

# Project Freebird

Organizational materials | July 2019

## Meeting agenda: July 10–12, 2019

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- Welcome and meeting objectives
- Introduction of project team members
- Project team organization
- Project team communication protocol
- Process objectives / description / key work products / sequencing and timing
- Project documentation
- Key considerations in positioning the process for regulatory success
- Potential Counterparty universe
- Key data for sharing with J.P. Morgan and Morgan Stanley

## Key process deliverables timeline

### Summary overview of near-term deliverables

| Key deliverable  | Description   | Due date        | Responsible partie(s)                          |
|--|---|-----------------|--|
| <b>Deliverables in next two weeks</b>  |   |                 |  |
| Draft Invitation to Negotiate ("ITN")  | <ul style="list-style-type: none"> <li>Build consensus on approach and receive sign-off from the Company, counsel and financial advisors                             <ul style="list-style-type: none"> <li>How broad or narrow do we want the ITN to be?</li> <li>How specific are the process goals?</li> </ul> </li> </ul>           | July [19], 2019 | Company, Foley, JPM, MS, Pillsbury             |
| Preliminary financial analysis   | <ul style="list-style-type: none"> <li>What will Board require in order to approve ITN and what would be the minimum requirements?</li> </ul>   | July 22, 2019   | Company, JPM, MS                               |
| Secure approval to hire regulatory consultant, IE and market consultant  | <ul style="list-style-type: none"> <li>Draft RFP for IE, market consultant and regulatory consultant</li> </ul>   | July 22, 2019   | Company, JPM, MS                               |
| Prepare list of ITN-related info / DD / tables / numbers that need to be prepared and verified and assign responsibilities | <ul style="list-style-type: none"> <li>Initial review of a comprehensive DD list to ensure that any major items that do not exist are in process</li> <li>Prepare script / talking points for post-board meeting individuals</li> </ul>   | July 22, 2019   | Company, JPM, MS                               |
| <b>Deliverables in next eight weeks</b>  |   |                 |  |
| Begin Discussions with Florida Public Service Commission ("PSC") (if possible)   | <ul style="list-style-type: none"> <li>Counsel to confirm whether ITN would allow for direct discussions between Company &amp; advisors in the shade or potential ways to facilitate that conversation</li> <li>Can rate base be pre-determined via discussions with regulators, and if so, how long will that process take?</li> </ul> | Late July       | Company, JPM, MS, Foley, Regulatory Consultant |
| Finalize NDA   | <ul style="list-style-type: none"> <li>Sign-off on document from management and legal counsel</li> </ul>  | Early September | Company, Foley, Pillsbury                      |
| <b>Ongoing workstreams</b>   |   |                 |  |
| CIM  | <ul style="list-style-type: none"> <li>Prepare marketing materials</li> </ul>   | October         | Company, JPM, MS                               |
| Phase I Financial Model  | <ul style="list-style-type: none"> <li>Finalize Phase I Investor Model</li> </ul>   | October         | Company, JPM, MS                               |
| Due Diligence / Populate Data Room   | <ul style="list-style-type: none"> <li>Populate data room with key documents</li> </ul>   | December        | Company, Foley, JPM, MS, Pillsbury             |

## Project team communication protocol

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- This document solely references internal notes of J.P. Morgan and Morgan Stanley
- Standing process status updates – to be scheduled
  - Agenda
    - Key process updates
    - Key regulatory updates
    - Key business updates
    - Items completed
    - Near-term deliverables
    - Medium-term deliverables
  - Frequency: Weekly
  - Duration: Typically less than 1 hour
  - Format: Telephonic
    - In-person as needed
- Sub-committee regular calls
  - To be determined based on need
- Project code name and communications protocols

## A broad process should be utilized to explore all potential opportunities for [Client]

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### Process objectives

- Optimizing customer rates; providing affordable electric power and water to customers at rates that are equal to or lower than current forecasts
- Maintaining reliability; upholding [Client]'s standards of excellence for system safety and reliability
- Value maximization; providing highest potential proceeds to the City
- Clean energy development; managing the transition to renewable power sources to meet the state of Florida's environmental goals
- Commitment to employees; maintaining the jobs and benefits of [Client] employees
- Technological innovation; developing solutions to enhance the [Client] customer experience

