

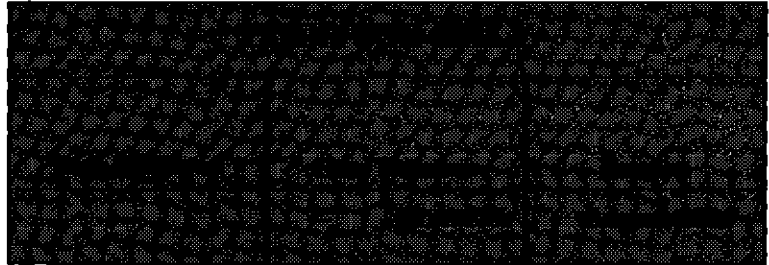
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The Public Utilities Commission of Ohio



CERTIFICATION APPLICATION FOR AGGREGATORS/POWER BROKERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit A-5 Experience). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

A. APPLICANT INFORMATION

A-1 Applicant's legal name, address, telephone number and web site address

Legal Name Priority Power Management, L.L.C
Address 310 W. Wall St., Suite 500 Midland, TX 79701
Telephone # (432) 620-9100 Web site address (if any) www.prioritypower.net

A-2 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name Priority Power Management, L.L.C
Address 310 W. Wall St., Suite 500 Midland, TX 79701
Telephone # (432) 620-9100 Web site address (if any) www.prioritypower.net

A-3 List all names under which the applicant does business in North America

Priority Power Management, LLC

A-4 Contact person for regulatory or emergency matters

Name Jeff Brooks
Title Vice President

PUCO

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accurate and complete representation of the business.
document delivered in the regular course of business.
Technician SM Date Processed APR 18 2014

Business address 690 E Lamar Blvd, Ste. 500 Arlington, TX 76011
Telephone # (972) 314-9066 Fax # (866) 472-8789
E-mail address (if any) jbrooks@prioritypower.net

A-5 Contact person for Commission Staff use in investigating customer complaints

Name Jeff Brooks
Title Vice President
Business address 690 E. Lamar Blvd., Ste. 500 Arlington, TX 76011
Telephone # (972) 314-9066 Fax # (866) 472-8789
E-mail address (if any) jbrooks@prioritypower.net

A-6 Applicant's address and toll-free number for customer service and complaints

Customer Service address 690 E. Lamar Blvd., Ste. 500 Arlington, TX 76011
Toll-free Telephone # (800) 221-7061 Fax # (866) 472-8789
E-mail address (if any) jbrooks@prioritypower.net

A-7 Applicant's federal employer identification number # 752919300

A-8 Applicant's form of ownership (check one)

- | | |
|--|--|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other _____ |

A-9 (Check all that apply) Identify each electric distribution utility certified territory in which the applicant intends to provide service, including identification of each customer class that the applicant intends to serve, for example, residential, small commercial, mercantile commercial, and industrial. (A mercantile customer, as defined in (A) (19) of Section 4928.01 of the Revised Code, is a commercial customer who consumes more than 700,000 kWh/year or is part of a national account in one or more states).

- | | | | | |
|--|--------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <input type="checkbox"/> First Energy | | | | |
| <input type="checkbox"/> Ohio Edison | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Toledo Edison | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Cleveland Electric Illuminating | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Duke Energy | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Monongahela Power | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> American Electric Power | | | | |
| <input type="checkbox"/> Ohio Power | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Columbus Southern Power | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |
| <input type="checkbox"/> Dayton Power and Light | <input type="checkbox"/> Residential | <input type="checkbox"/> Commercial | <input type="checkbox"/> Mercantile | <input type="checkbox"/> Industrial |

- A-10** Provide the approximate start date that the applicant proposes to begin delivering services

May 1, 2014

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- A-11** **Exhibit A-11 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.
- A-12** **Exhibit A-12 "Corporate Structure,"** provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers and companies that aggregate customers in North America.
- A-13** **Exhibit A-13 "Company History,"** provide a concise description of the applicant's company history and principal business interests.
- A-14** **Exhibit A-14 "Articles of Incorporation and Bylaws,"** if applicable, provide the articles of incorporation filed with the state or jurisdiction in which the Applicant is incorporated and any amendments thereto.
- A-15** **Exhibit A-15 "Secretary of State,"** provide evidence that the applicant has registered with the Ohio Secretary of the State.

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- B-1** **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.
- B-2** **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Summary of Experience,"** provide a concise summary of the applicant's experience in providing aggregation service(s) including contracting with customers to combine electric load and representing customers in the purchase of retail electric services. (e.g. number and types of customers served, utility service areas, amount of load, etc.).

B-4 **Exhibit B-4 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-5 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☐ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-6 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☐ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-6 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE


PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

- C-3** **Exhibit C-3 “Financial Statements,”** provide copies of the applicant’s two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.
- C-4** **Exhibit C-4 “Financial Arrangements,”** provide copies of the applicant’s financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).
- C-5** **Exhibit C-5 “Forecasted Financial Statements,”** provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant’s CRES operation, along with a list of assumptions, and the name, address, e-mail address, and telephone number of the preparer.
- C-6** **Exhibit C-6 “Credit Rating,”** provide a statement disclosing the applicant’s credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody’s Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant’s parent or affiliate organization that guarantees the obligations of the applicant.
- C-7** **Exhibit C-7 “Credit Report,”** provide a copy of the applicant’s credit report from Experian, Dun and Bradstreet or a similar organization.
- C-8** **Exhibit C-8 “Bankruptcy Information,”** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

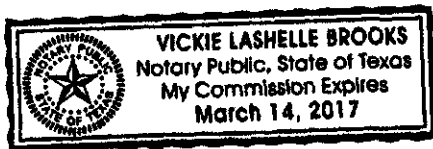

Signature of Applicant & Title **JOHN BICK**
MANAGING PRINCIPAL

Sworn and subscribed before me this 17th day of April, 2014
Month Year


Signature of official administering oath

VICKIE LASHELLE BROOKS,
Print Name and Title **ADMINISTRATIVE ASSISTANT**

My commission expires on March 14, 2017



AFFIDAVIT

State of Texas :

Arlington
ss.
(Town)

County of Tarrant :

John Bick, Affiant, being duly sworn/affirmed according to law, deposes and says that:

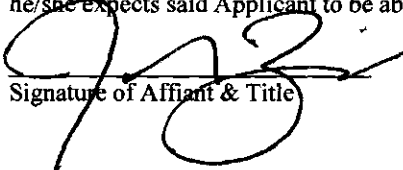
He/She is the MANAGING PRINCIPAL (Office of Affiant) of PRIORITY POWER MANAGEMENT, LLC (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
8. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.


