

Develop insights, not spreadsheets.

PARTNERSHIP MODEL DIAGNOSTIC SERVICE

Advantage
FOR ANALYSTS

Complexity of Renewable Energy Deals

Implementing special allocation partnership tax and accounting regulations represents one of the key challenges associated with modeling renewable energy deals. To prevent abuse of the tax system, the U.S. partnership tax code places requirements such as: Substantial Economic Effect, Capital Accounts, Liquidation, Deficit Restoration Obligations, Minimum Gain, and Contribution of Assets. Limitations of spreadsheet technology create fertile ground for errors during the structuring and negotiation of partnership terms. Out of this Complexity, one of the most complex domains of US tax law, arise several questions about aspects of renewable energy deals, like:

| Solution Categories | Key Questions |
|---|--|
| Compliance Risk Audit compliance of structuring and tracking models | » Does the model comply with the partnership tax and accounting regulations? » What are the exposures and consequences? |
| Model Integrity Validate model logic | » Does the model perform calculations correctly? » What is the impact of alternative scenarios? |
| Tracking Effectiveness Assess effectiveness of tracking support | » Does the model track actual results correctly? » Does the model support accounting needs? » Does the model support investor reports? |

Efficient Diagnostic Service

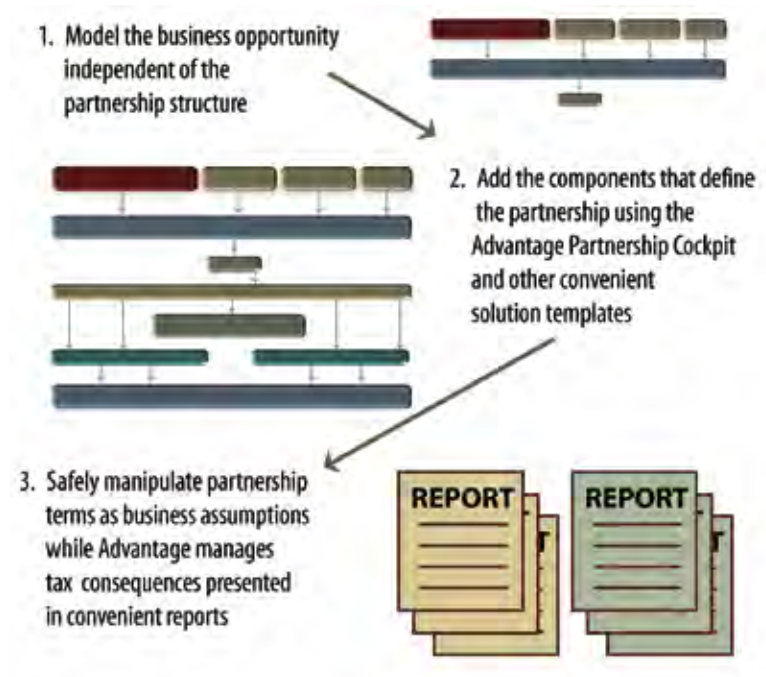
The consequences of noncompliance with the tax code can be dire—destroying the economics of a deal. The Advantage Partnership Diagnostic Service addresses nagging doubts by examining:

Compliance Risk—Work with tax counsel in auditing compliance of structuring and tracking models

Model Integrity—Validating model logic

Tracking Effectiveness—Assessing effectiveness of tracking support

A practical partnership modeling methodology and state-of-the-art modeling technology in the form of the Advantage Partnership Solution Set enables the efficiency and effectiveness of the Diagnostic Service.



This approach empowers deal teams to analyze the consequences of partnership options.

Advantage Partnership Solution Set

The Advantage Partnership Solution Set is comprised of the following components:

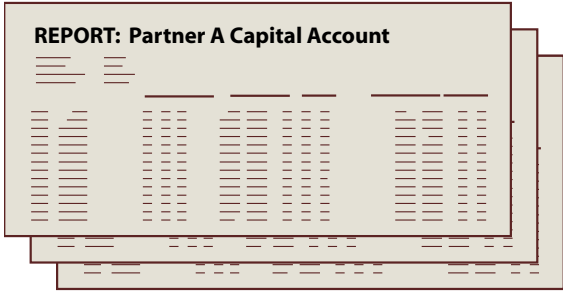
- » Reports
- » Templates & Instruments
- » Sample models
- » Professional services
- » Tutorial





Reports

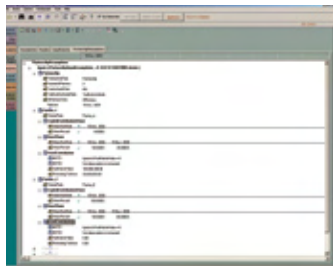
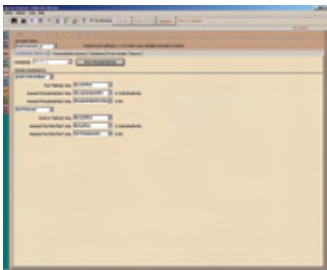
The Advantage Partnership Solution Set provides a complete set of reports that facilitate the analysis of key partnership performance metrics, such as the timing of yield-based flips and enable tests for tax compliance requirements. Reports can be easily organized into groups for printing and viewing.



Partnership reports include, but are not limited to:

- » Contributed Asset Depreciation
- » Partnership Minimum Gain and Shares
- » Partners' Capital Account
- » Partners' Shares of Liabilities
- » Partners' Tax Bases
- » Templates And Instruments

Advantage supports an extensible and growing library of templates and instruments. Templates flexibly define structures, enabling users to easily edit key partnership terms. Instruments provide a framework for specifying contributions, shares, tracking minimum gain and capital accounts, including automatic modeling of associated taxation effects.

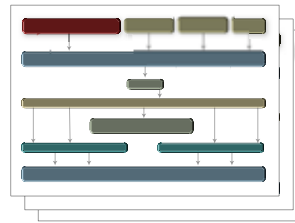


Partnership instruments include, but are not limited to:

- Partner Contribution:** Handles the cash and non-cash contributions (i.e. investments) of partners to the partnership.
- Partner Capital Account:** Maintains partners' capital accounts and handles deficit capital accounts by reallocating income.
- Partnership Minimum Gain:** Calculates overall Minimum Gain at the partnership level and allocates partners' shares of Non-Recourse Deductions and Minimum Gain Charge-backs.
- Partner Tax Basis:** Tracks partners' tax bases in their partnership interests and triggers capital gain or loss deferral, if necessary, to address insufficient tax basis.

Sample Models

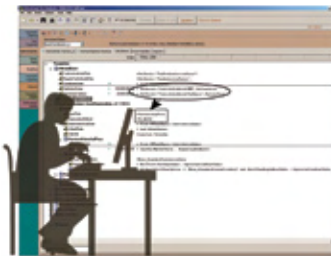
Advantage provides a variety of pre-built models for different partnership types.



Advantage partnership models can be linked to existing spreadsheet data that reflect the underlying business.

Tutorials

Advantage tutorials provide clear instructions for working with the partnership solution.



Professional Services

The Advantage Professional Services team contributes deep expertise in special allocation partnerships and customized solutions.

About Advantage for Analysts

Since 1999, Advantage for Analysts has helped financial institutions find hidden value in complex financial assets and transactions. Advantage for Analysts offers advanced structuring and analysis software, business applications based upon this software, and professional services for adapting solutions to client needs.