### Process description

- Conduct ITN / RFQ process to evaluate indications of interest
- Distribution of descriptive memorandum and preliminary bids in 1st round and management presentations and binding bids in 2nd round
- Contact broad universe of potential Counterparties

### Process pros

- Highest probability of achieving all process objectives
- Competitive tension maximized
- Best test of market price
- Seller negotiating leverage and process control maximized
- Public announcement / disclosure through ITN may reveal other Counterparties or alternatives not previously considered

### Process cons

- Some Counterparties may decline to participate in a publicly announced "auction" process

### When appropriate

- Maximizing value is high priority
- Structural considerations are key
- Numerous potential Counterparties and limited clarity on who will be the most aggressive Counterparty

## Potential process timing and milestones

### Timing considerations

- J.P. Morgan and Morgan Stanley are prepared to begin preparation of ITN immediately with a view to approaching mutually agreed Counterparties in September 2019
- Following ITN process, a standard two-step auction process could be completed within 16-20 weeks, although the [Client] sale process might take longer given the number of stakeholders involved
- Given our experience with recent sale processes, assembling marketing materials and data rooms will be a swift process
- Comprehensive materials and sufficient time for Counterparties in the indicative bid phase have shown best results in past processes and help to ensure Counterparties understand and reflect all value drivers appropriately
- **J.P. Morgan and Morgan Stanley will work closely with the City and its advisors to tailor a process / timeline that meets the objectives of the City**

### Indicative process timeline

| Item  | Potential timing         |
|---|--------------------------|
| Board meeting   | 23-Jul-19                |
| Receive mandate & public announcement of ITN  | 23-Jul-19                |
| Conduct diligence / Prepare marketing materials / Begin populating online data room | August - January         |
| Kick-off process and begin marketing effort/sign CAs                                | September                |
| Distribute Confidential Information Memo and process/bid letters                    | October                  |
| First round indications of interest   | November                 |
| Second round process/diligence including opening of electronic data room            | December – February 2020 |
| Binding indications of interest   | February 2020            |
| Sign PPA and/or definitive agreement  | March 2020               |

## Overview of key process documents

|            | Document                            | Description  |
|------------|-------------------------------------|--|
| Pre-launch | ITN                                 | <ul style="list-style-type: none"> <li>■ Preliminary materials made available to broad universe</li> <li>■ Public, descriptive information regarding the opportunity and [Client] objectives</li> <li>■ Designed to generate initial interest and feedback</li> </ul>  |
|            | Counterparty log                    | <ul style="list-style-type: none"> <li>■ Identifies all ITN respondents</li> <li>■ Tracks interactions with and feedback received from potential ITN respondents in detail</li> </ul>  |
|            | Non-disclosure agreement            | <ul style="list-style-type: none"> <li>■ Typically included with distribution of teaser</li> <li>■ Interested parties required to execute in order to gain access to confidential information and participate in the process</li> </ul>  |
| Round 1    | Confidential Information Memorandum | <ul style="list-style-type: none"> <li>■ Includes extensive private information on the company including but not limited to business overview, historical and projected financials, customer information and regulatory details</li> <li>■ Only distributed to qualified Counterparties who have executed a NDA and passed ITN screening criteria</li> </ul> |
|            | Consulting reports (as necessary)   | <ul style="list-style-type: none"> <li>■ Typically prepared by an independent third party to review the [environmental and/or engineering considerations] of the business, as well as views on base rate and returns</li> </ul>  |
| Round 2    | Diligence tracker                   | <ul style="list-style-type: none"> <li>■ Organizes all diligence requests from potential Counterparties and subsequent responses</li> <li>■ Facilitates the due diligence process</li> </ul>   |
|            | Management presentation             | <ul style="list-style-type: none"> <li>■ Presentation made to Counterparties by management</li> <li>■ Often accompanied by a site visit / tour of critical facilities</li> </ul>   |
|            | Data room index                     | <ul style="list-style-type: none"> <li>■ Exhaustive record of all reports / data included in the electronic data room</li> <li>■ Facilitates the due diligence process</li> </ul>  |
|            | Purchase and Sale Agreement         | <ul style="list-style-type: none"> <li>■ Sale contract and associated disclosures</li> </ul>   |
|            | Process letters                     | <ul style="list-style-type: none"> <li>■ Instructions given to Counterparties on expected process, timing and requirements for participating</li> <li>■ Clearly outline expectations for potential Counterparties</li> <li>■ Typically distributed at each stage of the process</li> </ul>   |