Signature of Affiant & Title

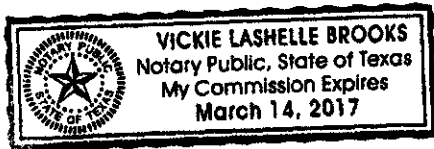
JOHN BICK
MANAGING PRINCIPAL

Sworn and subscribed before me this 17th day of April, 2014
Month Year


Signature of official administering oath

VICKIE LASHELLE BROOKS,
ADMINISTRATIVE
ASSISTANT
Print Name and Title

My commission expires on March 14, 2017





The Public Utilities Commission of Ohio

Certification Application for Aggregators/Power Brokers Supplement

(Exhibits / Attachments)

Submitted By:

PriorityPower
MANAGEMENT
Priority Power Management, LLC

310 W. Wall St., Suite 500

Midland, TX 79701

www.prioritypower.net

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A. APPLICANT INFORMATION

Exhibit A-11. "Principal Officers, Directors & Partners"

Provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

There are two (2) partners in Priority Power Management, LLC as listed below:

Padraig Ennis Founding Principal 310 W. Wall St., Suite 500 Midland, TX 79701 T (432) 620-9100 F (432) 620-9145 patennis@prioritypower.net	John J. Bick Managing Principal 690 E. Lamar Blvd., Suite 500 Arlington, TX 76011 T (972) 314-9008 F (817) 887-0866 jbick@prioritypower.net
---	---

Exhibit A-12. "Corporate Structure"

Provide a description of the applicant's corporate structure, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers and companies that aggregate customers in North America.

Priority Power Management, LLC is a Texas limited liability company. It is a standalone entity and does not have any affiliates and or subsidiary companies that supply retail or wholesale electricity or natural gas to customers and companies that aggregate customers in North America.

Exhibit A-13. "Company History"

Provide a concise description of the applicant's company history and principal business interests.

Priority Power Management, LLC ("PPM") is the leading Texas-based independent energy management and consulting services firm to large commercial, industrial and institutional clients. PPM provides unbiased and objective energy management services in the areas of energy information, supply and risk management, demand-side management and energy infrastructure solutions.

Established in January 2001 in Midland, Texas by a consortium of independent oil and gas businesses, individual energy executives, and a 20-year former TXU Energy industry veteran Padraig (Pat) Ennis, PPM quickly became a leader in the development of aggregation services in the Texas electricity market. PPM is a licensed aggregator by the Public Utility Commission of Texas (Lic. No. 80011).

In 2003, John Bick, another former TXU Energy executive, joined the firm to expand services to other Texas and national markets. PPM continued to grow by expanding beyond its traditional west Texas roots, into other Texas markets and beyond. To complement the successful aggregation business model, PPM deployed a strategy to offer a comprehensive suite of energy services including energy information management, energy supply and risk management, and energy demand management services and infrastructure solutions.

PPM is headquartered in Midland, TX, and maintains regional offices in Arlington, TX; Abilene, TX; and Houston, TX.

Exhibit A-14. "Articles of Incorporation and Bylaws"

If applicable, provide the articles of incorporation filed with the state or jurisdiction in which the Applicant is incorporated and any amendments thereto.

PPM's articles of incorporation are provided herein.

**COMPANY AGREEMENT
OF
Priority Power Management, LLC,
a Texas Limited Liability Company**

This Company Agreement of Priority Power Management, LLC is executed as of October 1, 2010 (the "Effective Date") by the persons who sign and are identified as "Members" in this Agreement.

**ARTICLE I
DEFINITIONS**

1.01 Definitions. As used in this Agreement, the following terms have the following meanings:

"Affiliate" means, with reference to any person, any other person controlling, controlled by or under direct or indirect common control with such person.

"Agreement" means this Company Agreement, as amended from time to time.

"Assignee" means a person who receives a Transfer of all or a portion of the Membership Interest of a Member, but who has not been admitted to the Company as a Member.

"Bankrupt Member" means (except to the extent a Simple Majority consents otherwise) any Member (a) that (i) makes an assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking for the Member a reorganization, arrangement, composition, readjustment, liquidation, dissolution, termination, or similar relief under any law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in a Proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member's or of all or any substantial part of the Member's properties; or (b) against which a Proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law has been commenced and one hundred twenty (120) days have expired without dismissal thereof or with respect to which, without the Member's consent or acquiescence, a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member's properties has been appointed and ninety (90) days have expired without the appointment's having been vacated or stayed, or ninety (90) days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

"Business Day" means any day other than a Saturday, a Sunday, or a holiday on which

national banking associations in the State of Texas are closed.

"Capital Account" means a capital account maintained for a Member as provided by Treasury Regulation 1.704-1(b)(2)(iv) of the Regulations of the Internal Revenue Service.

"Capital Contribution" means the amount of money and the Net Value of property other than money contributed to the Company by a Member.

"Capital Commitment" of a Member represents the aggregate amount of capital that such Member has agreed to contribute to the Company.

"Certificate of Formation" means the initial, amended, and restated certificate of formation of the Company.

"Company" means Priority Power Management, LLC, a Texas limited liability company.

"Default Interest Rate" means a rate per annum equal to the lesser of (a) ten percent (10%) plus the prime rate published in The Wall Street Journal on the day the rate is determined (or the most recent day on which The Wall Street Journal was published if the paper is not published on the day the rate is determined), or, (b) the maximum rate permitted by applicable law.

"Former Member" means any person who had executed this Agreement, as of the date of this Agreement as a Member, or hereafter admitted to the Company as a Member, as provided in the Agreement, but who is no longer a Member of the Company; however, this term does not include a person who ceases to be a Member as a result of bankruptcy, default or expulsion.

"Fundamental Business Transaction" has that meaning assigned to it by the definitions in the TBOC, as may be amended from time to time, and includes (a) a merger, (b) an interest exchange, (c) a conversion, or (d) a sale of all or substantially all of an entity's assets (with or without good will), other than in the usual and regular course of the Company's business.

"General Interest Rate" means a rate per annum equal to the lesser of (a) the prime rate published in The Wall Street Journal on the day the rate is determined (or the most recent day on which The Wall Street Journal was published if the paper is not published on the day the rate is determined), or, (b) the maximum rate permitted by applicable law.

"Internal Revenue Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

"Member" means any person executing this Agreement as of the date of this Agreement as a Member or hereafter admitted to the Company as a Member as provided in

this Agreement, but does not include any person who has ceased to be a Member of the Company.

"Membership Interest" means the interest of a Member in the Company, including, without limitation, rights to distributions (liquidating or otherwise), allocations, information, and to consent or approve.

"Net Value" means, in connection with a Capital Contribution of property, the value of the asset less any indebtedness to which the asset is subject when contributed.

"Percentage Interest" means the ratio in which the Members shall share profits and losses, as provided in this Agreement. The sum of the Members' Interests shall be one hundred percent (100%).

"Person" means any business entity, trust, estate, executor, administrator, or individual.

"Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative.

"Simple Majority" means one or more Members having among them more than fifty percent (50%) of the Percentage Interests of all Members.

"Super Majority" means one or more Members having among them more than sixty-six and sixty-seven hundredths percent (66.67%) of the Percentage Interests of all Members.

"TBOC" means the Texas Business Organizations Code, including any successor statute, as amended from time to time.

"Transfer" means any sale, transfer, encumbrance, gift, donation, assignment, pledge, hypothecation, or other form of transfer of a Membership Interest or any portion of a Membership Interest, whether voluntary or involuntary, whether attempted or completed, and whether during the transferor's lifetime or upon or after the transferor's death, including by operation of law, court order, judicial process, foreclosure, levy or attachment.

Other terms defined herein have the meaning so given them.

ARTICLE II ORGANIZATION

2.01 Formation. The Company has been organized as a Texas limited liability company by filing a Certificate of Formation with the Secretary of State of Texas, effective January 1, 2008, which may be amended or restated from time to time. AMEN Properties, Inc. was the sole Member of the

Company until October 1, 2010 when John Bick and Padraig Ennis acquired 100% of the Membership Interest in the Company. The Limited Liability Company Agreement effective January 1, 2008, adopted by AMEN Properties, Inc. on December 17, 2007, is hereby revoked, and said Agreement is hereby replaced with this Company Agreement effective October 1, 2010. This Company Agreement is adopted by unanimous consent of the Members of the Company.

