Topics amended by ASU 2014-09 to increase stakeholders' awareness of the proposals and to expedite improvements to ASU 2014-09. The adoption of ASU 2016-20 is effective from the periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. The Company is evaluating the effect of this standard on its consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business. The amendment seeks to clarify the definition of a business with the objective of adding guidance to assist

entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill and consolidation. The adoption of ASU 2017-01 is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The amendments should be applied prospectively on or after the effective dates. The Company is evaluating the effect of this standard on its consolidated financial statements.

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2. TRANSACTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

Recast of Historical Financial Statements

On February 24, 2016, the Company acquired two solar power plants in Thailand from SunEdison, NPS Star and WXA, with an aggregate net capacity of 35.6 MW, which resulted in a recast of the consolidated balance sheet as of December 31, 2015. The previously reported consolidated statement of cash flows and consolidated statements of operations of the Predecessor for the six months ended June 30, 2015 include WXA and NPS Star, thus no recast of these statements is required. Both of these power plants began operations at the end of December 2015.

The following table presents changes to the Company's consolidated balance sheet as of December 31, 2015:

(In thousands) Balance Sheet Caption	Unadjusted	Recast Adjustments	As Recasted
Cash and cash equivalents	$921,946	$ 372	$922,318
Prepaid expenses and other current assets	144,743	(5,408)	139,335
Power plants, net	1,148,350	58,254	1,206,604
Restricted cash	22,582	100	22,682
Due from SunEdison, net	10,110	(10,110)	—
Other assets	66,901	(15,092)	51,809
Change in total assets		$ 28,116	
Accounts payable	$8,034	$ 457	$8,491
Accrued expenses and other current liabilities	123,280	6,157	129,437
Due to SunEdison, net	—	44,254	44,254
Current portion of long-term debt	327,714	(8,216)	319,498
Long-term debt, less current portion	968,047	(15,394)	952,653
Change in total liabilities		$ 27,258	
Additional paid-in capital	$923,924	$ (184)	$923,740
Accumulated deficit	(212,661)	532	(212,129)
Accumulated other comprehensive loss	(11,253)	72	(11,181)
Non-controlling interests	480,668	438	481,106
Change in total stockholders' equity		$ 858	

The recast adjustments also include the impact of the Adoption of ASU 2015-03 on presentation of debt issuance costs, which reclassed $23.6 million from other current assets to long-term debt, less current portion.

3. ACQUISITIONS

First and Second Quarter 2016 Acquisitions

Acquisition of NPS Star and WXA

On February 24, 2016, SunEdison transferred to the Company a 49.0% equity interest, constituting a controlling interest and substantially all of the economic interest, in each of NPS Star and WXA, each of which consists of three solar power plants located in Thailand. These solar power plants, which achieved commercial operation in December 2015 and represent 35.6 MW of aggregate net capacity, were required to be contributed to the Company, without further payment, pursuant to the Project Investment Agreement between SunEdison and the Company.

Acquisition of Alto Cielo

On April 8, 2016, the Company completed the acquisition of a 100.0% ownership interest in the Alto Cielo solar power plant located in Uruguay with an aggregate net capacity of 26.4 MW from Solarpack Corporación Tecnológica, S.L. The power plant reached commercial operation in March 2016. The aggregate cash consideration paid for the Alto Cielo power

plant was $32.3 million, of which $1.8 million was being held in escrow accounts as of June 30, 2016 until certain conditions are met.

Transfer of Balance of Equity in Certain Projects in India

In April 2016, SunEdison transferred to the Company the balance of 51.0% of the equity shares of the NSM Suryalabh, NSM Sitara and NSM L'Volta solar power plants in India following the expiration of the equity lock-up period in the applicable Power Purchase Agreements ("PPAs"). Consideration for the transfer of the balance 51.0% of the equity shares of these power plants was received by SunEdison in the form of shares of the Company's Class B common stock that were issued to SunEdison at the time of our IPO, and there was no further payment made by the Company to SunEdison at the time of the transfer.

2015 Acquisitions

Acquisition of Honiton

On May 14, 2015, the Company completed the acquisition of 100.0% of the outstanding shares of Honiton Energy XIL Holdings Limited ("Honiton XIL") and Honiton Energy BAV Holdings Limited ("Honiton BAV," and together with Honiton XIL, "Honiton") from Honiton Energy Caymans Limited. Honiton operates three wind power plants located in China with an aggregate net capacity of 148.5 MW. The aggregate consideration paid for this acquisition was $109.1 million in cash.

Acquisition of NSM 24

On June 9, 2015, the Company completed the acquisition of a 51.0% equity interest in SEI Solar Power Private Limited ("NSM 24") from Astronergy Solar Korea Co. Limited. NSM 24 owns a solar power plant located in India with an aggregate net capacity of 24.0 MW. The aggregate consideration paid for the acquisition of this interest was $9.1 million in cash.

Concurrently, SunEdison contributed its 49.0% equity interest in NSM 24 to the Company, which was remeasured from SunEdison's historical cost basis to fair value of $8.7 million at the time of the acquisition. Accordingly, the NSM 24 acquisition was accounted for as a step acquisition, and the Company recognized a gain of $1.4 million for the year ended December 31, 2015 related to the remeasurement of the equity interest in NSM 24 to fair value.

Acquisition of Witkop/Soutpan

On August 6, 2015, SunEdison completed the acquisition of an additional 41.3% equity interest in the solar power plants Witkop and Soutpan located in South Africa with an aggregate net capacity of 32.6 MW from a subsidiary of Chint Solar (Zhejiang) Co., Ltd. Prior to this purchase, SunEdison held a 9.7% interest in each of these solar power plants, which were accounted for as equity method investments in its consolidated financial statements. Concurrent with its acquisition of additional equity interest in Witkop and Soutpan, SunEdison transferred its aggregate interest in each of these solar power plants and an intermediary holding entity to the Company. The aggregate consideration paid by the Company for the acquisition of these interests was $38.7 million in cash. The combined fair value of the Company's aggregate interest was $47.8 million on the date of the acquisition. The fair value of the non-controlling interest was determined using the combined fair value of the Company's aggregate interest, pro-rata at the fair value rate of the percentage acquired multiplied against the non-controlling interest.

Acquisition of Renova - Bahia/Salvador

In July 2015, the Company entered into agreements with Renova Energia S.A. ("Renova") to acquire two wind power plants and one hydro-electric power plant in Brazil that have an aggregate net capacity of approximately 336.2 MW (the "Renova Transaction"). On September 18, 2015, the Company completed the acquisition of Salvador and Bahia, two wind power plants that represent 306.7 MW of aggregate net capacity. At the time, the consideration paid for the Salvador and Bahia wind power plants was $321.3 million, comprised of $117.3 million in cash, 20,327,499 shares of the Company's Class A common stock valued at $183.6 million based on the value on September 18, 2015 of $9.03 per share and a put/call arrangement contributed by SunEdison with a fair value of $20.4 million.

In the first quarter of 2016, the Company agreed with Renova on the final purchase price adjustments for wind power plants. The adjustments are factored into the allocation of assets and liabilities as of the acquisition date. Pending settlement, the revised consideration for the Salvador and Bahia wind power plants is $320.7 million. This is comprised of $117.7 million in cash, 20,223,581 shares of the Company's Class A common stock valued at $182.6 million based on the value on September 18, 2015 share price of $9.03 per share and a put/call arrangement contributed by SunEdison with a fair value of $20.4 million.

