

MCMANUS & MILES
Description of Capabilities

June 2015

INTRODUCTION TO MCMANUS & MILES

Overview

MCMANUS & MILES' unique approach and expertise permits it to identify and structure transactions to best meet a client's often conflicting cash flow, tax, accounting, regulatory, competitive and strategic objectives

- McManus & Miles is a specialty investment bank focusing in financial advisory and private placement services for companies in the domestic electric power industry
- McManus & Miles was founded in 1989
 - Lindsay McManus has over 30 years of investment banking experience including special bracket investment banking experience at First Boston and Citigroup
- McManus & Miles has had extensive experience in advising on acquisitions and sales of power assets as well as structuring asset-based financing, including customized financings meeting a particular blend of economic, tax, accounting and regulatory objectives
 - Power asset acquisitions and sales
 - Private equity for power companies and generating portfolios
 - Tax and earnings advantaged stranded cost solutions
 - Project Financings
 - Limited partnership financings for new and mature assets
 - Leveraged lease financings and refinancings
 - Leveraged trusts for acquisition of lease debt
- McManus & Miles has an expertise in financing large scale power generation facilities
 - 7 such financings closed in the last five years totaling approximately \$3.7 billion

INTRODUCTION TO MCMANUS & MILES

Select M&A Transactions and Project Finance Transactions

MCMANUS & MILES has advised utility, independent power and institutional clients in a wide variety of completed M&A transactions and project finance transactions—ranging from sales of power assets for private equity and institutional investors to power contract restructurings for regulated electric utilities

ArcLight Capital Partners



\$135 million
Auburndale Cogen
Sale of a 100% interest

Dana Commercial Credit



\$101 million
Indiantown Cogen
Sale of a 15% equity interest

Path 15

Trans-Elect NTD Path 15

\$49 million
Partnership Equity
Represented ArcLight Capital, EIF Group
and Sansome Partners

Connecticut Light & Power



\$670 million
Three Contracts Totaling 275MW
Power Contract Restructuring

FirstEnergy Corp.



\$125 million
390MW Richland Peaking Facility
Acquisition

Covanta Energy



\$192 million
30MW Waste-to-Energy Contract
Power Contract Restructuring

Covanta Energy



\$38 million
18 IPP Facilities
Portfolio Debt Financing

TECO Power Services



\$73 million
Pasco Cogen
Acquisition (Represented Investor)

Conectiv Inc.



\$230 million
Two Contracts Totaling 190MW
Power Contract Restructuring

INTRODUCTION TO MCMANUS & MILES

Select Lease-Based Transactions

MCMANUS & MILES has completed a broad range of lease transactions – ranging from placements of tax equity for a leveraged lease financing of merchant coal-fired units for a newly-created, regional generating company to the buyout of a long-term lease of a nuclear facility for the unregulated arm of an electric utility

Terra-Gen Power



Terra-Gen Power

\$1,206 million
Alta Wind Energy Center Phases II-V
Lessee Advisor

ArcLight Capital Partners



\$1,028 million
Coso Geothermal Generating Facility
Lessee Advisor

Terra-Gen Power



Terra-Gen Power

\$394 million
Alta Wind Energy Center Phase I
Lessee Advisor

TECO Power Services



\$43 million
Combustion Turbines
Subordinated Project Synthetic Lease

FirstEnergy Solutions



\$1,314 million
Mansfield Unit 1
Lease Equity

The AES Corporation



\$666 million
Kintigh and Milliken Units 1 and 2
Lease Equity

Ohio Edison Company



\$880 million
Beaver Valley Unit 2
Lease Equity

Arizona Public Service Co



\$513 million
Palo Verde Nuclear Station Unit 2
Lease Equity

FirstEnergy Solutions



\$438 million
Beaver Valley Nuclear Facility Unit 2
Lease Equity

MCMANUS & MILES FIRM BACKGROUND

Overview

McManus & Miles, founded in 1989, is an investment bank that specializes in financial advisory and private placement services for companies in the domestic energy industry. The firm works with a small number of clients by design in order to promote the development of long-term financial advisory relationships and to provide exceptional service by senior level professionals. McManus & Miles, through financial advisory services, securities placement and innovative structuring, has a particular focus on providing thoughtful solutions to enhance and maximize value for its clients – from overall enterprise value through strategic transactions to specific elements of its clients' business value.

