



Delivering Better Energy

**Q1 2013 Earnings Call
May 13, 2013**

Forward-Looking Statements

This presentation contains forward-looking statements that involve risks and uncertainties, including statements regarding SolarCity's customer and market growth opportunities, financial strategies for cash generation and increasing shareholder value, the deployment of megawatts currently included in backlog, the retained value under energy contracts and of contract renewals, the amount of megawatts that can be deployed based on committed available financing and executed term sheets, forecasted deployment of megawatts in 2013, forecasted cash flow in 2013, and assumptions relating to the foregoing.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements, including the effect of electric utility industry regulations, net metering and related policies, the availability and amount of rebates, tax credits and other financial incentives, the availability and amount of financing from fund investors, the retail price of utility-generated electricity or the availability of alternative energy sources, risks associated with SolarCity's rapid growth, risks that consumers who have executed energy contracts included in reported nominal contracted payments remaining and backlog may seek to cancel those contracts, assumptions as to retained value under energy contracts and contract renewal rates and terms, including applicable net present values, performance-based incentives, and other rebates, credits and expenses, SolarCity's limited operating history, particularly as a new public company, changes in strategic planning decisions by management or reallocation of internal resources, and general market, political, economic and business conditions. You should read the section entitled "Risk Factors" in our Annual Report on Form 10-K, which has been filed with the Securities and Exchange Commission and identifies certain of these and additional risks and uncertainties. We do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.



Our Vision

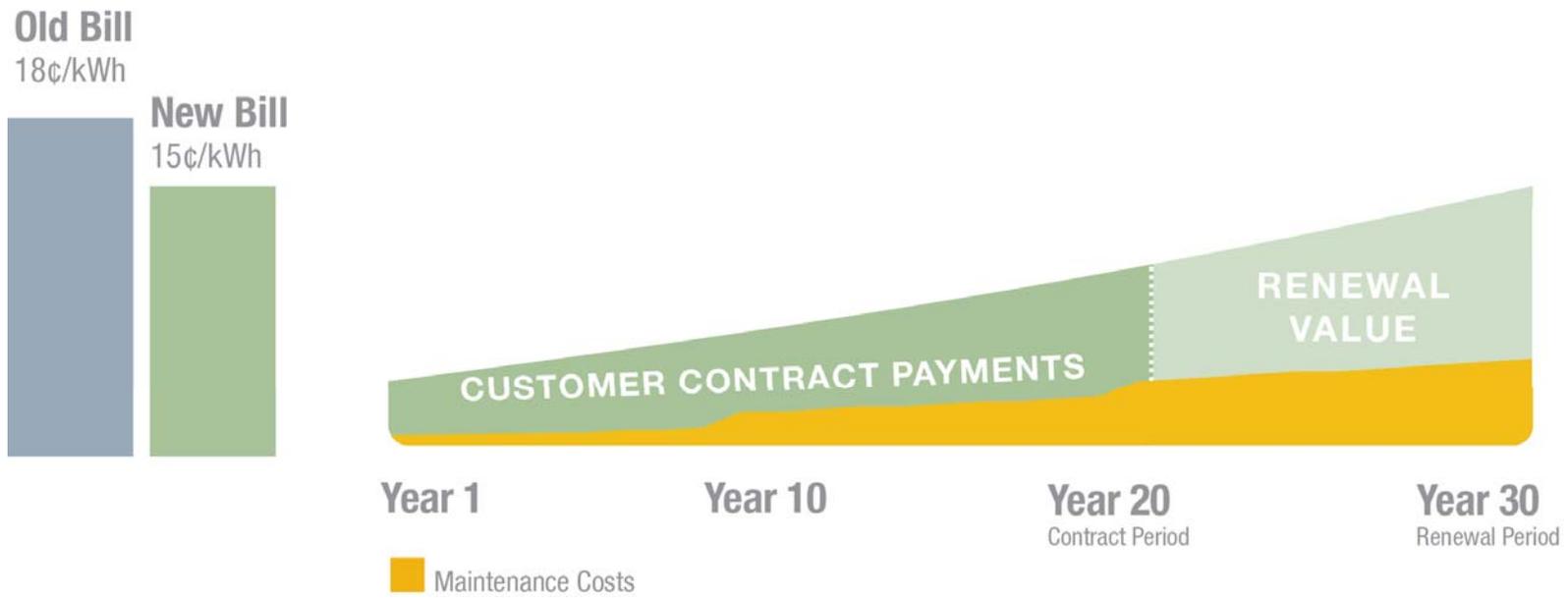
Create the most compelling energy company of the 21st century by delivering cleaner, cheaper power through distributed generation