2.02 Name. The name of the Company is "Priority Power Management, LLC" and all Company business must be conducted in that name or such other names that comply with applicable law as the Members may select from time to time.

2.03 Registered Office and Registered Agent. The registered office of the Company required by the TBOC to be maintained in the State of Texas shall be 310 W. Wall Street, Suite 500, Midland, Texas 79701, or such other office (which need not be a place of business of the Company) as the Members may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Texas shall be Padraig Ennis, or such other person or persons as the Members may designate from time to time in the manner provided by law.

2.04 Principal Office and Other Offices. The principal office of the Company in the United States shall be 310 W. Wall Street, Suite 500, Midland, Texas 79701, or such place as the Members may designate from time to time, which need not be in the State of Texas. The Company may have such other offices as the Members may designate from time to time.

2.05 Purposes. The primary purposes of the Company shall be any lawful purpose which may be undertaken by the company in accordance with the applicable provisions of the Texas Business Organizations Code.

2.06 Powers. The Company shall have all powers necessary, suitable or convenient for the accomplishment of the purposes of the Company, including without limitation (a) to make and perform all contracts; (b) to borrow or lend money and secure payment thereof; (c) to engage in all activities and transactions; and (d) to have all powers available to a limited liability company under (i) the TBOC, (ii) any other laws in the State of Texas, and (iii) the laws of any other jurisdiction where the Company conducts business.

2.07 Foreign Qualification. Prior to the Company's conducting business in any jurisdiction other than Texas, the Members shall cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Members, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. Each Member shall immediately execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.08 Term. The Company will commence as provided in the Certificate of Formation for the Company filed with the Secretary of the State of Texas, and will continue until the Company

terminates under the terms of this Agreement.

2.09 Mergers and Exchanges. The Company may be a party to a merger, an exchange, or acquisition under the TBOC, subject to the requirements of this Agreement.

2.10 No State-Law Partnership. The Members intend that the Company not be a partnership, a limited partnership, or a joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise.

ARTICLE III MEMBERSHIP

3.01 Initial Members, Capital Commitments, and Percentage Interests. The persons listed on Exhibit A are hereby admitted to the Company as a Member, effective contemporaneously with the Effective Date of this Company Agreement. Set forth opposite the name of each Member listed on Exhibit A is such Member's Percentage Interest. Exhibit A may be amended from time to time to reflect changes in or additions to the membership of the Company. Any such amended Exhibit A shall (a) supersede all prior Exhibit A's, (b) become part of this Agreement, and (c) be kept on file at the principal office of the Company. Each Member represents that the Member is acquiring an interest in the Company for the account of such Member and not with a view to distribution thereof within the meaning of the Securities Act of 1933, as amended, or any state securities laws. The Member will not transfer such interest in contravention of that act or any applicable state or federal securities laws.

3.02 Additional Members. Additional persons may be admitted to the Company as Additional Members on such terms and conditions as shall be determined by unanimous consent of the Members. The terms of admission or issuance must specify the Percentage Interests and the Capital Commitments applicable thereto. The terms of admission or issuance may also provide for the creation of different classes or groups of Members having different rights, powers, and duties. The Members shall reflect the creation of any new class or group in an amendment to this Agreement indicating the different rights, powers, and duties, and such an amendment need be executed only by the Members.

3.03 Member Rights Specified in Agreement. Except as otherwise specifically provided in this Agreement, no Member shall have the right (a) to sell, transfer or assign its interest in the Company; (b) to require partition of the property of the Company; (c) to compel the sale of Company assets; or (d) to cause the winding up of the Company.

3.04 No Authority. Except as otherwise specifically provided in this Agreement, no Member (other than an officer) has the authority or power to (a) transact business in the name of or on behalf of the Company, (b) bind or obligate the Company, or (c) incur any expenditures on behalf of the Company.

3.05 Liability to Third Parties. No Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

3.06 Withdrawal. A Member may withdraw from the Company with sixty (60) days notice to the Members of the Company, subject to winding up or termination as provided in Article XVI of this Agreement.

ARTICLE IV CAPITAL CONTRIBUTIONS

4.01 Initial Contributions. Contemporaneous with the execution of this Agreement, each Member may make an initial Capital Contribution, but is not required to do so, and each Member shall receive the percentage interest in the Company described for that Member in Exhibit A.

4.02 No Further Contributions. No Member shall be required to make any Capital Contributions other than those specifically described by this Agreement, unless agreed to in writing by the contributing Member or required by the TBOC.

4.03 Return of Contributions. No Member is entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member.

4.04 Loans by Members. If the Company does not have sufficient cash to pay its obligations, any Member that may agree to do so with the Members' consent may advance all or part of the needed funds to or on behalf of the Company. An advance described in this paragraph constitutes a loan from the Member to the Company, bears interest at the General Interest Rate from the date of the advance until the date of payment, and is not a Capital Contribution.

4.05 Capital Accounts. A Capital Account shall be established and maintained for each Member. The Capital Account of each Member:

(a) shall consist of (i) the amount of money contributed by that Member to the Company, and (ii) the fair market value of property contributed by that Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under Section 752 of the Internal Revenue Code);

(b) shall be increased by allocations to that Member of Company income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Treasury Regulation § 1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation § 1.704-1(b)(4)(i); and

(c) shall be decreased by (i) the amount of money distributed to that Member by the Company, (ii) the fair market value of property distributed to that Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject

to under section 752 of the Internal Revenue Code), (iii) allocations to that Member of expenditures of the Company described in Section 705(a)(2)(B) of the Internal Revenue Code, and (iv) allocations of Company loss and deduction (or items thereof), including loss and deduction described in Treasury Regulation § 1.704-1(b)(2)(iv)(g), but excluding items described in clause (c)(iii) above and loss or deduction described in Treasury Regulation § 1.704-1(b)(4)(i) or § 1.704-1(b)(4)(iii).

The Capital Account of each Member also shall be maintained and adjusted as permitted by the provisions of Treasury Regulation § 1.704-1(b)(2)(iv)(f) and as required by the other provisions of Treasury Regulation § 1.704-1(b)(2)(iv) and 1.704-1(b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for tax purposes, as required by Treasury Regulation § 1.704-1(b)(2)(iv)(g). A Member that has more than one Membership Interest shall have a single Capital Account that reflects all its Membership Interests, regardless of the class of Membership Interests owned by that Member and regardless of the time or manner in which those Membership Interests were acquired. On the transfer of all or part of a Membership Interest, the Capital Account of the transferor that is attributable to the transferred Membership Interest or part thereof shall carry over to the transferee Member in accordance with the provisions of Treasury Regulation § 1.704-1(b)(2)(iv)(l).

ARTICLE V ALLOCATIONS AND DISTRIBUTIONS

5.01 Allocations.

(a) Except as may be required by Section 704(c) of the Internal Revenue Code and Treasury Regulation § 1.704-1(b)(2)(iv)(f)(4), all items of income, gain, loss, deduction and credit of the Company shall be allocated among the Members in accordance with their Percentage Interests.

(b) All items of income, gain, loss, deduction, and credit allocable to any Membership Interest that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning that Membership Interest, without regard to the results of Company operations during any particular portion of that calendar year and without regard to whether cash distributions were made to the transferor or the transferee during that calendar year; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Internal Revenue Code and the regulations thereunder.