# Proposed introductory process timeline

## Estimated transaction signing and announcement in mid-March



ITN: ~1 month    Prep: ~1.5 months    Round 1: ~ 2.5 months    Round 2: ~ 3 months

## Preliminary key process responsibilities

### Overview

|   | [Client] | J.P. Morgan / Morgan Stanley | Additional advisor(s) |
|---|----------|------------------------------|-----------------------|
| Draft ITN   |          | ✓                            | –                     |
| Compile relevant data   | ✓        |                              | –                     |
| Direct any future Counterparty discussions to J.P. Morgan and Morgan Stanley  | ✓        |                              | –                     |
| Determine / screen potential Counterparties                                   | ✓        | ✓                            | –                     |
| Solicit data room provider through competitive process                        |          | ✓                            | –                     |
| Prepare and distribute NDA for potential Counterparties                       | ✓        |                              | Legal Counsel         |
| Develop pre-marketing materials & set up meetings with technology firms [TBD] |          |                              |                       |
| Develop / refine financial model  | ✓        | ✓                            | –                     |
| Draft CIM and first round bid letter  |          | ✓                            | –                     |
| Prepare PSA and associated schedules / agreements                             |          |                              | Legal Counsel         |
| Negotiate NDAs  | ✓        |                              | Legal Counsel         |
| Distribute CIM and initial bid instructions                                   |          | ✓                            | –                     |
| Prepare management presentation   | ✓        | ✓                            | –                     |
| Prepare and review electronic data room                                       | ✓        | ✓                            | Legal Counsel         |
| Interface between Counterparties and [Client]                                 |          | ✓                            | –                     |
| Review first round bids and confirm selected parties for second round         | ✓        | ✓                            | –                     |
| Counterparty Q&A and "deep-dive" due diligence / distribute PSA               | ✓        | ✓                            | –                     |
| Management presentations / site visits  | ✓        | ✓                            | –                     |
| Prepare final bid process letter  |          | ✓                            | Legal Counsel         |
| Evaluate final bids   | ✓        | ✓                            | –                     |
| Negotiate final terms / PSA   | ✓        | ✓                            | Legal Counsel         |

## Anticipated approvals and protocols following Round 2

As a part of any potential transaction, certain approvals from the [board, city and the general public] must be obtained

**A** Board meeting to approve transaction: mid-March

**B** City Council approval: mid-April

**C** 90-day advance submission of ballot measures in advance of approval vote: mid-April

**D** Transaction signing and agreement: mid-April

**E** Commence regulatory approvals process: April

**F** Referendum vote: August

### March 2020

| S        | M  | T  | W  | T  | F  | S  |
|----------|----|----|----|----|----|----|
| 1        | 2  | 3  | 4  | 5  | 6  | 7  |
| 8        | 9  | 10 | 11 | 12 | 13 | 14 |
| <b>A</b> | 15 | 16 | 17 | 18 | 19 | 20 |
|          | 21 | 22 | 23 | 24 | 25 | 26 |
|          | 27 | 28 | 29 | 30 | 31 |    |

### May 2020

| S  | M  | T  | W  | T  | F  | S  |
|----|----|----|----|----|----|----|
|    |    |    |    |    | 1  | 2  |
| 3  | 4  | 5  | 6  | 7  | 8  | 9  |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 |    |    |    |    |    |    |