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In connection with the closing of the Salvador and Bahia acquisitions on September 18, 2015, the Company entered into an omnibus closing agreement (the “Omnibus Agreement”) with Global LLC, SunEdison, certain of the Company’s foreign subsidiaries, and Renova, pursuant to which, among other things, the Company accepted certain financing liens on certain bank accounts related to the Bahia and Salvador power plants (the “Renova Liens”). In exchange for its acceptance of the Renova Liens, Renova granted to Global LLC a security interest in certain shares of the Company’s Class A common stock received by Renova in connection with the Renova Transaction and an agreement to place $5.0 million of the purchase price for the Bahia wind power plant and certain future dividends payable to Renova into an escrow account as security for Renova’s performance of its obligations to release the Renova Liens. On January 27, 2016, Renova released the liens related to the Bahia and Salvador wind power plants. Therefore, in March 2016 and pursuant to the terms of the Omnibus Agreement, the cash held in escrow was released to Renova, and Global LLC terminated its security interest in the 19,221,671 shares of the Company’s Class A common stock owned by Renova.
After the closing of the Bahia and Salvador acquisitions, the various project companies repaid their outstanding project level indebtedness in full on September 30, 2015. Although the repayment of this indebtedness resulted in the termination of all guarantees and restrictions arising under the financing agreements, as of December 31, 2015, the project lender had not provided a release letter to the escrow agent under the financing agreements, and as a result approximately $49.2 million in funds of the Bahia and Salvador project companies continued to be held in restricted cash on the Company's consolidated balance sheet as of December 31, 2015. On March 31, 2016, the project lender provided the release letter to the escrow agent, thereby lifting any and all restrictions on usage of funds in the previously restricted accounts.
As a result of the Renova Transaction, Renova is entitled to appoint one director to the Company’s board of directors (the "Board"), and such right will continue so long as Renova holds at least 28.0% of the 20,327,499 shares of the Company’s Class A common stock that Renova received in connection with the Renova Transaction. As of June 30, 2016, Renova held 20,327,499, or 100.0% of those shares. Renova has not exercised its right to appoint a director to the Board.
As further described in Note 16 - Commitments and Contingencies, Renova has filed a request for arbitration to bring certain claims against the Company related to the Renova Transaction including, but not limited to, claims that the Company was liable to satisfy SunEdison’s obligations under a put/call arrangement entered into between SunEdison and Renova in connection with the Renova Transaction, and claims for common law fraud and securities fraud in connection with the Salvador and Bahia transactions.
Acquisition of FERSA
On October 7, 2015, the Company completed the acquisition of three Indian wind power plants, Bhakrani, Gadag and Hanumanhatti (the “FERSA Projects”), which represent 101.6 MW of aggregate net capacity, from Fersa Energias Renovables, S.A. (“FERSA”), a Spanish wind developer. The aggregate consideration paid for the FERSA Projects was approximately $72.4 million, which includes the repayment of project level indebtedness of $39.0 million.
At the time of acquisition, the Company recorded this acquisition as ‘Equity method investment’. On January 1, 2016, as part of the adoption of ASU 2015-02, the Company consolidated the assets and liabilities of the FERSA Projects.
The net sales and net loss related to the foregoing acquisitions are reflected in the accompanying unaudited condensed consolidated statements of operations for the six months ended June 30, 2016 as shown below.

	Six Months Ended June 30, 2016	
(In thousands)	FERSA	Alto Cielo
Net sales	4,103	679
Net (loss) income	(582)	266

Unaudited Pro Forma Supplementary Data
The unaudited pro forma supplementary data presented in the table below gives effect to the acquisitions as if the transactions occurred on January 1, 2015. The pro forma supplementary data is provided for informational purposes only and should not be construed to be indicative of the Company’s results of operations had the acquisitions been consummated on the date assumed or of its results of operations for any future date.

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(In thousands)	Six Months Ended June 30, 2016	2015 ProForma
Net sales	$104,527	$48,435
Net loss	(373)	(34,131)

Acquisition Accounting

The acquisition date allocation of assets and liabilities for the above acquisitions as of June 30, 2016 is as follows:

(In thousands)	2016 FERSA Final	Alto Cielo Preliminary
Cash and cash equivalents	$8,022	$ 190
Restricted cash	—	1,923
Accounts receivable	4,220	311
Power plants	55,312	35,530
Intangible assets	8,400	—
Other assets	1,182	2,738
Total assets acquired	77,136	40,692
Accrued expenses and other current liabilities	4,479	3,670
Deferred tax liabilities	1,518	673
Long-term debt, including current portion	38,746	4,031
Total liabilities assumed	44,743	8,374
Fair value of net assets acquired	$32,393	$ 32,318

The initial accounting for the Alto Cielo business combination is not complete because the evaluation necessary to assess the fair values of certain assets acquired and liabilities assumed is in process. The initial accounting for Alto Cielo is preliminary, as such all assets and liabilities are presented at historical book value with the exception of power plants, which includes a preliminary fair value estimate. The preliminary amounts are subject to revision until the evaluations are completed to the extent that any additional information is obtained about the facts and circumstances that existed as of the acquisition date.

Subsequent Events

Transfer of Balance of Equity in Certain Projects in India

In October 2016, SunEdison transferred to the Company 11.0% of the equity interests in the Millenium solar power plant in India for cash consideration of approximately $1.0 million. In addition, SunEdison transferred to the Company the balance of 51.0% of the equity interests in the Focal solar power plant in India following the expiration of the equity lock-up period in the applicable PPAs, at which time the Company was required to make a cash payment of $0.5 million to the original project developer, a third party. Consideration for the transfer of the balance of 51.0% of the equity interests in the Focal power plant was received by SunEdison in the form of shares of the Company's Class B common stock that were issued to SunEdison at the time of our IPO, and there was no further payment made by the Company to SunEdison at the time of the transfer.

In October 2016, the Company also entered into arrangements with SunEdison for the transfer of the balance of the equity interests in the Millenium, Azure, ESP Urja and SE-25 solar power plants in India, in each case following the expiration of the equity lock-up period in the applicable PPAs (ranging from November 2016 to March 2017) and without further action by SunEdison. Consideration for the transfer of the balance of the equity interests in these power plants was received by SunEdison in the form of shares of the Company's Class B common stock that were issued to SunEdison at the time of our IPO, and there is no further payment to be made by the Company to SunEdison at the time of these planned transfers. In accordance with these arrangements, in November and December 2016, the balance of 26.0% of the equity interests in Azure

and ESP Urja, respectively, was transferred to the Company, and in January 2017 the balance of 26% of Millenium was transferred to the Company.

Pending Acquisition

Acquisition of BioTherm

In April 2015, the Company entered into purchase and sale agreements to acquire a controlling interest in three operating power plants located in South Africa with an aggregate net capacity of 32.6 MW from BTSA Netherlands Cooperatie U.A. ("BioTherm"). The aggregate consideration payable for the controlling interests in these three power plants is approximately $74.5 million in cash, comprised of approximately $67.6 million, and ZAR 100.4 million (approximately $6.7 million as of June 30, 2016), plus 544,055 shares of the Company's Class A common stock, which is fixed in accordance with the purchase and sale agreements. The aggregate consideration includes amounts for certain additional rights and services. The completion of the BioTherm transaction remains subject to obtaining consents from project lenders and is expected to occur in the first quarter of 2017.