(c) In the event any Member unexpectedly receives any adjustments, allocations or distributions described in § 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Treasury Regulations, items of the Company's income and gain shall be specially allocated as a qualified income offset to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this paragraph 5.01(c) shall be made only if and to the extent that such Member has an Adjusted Capital Account Deficit after all other allocations provided for in this Article have been tentatively made as if this paragraph 5.01(c) were not in this Agreement.

(d) For the purpose of determining the Members entitled to receive allocations as provided for in this Agreement, the Members may fix in advance a record date for any such determination of Members, such date in any case to be set not more than (sixty (60)) days and not less than (ten (10)) days prior to the date on which the action authorizing the allocation is taken. If no record date is fixed, then the date on which the Members take action to authorize such an allocation pursuant to this Agreement and the Internal Revenue Code, shall be the record date for such determination of Members.

5.02 Distributions.

(a) From time to time (but at least once each calendar year) the Members shall determine in their reasonable judgment to what extent (if any) the Company's cash on hand exceeds its current and anticipated needs, including, without limitation, for operating expenses, debt service, acquisitions, and a reasonable contingency reserve. If such an excess exists, the Members may cause the Company to distribute to the Members, in accordance with their Percentage Interests, an amount in cash determined by the Members to be appropriate taking into account the best interest of the Company. The Members shall cause the Company to distribute to the Members an amount at least equal to the tax liability incurred by the Members for the Members' share of income generated by the Company and for which the Members will be taxed. Any time a distribution is to be made to one Member, an equal distribution (based upon ownership percentages) must also be made to the other Member(s).

(b) From time to time the Members also may cause property of the Company other than cash to be distributed to the Members, which distribution must be made in accordance with their Percentage Interests and may be made subject to existing liabilities and obligations. Immediately prior to such a distribution, the Capital Accounts of the Members shall be adjusted as provided in Treasury Regulation § 1.704-1(b)(2)(iv)(f).

(c) For the purpose of determining the Members entitled to receive a distribution as provided for in this Agreement, the Members may fix in advance a record date for any such determination of Members, such date in any case to be set not more than (sixty (60)) days and not less than (ten (10)) days prior to the date on which the action authorizing the distribution is taken. If no record date is fixed, then the date on which the Members take action to authorize such a distribution pursuant to this Agreement and the Internal Revenue Code, shall be the record date for such determination of Members.

ARTICLE VI MANAGEMENT

6.01 Management by Members. The management of the Company is fully reserved to its Members in proportion to the Members' respective Percentage Interests, the Members shall have the sole and exclusive control of the management, business and affairs of the Company, and the Members shall make all decisions and take all actions for the Company not otherwise provided for in this

Agreement, including, without limitation, the following:

(a) entering into, making, and performing contracts, agreements, and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;

(b) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;

(c) maintaining the assets of the Company in good order;

(d) collecting sums due the Company;

(e) to the extent that funds of the Company are available therefor, paying debts and obligations of the Company;

(f) acquiring, utilizing for Company purposes, and disposing of any asset of the Company;

(g) borrowing money or otherwise committing the credit of the Company for Company activities and voluntary prepayments or extensions of debt;

(h) selecting, removing, and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;

(i) obtaining insurance for the Company;

(j) determining distributions of Company cash and other property as provided in paragraph 5.02 of this Agreement;

(k) establishing a seal for the Company; and

(l) designating one or more committees, each of which shall be comprised of one or more Members, to exercise any authority of the Members in the management, business and affairs of the Company.

6.02 Restrictions. Notwithstanding the provisions of paragraph 6.01 of this Agreement, the Members may not cause the Company to do any of the following without complying with the applicable requirements set forth below:

(a) enter into a Fundamental Business Transaction, without complying with the applicable procedures set forth in the TBOC regarding approval by the Members (unless such provision is rendered inapplicable by another provision of applicable law);

- (b) do any act in violation of this Agreement;
- (c) admit a Member, except as expressly permitted by this Agreement;
- (d) possess Company property or assign rights in Company property, other than for a Company purpose;
- (e) amend this Agreement, except as expressly permitted by this Agreement;
- (f) employ any person, either full or part time, without unanimous consent of the Members; or
- (g) commit the Company to a contractual obligation longer than twelve (12) months without unanimous consent of the Members.

6.03 Conflicts of Interest. Subject to the other express provisions of this Agreement, each Member and officer of the Company at any time and from time to time may engage in and possess interests in other business ventures of any and every type and description, independently or with others, including ones in competition with the Company, with no obligation to offer to the Company or any other Member or officer the right to participate therein.

6.04 Contracts or Transactions with Interested Directors or Officers. This provision applies only to a contract or transaction between the Company and one or more of its Members or officers, or between the Company and an entity or other organization in which one or more of the Company's Members or officers is a managerial official or has a financial interest.

An otherwise valid contract or transaction is valid notwithstanding that a Member or officer of the corporation is present at or participates in the meeting of the Members or officers, or of a committee of the Members or officers that authorizes the contract or transaction, or votes or signs, in the person's capacity as a Member or officer, a written consent of Members or officers to authorize the contract or transaction, if: (1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed to or known by (a) the Members or officers or a committee of the Members or officers and the Members or officers or committee in good faith authorize the contract or transaction by the affirmative vote of the majority of the disinterested Members or officers or committee members, regardless of whether the disinterested Members or officers or committee members constitute a quorum; or (b) the Members of the Company, and the Members in good faith approve the contract or transaction by vote of the Members; or (2) the contract or transaction is fair to the Company when the contract or transaction is authorized, approved, or ratified by the Members or officers, a committee of the Members or officers, or the Members of the Company.

ARTICLE VII CONFIDENTIAL INFORMATION

7.01 Confidential Information. The Members acknowledge that, from time to time, they may receive information from or regarding the Company in the nature of trade secrets or that otherwise is confidential, the release of which may be damaging to the Company or persons with which it does business. Each Member shall hold in strict confidence any information it receives regarding the Company that is identified as being confidential (and if that information is provided in writing, that is so marked) and may not disclose it to any person other than another Member, except for disclosures (i) compelled by law (but the Member must notify the Members promptly of any request for that information, before disclosing it, if practicable), (ii) to advisers or representatives of the Member or persons to which that Member's Membership Interest may be transferred as permitted by this Agreement, but only if the recipients have agreed to be bound by the provisions of this paragraph, or (iii) of information that Member also has received from a source independent of the Company that the Member reasonably believes obtained that information without breach of any obligation of confidentiality.

7.02. Specific Performance. The Members acknowledge that breach of the provisions of paragraph 7.01 of this Agreement may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Members agree that the provisions of paragraph 7.01 of this Agreement may be enforced by specific performance or through injunctive relief if specific performance is not a viable remedy.

ARTICLE VIII MEETING OF MEMBERS

8.01 Meetings.

(a) A quorum shall be present at a meeting of Members if the holders of a Simple Majority are represented at the meeting in person or by proxy. With respect to any matter, other than a matter for which the affirmative vote of the holders of a specified portion of the Percentage Interests of all Members entitled to vote is required by the TBOC or this Agreement, the affirmative vote of a Simple Majority at a meeting of Members at which a quorum is present shall be the act of the Members, except as provided by paragraph 8.01(b) or by another specific provision in this Agreement.

(b) The unanimous consent of the Members shall be required for the Company to enter into a Fundamental Business Transaction.