### July 2020

| S  | M  | T  | W  | T  | F  | S  |
|----|----|----|----|----|----|----|
|    |    |    | 1  | 2  | 3  | 4  |
| 5  | 6  | 7  | 8  | 9  | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 |    |

### April 2020

| S  | M  | T  | W  | T  | F  | S  |
|----|----|----|----|----|----|----|
|    |    |    | 1  | 2  | 3  | 4  |
| 5  | 6  | 7  | 8  | 9  | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 |    |    |

### June 2020

| S  | M  | T  | W  | T  | F  | S  |
|----|----|----|----|----|----|----|
|    | 1  | 2  | 3  | 4  | 5  | 6  |
| 7  | 8  | 9  | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 |    |    |    |    |

### August 2020

| S        | M  | T  | W  | T  | F  | S  |
|----------|----|----|----|----|----|----|
| <b>F</b> |    |    |    |    |    | 1  |
| 2        | 3  | 4  | 5  | 6  | 7  | 8  |
| 9        | 10 | 11 | 12 | 13 | 14 | 15 |
| 16       | 17 | 18 | 19 | 20 | 21 | 22 |
| 23       | 24 | 25 | 26 | 27 | 28 | 29 |
| 30       | 31 |    |    |    |    |    |

## Potential Counterparty universe

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- ITN screening process – designed to:
  - Identify process participants that have the financial and operational wherewithal to make a reasonable proposal
  - Eliminate parties that do not have serious intentions or wherewithal to make a reasonable proposal
- Key criteria
  - Minimum level of financial capability (i.e. clear and reasonable source of funding)
  - Minimum level of operational experience (i.e. comparable experience owning and operating a large and complex business operation)
  - Potential differentiating factors (financial, operational, technological or otherwise)
- Communications with potential counterparties
  - Identify appropriate contact at each counterparty
  - Communicate attractiveness of potential opportunity and indicate flexibility regarding potential partnership
  - Maintain ongoing, close communication with key decision maker(s) throughout process
- Counterparty types
  - Domestic strategics
  - Canadian strategics
  - International strategics
  - Infrastructure funds (including sovereign wealth funds and pension funds)
  - Private equity
  - Technology companies
  - Oil and gas companies
  - Partnerships & consortiums

# Landscape of potential [Client] utility counterparties

|  |  |                      |
|--|--|----------------------|
| <i>U.S. strategies</i>                               | <p><b>Tier 1</b></p>                       | <p><b>Tier 2</b></p> |
| <i>International strategies</i>                      |  |                      |
| <i>Pension and sovereign wealth funds</i>            |  |                      |
| <i>Financial &amp; infrastructure fund investors</i> | <p><b>Managed infrastructure funds</b></p> |                      |
| <i>Technology companies</i>                          |  |                      |

# Agenda

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|-------------------|-----------|
| <b>1 Appendix</b> | <b>12</b> |

# Preliminary Round 1 CIM outline

## Overview

### 1 Executive summary

- Business overview
- Key investment highlights
- Transaction structure
- Process overview and timeline

### 2 Key investment highlights

- Stable and attractive business profile
- Service territory demographics
- Key system characteristics
- Key growth projects/opportunities
- Regulatory environment overview
- Financial highlights
- Proven management team

### 3 Business overview

- Overview of physical plant, property and equipment
  - Generation, transmission and distribution
  - Supply chain, key contracts, operating agreement details
  - Historical operating data
- Business plan
  - Detailed growth/CapEx strategy;
  - Projections
    - Historical and 5 year forward, major IS and select CF line items
    - Detailed rate case assumptions
- Regulatory framework
  - Public utility to IOU conversion considerations
  - Detailed rider/tracker summary
- Human resources
  - Org chart with all employees (simplified)
  - Bios of key management
  - Pension and benefit programs overview
  - Employee safety statistics

### 4 Customer overview

- Customer care, billing, collection statistics
- Residential
  - Customer demographics, growth, usage patterns
- Commercial
  - Key customers, growth, usage patterns
- Industrial
  - Key customers, growth, usage patterns