Value Proposition Yields Value Creation for Shareholders

Solar Paid for by the Month like a Utility Bill, Only Lower:

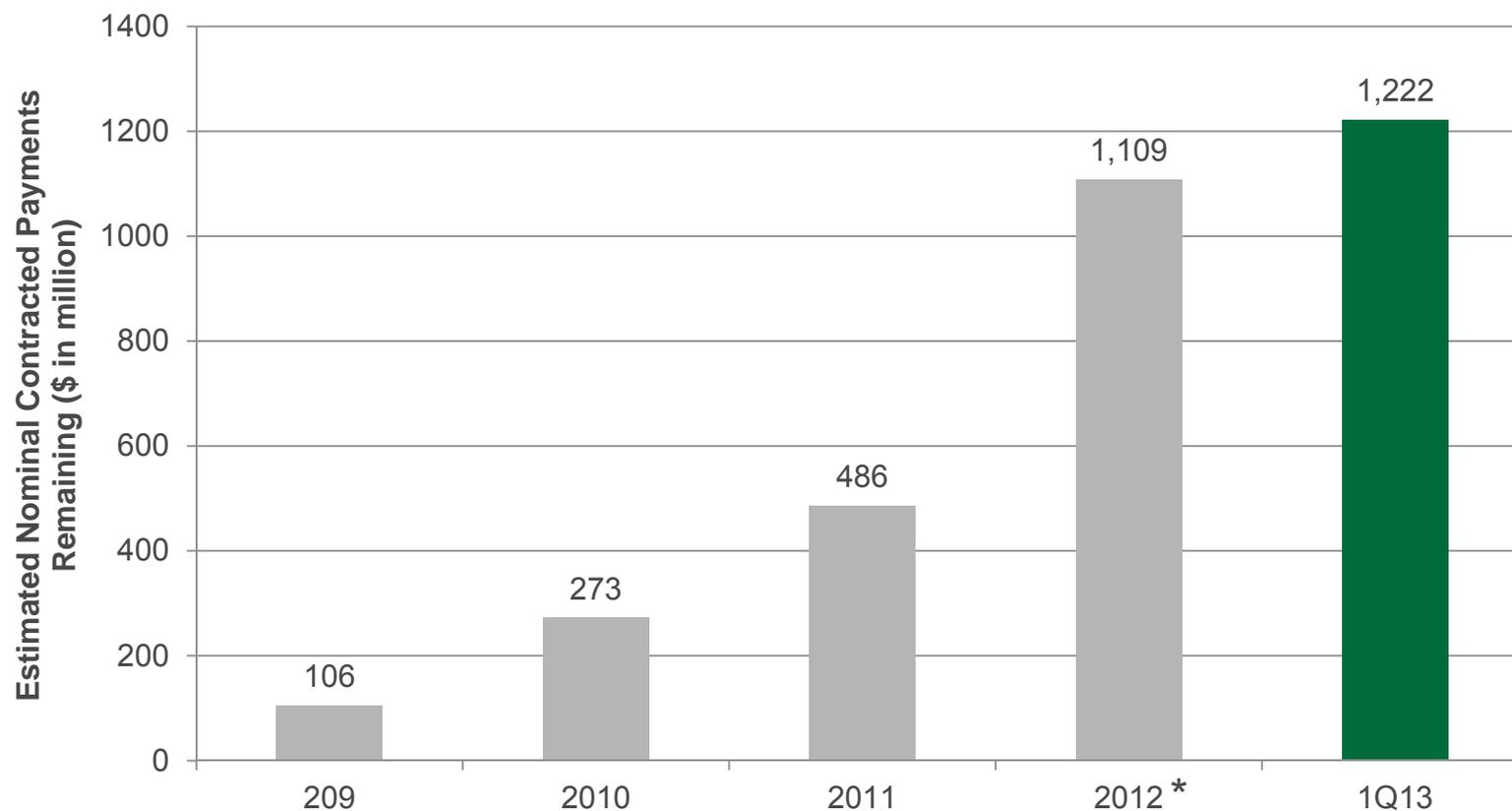
- No Upfront Cost Of Installation
- A Simple Switch to Solar
- Easily Transferrable upon Moving
- Consistent, Predictable 20-Year Cash Flows
- Economics Improve from Lower Cost of Capital and System-Installed Cost/Watt
- Opportunity for Upselling to Other Energy Services