In August 2015, the Company paid $65.6 million in cash for the interests in the solar power plants Aries and Konkoonsies, and the wind power plant Klipheuwel, as well as certain additional rights. In addition to the cash consideration, the Company provided 544,055 shares of its Class A common stock as consideration for the interests in the three power plants. Approximately $20.3 million of the cash payment and all of the 544,055 shares of the Company's Class A common stock were deposited into an escrow account. The remaining cash portion of this escrow deposit is reported as non-current restricted cash on the Company's unaudited condensed consolidated balance sheet as of June 30, 2016. The remaining paid consideration of $43.9 million in cash and the August 2015 fair value of the 544,055 shares are reported as a deposit for acquisitions on the Company's unaudited condensed consolidated balance sheet as of June 30, 2016.

As of June 30, 2016, the remaining balance due was approximately $8.9 million, comprised of $2.0 million and ZAR 11.6 million (approximately $0.8 million) due to BioTherm and ZAR 88.9 million (approximately $5.9 million) due to minority interest shareholders. Prior to the completion of the BioTherm transaction, BioTherm is required to direct the payment of all distributions from the Klipheuwel power plant to the Company, and the Company and BioTherm are required to jointly direct the release of amounts equal to the cash distributions from the Aries and Konkoonsies solar power plants from the escrow to the Company.

Pending receipt of the consents from the project lenders, the Company may at its discretion direct a sale of the power plants to a third party. In respect of the Aries and Konkoonsies solar power plants, due to the fact that the closing did not occur by November 30, 2016, the parties have engaged in discussion to agree upon an alternative structure that would permit release of the escrowed funds as required pursuant to the applicable purchase and sale agreements. Failure to complete the transaction with respect to the Aries and Konkoonsies solar power plants, or to reach agreement upon an alternative structure that would permit release of the escrowed funds, by February 14, 2017 would entitle BioTherm to sell the Aries and Konkoonsies solar power plants to a third party. Upon closing of a sale to a third party, all sale proceeds are required to be paid to the Company, any amounts remaining in the escrow account are required to be released to BioTherm and the Company is required to pay the remainder of the purchase price.

Incomplete IPO Project Transfers and Dropdowns

Del Litoral, El Naranjal and Bora Bora Poly

Immediately prior to the completion of the IPO on August 5, 2015, and pursuant to the Project Investment Agreement between SunEdison and the Company, SunEdison agreed to contribute to the Company certain projects, without further payment, once each project reached commercial operation. These projects include the 17.4 MW Del Litoral and 57.4 MW El Naranjal solar power projects in Uruguay (the "Uruguay Projects"), the 24.1 MW Bora Bora Poly wind power project located in India, and the 17.8 MW NPS Star and 17.8 MW WXA solar power projects in Thailand. The NPS Star and WXA solar power plants reached commercial operation in December 2015 and were transferred by SunEdison to the Company in the first quarter of 2016.

On March 23, 2016, SunEdison and the Company entered into an amendment to the Project Investment Agreement, which extended the contribution deadline for SunEdison to contribute the remaining projects pursuant to the Project Investment Agreement to July 31, 2016. As part of the SunEdison Bankruptcy, the construction on the projects was materially delayed and/or abandoned due to the lack of funding by SunEdison. There were material amounts of project costs and equity contributions for the Uruguay Projects that remained to be contributed by SunEdison in order to

complete construction of these projects and disbursement of the project finance debt facilities. Additionally, SunEdison experienced delays in completing construction of the Bora Bora Poly wind power project in India, and the transfer of the project required project lender consent, which was not

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obtained. In light of the SunEdison Bankruptcy, we will not obtain these projects under the Project Investment Agreement and we will not obtain any substitute projects from SunEdison.

425 MW India Projects

See Note 5 - Deposits for Acquisitions for information regarding the 425 MW India Projects.

In September 2016, the Company reached an agreement with certain subsidiaries of SunEdison pursuant to which the Company consented to the sale of certain of SunEdison's subsidiaries' assets to a third party buyer (the "Third Party Sale Transaction"). The Third Party Sale Transaction is being conducted in connection with SunEdison's bankruptcy process and includes the Uruguay Projects, the Bora Bora Poly wind power project in India and the 425 MW India Projects. The Company has agreed not to pursue claims against a third party buyer of these projects, however the Company has retained all of its claims against SunEdison and its affiliated persons. As a condition to the Company's consent to the Third Party Sale Transaction, the Company and certain subsidiaries of SunEdison that directly or indirectly own the assets that are subject to the Third Party Sale Transaction have entered into a proceeds sharing arrangement pursuant to which the Company is entitled to receive a portion of the cash proceeds received by the SunEdison parties in the Third Party Sale Transaction. In September 2016, the Company received $6.7 million in cash proceeds from this arrangement, which will be classified as other income in the period received. The Company has not received, and does not expect to receive, any additional cash proceeds from this arrangement going forward.

Terminated Acquisitions

LAP

In May 2015, SunEdison entered into a share purchase agreement with the stockholders of Latin America Power Holding, B.V. ("LAP"), to acquire certain hydro-electric and wind power plants located in Peru with a combined nameplate capacity of 72.5 MW (the "Peru Facilities"). SunEdison intended to transfer the Peru Facilities to the Company after the closing of the acquisition.

The share purchase agreement was subsequently terminated by the parties thereto and, as a result of such termination, the Company will not acquire the Peru Facilities from SunEdison. All outstanding claims pending before arbitration tribunals and courts among the parties to the share purchase agreement were resolved pursuant to a settlement agreement entered into among the parties to the share purchase agreement on March 3, 2016 and a subsequent settlement agreement entered into among the parties to the share purchase agreement on April 20, 2016. The Company, which had no contractual obligation in connection with the LAP transaction, was not named as a party in any such arbitration or court proceeding and has no liability arising out of the settlement agreement.

GME

In June 2015, the Company entered into a stock purchase agreement (the "GME Agreement") with the stockholders of Globeleq Mesoamérica Energy (Wind) Limited ("GME") to acquire four wind power plants and a solar power plant in Honduras, Costa Rica and Nicaragua representing an aggregate capacity of 326.0 MW, as well as GME's wind and solar development platform. The aggregate consideration payable by the Company to GME would have been comprised of $337.9 million in cash and 701,754 shares of the Company's Class A common stock, plus interest of 15.0% per annum on the purchase price accruing from October 1, 2015. Immediately following the acquisition of GME by the Company, the Company expected to sell GME's development platform to SunEdison. In addition, shortly following the completion of the GME acquisition, the Company expected to pay $46.9 million to SunEdison for the Choluteca solar power plant upon the closing of a separate purchase agreement between SunEdison and GME, subject to a potential downward adjustment based on the actual tariff rates awarded to the power plant.