### 5 Legal

- Environmental overview
- Summary of material contracts
- Summary of existing litigation
- Transaction structure
  - Anticipated transaction structure
  - Unique legal issues

### 7 Process overview and next steps

- Regulatory considerations
- Other

### 8 Q&A and contact information

- J.P. Morgan and Morgan Stanley contact information

## Illustrative data room index

### Illustrative data room index

| Category                             | Document/Title   |
|--------------------------------------|--|
| <b>Corporate/Organizational Docs</b> |  |
| 1.0                                  |  |
| 1.1                                  | Charter and Bylaws   |
| 1.2                                  | Shareholder and Board Meeting Minutes  |
| 1.3                                  | Voting agreements (proxies, etc.)  |
| 1.4                                  | Organizational chart   |
| 1.5                                  | Directors and key management   |
| 1.6                                  | Sponsor ownership details  |
| 1.7                                  | Geographical operating areas   |
| 1.8                                  | Organizational charts and policy manuals   |
| 1.9                                  | Press clippings and releases   |
| <b>Employment and Benefits</b>       |  |
| 2.0                                  |  |
| 2.1                                  | Current employee information   |
| 2.2                                  | Outside affiliations   |
| 2.3                                  | Current independent contractors or agency workers  |
| 2.4                                  | Independent contractors  |
| 2.5                                  | Terminations   |
| 2.6                                  | Termination policies   |
| 2.7                                  | Non-disclosure, non-competition, and assignment of copyright/invention agreements  |
| 2.8                                  | Employment agreements (including signed offer letters), sales agreements or arrangements, copies of expatriate agreements and policies, summaries of oral offers, collective bargaining agreements, and arrangements with works councils                                 |
| 2.9                                  | Labor disputes against the Company   |
| 2.10                                 | Employee complaints  |
| 2.11                                 | Documentation relating to employee performance problems  |
| 2.12                                 | Worker's compensation claims   |
| 2.13                                 | Bonus or special compensation granted  |
| 2.14                                 | Qualified and Nonqualified Retirement, Profit Sharing, ESOP, Health, Welfare, Severance, Change of Control, Fringe Benefit, and Deferred Compensation Plans covering employees, former employees, retirees, directors, officers or consultants (or, if an LLC, managers) |
| 2.15                                 | For each plan which is currently or was formerly in place:   |
| 2.16                                 | Plan documents (including amendments) for bonus and incentive programs   |
| 2.17                                 | Correspondence with or approvals from regulatory or taxation authorities "top hat plan" notices filed with the U.S. Department of Labor  |
| 2.18                                 | Compensation guidelines and structure for hiring and for performance reviews   |
| 2.19                                 | Summary policies on vacation, sick leave, sabbaticals, holidays and an analysis of accrued leave for all employees   |
| 2.20                                 | Company employee and/or personnel manual or handbooks  |
| 2.21                                 | Renegotiations to union agreements and outline of contingency strike plans   |