Business Development Highlights in Q1 2013

- Customer Base Grew to Over 57,000
- Expansion into Long Island Market
- SheaXero (Partnership with Shea Homes) Signed 1,000th Customer
- Deepened Commercial Market Penetration through New Projects with a Number of School Districts and Big Box Retailers (Including New Customer Walgreens and Additional Walmart Stores)
- Opened Centralized Call and Support Center in Nevada
- Announced Partnership with Honda Motors that Provides Financing for \$65m of Solar Projects and Promotion to Honda/Acura Customers and Dealerships

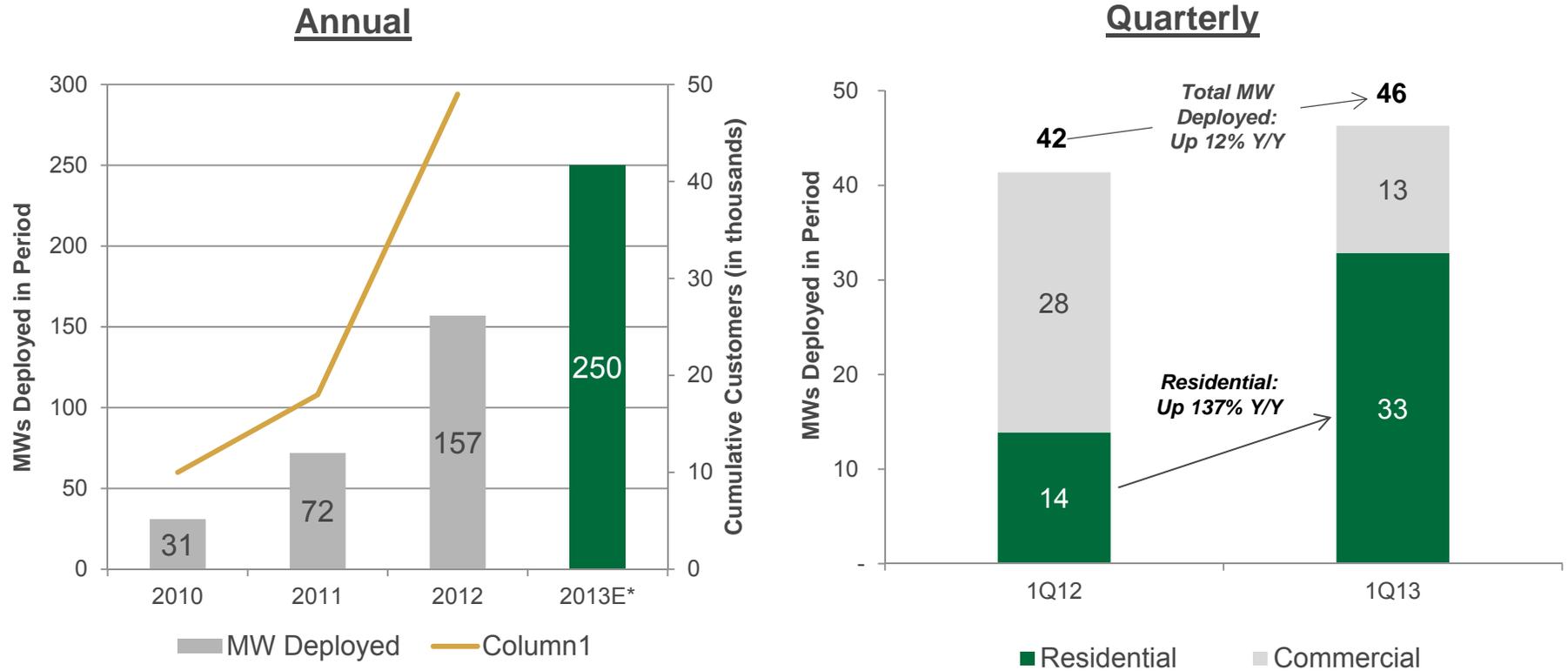
Nominal Contracted Payments Remaining Now at \$1.22B