The consummation of the GME transaction was subject to various conditions, including the receipt of consents from the project lenders, which consents were not received by the long-stop date of March 12, 2016 under the GME Agreement. Under the GME Agreement, in the event that the transaction did not close by March 12, 2016, either the Company or the sellers could terminate the transaction. As a result, on March 14, 2016, the Company terminated the GME Agreement. In December 2016, the Company and the stockholders of GME entered into a mutual release agreement pursuant to which each party agreed to release all potential claims against the other party in connection with the GME transaction. Pursuant to the release agreement, the Company paid $0.4 million to the stockholders of GME as a reimbursement for certain expenses incurred in connection with the GME transaction.

Renova - ESPRA
On March 29, 2016, the Company entered into a Termination Agreement (the “Termination Agreement”) with Renova with respect to the Securities Purchase Agreement dated July 15, 2015 among the Company, SunEdison and Renova relating to the ESPRA hydro-electric power plant (the “ESPRA SPA”). The Termination Agreement provides that, subject to the satisfaction of certain conditions, the ESPRA SPA will be terminated by mutual agreement of the Company and Renova. These conditions were satisfied on March 31, 2016 and the ESPRA SPA has been terminated. The Termination Agreement required the Company to pay Renova $10.0 million in connection with the termination of the ESPRA SPA. The Company made this payment on April 1, 2016, and recorded it as Acquisition, formation and related costs in the accompanying unaudited condensed consolidated statement of operations for the three and six months ended June 30, 2016. Pursuant to the Termination Agreement, the Company and Renova have granted each other full releases of any further obligations under the ESPRA SPA. As further described in Note 16 - Commitments and Contingencies, on July 14, 2016, Renova filed a request for arbitration against the Company and certain subsidiaries related to the Renova Transaction including, but not limited to, claims that the Company was liable to satisfy SunEdison’s obligations under a put/call arrangement entered into between SunEdison and Renova in connection with the Renova Transaction, and claims for common law fraud and securities fraud in connection with the Salvador and Bahia transactions.

4. POWER PLANTS
Power plants, net consists of the following:

(In thousands)	June 30, 2016	December 31, 2015
Land	$11,225	$9,749
Wind power plants	773,869	562,086
Solar power plants	658,412	674,856
Total power plants in service, at cost	1,443,506	1,246,691
Less: accumulated depreciation	(69,180)	(40,600)
Total power plants in service, net	1,374,326	1,206,091
Construction in progress - solar projects	928	513
Total power plants, net	$1,375,254	$1,206,604

The Company recorded depreciation expense, including foreign currency translation adjustments, related to power plants of $12.1 million and $25.8 million for the three and six months ended June 30, 2016, respectively, as compared to $3.0 million and $5.7 million, respectively, for the same period in the prior year.
Construction in progress represents costs incurred to complete the construction of the power plants in the Company’s current portfolio that were either contributed to the Company by SunEdison or acquired from SunEdison. When plants are contributed or sold to the Company after completion by SunEdison, the Company retroactively recasts its historical financial statements to present the construction activity as if it consolidated the power plants at inception of the construction. All construction in progress costs are stated at SunEdison’s historical cost.
Certain of our solar power plants in India are entitled to receive viability gap funding support in an amount determined through a competitive bidding process. Such payment is made to the solar power plant over a five-year period from the date such solar plant commences operations and is funded by India’s National Clean Energy Fund. The Company recorded the awarded viability gap funding as a reduction to the cost of power plants in service, with a $1.8 million and $10.7 million receivable included in current other assets as of June 30, 2016 and December 31, 2015, respectively, and $7.0 million and $7.1 million in other assets in the unaudited condensed consolidated balance sheet as of June 30, 2016 and December 31, 2015, respectively. The current portion of the viability gap funding includes the initial 50% receivable following the solar power plant's commercial operation date and the 10% receivable in the first year thereafter. As of June 30, 2016, the Company received $8.9 million of the initial 50% receivable, $1.8 million remained within other current assets and $7.0 million remained within other assets in the unaudited condensed consolidated balance sheet as of June 30, 2016. The remaining annual 10% receivable was due before December 31, 2016 and is presented within prepaid expenses and current other assets as of June 30, 2016. This amount is expected to be received in the first quarter of 2017.

5. DEPOSITS FOR ACQUISITIONS

Deposits for acquisitions consist of:

(In thousands)	As of June 30, 2016	As of December 31, 2015
India PSA payment to SunEdison	$231,000	$231,000
BioTherm payment	51,101	51,101
Total deposits for acquisitions	282,101	282,101
Less: provision for contingent loss	(231,000)	(231,000)
Less: BioTherm distribution	(1,368)	—
Total deposits for acquisitions, net	$49,733	$51,101

425 MW India Projects

On November 20, 2015, the Company and SunEdison Holdings Corporation entered into an Equity Interest Purchase and Sale Agreement pursuant to which the Company agreed to acquire from SunEdison Holdings Corporation a portfolio of 17 solar energy projects in India with an aggregate nameplate capacity of 425 MW (the “425 MW India Projects”). This agreement was subsequently amended and restated on December 1, 2015. Pursuant to the Amended and Restated Equity Interest Purchase and Sale Agreement (the “India PSA”), in the fourth quarter of 2015 the Company paid $231.0 million in cash to SunEdison Holdings Corporation in exchange for the 425 MW India Projects, which projects would be transferred to the Company upon satisfaction of certain conditions precedent.

During 2016, and beginning prior to the SunEdison Bankruptcy, the Company became aware that there was substantial risk that the 425 MW India Projects would not be completed and transferred to the Company in accordance with the India PSA.

In April 2016, the Company filed a verified complaint against SunEdison, SunEdison Holdings Corporation, Ahmad Chatila, Martin Truong and Brian Wuebbels in the Court of Chancery in the State of Delaware (see Note 16 - Commitments and Contingencies). The complaint asserts claims for breach of fiduciary duty, breach of contract and unjust enrichment relating to the failure by SunEdison to transfer the equity interests in the 425 MW India Projects, for which the Company paid $231.0 million in the fourth quarter of 2015. The complaint seeks various forms of relief, including a constructive trust upon the equity interests of SunEdison in the 425 MW India Projects, money damages from the defendants, restoration of the $231.0 million to the Company and such other relief as the court may deem just and proper. The claims against SunEdison have been stayed as a result of the SunEdison Bankruptcy. The individual defendants filed an answer to the complaint on June 30, 2016.

The $231.0 million paid by the Company in accordance with the India PSA was reported as a deposit for acquisitions on the Company’s consolidated balance sheets as of June 30, 2016 and December 31, 2015. However, the Company determined that the deposit for acquisitions of the 425 MW India Projects was not realizable as of December 31, 2015 and recorded a provision for contingent loss of the full $231.0 million in the consolidated balance sheets as of December 31, 2015 and June 30, 2016.

As previously described in Note 3 - Acquisitions, the Third Party Sale Transaction is being conducted in connection with SunEdison’s bankruptcy process and includes the 425 MW India Projects.