(c) All meetings of the Members shall be held at the principal place of business of the Company or at such other place within or outside the State of Texas as shall be specified or fixed in the notices or waivers of notice thereof; provided that any or all Members may participate in any such meetings by means of conference telephone or similar communications equipment pursuant to paragraph 8.06 of this Agreement.

(d) Notwithstanding the other provisions of the Certificate of Formation or this Agreement, the chairman of the meeting or the holders of a Super Majority shall have the power to adjourn such meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. If such meeting is adjourned by the Members, such time and place shall be determined by a vote of the holders of a Super Majority. Upon the resumption of such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(e) An annual meeting of the Members for the transaction of other business as may properly come before the meeting, shall be held at such place, within or outside the State of Texas, on such date and at such time as the Members shall fix and set forth in the notice of the meeting, which date shall be within thirteen (13) months subsequent to the date of organization of the Company or the last annual meeting of Members, whichever most recently occurred.

(f) Special meetings of the Members for any proper purpose or purposes may be called at any time by the holders of at least ten percent of the Percentage Interests of all Members. If not otherwise stated in or fixed in accordance with the remaining provisions hereof, the record date for determining Members entitled to call a special meeting is the date any Member first signs the notice of that meeting. Only business within the purpose or purposes described in the notice (or waiver thereof) required by this Agreement may be conducted at a special meeting of the Members.

(g) Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the person calling the meeting, to each Member entitled to vote at such meeting. If mailed, any such notice shall be deemed to be given when deposited in the United States mail, addressed to the Member at his address on the voting list provided for in paragraph 8.02 of this Agreement, with postage thereon prepaid.

(h) The date on which notice of a meeting of Members is mailed or the date on which the resolution of the Members declaring a distribution is adopted, as the case may be, shall be the record date for the determination of the Members entitled to notice of or to vote at such meeting, including any adjournment thereof, or the Members entitled to receive such distribution.

(i) Notice of meetings may be given to Members by facsimile or electronic message (e-mail).

8.02 Voting List. The Members shall make, at least ten (10) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the Percentage Interests held by each. For a period of ten (10) days prior to such meeting, such list shall be kept on file at the registered office or principal place of business of the Company and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time

of the meeting. The original membership records shall be prima-facie evidence as to who are the Members entitled to examine such list or transfer records or to vote at any meeting of Members. Failure to comply with the requirements of this paragraph shall not affect the validity of any action taken at the meeting.

8.03 Proxies. A Member may vote either in person or by proxy executed in writing by the Member. A telegram, telex, cablegram or similar transmission by the Member, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the Member shall be treated as an execution in writing for purposes of this paragraph. Proxies for use at any meeting of Members or in connection with the taking of any action by written consent shall be filed with the Members, before or at the time of the meeting or execution of the written consent, as the case may be. All proxies shall be received and taken charge of and all ballots shall be received and canvassed by the Members, who shall decide all questions touching upon the qualification of voters, the validity of the proxies, and the acceptance or rejection of votes, unless an inspector or inspectors shall have been appointed by the chairman of the meeting, in which event such inspector or inspectors shall decide all such questions. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. A proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Should a proxy designate two or more persons to act as proxies, unless that instrument shall provide to the contrary, a majority of such persons present at any meeting at which their powers thereunder are to be exercised shall have and may exercise all the powers of voting or giving consents thereby conferred, or if only one be present, then such powers may be exercised by that one; or, if an even number attend and a majority do not agree on any particular issue, the Company shall not be required to recognize such proxy with respect to such issue if such proxy does not specify how the Percentage Interests that are the subject of such proxy are to be voted with respect to such issue.

8.04 Conduct of Meetings. All meetings of the Members shall be presided over by the chairman of the meeting, who shall be designated by a Simple Majority of the Members. The chairman of any meeting of Members shall determine the order of business and the procedure at the meeting, including the regulation of the manner of voting and the conduct of discussion.

8.05 Action by Unanimous Written Consent Without Meeting.

(a) Any action required or permitted to be taken at any annual or special meeting of Members may be taken without a meeting, without prior notice, and without a vote, by unanimous written consent of the Members or committee members, as the case may be, setting forth the action so taken. No written consent shall be effective to take the action that is the subject to the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Company in the manner required by this paragraph, the signed consent or consents are delivered to the Company by delivery to its registered office, its principal place of business, or the Members. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to the Members. Every written consent shall bear the date of signature of each Member who signs the consent, and the consent may be in one or more counterparts. A telegram, telex, cablegram or similar transmission by a Member, or a photographic,

photostatic, facsimile or similar reproduction of a writing signed by a Member, shall be regarded as signed by the Member for purposes of this paragraph. The signed consent or a signed copy of the consent shall be kept on file at the principal office of the Company.

(b) The record date for determining Members entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its registered office, its principal place of business, or the Members. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to the Members.

(c) If any action by Members is taken by written consent, any articles or documents filed with the Secretary of State of Texas as a result of the taking of the action shall state, in lieu of any statement required by the TBOC concerning any vote of Members, that written consent has been given in accordance with the provisions of the TBOC and that any written notice required by the TBOC has been given.

8.06 Action by Telephone Conference or Other Remote Communications Technology. Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Or, another suitable electronic communications system may be used including video-conferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by means of that system and the system provides access to the meeting in a manner or using a method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

8.07 Classes of Members; Voting. At an annual or special meeting called for that purpose, the Members may from time to time establish classes or groups of Members. One or more of the Members' groups or classes may have certain expressed relative rights, powers, and duties, including voting rights, to be established at the time when the classes or groups are created, with seniority granted to one or more class or group as designated by the Members.

ARTICLE IX OFFICERS

9.01 Qualification. The Members may, from time to time, designate one or more persons to be officers of the Company. No officer need be a resident of the State of Texas or a Member. Any officers so designated shall have such authority and perform such duties as the Members may, from time to time, delegate to them. The Members may assign titles to particular officers. Unless the Members decide otherwise, if the title is one commonly used for officers of a business corporation, the assignment of such title shall constitute the delegation to such officer of the authority and duties

that are normally associated with that office, subject to any specific delegation of authority and duties made to such officer by the Members pursuant to this paragraph. Each officer shall hold office until his successor shall be duly designated and qualify for such office, until his death, or until he shall resign or shall have been removed in the manner hereinafter provided. Any vacancy occurring in any office of the Company may be filled by the Members. Any number of offices may be held by the one person.

9.02. Compensation. The salaries or other compensation, if any, of the officers and agents of the Company shall be fixed from time to time by the Members. However, election or appointment of an officer or agent shall not of itself, nor shall anything in this Agreement, create contract rights.

9.03. Resignation. Any officer may resign as such at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Members. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

9.04. Removal. Any officer may be removed as such, either with or without cause, by the Members whenever in their judgment the best interests of the Company will be served thereby; provided, however, that such removal shall be without prejudice to the contract rights, if any, of the person so removed.

ARTICLE X INDEMNIFICATION

10.01 Right to Indemnification. Subject to the limitations and conditions as provided in this Article, each person who was or is made a party or is threatened to be made a party to or is involved in any Proceeding, or any appeal in such a Proceeding, or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Member of the Company or while a Member of the Company is or was serving at the request of the Company as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Company to the fullest extent permitted by the TBOC, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorney's fees) actually incurred by such person in connection with such Proceeding, and indemnification under this Article shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article shall be deemed contract rights, and no amendments, modification or repeal of this Article shall have the effect of limiting or denying any such rights with respect to actions taken or Proceeding arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article could involve indemnification for

negligence or under theories of strict liability.