Backlog: 195 MW (as of May 8, 2013)

** As corrected from amount previously reported*

46 MWs Deployed in Q1 2013 with Customer Base >57k

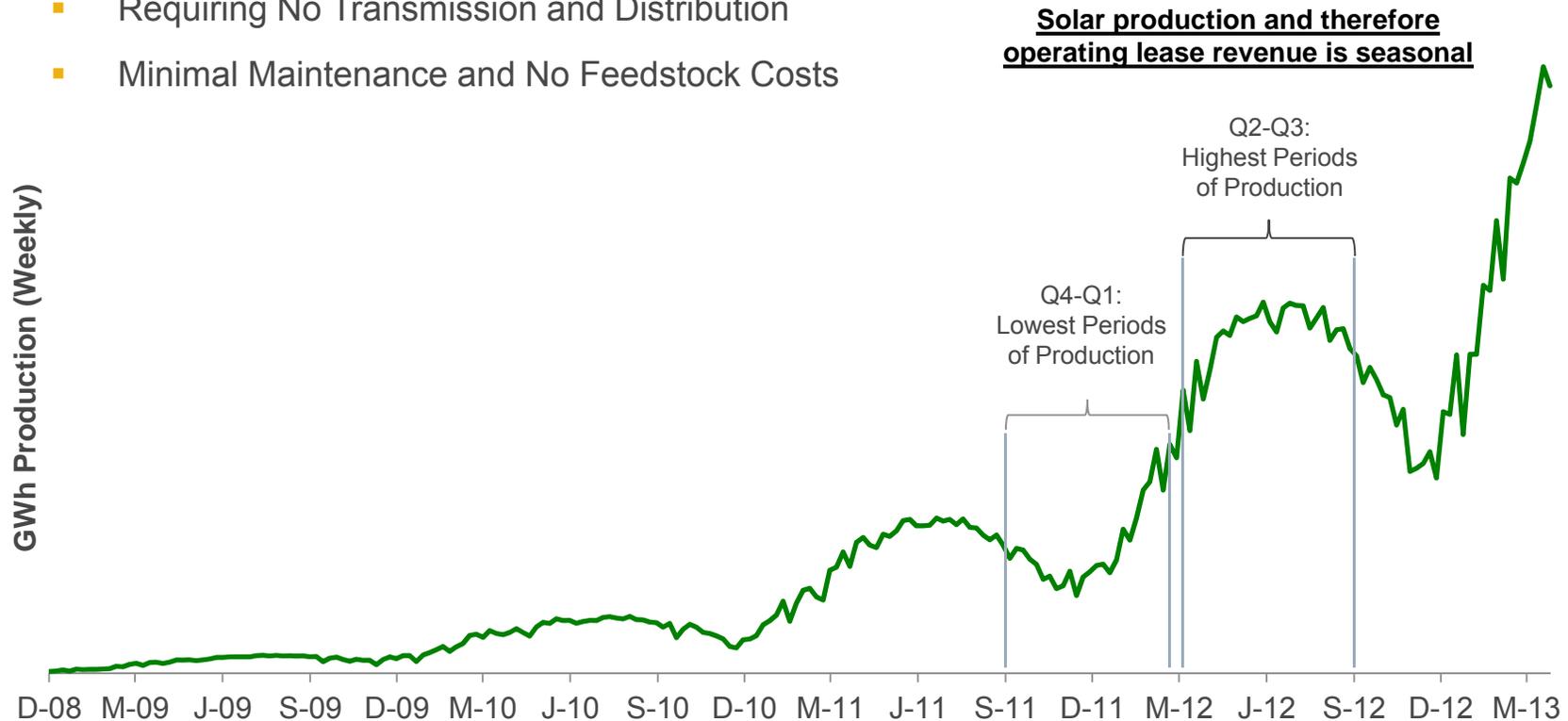


* 2013E Represents the Company's Guidance

Energy Production Up 132% Y/Y in Q1 2013

Daily Record Generation of 1.7 GWh Achieved in April:

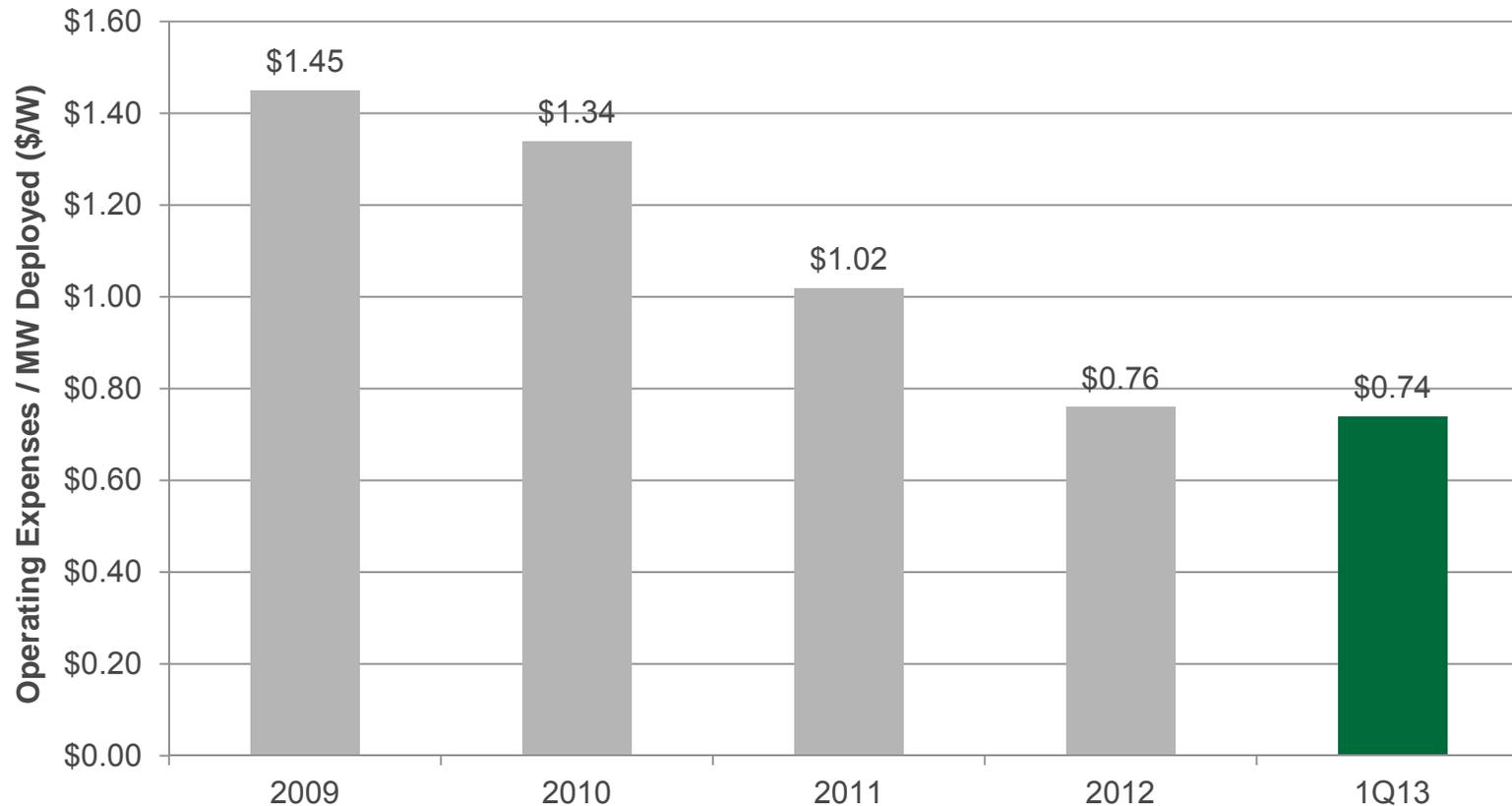
- Distributed on Rooftops on Same Site as It Is Consumed
- Requiring No Transmission and Distribution
- Minimal Maintenance and No Feedstock Costs