Specifically, the firm is a registered broker dealer with the Financial Industry Regulatory Authority and has provided financial advisory services in connection with corporate and asset acquisitions and divestitures as well as the restructuring of significant, long-term liabilities. The firm has also executed the placement of, or advised on the investment in, equity and/or debt in traditional corporations as well as trusts, partnerships, special purpose corporations, leases and other forms of asset based financings requiring specialized attention.

MCMANUS & MILES FIRM BACKGROUND

Advisory, M&A and Placement Services

A significant component of McManus & Miles' business has been advising on the acquisition or sale of power assets and the placement of complex equity and equity hybrid securities related to financings in the electric power industry. With respect to financings, the firm has advised both issuers and purchasers of such securities and has placed such securities on behalf of or with private equity firms, electric utilities, independent power producers, insurance companies, commercial banks and commercial credit companies. The returns on these securities are dependent upon, among other things, cash flows from the overall businesses and/or the power projects, the associated tax benefits, the value of power generation assets and the creditworthiness of franchised utilities. As such, our involvement in these financings requires a particular expertise and viewpoint regarding the regulatory and competitive environment for issuers and the markets for power and fuel.

The firm's advisory assignments have typically involved assisting clients in identifying and comparing approaches which may be taken to achieve a strategic objective relating to the client's asset mix or capital structure. We have advised clients on controlling and non-controlling interests in corporations, business segments or single assets, renegotiations of long-term commitments and liabilities which are significant enough to affect a client's valuation, and restructuring and optimizing components of their capitalization. We work closely with our clients' other advisors, including their tax professionals, auditors, legal counsel and underwriters, in order to ensure that the overall advice our clients receive can be implemented effectively and in a reasonable time frame.

MCMANUS & MILES FIRM BACKGROUND

Structured Finance

McManus & Miles' unique approach and expertise permits it to identify and structure transactions to best meet a client's often conflicting cash flow, tax, accounting, regulatory, competitive and strategic objectives. The firm's professionals have developed an in-depth understanding of our clients' industries, assets and capital market alternatives and have acquired an extensive knowledge of a variety of financing techniques. This perspective enables the firm's clients not only to successfully complete complex and innovative transactions but also to achieve executions that meet their major corporate objectives better than those which would have resulted from traditional corporate financing techniques.

MCMANUS & MILES FIRM BACKGROUND

Approach

The background of the firm's professionals and the small size of the organization is consistent of the firm's philosophy: that each transaction requires the commitment and involvement of a team including a range of experience levels and skills, that in every case at least one senior member of the firm be intimately involved in the day-to-day activities associated with every assignment, that everyone at the firm has a direct stake in exceeding the client's objectives on each assignment, and that the business of the firm must be conducted with the highest standards of integrity and professionalism.

McManus & Miles' most senior member, Lindsay A. McManus benefits from over 30 years of investment banking experience including special bracket investment banking experience at First Boston Corporation and Citigroup. At McManus & Miles, he has been involved in providing advisory and placement services on more than 30 transactions with a value of over \$7 billion. Prior to establishing McManus & Miles, he was directly involved in over 100 completed transactions totaling almost \$15 billion in value.

MCMANUS & MILES FIRM BACKGROUND

Select Transactions

M&A Advisory

ArcLight Capital - *Sell-side advisory*. Retained by ArcLight Capital as advisor and agent in its sale of a portfolio of nine gas-fired cogeneration facilities, totaling 389 net MW, located near Bakersfield, California.

Terra-Gen Power – *Sell-side advisory*. Retained by Terra-Gen as advisor and agent in the sale of its 50% interest in the 80MW SEGS VIII and SEGS IX solar generating facilities located in California’s Mojave desert.