10.02 Advance Payment. The right to indemnification conferred in this Article shall include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a person of the type entitled to be indemnified under paragraph 10.01 of this Agreement who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a Proceeding, shall be made only upon delivery to the Company of a written affirmation by such person of his or her good faith belief that he has met the standard of conduct necessary for indemnification under this Article and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article or otherwise.

10.03 Indemnification of Officers, Employees and Agents. The Company, by adoption of a resolution of the Members, may indemnify and advance or reimburse expenses to an officer, employee or agent of the Company to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Members under this Article; and, the Company may indemnify and advance or reimburse expenses to persons who are not or were not officers, employees, or agents of the Company but who are or were serving at the request of the Company as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person to the same extent that it may indemnify and advance expenses to Members under this Article.

10.04 Appearance as a Witness. Notwithstanding any other provision of this Article, the Company may pay or reimburse expenses incurred by a Member in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

10.05 Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article shall not be exclusive of any other right which a Member or other person indemnified pursuant to paragraph 10.03 of this Agreement may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Formation or this Agreement, agreement, vote of disinterested Members or otherwise.

10.06 Insurance. The Company may purchase and maintain insurance, at its expense, to protect itself and any person who is a Member or was serving as a officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under this Article.

10.07 Member Notification. To the extent required by law, any indemnification of or advance of expenses to a Member in accordance with this Article shall be reported in writing to the Members with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting and, in any case, within the twelve month period immediately following the date of the indemnification or advance.

10.08 Savings Clause. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Member or any other person indemnified pursuant to this Article as to costs, charges, and expenses (including attorney's fees), judgments, fines and amounts paid in settlement with respect to any action, suit or Proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE XI TAXES

11.01 Tax Returns. The Members shall cause to be prepared and filed all necessary federal and state income tax returns for the Company, including making the elections described in paragraph 11.02 of this Agreement. Each Member shall furnish to the Members all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

11.02 Tax Elections. The Company shall make the following elections on the appropriate tax returns:

- (a) to adopt the calendar year as the Company's fiscal year;
- (b) to adopt the cash method of accounting for keeping the Company's books and records;
- (c) if a distribution of Company property as described in Section 734 of the Internal Revenue Code occurs or if a transfer of a Membership Interest as described in Section 743 of the Internal Revenue Code occurs, on written request of any Member, to elect, pursuant to Section 754 of the Internal Revenue Code, to adjust the basis of Company properties;
- (d) to elect to amortize the organizational expenses of the Company and the startup expenditures of the Company under Section 195 of the Internal Revenue Code ratably over a period of sixty (60) months as permitted by Section 709(b) of the Internal Revenue Code; and
- (e) any other election the Members may deem appropriate and in the best interest of the Members.

Either the Company or any Member may make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 subtitle A of the Internal Revenue Code or any similar provisions of applicable state law.

11.03 "Tax Matters Partner." A Simple Majority of the Members shall designate one Member to be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Internal Revenue Code. Any Member who is designated "tax matters partner" shall take such action as may be necessary to cause each other Member to become a "notice partner" within the meaning of Section 6223 of the Internal Revenue Code. Any Member who is designated "tax matters partner" shall inform each other Member of all significant matters that may come to its attention in its capacity as "tax matters partner" by giving notice thereof on or before the fifth Business Day after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in that capacity. Any Member who is designated "tax matters partner" may not take action contemplated by Section 6222 through 6232 of the Internal Revenue Code without the consent of a Simple Majority.

ARTICLE XII BOOKS, RECORDS, REPORTS, AND BANK ACCOUNTS

12.01 Maintenance of Books. The Company shall keep books and records of accounts and shall keep minutes of the proceedings of its Members and each committee of the Members. The books of account for the Company shall be maintained on a cash basis in accordance with the terms of this Agreement, except that the Capital Accounts of the Members shall be maintained in accordance with Article IV of this Agreement. The calendar year shall be the accounting year of the Company.

12.02 Accounts. The Members shall establish and maintain one or more separate bank and investment accounts and arrangements for Company funds in the Company name with financial institutions and firms that the Members determine. The Members may not commingle the Company's funds with the funds of any Member; however, Company funds may be invested in a manner the same as or similar to the Members' investment of their own funds or investments by their Affiliates.

ARTICLE XIII TRANSFERS

13.01 Limited Right to Transfer. No Member or Assignee shall make any Transfer of all or any part of its Membership Interest, whether now owned or hereafter acquired, except (a) with the unanimous consent of the Members; (b) as provided by Article XIV of this Agreement; (c) as a Defaulting Member as provided by paragraph 15.01(f) of this Agreement; or (d) upon winding up or termination, as provided by paragraph 16.03 of this Agreement. Any attempted Transfer by a person of an interest or right, or any part thereof, in or in respect of the Company other than as specifically provided by this Agreement shall be, and is hereby declared, null and void *ab initio*.

13.02 Rights of an Assignee.

(a) Unless and until an Assignee becomes a Substituted Member of the Company as provided in this Agreement, the Assignee shall be entitled only to (i) allocation of income, gain, loss, deduction, credit, or similar items, and to receive distributions to which the assignor is entitled to the extent these items were assigned, and (ii) reasonable information or account of transactions of the Company and to make reasonable inspection of the books and records of the Company. The Membership Interest of the Assignee shall not be considered in the voting requirements of the Company, and the Assignee shall have no right to participate in the operations or management of the Company.

(b) In the event that the Members make additional contributions to the Company which the Membership Interest is held by an Assignee, the Assignor Member and its Assignee shall be jointly and severally liable for the corresponding contribution in connection with the Membership Interest held by Assignee. If the Assignor Member or Assignee does not make such contribution in accordance with the provisions of this Agreement, then the Assignor Member and Assignee shall be treated as being in Default. In the event that one or more new Members are admitted into the Company, or one or more existing Members increase their Membership Interest, the Membership Interest of the Assignee may be correspondingly reduced and no consent or other action on the part of such Assignee shall be required.

13.03 Legal Opinion. For the right of a Member to transfer a Membership Interest or any part thereof or of any Person to be admitted to the Company in connection therewith to exist or be exercised, the Company must receive an opinion from legal counsel acceptable to the Members that states (a) the Transfer is exempt from registration under federal and state securities laws, (b) the Transfer will not cause the Company to be in violation of federal and state securities laws, (c) the Transfer will not adversely affect the status of the Company as a partnership under the Internal Revenue Code or Treasury Regulations, and (d) the Transfer will not result in the Company's being considered to have terminated within the meaning of the Internal Revenue Code or Treasury Regulations. The Members, however, may waive the requirements of this paragraph.

13.04 Admission as Substituted Member. An Assignee has the right to be admitted to the Company as a Substituted Member with the Percentage Interest and the Capital Commitment so transferred to such person, in the event that:

- (a) the Member making such Transfer grants the Assignee the right to be so admitted;
- (b) such Transfer is consented to in accordance with paragraph 13.01 of this Agreement; and
- (c) a written, signed and dated instrument evidencing the Transfer has been filed with the Company in form and substance reasonably satisfactory to the Members, and said instrument contains (i) the agreement by the Assignee to be bound by all of the terms and provisions of this Agreement, (ii) any necessary or advisable representations and warranties, including that the Transfer was made in accordance with all applicable laws, regulations, and securities laws, (iii) the Percentage Interests and the Capital Commitments after the Transfer

of the Member effecting the Transfer and the person to which the Membership Interest of part thereof is transferred (which together must total the Percentage Interest and the Capital Commitment of the Member effecting the Transfer before the Transfer) and (iv) the name, address and any other pertinent information necessary for amended Exhibit A and to make distributions.