*** Roughly 45% of Installed Base of Operating Lease Contracts Are PPAs that Are Variable Based on Production, While Around 55% Are Leases Based on Fixed Monthly Payments**



Operating Leverage Continued to Drive Down Opex/W



Operating Expenses Are Composed of Both Sales & Marketing and General & Administrative Costs Incurred Largely for Investment in the Development of New Solar Energy Systems

Update on Financing Trends

With each new customer we create a recurring predictable cash flow stream. Our financial strategy is to maximize retained value for shareholders by covering Investing activities with cash generated from Operating and Financing activities

- Total Tax Equity Financing Capacity of 158 MW (as of May 10)
 - Two New Investors Added

- Additional Aggregation Facilities Expected in Q2 2013
 - Late Stage Negotiations on New Facilities Similar to the \$10m Refinanced at 3.45% in Q4 2012

- Long-Term Financing of Customer Receivables
 - Ratings Agencies Discussions

Q1 2013 Condensed Income Statement of Operations

| <i>\$ in thousands</i> | Three months ended March 31 | |
|--------------------------------------|-----------------------------|-------------------|
| Revenue: | Q1 2012 | Q1 2013 |
| Operating leases | \$8,139 | \$15,089 |
| Solar energy system sales | \$16,702 | \$14,899 |
| Total revenues | \$24,841 | \$29,988 |
| Cost of revenue: | | |
| Operating leases | \$2,582 | \$5,503 |
| Solar energy system sales | \$12,125 | \$11,789 |
| Total cost of revenues | \$14,707 | \$17,292 |
| Gross profit (loss) | \$10,134 | \$12,696 |
| Operating Expenses: | | |
| Sales and Marketing | \$16,131 | \$17,879 |
| General and Administrative | \$8,562 | \$16,618 |
| Total Operating Expenses | \$24,693 | \$34,497 |
| Income (loss) from operations | (\$14,559) | (\$21,801) |

→ Recurring customer payments recognized over life of contract, typically 20 years (in future periods, revenue will also include ITC for non-partnership projects recognized as annually over five years)

→ Leased solar systems' hardware, installation, and direct sales costs amortized over the 30 year useful life of the system

→ Primarily customer acquisition and other development costs expensed as incurred

→ Investment in growth and development constrain GAAP profitability

Condensed Q1 2013 GAAP Statements of Cash Flows

| \$ in thousands | Three months ended : | | |
|---|----------------------|------------------|-------------------|
| | Mar. 2012 | Dec. 2012 | Mar. 2013 |
| Net cash provided by (used in): | | | |
| Operating activities | (\$76,885) | \$64,723 | \$8,898 |
| Investing activities | (\$86,831) | (\$151,288) | (\$140,576) |
| Financing activities (before equity issuance) | \$122,658 | \$104,548 | \$98,378 |
| Net cash provided (used) before equity issuance | (\$41,058) | \$17,983 | (\$33,300) |
| Net cash provided by equity issuance | \$81,255 | \$92,779 | \$514 |
| Net increase (decrease) in cash and cash equivalents | \$40,197 | \$110,762 | (\$32,786) |