ArcLight Capital - *Sell-side advisory*. Retained by ArcLight Capital as advisor and agent in its sale of the 155MW Auburndale cogeneration facility in Polk County, Florida.

Private Equity Firm (Confidential) - *Buy-side advisory*. Retained by a private equity firm as buy-side advisor in its acquisition of a lessor interest in an electric transmission line.

Dana Commercial Credit Corporation - *Project equity sale in an \$680 million electric generating facility*. Retained by DCCC as advisor and agent in its sale of a 15% interest in the 330MW Indiantown Cogeneration pulverized coal fueled cogeneration facility in Martin County, Florida.

ArcLight Capital, EIF Group, Sansome Partners - *Buy-side advisory*. Retained as buy-side advisor for the clients’ investments in Trans-Elect NTD Holdings Path 15, LLC.

ArcLight Capital - *Buy-side advisory*. Originated the transaction for client, retained as buy-side advisor for the client’s investment in the development of a transmission company created to upgrade California’s Path 15 transmission lines.

FirstEnergy Corp. - *Acquisition of an independent power producer*. Retained by FirstEnergy as financial advisor in its acquisition of Mid-Atlantic Energy Development Co., a power plant developer.

MCMANUS & MILES FIRM BACKGROUND

Select Transactions

Lease and Project Financings

Terra-Gen Power - *\$394 million sale-leaseback financing of Phase I of the Alta Wind Energy Center.* Retained by Terra-Gen as exclusive lessee advisor in connection with a single-investor lease financing of a 150MW wind generation facility in the Tehachapi-Mojave area of California.

Terra-Gen Power - *\$1.206 billion sale-leaseback financing of Phases II-V of the Alta Wind Energy Center.* Retained by Terra-Gen as exclusive lessee advisor in connection with a leveraged lease financing of a 570MW wind generation facility in the Tehachapi-Mojave area of California.

FirstEnergy Corp. - *\$1.3 billion sale-leaseback financing of Unit 1 of the Bruce Mansfield facility.* Retained by FirstEnergy as exclusive lease advisor and lease equity placement agent in the lease equity placement for the sale-leaseback financing of the 93.5% undivided interest in the 827MW Unit 1 of Bruce Mansfield Generating Facility located in Shippingport, Pennsylvania.

ArcLight Capital Partners - *\$1.028 billion lease financing of the Coso Geothermal Generating Facility.* Retained by ArcLight as exclusive lessee advisor in connection with a leveraged lease transaction of the 240MW Coso Geothermal Generating Facility.

AES Corporation - *\$666 million non-recourse leveraged lease acquisition financing.* Retained by AES Eastern Energy, L.P., a wholly-owned indirect subsidiary of AES, as financial advisor and agent for the \$666 million non-recourse leveraged lease acquisition financing of merchant power generating facilities (1,268MW) acquired from New York State Electric & Gas Corporation.

MCMANUS & MILES FIRM BACKGROUND

Select Transactions

Lease Refinancings / Restructurings

Electric Utility (Confidential) - *Buyout of equity investors in a lease.* Retained by an electric utility as financial advisor in the buyout of equity investors in the leases of coal-fired generating stations.

FirstEnergy Corp. - *\$438 million buyout of equity investors in nuclear leases.* Retained by FirstEnergy as financial advisor in the buyout of equity investors in the leases of nuclear generating stations Beaver Valley 2 and Perry.

FirstEnergy Corp. - *Buyout of an equity investor in a lease.* Retained by FirstEnergy as financial advisor in the buyout of an equity investor in the lease of Mansfield Unit 1, 2 and 3 located in Shippingport, Pennsylvania.

Arizona Public Service Company - *\$513 million lease refinancing of an electric generating facility.* Retained by APS as financial advisor and agent in the private placement of lease equity and restructuring of lease debt for the refinancing of its leased interest in the 1,270MW Palo Verde Nuclear Generating Station, Unit 2 located in Palo Verde, Arizona.