13.05 Transfer to Existing Member. In the event of a Transfer to an existing Member, the existing Member shall be automatically deemed to be a Substituted Member.

13.06 Third Party Offer. In the event a Member desires to sell all or any portion of its Membership Interest to another person (other than an existing Member), the selling Member shall first offer to sell the Membership Interest to the other existing Members. Upon the receipt of an offer from a Third Party to purchase such Membership Interest, the selling Member shall promptly deliver a copy of the Third Party offer to all other Members. Each Member will have fifteen (15) days from the date of receipt of the Third Party offer to notify the selling Member in writing that the other Member intends to purchase the Membership Interest upon the terms and conditions of the Third Party offer. If more than one other Member desires to purchase the Membership Interest, each of the purchasing Members shall purchase a portion of the Membership Interest that is proportional to that Member's Percentage Interest. If none of the other Members give notification within fifteen (15) days of an intention to purchase the Membership Interest, then the selling Member shall be permitted to sell the Membership Interest to the Third Party upon the terms and conditions of the Third Party offer.

13.07 Reasonable Expenses. The Member effecting a Transfer and the Substituted Member shall pay, or reimburse the Company for, all costs incurred by the Company in connection with the admission of the Substituted Member (including, without limitation, the legal fees incurred in connection with the legal opinions referred to in paragraph 13.03 of this Agreement) on or before the tenth (10th) day after the receipt by that person of the Company's invoice for the amount due. If payment is not made by the date due, the person owing the amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Interest Rate.

ARTICLE XIV BUYOUT OF MEMBERSHIP INTEREST

14.01 Termination of Marital Relationship.

(a) If the marital relationship of a Member is terminated by death or divorce and such Member does not succeed to all of such Member's spouse's community or separate interest, if any, in the Membership Interest (such spouse is referred to hereafter in this Article as the "Assignee Spouse"), either as outright owner of such Membership Interest or as a trustee of a trust holding such Membership Interest, whether or not such Member is a beneficiary of such trust, then such Member shall have the option to purchase at Fair Value (determined as of the date of the death or divorce of the Member) the Assignee Spouse's interest in the Membership Interest to which such Member does not succeed. Such option must be exercised within ninety (90) days after the death of or the Member's divorce from the Assignee Spouse. Should the Member fail to exercise such option within

such 90-day period, then the Company shall have the option to purchase such Membership Interest at Fair Value for a period of ninety (90) days after the lapse of the initial 90-day period.

(b) Any Membership Interest of the Company held by a Member as a trustee of a trust as a result of the death of or the Member's divorce from the Assignee Spouse shall be treated as owned by such Member for purposes of this agreement. If such Member ceases to act as trustee of such trust for any reason, then such Member shall have the option to purchase all of the Membership Interest at Fair Value held in such trust. Such option must be exercised within ninety (90) days after such Member ceases to act as trustee of such trust. Should such Member fail to exercise such option within such 90-day period, then the Company shall have the option to purchase such Membership Interest for a period of ninety (90) days after the lapse of the initial 90-day period.

14.02 Death of Member. Commencing upon the death of a Member, the surviving Members shall for a period of ninety (90) days have the option to purchase all or any portion of the deceased Member's Membership Interest at Fair Value (determined as of the date of the death of the Member); provided, however, the exercise of said option shall require the approval of the unanimous consent of the surviving Members. Upon the expiration of ninety (90) days after the death of a Member, the Company shall be obligated to purchase all, and not less than all, of the deceased Member's Membership Interest at Fair Value which the surviving Members do not elect to purchase pursuant to the option granted in the preceding sentence. The Assignee (which may include spouse and executors or administrators of the deceased Member) shall sell all of the deceased Member's Membership Interest to the Company and/or the other Members in accordance with the option or obligation established by this paragraph.

14.03 Bankruptcy of Member. If any Member becomes a Bankrupt Member, the Company shall have the option, exercisable by notice from the Members to the Bankrupt Member (or its representative) at any time prior to the one hundred eightieth (180th) day after receipt of notice of the occurrence of the event causing it to become a Bankrupt Member, to purchase all or any portion of the Bankrupt Member's Membership Interest at Fair Value (determined as of the date that notice of the exercise of such option is given by the Members); provided, however, the exercise of said option shall require the approval of the unanimous consent of the other Members. In the event that notice of the exercise of such option is given by the Members to the Bankrupt Member (or its representative), the Bankrupt Member shall sell its interest to the Company as provided by this Article.

14.04 Insufficient Surplus. If the Company shall not have sufficient surplus to permit it lawfully to purchase the Membership Interest under paragraph 14.01, 14.02 or 14.03 of this Agreement at the time of the closing, the other Members may take such action to vote their respective Membership Interests to reduce the capital of the Company or to take such other steps as may be appropriate or necessary in order to enable the Company lawfully to purchase such Membership Interest.

14.05 Option by Other Members. If the Company fails or declines to exercise an option to purchase a Membership Interest of a Member as provided by this Agreement within the period of time specified for such option, then the other Members shall have the option for a period of ninety (90)

days thereafter to purchase such Membership Interest in such proportions as they mutually agree or in proportion to their respective Percentage Interests for the same price and upon the same terms available to the Company.

14.06 Exercise of Option. Any option to purchase a Membership Interest as provided by this Agreement shall be deemed exercised at the time the purchasing party delivers to the selling party written notice of intent to exercise such option along with an initial payment in the form of a certified or cashier's check in the amount of ten percent (10%) of the estimated purchase price anticipated by the purchaser, in person or by United States registered mail, properly stamped and addressed to the last known address of the selling party.

14.07 Determination of Fair Value. The "Fair Value" of a Membership Interest shall be the amount that would be distributable to the Member holding such interest in the event that the assets of the Company were sold for cash and the proceeds, net of liabilities, were distributed to the holders of all Membership Interests pursuant to this Agreement. In the event that the Fair Value of a Membership Interest is to be determined under this Agreement, the Members shall select a qualified independent appraiser to make such determination, and the Members shall make the books and records available to the appraiser for such purpose. The determination of Fair Value made by such appraiser shall be final, conclusive, and binding on the Company, all Members, and all Assignees of a Membership Interest.

14.08 Fees and Expenses of Appraiser. In the case of a purchase and sale of Membership Interest under paragraph 14.01 or 14.02 of this Agreement (in the event of death or divorce of a Member), the fees and expenses of such appraiser shall be paid by the Company. In the case of a purchase and sale of Membership Interest under paragraph 14.03 or 15.01 (in the event of the bankruptcy or default of a Member), the fees and expenses of such appraiser shall be paid by the Bankrupt Member or Defaulting Member, by deducting at closing such fees and expenses from the purchase price to be paid to such Bankrupt Member or Defaulting Member, and remitting the same to the Company. Otherwise, the fees and expenses of such appraiser shall be shared equally by the purchaser and seller.