BioTherm

In August 2015, the Company paid $65.6 million in cash for the interests in the solar power plants Aries and Konkoonsies and the wind power plant Klipheuwel, as well as certain additional rights. In addition to the cash consideration, the Company provided 544,055 shares of its Class A common stock, for total consideration of $71.4 million. In accordance with the funding arrangements, during the first quarter of 2016 the Company received $2.3 million from the escrow account holding the purchase consideration for the solar power plants Aries and Konkoonsies, which reduced the outstanding balance of the escrow account from $20.3 million to $18.0 million as of June 30, 2016. Cash paid to the escrow account was reported as non-current restricted cash in the Company’s unaudited condensed consolidated balance sheet. Also, in the first quarter of 2016 the Company received a $1.4 million distribution from BioTherm with respect to the Klipheuwel wind power plant. There were no payments received from BioTherm during the second quarter of 2016. The remaining paid consideration of $43.9 million in cash and the August 2015 fair value

of the 544,055 shares were reported as a deposit for acquisitions on the Company's unaudited condensed consolidated balance sheet as of June 30, 2016. The completion of the BioTherm transaction remains subject to obtaining consents from the project lenders and is expected to occur in the first quarter of 2017. See Note 3 - Acquisitions for additional details related to this acquisition.

In accordance with the funding arrangements, during the third and fourth quarters of 2016 the Company received an additional $1.7 million from the escrow account with respect to the Aries and Konkoonsies solar power plants, and $1.1 million from BioTherm with respect to the Klipheuwel wind power plant.

6. INTANGIBLE ASSETS
The following table presents the gross carrying amount and accumulated amortization of intangible assets as of June 30, 2016:

(In thousands, except weighted average amortization period)	Remaining Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Accumulated Currency Translation Adjustment	Net Book Value
In-place value of market rate revenue contracts	19	$ 84,643	$ (3,537)	$ (11,052)	$ 70,054

The following table presents the gross carrying amount and accumulated amortization of intangibles as of December 31, 2015:

(In thousands, except weighted average amortization period)	Remaining Weighted Average Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Accumulated Currency Translation Adjustment	Net Book Value
In-place value of market rate revenue contracts	20	$ 84,643	$ (1,632)	$ (12,381)	$ 70,630

As of June 30, 2016, the Company had PPAs that were obtained through acquisitions (see Note 3 - Acquisitions). Revenue contracts are amortized on a straight line basis over the useful life of the agreements, which range from 20 to 25 years as of June 30, 2016. Amortization expense related to the revenue contracts is recognized in the unaudited condensed consolidated statements of operations as either a reduction or increase of revenue when the contract rate is above or below market rates (favorable or unfavorable) or within depreciation, accretion and amortization expense when the contract rate is equal to market rates (in-place). The amortization expense for the three and six months ended June 30, 2016 was $1.0 million and $1.9 million, respectively. For the three and six month periods ended June 30, 2016, $0.2 million and $0.4 million, respectively, was recorded as a reduction of revenue and $0.8 million and $1.5 million, respectively, was recorded within the depreciation, accretion, and amortization line item in the consolidated statement of operations.

7. VARIABLE INTEREST ENTITIES
The Company consolidates any variable interest entities ("VIEs") in power plants in which it is the primary beneficiary. The Company is the primary beneficiary of 13 VIEs in power plants that were consolidated as of June 30, 2016, 11 of which existed and were consolidated as of December 31, 2015. The VIEs own and operate power plants in order to generate contracted cash flows.

As disclosed in Note 3 - Acquisitions, the Company acquired the equity interest in the FERSA Projects in October 2015, and as of December 31, 2015, the Company was not the primary beneficiary and thus did not consolidate the acquired power plants, but recorded this investment as an equity method investment. Based on the adoption of ASU 2015-02 in 2016, the Company has consolidated the assets and liabilities of the FERSA Projects as of January 1, 2016.

As disclosed in Note 3 - Acquisitions, SunEdison transferred to the Company a 49.0% equity interest, constituting a controlling interest and substantially all of the economic interest, in each of NPS Star and WXA, each of which consists of three solar power plants located in Thailand. These solar power plants represent 35.6 MW of aggregate net capacity.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Company's unaudited condensed consolidated balance sheets are as follows:

(In thousands)	As of June 30, 2016	As of December 31, 2015
Current assets	$194,980	$212,295
Non-current assets	528,624	560,228
Total assets	$723,604	$772,523
Current liabilities	$397,705	$351,554
Non-current liabilities	61,444	80,158
Total liabilities	$459,149	$431,712

The amounts shown in the table above exclude intercompany balances which are eliminated upon consolidation. All of the assets in the table above are restricted for settlement of the VIE obligations, and all of the liabilities in the table above can only be settled by using VIE resources.

8. LONG-TERM DEBT

Long-term debt as of June 30, 2016 and December 31, 2015 consists of the following:

(In thousands, except rates)	As of June 30, 2016	As of December 31, 2015	Interest Type	Current Interest Rate (%)[1]	Financing Type
Corporate level long-term debt:					
Revolving Credit Facility	$135,000	$135,000	Variable	3.9%	Revolving line of credit
Senior Notes due 2022	752,445	791,826	Fixed	9.8%	Term debt
Project level long-term debt:					
Permanent financing	346,281	368,935	Blended	12.1% [2]	Term debt
Total long-term debt	1,233,726	1,295,761			
Less: deferred financing costs, net [3]	21,419	23,610			
Less: current portion of long-term debt [4]	324,225	319,498			
Consolidated long-term debt, less current portion	$888,082	$952,653			

(1) The weighted average effective interest rate as of June 30, 2016.

(2) As of June 30, 2016, 11.3% of this balance had fixed interest rate debt and the remaining 88.7% had variable interest rate debt, of which a portion is hedged with interest rate swaps.

(3) Total net debt reflects the reclassification of deferred financing costs to reduce long-term debt as further described in Note 1 - Nature of Operations and Basis of Presentation.

(4) Approximately $319.9 million and $319.0 million have been classified as current due to non-compliance with certain debt covenants as of June 30, 2016 and December 31, 2015, respectively.

Corporate Level Long-term Debt

Revolving Credit Facility

The Company had drawn $135.0 million on its revolving credit facility (the "Revolver") as of June 30, 2016 and December 31, 2015. Additionally, as of December 31, 2015 the Company had issued a letter of credit for $0.5 million under the terms of the Revolver in support of the Alto Cielo acquisition; no additional letters of credit were issued for the six months ended June 30, 2016.

On March 30, 2016, Global Operating LLC entered into a first amendment to the Revolver to amend certain financial covenants to extend the date on which the Company must deliver to the administrative agent and the other lenders party to the Revolver its financial statements and accompanying audit report with respect to the year ended December

31, 2015 (the “2015 Financials”) to April 30, 2016 and to provide for the engagement of a financial consultant to serve as advisor to the Revolver lenders. On April 29, 2016, Global Operating LLC entered into a second amendment to the Revolver, which further extended the due date for the delivery of the 2015 Financials to May 7, 2016.

On May 6, 2016, Global Operating LLC entered into a third amendment (the "Third Amendment") to the Revolver. The Third Amendment reduced the aggregate amount of the revolving commitments to $350.0 million. Additionally, the Third Amendment extended the date by which the Company must deliver to the Administrative Agent and the other lenders party to the Revolver the 2015 Financials to the earlier of (a) the tenth business day prior to the date on which the failure to deliver the 2015 Financials would constitute an event of default under the indenture governing the Senior Notes and (b) March 30, 2017. The Third Amendment also extended the date by which the Company must deliver its unaudited quarterly financial statements with respect to the quarter ended March 31, 2016 to June 30, 2016 and with respect to the quarters ended June 30, 2016 and September 30, 2016 to the date that is 75 days after the end of each fiscal quarter. The Third Amendment also required the Company to undertake certain additional obligations, including (1) to provide the lenders with preliminary financial information for the quarter ended March 31, 2016, (2) to comply with Nasdaq requirements for submitting compliance plans for the Company's delayed filings and (3) to request a waiver or amendment under the indenture governing the Senior Notes with respect to Global Operating LLC's obligation to make available audited financial statements for the year ended December 31, 2015. The Company has complied with all three requirements.