***Cash Flow from Operations Returned to a Steady State
Following a Working Capital Swing in Q4 2012***

Positive Net Cash Flow Expected in Q2 2013



Retained Value Rose to \$569 Million

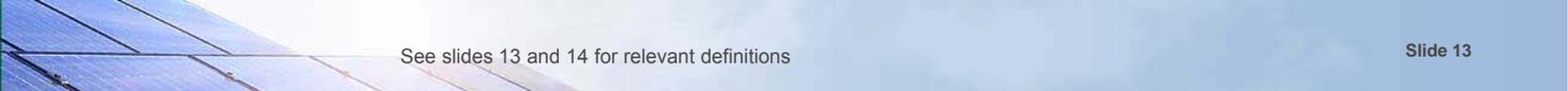
Measurement of the NPV of Our Forecast for Net Cash to SolarCity

Cumulative Retained Value as of March 31, 2013

\$ In millions (except per watt)

| | |
|--|--------------------|
| Total Retained Value* | \$569 |
| <i>Retained Value Under Energy Contract*</i> | <i>\$305</i> |
| <i>Retained Value Renewal*</i> | <i>\$264</i> |
| Total Retained Value \$/watt* | \$1.25/watt |

*NPV at 6%



See slides 13 and 14 for relevant definitions

Outlook for Q2 2013 and 2013

Q2 2013:

- MWs Deployed: 48 MW – 53 MW
- Revenue:
 - Operating Lease Revenue: \$16m - \$18m
 - Solar Energy System Sale Revenue: \$5m - \$10m
- Gross Margin: 40% - 55%
- Operating Expenses: \$38m - \$42m
- Not Forecasting (loss) income attributable to noncontrolling interests
- Net Cash Flow Positive

2013:

- MWs Deployed: 250 MW
- Net Cash Flow Positive by Q4 2013





Questions & Answers

Appendix – Definitions

“**Backlog**” represents the aggregate megawatt capacity of solar energy systems not yet deployed as of the date specified pursuant to Energy Contracts and contracts for solar energy system direct sales executed as of such date.

“**Customers**” includes all residential, commercial and government buildings where we have installed or contracted to install a solar energy system, or performed or contracted to perform an energy efficiency evaluation or other energy efficiency services. Note that we have previously referred to the foregoing as “Buildings” and have chosen to redefine as we believe “customers” is a more appropriate descriptor.

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

“**Finance Available**” represents a forecast of the amount of MW that can be deployed based on committed available financing for Energy Contracts.

“**Investments in Solar Energy Systems**” represents the sum of payments for the cost of solar energy systems leased and to be leased, purchase of property and equipment and acquisition of business net of cash required. Investments in Solar Energy Systems does not include solar energy system direct sales or solar energy systems sold via sale-leaseback structures.



Appendix – Definitions

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

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

“**Nominal Contracted Payments Remaining**” equals the estimated sum of cash payments obligated to be paid to us under our Energy Contracts over the remaining term of such contracts. This metric includes Energy Contracts for solar energy systems already deployed and in Backlog. As an example, if a customer is 2 years into her 20 year contract, then 18 years of contract payments remain. As an additional example, if a customer chose to pre-pay her Energy Contract, then it is included in estimated Nominal Contracted Payments Remaining only while it is in Backlog as the pre-payment has not been received. Payments for direct sales are not included.

“**Retained Value under Energy Contract**” represents the forecasted net present value of Nominal Contracted Payments Remaining and estimated performance-based incentives allocated to us, net of amounts we are obligated to distribute to our fund investors, upfront rebates, depreciation, renewable energy certificates, solar renewable energy certificates and estimated operations and maintenance, insurance, administrative and inverter replacement costs. This metric includes Energy Contracts for solar energy systems deployed and in Backlog.

“**Retained Value Renewal**” represents the forecasted net present value of the payments SolarCity would receive upon Energy Contract renewal through a total term of 30 years, assuming all Energy Contracts are renewed at a rate equal to 90% of the contractual rate in effect at expiration of the initial term. This metric is net of estimated operations and maintenance, insurance, administrative and inverter replacement costs. This metric includes Energy Contracts for solar energy systems deployed and in Backlog.

“**Transactions from other energy products and services**” includes all transactions during the period when we perform or contract to perform a service or provide, install or contract to install a product. It excludes the outright sale or installation of a solar energy system under an Energy Contract and any related monitoring. Examples of such transactions are energy efficiency audits, energy efficiency retrofits, and electric vehicle charging stations.