Citicorp North America, Inc. - *\$447 million trust refinancing.* Retained by Citicorp North America, Inc. as financial advisor in its investment in a trust to refinance the lease debt of Public Service Company of New Mexico's leased interests in the 2,806MW Palo Verde Nuclear Generating Station Units 1 and 2 located in Palo Verde, Arizona.

FirstEnergy Corp. - *\$880 million lease refinancing of an electric generating facility.* Retained by FirstEnergy as agent and financial advisor in the restructuring of lease equity and debt for the refinancing of its leased interest in the 833MW Beaver Valley Power Station, Unit 2 located in Beaver Valley, Pennsylvania.

MCMANUS & MILES FIRM BACKGROUND

Select Transactions

Power Purchase Agreement Restructurings and Other

Electric Utility (Confidential) - *\$1.5 billion restructuring.* Retained by an electric utility as financial advisor in the utility's restructuring of its power purchase obligations with independent power producers with an aggregate above-market present value cost of approximately \$1.5 billion.

Atlantic City Electric Company - *\$1.3 billion restructuring.* Retained by ACE as financial advisor in the utility's restructuring of four power purchase obligations with independent power producers. ACE has completed a \$225 million restructuring with Columbia Energy Group. ACE continues to work towards the restructuring of the remaining three power purchase obligations which have an aggregate above-market present value cost of approximately \$1.1 billion.

Connecticut Light & Power Company - *\$1.4 billion restructuring.* Retained by CL&P as financial advisor in the utility's restructuring of eight power purchase obligations with an aggregate above-market present value cost of approximately \$1.4 billion with independent power projects.

Ogden Corporation - *\$192 million restructuring.* Retained by Ogden as financial advisor in the restructuring of a 40MW power purchase agreement with New England Power Company.

El Paso Electric Company - *Financial reorganization advisory.* Retained to assist El Paso's financial advisor during restructuring negotiations preceding bankruptcy on matters relating to the leveraged leases on the 3,810MW Palo Verde Nuclear Generating Station Units 1, 2 and 3 located in Palo Verde, Arizona.

GE Capital - *Valuation advisory.* Retained by GE Structured Finance, Inc. to provide a valuation opinion of GE Capital's option shares in PG&E National Energy Group.

MCMANUS & MILES FIRM BACKGROUND

Leadership

LINDSAY A. McMANUS

Managing Director

Since co-founding McManus & Miles, Mr. McManus has been responsible for project and lease financing assignments involving over \$13 billion of asset costs, primarily in the electric power industry. These assignments have included the acquisition and divestiture of power plants and transmission assets, the tax equity financing of conventional and alternative energy projects, the planned construction and term financing of a major independent power station, the refinancing of over \$2.5 billion of leases on nuclear generating stations, and the private placement of project debt. Mr. McManus has also been involved in restructuring of above market power contracts worth over \$3 billion and on numerous advisory assignments on behalf of equity investors in cogeneration projects.

Prior to co-founding McManus & Miles in June of 1989, Mr. McManus was a Director and head of First Boston Corporation's Project, Lease and Specialized Finance Group. Mr. McManus brought eight years of senior investment banking experience to the firm, having joined First Boston as a Vice President in 1981. While at First Boston, Mr. McManus was personally responsible for over \$10 billion of project financings, lease financings, and private placements of debt and equity for a variety of industries including power generation and distribution, airlines and aircraft manufacturing, pulp and paper, chemical, petrochemical, and metals and mining. Mr. McManus initiated First Boston's structured financing effort in the investor owned utility business and was the senior member of the First Boston team which arranged over \$6 billion of electric generating station financings.

Prior to joining First Boston, Mr. McManus worked as a Vice President and Senior Credit Officer at Citibank in its asset backed financing area where he originated and placed a number of innovative lease transactions and managed 65 people and a portfolio of over \$1 billion. Mr. McManus received a B.A. in Economics with honors from Harvard College and an M.B.A. from the Harvard Graduate School of Business Administration.