On September 8, 2016, the Company repaid the $135.0 million balance on the Revolver in connection with the consent solicitation of its Senior Notes and entered into the Second Supplemental Indenture as described below. Pursuant to the terms of the Second Supplemental Indenture, we may not borrow under the Revolver until the earlier of March 8, 2017 or such time as SunEdison has disposed of all or substantially all of its equity interests in the Company and an offer has been made to repurchase the Senior Notes at a purchase price in cash at least equal to 101% of the applicable principal amount, plus accrued and unpaid interest and additional interest, if any, to the repurchase date (or a binding agreement to make such an offer has been entered into).

On September 13, 2016, Global Operating LLC entered into a fourth amendment (the "Fourth Amendment") to the Revolver pursuant to the requirements of the Third Amendment to increase the applicable margin used to determine the interest rate on loans under the Revolver under certain circumstances relating to a waiver or amendment under the Senior Notes.

Senior Notes Due 2022

The aggregate amount of the Senior Notes outstanding at June 30, 2016 was $752.4 million (or a notional amount of $760.4 million).

On May 11, 2016, Global Operating LLC received a letter on behalf of certain beneficial holders of the Senior Notes, which purported to constitute a notice of default with respect to the failure of Global Operating LLC to comply with its obligations under the indenture governing the Senior Notes to timely furnish the Company's annual report for the year ended December 31, 2015. On May 13, 2016, Global Operating LLC sent a response to this letter, stating that the purported notice of default was untimely, and therefore ineffective, under the indenture.

On May 31, 2016, Global Operating LLC received a notice of default from the trustee under the indenture governing the Senior Notes with respect to the failure of Global Operating LLC to comply with its obligations under the indenture governing the Senior Notes to timely furnish the Company's annual report for the year ended December 31, 2015. The notice of default from the trustee complied with the 60-day grace period under the indenture. Under the indenture, Global Operating LLC has 90 days from the date such notice of default is deemed to be duly given under the indenture to cure the default by filing or making publicly available the Company's annual report for the year ended December 31, 2015. If Global Operating LLC does not cure the default under the indenture, the trustee under the indenture or the holders of at least 25% of the Senior Notes may accelerate the Senior Notes, and the unpaid principal and accrued interest on the Senior Notes then outstanding would become immediately due and payable. The notice of default does not result in an acceleration of the Senior Notes prior to the expiration of such cure period, nor does it result in a cross-default under the Revolver.

Global Operating LLC received a notice of default, dated July 15, 2016, from the trustee under the indenture governing the Senior Notes with respect to the failure of Global Operating LLC to comply with its obligations under the indenture governing the Senior Notes to timely furnish the Company's Form 10-Q for the first quarter of 2016.

On September 2, 2016, the Company announced the successful completion of a consent solicitation to obtain waivers relating to certain reporting covenants under the indenture governing the Senior Notes and to effectuate certain amendments to the indenture governing the Senior Notes. Global Operating LLC received validly delivered and

unrevoked consents from the holders of a majority in aggregate principal amount of the Senior Notes outstanding as of the record date. Global Operating LLC paid to each consenting holder a consent fee of $5.00 for each $1,000 principal amount of the Senior Notes held by such holder as to which Global Operating LLC received and accepted consents. Under the terms of the waivers, the deadline to comply with the reporting covenants in the indenture governing the Senior Notes relating to the filing of the Company's Form 10-K for 2015 and Form 10-Q for the first quarter of 2016 was extended to December 6, 2016. Compliance with the reporting

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covenants in the indenture governing the Senior Notes relating to the filing of the Company’s Form 10-Q for the second quarter of 2016 was also waived until December 6, 2016.

Additionally, on September 2, 2016, Global Operating LLC entered into a second supplemental indenture (the “Second Supplemental Indenture”) to the indenture governing the Senior Notes. The Second Supplemental Indenture, among other things, (i) provides for additional special interest on the Senior Notes beginning on September 6, 2016 through December 6, 2016 at a rate equal to 4.0% per annum; (ii) required Global Operating LLC to repay the borrowing then outstanding (other than the outstanding letters of credit) under the Revolver, and restricted the ability of Global Operating LLC and its restricted subsidiaries to further borrow or issue any additional letters of credit under the Revolver until the earlier of March 8, 2017 or such time as SunEdison has disposed of all or substantially all of its equity interests in the Company and Global Operating LLC has offered to repurchase the Senior Notes at 101% of the applicable principal amount, plus accrued and unpaid interest and additional interest, if any, to the repurchase date (or a binding agreement to make such an offer has been entered into); (iii) imposed additional restrictions and conditions (including, in some cases, that require the existence of a board of directors of the Company that is independent from SunEdison) on the ability of Global LLC and its restricted subsidiaries to make restricted payments and permitted investments or to incur indebtedness or permitted liens; (iv) imposed restrictions and conditions on the ability of Global LLC and its restricted subsidiaries to settle, or pay settlement amounts in respect of, litigation claims involving excess settlement amounts; and (v) required Global LLC to provide legal and financial advisors to certain ad hoc holders of the Senior Notes with certain information, including certain information delivered to the lenders under the Revolver.

On December 2, 2016, Global Operating LLC received a letter from the trustee under the indenture governing the Senior Notes, which purported to constitute a notice of default with respect to the failure of Global Operating LLC to comply with its obligations under the indenture governing the Senior Notes to timely furnish the Company’s Form 10-Q for the second quarter of 2016. Global Operating LLC sent a response to this letter, stating that the purported notice of default was untimely, and therefore ineffective, under the indenture.

On December 6, 2016, the Company announced the successful completion of another consent solicitation to obtain additional waivers relating to certain reporting covenants under the indenture governing the Senior Notes. Global Operating LLC received validly delivered and unrevoked consents from the holders of a majority in aggregate principal amount of the Senior Notes outstanding as of the record date. Global Operating LLC paid to each consenting holder an initial consent fee of $3.50 for each $1,000 principal amount of the Senior Notes held by such holder as to which Global Operating LLC received and accepted consents. Under the terms of the additional waivers, the deadline to comply with the reporting covenants in the indenture governing the Senior Notes relating to the filing of the Company’s annual and quarterly reports required to be filed (including the Form 10-K for 2015 and the Form 10-Q for the first quarter of 2016) was extended to December 26, 2016, with Global Operating LLC having the option to further extend the deadline to January 6, 2017, to the extent necessary, by paying an extension fee.

Global Operating LLC agreed with the holders of the Senior Notes in connection with its most recent consent solicitation that written notice shall be deemed to have been validly given, for purposes of the related event of default under the indenture governing the Senior Notes, on December 6, 2016 with respect to the Company’s Form 10-Q for the second quarter of 2016.