## Illustrative data room index (cont'd)

### Illustrative data room index

| Category                   | Document/Title  |
|----------------------------|---|
| <b>Privacy</b>             |   |
| 3.0                        |   |
| 3.1                        | Privacy policies  |
| 3.2                        | Personally identifiable information Company collects from third parties   |
| <b>Material Agreements</b> |   |
| 4.0                        |   |
| 4.1                        | Contracts having a remaining term in excess of one year   |
| 4.2                        | Contracts involving an expenditure greater than \$50,000 over a period of one year or less  |
| 4.3                        | Material supply or requirements contracts   |
| 4.4                        | Largest suppliers and customers, setting forth annual amounts purchased or sold   |
| 4.5                        | Pipeline and distribution easements and right of way permits  |
| 4.6                        | Power and fuel purchase agreements  |
| 4.7                        | Water supply agreements   |
| 4.8                        | Engineering, procurement and construction, operation and maintenance, services, facilities and other agreements   |
| 4.9                        | Transportation agreements   |
| 4.10                       | Any non-competition, stand-still or confidentiality agreement   |
| 4.11                       | Agreements maintenance or technical support   |
| 4.12                       | Defaulted disputed contracts default or which is in the process of being terminated, amended or modified  |
| 4.13                       | Acquisitions or dispositions of substantial properties or assets, whether real or personal  |
| 4.14                       | Loan agreements, guarantees, indentures, promissory notes, debentures, lines of credit and related documentation in connection with loans or other indebtedness of Company  |
| 4.15                       | Inter-company agreements with affiliates; details of intra-group transactions   |
| 4.16                       | Agreements with an officer, director, employee or shareholder   |
| 4.17                       | Other strategic partner agreements (including outsourced support and maintenance)   |
| <b>Litigation</b>          |   |
| 5.0                        |   |
| 5.1                        | List and description of all pending, threatened, or completed claims, disputes, litigation, oppositions, or investigations, including any arbitration, investigative, or administrative proceedings   |
| 5.2                        | List and description of all pending, threatened or completed litigation, claims, suits and proceedings brought by or in the name of the Company, including the nature of the litigation, the amount involved and the opinion of counsel as to the probable outcome  |
| 5.3                        | A schedule of all laws, regulations, rules, ordinances, injunctions, franchises or court orders in respect of which the Company is not in compliance or has received a notice of a possible violation   |
| 5.4                        | Any consent decrees, judgments, other decrees or orders, settlement agreements and other agreements to which the Company is a party or is bound, requiring or prohibiting any future activities   |
| 5.5                        | Pending environmental litigation (governmental or private), administrative environmental proceedings (including permit noncompliance), or notice of environmental violation involving the Company. For each such judicial or administrative proceeding, please provide copies of any applicable complaint or notice of violation and answer, dispositive pleadings, order or judgment |
| 5.6                        | Any judicial or administrative judgments (including any consent orders or decrees), settlement agreements, or compliance schedules related to environmental matters to which any natural gas or other facilities of the Company are or have been subject  |
| 5.7                        | Information regarding any legal proceeding initiated or threatened against employees, consultants, licensees, or associates that has, or may have, a material adverse effect on Company   |
| 5.8                        | Any involvement of the Company officers, directors and employees in criminal proceedings or significant civil litigation  |

## Illustrative data room index (cont'd)

### Illustrative data room index

| Category  | Document/Title  |
|---|---|
| <b>Sales and Marketing, Services, and Support</b> |   |
| 6.0   |   |
| 6.1   | Organization chart for Company's sales and marketing organizations, including the physical location, title, job description, and compensation of each sales or marketing employee, contract employee, or outsourced vendor not already provided   |
| 6.2   | Customer satisfaction metrics and results (from past two reporting periods)   |
| 6.3   | List of partners with responsibilities, entitlements and type (e.g. distributors, business partners, VARs, OEM, etc.)   |
| 6.4   | Provide the following information for the sales organization for the current fiscal year—revenue by customer segment (enterprise, small & medium, consumer, other); revenue by vertical industry; revenue by geography and territory; revenue by direct vs. indirect channels and performance against targets |
| 6.5   | List of systems and tools used to manage and support sales employees, partners and their customers  |
| <b>General Financial Information</b>              |   |
| 7.0   |   |
| 7.1   | Audited financial statements for Company (including income statements, cash flow statements and balance sheets) and any subsidiaries  |
| 7.2   | Detailed budget (including income statements, cash flow statements and balance sheets)  |
| 7.3   | Detailed 5-year projections for the Company (including income statements, cash flow statements and balance sheets) including detailed underlying revenue, cost and balance sheet and other material assumptions   |
| 7.4   | Updated copies of monthly financial statements for Company (including income statements, cash flow statements and balance sheets)   |
| 7.5   | Trial balance for the most recent period and the last fiscal year end   |
| 7.6   | Company's internal financial/accounting policies & procedures document (revenue recognition, internal standards reporting, etc.)  |
| 7.7   | Detailed schedule of unusual/non-recurring revenue/expense  |
| 7.8   | Internal and external auditors' reports and management responses  |
| 7.9   | Detailed schedule of deferred liabilities (e.g. gas costs)  |
| <b>Revenue Information</b>                        |   |
| 8.0   |   |
| 8.1   | Revenue recognition policies/procedures   |
| 8.2   | Summary of sales to the top twenty customers by quarter. List number of overall transactions, and average revenue per transaction   |
| 8.3   | Detailed schedule of revenues and units sales per product (by appropriate Unique Product Identifier)  |
| 8.4   | Sales force pipeline for the coming year, including committed and upside  |
| 8.5   | Revenue by quarter by type (license, service, maintenance) for the last four quarters   |
| <b>Current Assets</b>                             |   |
| 9.0   |   |
| 9.1   | Detailed schedule of cash, including a copy of the bank reconciliations for the most recent balance sheet date  |
| 9.2   | Detailed aged schedule of accounts receivable by customer, including days outstanding information, and allowances for doubtful accounts as of the most recent date available. Identify any specific receivables in dispute, collection, or arbitration  |
| 9.3   | A schedule of any re-bill experience and write-offs, as uncollectible of any notes or accounts receivable made by the Company, except for immaterial write-offs in the ordinary course of business  |
| 9.4   | A schedule of any capital expenditures in excess of \$50,000 made by the Company  |
| 9.5   | Detailed schedule of prepaid expenses or other prepaid or deferred assets as of the most recent date available  |
| 9.6   | Summary of all deferred product support costs and their period of amortization  |

## Illustrative data room index (cont'd)

### Illustrative data room index

| Category  | Document/Title  |
|---|---|
| <b>Non-Current Assets – Inventory and Other Assets</b>      |   |
| 10.0  |   |
| 10.1  | Physical inventory (both owned and consigned), by location, showing quantity and cost or other carrying value as of most recent date available  |
| 10.2  | Details of inventory adjustments and of transactions in inventory reserves  |
| 10.3  | Date of last physical inventory and total variance (expressed in absolute dollars)  |
| 10.4  | Schedule detailing the components of other assets as of the most recent date available  |
| <b>Non-Current Assets – Property, Plant &amp; Equipment</b> |   |
| 11.0  |   |
| 11.1  | Inventory, including date of last physical inventory, of real and personal property such as land, buildings, furniture, fixtures and equipment, held by Company or any subsidiary, including all computer equipment, whether leased, licensed or owned, and all related depreciation schedules to include: Depreciable Life, Average Remaining Life (months), Original Cost Basis, Current NBV for the following assets: PCs, Servers, Capital Leased Equipment, High-end Multimedia, Telecom Equipment, Networking Equipment, Vehicles, Buildings, Building Improvements, Leasehold Improvements and Other |
| 11.2  | Monthly schedule of CAPEX, by major category  |
| 11.3  | Schedule of projected CAPEX, by major category  |
| 11.4  | Asset depreciation schedule and associated deferred tax liability   |
| <b>Liabilities</b>  |   |
| 12.0  |   |
| 12.1  | Detailed schedule of accounts payable aged as of the last year end and the current date   |
| 12.2  | Detailed schedule of secured convertible debentures and any other outstanding debt  |
| 12.3  | Detailed schedules of any other accrued payables or liabilities   |
| 12.4  | Material correspondence with any of the Company's lenders, including all compliance reports submitted by the Company or its independent public accountants  |
| <b>Other Financial Information</b>                          |   |
| 13.0  |   |
| 13.1  | Detailed schedule of accounts payable aged as of the last year end and the current date   |
| 13.2  | Summary of equity accounts as of the last year end and the current date, showing changes, and the most recent interim date  |
| 13.3  | List of financial institutions used by Company and any subsidiaries, the identity of the types of accounts with each such institution, and any correspondence related thereto   |
| 13.4  | List of the names of the auditors of Company and its subsidiaries and details regarding any change in auditor, any disagreement or conflict with any such auditor, or reservation made in any auditor's report  |
| 13.5  | Any letters from the Company's attorneys to the Company's independent auditors regarding material litigation involving the Company  |
| 13.6  | List of financial institutions that offer financing to Company's customers in the purchase of Company's products  |
| 13.7  | Schedule of future minimum lease commitments, by property, as of the most recent fiscal period (including details of lease termination dates)   |