Global Operating LLC received a notice of default, dated January 17, 2016, from the trustee under the indenture governing the Senior Notes with respect to the failure of Global Operating LLC to comply with its obligations under the indenture governing the Senior Notes to timely furnish the Company's Form 10-Q for the third quarter of 2016. However, no event of default under the indenture governing the Senior Notes is expected to occur with respect to the Company's Form 10-Q for the third quarter of 2016 unless such Form 10-Q is not filed by April 18, 2017.

Covenant defaults may occur in the future under the Company's Revolver and the indenture governing our Senior Notes in the event of further delays in the filing of our periodic reports with the SEC and potential violation of financial covenants. There can be no assurance that we will be able to file our periodic reports (including our Form 10-Q for the quarter ended September 30, 2016, our Form 10-K for the year ended December 31, 2016 and our Form 10-Q for the quarter ended March 31, 2017 or any quarters thereafter) with the SEC within the periods currently required under our Revolver and the indenture governing our Senior Notes. The Revolver also contains financial covenants that the Company is required to meet on a quarterly basis, and management projections indicate that the Company could violate the Revolver's debt service coverage covenant during 2017 which, if the Revolver is not amended or terminated, could cause a default under the Revolver and, depending on the outstanding amount under the Revolver at the time of such default, a cross-default on the Senior Notes.

There can be no assurance that our lenders will agree to further extensions of financial statement filing dates or amendments to relevant covenants on acceptable terms or at all. As of January 30, 2017, the Revolver is undrawn, and in the

event we are not able to cure or secure a waiver for a default under the Revolver, the Company's available liquidity is sufficient to allow for the Revolver to be terminated, which would also avoid a cross-default on the Senior Notes. However, in the event of a default on the Senior Notes, the Company would likely not have sufficient liquidity to meet this obligation, which could have a material adverse effect on our business, results of operations, financial condition and ability to pay dividends. A default under the indenture governing our Senior Notes 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 any outstanding principal amount of loans, terminate any outstanding letter of credit and terminate the outstanding commitments under our Revolver.

Project Level Long-term Debt

The Company typically finances power plants through entity specific debt secured by the power plant's assets and equity interests with no recourse to the Company. These financing agreements typically provide for a credit facility used for construction, which upon completion is converted into term debt. As of June 30, 2016, the Company had $346.3 million of project level debt that is secured by the assets of the applicable project companies and certain intermediary holding companies.

Term debt for power plants in South Africa consists of variable rate loans, totaling $307.3 million, with interest rates tied to the three-month LIBOR and the three-month Johannesburg Interbank Agreed Rate, as well as fixed rate loans totaling $10.5 million. The interest rates on the South Africa term debt as of June 30, 2016 range from 12.3% to 13.0% and the debt matures in 2031. Principal and interest are due and payable in arrears at the end of each fiscal quarter or semi-annually and on the maturity date of the credit facilities.

As of June 30, 2016, the Witkop and Soutpan power plants, which have term debt financed with a South African Rand (ZAR)-denominated term loan from The Standard Bank of South Africa Limited ("Standard Bank"), had an outstanding principal amount totaling $125.6 million. This term debt matures in 2031. As of June 30, 2016 and December 31, 2015, the Witkop and Soutpan project companies were not in compliance with certain covenants due to the SunEdison Bankruptcy, as well as the failure by the Witkop and Soutpan project companies to file auditors' certificates for certain financial ratios, audited financial statements and semi-annual operating reports. Thus, the debt balances are classified as current as of June 30, 2016 and December 31, 2015. These defaults also prevent the Soutpan and Witkop project companies from making distributions and provide the lenders with the right to accelerate the debt maturity. The Company has obtained waivers and/or forbearance agreements from Standard Bank for varying periods as the Company works to cure such defaults, however there is no assurance that all such defaults will be cured prior to the expiration of the applicable waivers.

As of June 30, 2016, the Boshof power plant, which has term debt financed with a U.S. dollar-denominated term debt from the Overseas Private Investment Corporation ("OPIC"), had an outstanding principal amount of approximately $181.6 million. The term debt matures in September 2031. As of June 30, 2016 and December 31, 2015, the project company was not in compliance with certain covenants due to the SunEdison Bankruptcy, a delay by the contractor, a SunEdison subsidiary, in achieving final completion under the engineering, procurement and construction contract, failure to satisfy certain required economic development obligations and failure to file audited financial statements. Thus the debt balances are classified as current as of June 30, 2016 and December 31, 2015. These defaults also prevent the Boshof project company from making distributions and provide OPIC with the right to accelerate the debt maturity. The Company is currently working with OPIC to cure such defaults.

Term debt for power plants in India consists of fixed and variable rate loans with interest rates tied to one of the following indexes: (i) the six-month LIBOR; (ii) the two-year Infrastructure Development Finance Company ("IDFC") benchmark rate; (iii) the PFS reference rate; or (iv) the L&T prime lending rate. India term debt with fixed rates totaled $20.5 million as of June 30, 2016, with an annual interest rate between 4.5% and 12.0%. All loans mature between 2026 and 2029. Principal and interest are due and payable in arrears monthly or quarterly and on the maturity dates of the credit facilities. During the second quarter of 2016, the Company repaid $23.6 million of Indian term debt with variable rates.

As of June 30, 2016, the Azure and ESP Urja power plants, which have term debt financed with a U.S. dollar-denominated term debt from OPIC, had a combined outstanding principal amount of approximately $18.4 million. The term debt matures in September and December of 2026 and bears fixed interest at a rate of 4.5% and

4.7% per annum, respectively. Interest and principal amortization payments are made on a quarterly basis. As of June 30, 2016 and December 31, 2015, the Azure and ESP Urja project companies were not in compliance with certain covenants due to the SunEdison Bankruptcy, failure to file audited financial statements, and a delay by local authorities to complete the classification of a portion of the project sites as non-agricultural use. In addition, the Azure project company was not in compliance with certain financial ratio covenants due to changes in foreign currency valuations. Thus the debt balances are classified as current as of June 30, 2016 and December 31, 2015. These defaults also prevent the Azure and ESP Urja project companies from making distributions and provide OPIC with the right to accelerate the debt maturity. The Company is currently working with OPIC to cure such defaults.

As of June 30, 2016, the Corporate Season power plant in Malaysia has term debt from Standard Chartered Bank with an outstanding principal amount of $6.1 million. The term debt matures in 2028, and bears a variable interest rate tied to the Kuala Lumpur Interbank Offered Rate. The interest rate as of June 30, 2016 was 4.0%. Principal and interest are due and payable in arrears at the end of each fiscal quarter or on the maturity date of the credit facility. As of June 30, 2016, the Corporate Season project company was not in compliance with certain covenants due to the failure by the Corporate Season project company to file its 2015 audited financial statements. Thus, the debt balances are classified as current as of June 30, 2016. However, in July 2016 the Corporate Season project company successfully filed its 2015 audited financial statements, bringing the debt back into compliance with the applicable covenants and curing the default.

The Silverstar Pavilion and Fortune 11 power plants in Malaysia have outstanding loans with a holder of a non-controlling interest in such power plants in the aggregate amount of $1.2 million as of June 30, 2016 and with a fixed 4.0% interest rate.