## Illustrative data room index (cont'd)

### Illustrative data room index

| Category                         | Document/Title   |
|----------------------------------|--|
| <b>Insurance/Risk Management</b> |  |
| 14.0                             |  |
| 14.1                             | Provide a summary of and copies of all current insurance policies held by Company and any subsidiaries, including but not limited to: general liability, office package policy, workers compensation, auto, employment practices, fiduciary, crime, E&O and D&O. Also, provide contact information for insurance agents or brokers   |
| 14.2                             | Provide year-by-year summary of expired insurance policies (occurrence policies are needed going back to inception of the Company)   |
| 14.3                             | Provide summary of: (1) all property and casualty claims and/or all lawsuits; and (2) all closed claims and/or lawsuits  |
| 14.4                             | Provide any and all information available with regards to any known matter that could give rise to a claim or potential litigation   |
| <b>Operations</b>                |  |
| 15.0                             |  |
| 15.1                             | Summary of AMR details including meters in service, error rate, etc  |
| 15.2                             | Detailed description of transmission infrastructure  |
| <b>Government Regulation</b>     |  |
| 16.0                             |  |
| 16.1                             | A list of all federal, state, local, and foreign agencies that license, regulate, inspect, register, or issue permits or other approvals for the Company and any of its activities or products or any fuel used or consumed at or in any facilities of the Company   |
| 16.2                             | List of all applications, qualifications, tariffs, integrated resource plans and other filings with domestic and foreign governmental agencies (e.g., FERC, public utility commissions, SEC and others)  |
| 16.3                             | A schedule of all authorizations, approvals, licenses, consents, permits and certificates of authority issued or required to be issued by any federal, state, local, or foreign governmental authority and required by the Company for the ownership or operation of its business or assets  |
| 16.4                             | Any reports by (including any reports resulting from examinations made by, and any transcripts of any significant proceedings before) and significant correspondence to and from any state or federal regulatory agencies, and any other communications prepared by a governmental agency or authority or a Native American tribe, with respect to the Company or its activities, including utility commission audits, water right and water quality applications, hydraulic project approval applications, Corps or other permit applications |
| 16.5                             | Description (together with any related reports, notices or correspondence) of any inquiries or complaints (including informal customer complaints)   |
| 16.6                             | All EMMA and/or SEC filings and correspondence   |
| <b>Environmental</b>             |  |
| 17.0                             |  |
| 17.1                             | General  |
| 17.2                             | Underground and aboveground storage tanks  |
| 17.3                             | Emergency planning and community right-to-know   |
| 17.4                             | Recent environmental reports or studies undertaken   |

## Illustrative data room index (cont'd)

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### Illustrative data room index

| Category  | Document/Title   |
|---|--|
| <b>Tangible Assets – Real &amp; Personal Property</b> |  |
| 18.0  |  |
| 18.1  | Address, legal description, and title documents for each asset, office, or other property owned    |
| 18.2  | Summary of operating expenses and property taxes paid or assessed                                  |
| <b>Intellectual Property</b>                          |  |
| 19.0  |  |
| 19.1  | Pending and registered trademarks and service marks  |
| 19.2  | IT operations and IT systems agreements  |
| 19.3  | Internal business computer applications  |
| <b>Tax Matters</b>                                    |  |
| 20.0  |  |
| 20.1  | Federal, state, and local income or franchise tax returns  |
| 20.2  | All tax examination reports, notices of proposed assessment, notices of assessment or reassessment |
| <b>Other Documents</b>                                |  |
| 21.0  |  |
| 21.1  | General  |
| 21.2  | Underground and aboveground storage tanks  |
| 21.3  | Emergency planning and community right-to-know   |
| 21.4  | Recent environmental reports or studies undertaken   |

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