Each of the project level financing agreements contains customary representations, covenants and warranties of the respective borrower including limitations on business activities, guarantees, environmental issues, power plant maintenance standards and a minimum debt service coverage ratio requirement. In particular, these agreements contain financial and other restrictive covenants that limit the project companies' ability to make distributions or otherwise engage in activities that may be in its long-term best interests. The project level financing agreements generally prohibit distributions from the project companies unless certain specific conditions are met, including the satisfaction of certain financial ratios.

Debt Extinguishments

In December 2015, the Company's Board approved a $40.0 million open market repurchase program for the Company's Senior Notes. The repurchase program began in December 2015 and continued through January 2016. As of December 31, 2015, $8.6 million of the Senior Notes were repurchased for $6.8 million, and the Company paid $0.4 million of accrued interest and prepayment fees. As of December 31, 2015, $0.4 million was included in accounts payable on the consolidated balance sheet representing principal and interest due to an investment bank for repurchases completed in December 2015 but settled in January 2016. In January 2016, the Company repurchased $41.0 million of the Senior Notes for $33.2 million and paid $1.9 million of interest and prepayment fees. In total, the Company repurchased $49.6 million of the Senior Notes for $40.0 million plus prepayment fees and interest of $2.3 million. A gain on extinguishment of debt of $6.3 million was recognized in the first quarter of 2016 related to these repurchases.

During the second quarter of 2016, the Company repaid $23.6 million of Indian term debt with variable rates, resulting in a $0.4 million loss on extinguishment of debt.

Interest Income

Interest expense in the unaudited condensed consolidated statements of operations is presented net of interest income. During the three-month and six-month periods ended June 30, 2016 the Company received interest income of $0.9 million and $3.2 million, respectively, from its cash and cash equivalents balances, short-term investments and restricted deposit accounts. The Company received no interest income during the three-month and six- month periods ended June 30, 2015.

Maturities

The aggregate amounts of contractual payments of long-term debt due after June 30, 2016, excluding amortization of debt discounts and premiums, as stated in the financing agreements, are as follows:

	Maturities [1]						
(In thousands)	Within 1 Year	Year 1 through Year 2	Year 2 through Year 3	Year 3 through Year 4	Year 4 through Year 5	Thereafter	Total
Corporate	$—	$—	$—	$135,000	$—	$752,445	$887,445
Project level	$12,617	$8,145	$10,176	$14,613	$17,221	$283,509	$346,281
Total debt	$12,617	$8,145	$10,176	$149,613	$17,221	$1,035,954	$1,233,726

(1) Represents the contractual principal payment due dates for our long-term debt and does not reflect the reclassification of $319.9 million of long-term debt to current as a result of debt defaults under a portion of

our non-recourse financing agreements or deferred financing costs that are included with the net long-term balance of the unaudited condensed consolidated balance sheet.

Events of Default

On April 21, 2016, SunEdison and certain of its domestic and international subsidiaries voluntarily filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the “SunEdison Bankruptcy”). Our Revolver and indenture governing our Senior Notes do not include an event of default provision triggered by the SunEdison Bankruptcy. However, the project level financing agreements for our two remaining levered power plants in India and our three power plants in South Africa contain provisions that provide the lenders with the right to accelerate debt maturity due to the SunEdison Bankruptcy as a result of SunEdison being an original sponsor of the project and/or party to certain material project agreements, such as operation and maintenance ("O&M") and engineering, procurement and construction related contracts. In addition, certain audited financial statements at the project level have been delayed, which has created defaults at the project level for our levered power plants. If not cured or waived, these defaults restrict the ability of the project companies to make distributions or may provide the lenders with the right to accelerate debt maturity. As of June 30, 2016 and December 31, 2015, the outstanding debt balances of these power plants are classified as current. We have obtained waivers and/or forbearance agreements with respect to certain of these defaults, and we are currently working with the applicable project lenders to cure the defaults.

On June 16, 2016, Global Operating LLC received a breach of agreement notice from one of its foreign currency hedging counterparties under the International Swap Dealers Association, Inc. ("ISDA") Master Agreement dated August 6, 2015 (the “ISDA Agreement”). The notice stated that because the applicable foreign currency hedging counterparty did not receive the audited financial statements of the Company within 120 days following the end of the fiscal year, as required under the ISDA Agreement, there would be an event of default under the ISDA Agreement if this deficiency is not remedied within 30 days after the date of the notice.

On July 19, 2016, Global Operating LLC and the applicable foreign currency hedging counterparty entered into an amendment to the ISDA Agreement (the “Amendment”). The Amendment extended the date by which the Company must deliver to the applicable foreign currency hedging counterparty the audited financial statements of the Company for the year ended December 31, 2015 to the date such statements were to be delivered under the Revolver. See above in this Note 8 - Long-Term Debt for additional information on the date such statements were to be delivered under the Revolver. The Company complied with this obligation.

9. INCOME TAXES

The income tax provision consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except effective tax rate)	2016	2015	2016	2015
Income (loss) before income tax expense	$7,742	$(23,347)	$2,352	$(33,454)
Income tax expense (benefit)	2,061	(668)	2,919	450
Effective tax rate	26.6%	2.9%	124.1%	(1.3)%

The Company records income tax expense each quarter using its best estimate of the full year’s effective tax rate. The Company regularly reviews its deferred tax assets for realizability, taking into consideration all available evidence, both positive and negative, including cumulative losses, projected future pre-tax and taxable income (losses), the expected timing of the reversals of existing temporary differences and the expected impact of tax planning strategies. As of June 30, 2016, TerraForm Global, Inc. owned 64.8% of Global LLC and consolidates the results of Global LLC through its controlling interest. The Company records SunEdison's 35.2% ownership of Global LLC as a non-controlling interest in the financial statements. Global LLC is treated as a partnership for income tax purposes. For the six months ended June 30, 2016, the overall effective tax rate was different than the statutory rate of 35.0% primarily due to valuation allowances, tax holiday benefits, projected minimum taxes in foreign jurisdictions, and gross receipt taxes in Brazil. As of June 30, 2016, most jurisdictions were in a net deferred tax asset position. A valuation allowance is recorded against some of the projects with deferred tax assets, primarily because of the historical losses in those jurisdictions.

10. DERIVATIVES

As part of the Company’s risk management strategy, the Company has entered into derivative instruments which include interest rate swaps, foreign currency contracts and cross currency swaps to mitigate interest rate and foreign currency exposure. If the Company elects to do so and if the instrument meets the criteria specified in ASC 815, Derivatives and Hedging, the Company designates its derivative instruments as cash flow hedges. The Company enters into interest rate swap agreements in order to hedge the variability of expected future cash interest payments. Cross currency swaps are used to reduce risks arising from the change in fair value of certain foreign currency denominated assets and liabilities in order to minimize the impact of foreign currency fluctuations on operating results. The Company does not use derivative instruments for speculative purposes.

Activities related to derivative instruments were reported in the line items as of and for the periods indicated, as follows:

(In thousands)		Fair Value As of	
Type of Instrument	Balance Sheet Classification	June 30, 2016	December 31, 2015
Derivatives designated as hedging:			
Interest rate swaps	Other assets (liabilities)	$(2,329)	$ 6,210
	Accumulated other comprehensive loss (income)	2,329	(6,210)
Cross currency swaps	Other assets	50,566	64,083
	Accumulated other comprehensive loss		