14.09 Right to Withdraw Option. In the event that a Member has exercised an election to purchase a Membership Interest under this Agreement and Fair Value has been determined as provided by paragraph 14.07 of this Agreement, such Member may elect to terminate its right to purchase within fifteen (15) days following its receipt of the determination of Fair Value, by delivery of written notice to the Company and to the Assignee. In such an event, the initial payment shall be returned to the Member withdrawing the option, and the other Members may elect to purchase the Membership Interest (or portion thereof) in such proportions as they mutually agree or in proportion to their respective Percentage Interests.

14.10 Terms of Purchase.

(a) The closing date for any sale and purchase made pursuant to this Article shall be the later of (i) sixty (60) days after the notice of the exercise of option has been received by the selling

party, or (ii) thirty (30) days after the parties have received notice of the Fair Value of the Membership Interest.

(b) Payment of the purchase price for a Membership Interest may be made by the Company and/or the other Members as follows: (i) a down payment equal to ten percent (10%) of the Fair Value to be made at closing, and (ii) the balance of the purchase price, bearing interest at the General Interest Rate determined on the date of closing, to be paid in twenty-four (24) equal monthly installments, with the first payment due thirty (30) days after the date of closing. Any such purchaser shall have the right to pay all or any part of such obligation at any time or times in advance of maturity without penalty. In the event that the Company becomes a party to a Fundamental Business Transaction, such obligation (or remaining portion thereof) shall be paid in full within thirty (30) days of the date that the Company becomes a party to such transaction.

(c) At the closing, the person selling the Membership Interest will transfer the Membership Interest free and clear of any liens or encumbrances, other than those which may have been created to secure any indebtedness or obligations of the Company.

(d) In each event that a Membership Interest in the Company is purchased as described in this Agreement, upon the execution and delivery of the notes or payment of the cash as required herein, this Agreement shall operate as an automatic transfer to the purchaser of the Membership Interest in the Company. The payment to be made to the selling Member, Assignee, or its representative shall constitute complete release, liquidation and satisfaction of all the rights and interest of the selling Member, Assignee, or its representative (and of all persons claiming by, through, or under the selling Member, Assignee, or its representative) in and in respect of the Company, including, without limitation, any Membership Interest, any rights in specific Company property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members. The parties shall perform such actions and execute such documents that may be reasonably necessary to effectuate and evidence such purchase and sale, and release as provided by this paragraph.

14.11. Insurance. The Company intends (but is not required) to acquire and become the owner and beneficiary of certain life insurance policies insuring the respective lives of the Members. The following provisions shall apply to the any insurance policies owned by the Company:

(a) **Payment of Premiums.** The Company shall pay premiums on the foregoing insurance policies and shall give proof of payment of the premiums to the Members whenever any of them so request such proof. If a premium is not paid within 10 days after its due date, the insured shall have the right to pay such premium and shall be reimbursed therefor by the Company.

(b) **Additional Insurance Policies.** The Company and/or the other Members shall have the right to purchase additional insurance on the lives of any of the Members and such additional policies shall be listed on a schedule and attached hereto and made a part of this Agreement, together with any substitution or withdrawal of the life insurance policies referred to above. In the event that the Company and/or the other Members decide to purchase additional life insurance on any Member,

such Member shall cooperate fully by performing all of the requirements reasonably imposed by the insurance company as necessary conditions precedent to the issuance of such additional life insurance policies.

(c) **Ownership of Policies and Right to Purchase.** The Company and/or the other Members acquiring a policy on the other Members shall be the sole owner of the policies and shall apply any dividend received in respect of the policies to the payment of premiums therein. If any Member disposes of all of his Membership Interest during his lifetime or if this Agreement terminates as to any Member before the death of such Member, then such Member shall have the right to purchase the policy or policies on his life owned by the Company and/or the other Members by paying to the owners of the policy cash in an amount equal to the cash surrender value thereof plus any unearned premium as of the date of transfer less any existing indebtedness charged against such policy or policies. The right of any Member to purchase such insurance policies shall lapse if not exercised within 30 days after such disposition or termination and thereafter the Company and/or the other Members may cancel such policies. Notwithstanding the provisions of this Agreement, any life insurance company which has issued a policy of life insurance subject to the provisions of this Agreement, is hereby authorized to act in accordance with the terms of such policies as if this Agreement did not exist and the payment or other performance of its contractual obligations by any such insurance company in accordance with the terms of its policy or policies shall completely discharge such insurance company from all claims, suits or demands of all persons whomsoever.

(d) **Right to Proceeds.** All proceeds from any policy owned by the Company shall be the property of the Company. In the event proceeds from any policy exceed the purchase price as set forth in Section 14.10 above, such excess will be the property of the Company and the Company has no obligation to pay such excess over to the estate of the deceased Member.

ARTICLE XV DEFAULT OF A MEMBER

15.01 Failure to Contribute. If a Member does not contribute by the time required all or any portion of a Capital Contribution that Member is required to make as provided in this Agreement, the Company may exercise, on notice to that Member (the "Defaulting Member"), one or more of the following remedies:

(a) taking such action (including, without limitation, court proceedings) as the Members may deem appropriate to obtain payment by the Defaulting Member of the portion of the Defaulting Member's Capital Contribution that is in default, together with interest thereon at the Default Interest Rate from the date that the Capital Contribution was due until the date that it is made, all at the cost and expense of the Defaulting Member;

(b) permitting the other Members in proportion to their Percentage Interests or in such other percentages as they may agree (the "Lending Member," whether one or more), to advance the portion of the Defaulting Member's Capital Contribution that is in default, with

the following results:

(i) the sum advanced constitutes a loan from the Lending Member to the Defaulting Member and a Capital Contribution of that sum to the Company by the Defaulting Member pursuant to the applicable provisions of this Agreement,

(ii) the principal balance of the loan and all accrued unpaid interest thereon is due and payable in whole on the tenth (10th) day after written demand therefor by the Lending Member to the Defaulting Member,

(iii) the amount lent bears interest at the Default Interest Rate from the day that the advance is deemed made until the date that the loan, together with all interest accrued on it, is repaid to the Lending Member,

(iv) all distributions from the Company that otherwise would be made to the Defaulting Member (whether before or after termination of the Company) instead shall be paid to the Lending Member until the loan and all interest accrued on it have been paid in full to the Lending Member (with payments being applied first to accrued and unpaid interest and then to principal),

(v) the payment of the loan and interest accrued on it is secured by a security interest in the Defaulting Member's Membership Interest, as more fully set forth in paragraph 15.02 of this Agreement, and

(vi) the Lending Member has the right, in addition to the other rights and remedies granted to it pursuant to this Agreement or available to it at law or in equity, to take any action (including, without limitation, court proceedings) that the Lending Member may deem appropriate to obtain payment by the Defaulting Member of the loan and all accrued and unpaid interest on it, at the cost and expense of the Defaulting Member;

(c) exercising the rights of a secured party under the Uniform Commercial Code of the State of Texas;

(d) reducing the Defaulting Member's Membership Interest or other interest in the Company;

(e) subordination of the Defaulting Member's Membership Interest to the nondefaulting Member;

(f) a forced sale of the Defaulting Member's Membership Interest at Fair Value and upon the terms of purchase as provided in Article XIV;

(g) forfeiture of the Defaulting Member's Membership Interest; or

(h) exercising any other rights and remedies available at law or in equity.

15.02 Security. Each Member grants to the Company, and to each Lending Member with respect to any loans made by the Lending Member to that Member as a Defaulting Member under this Article, as security, equally and ratably, for the payment of all Capital Contributions that Member has agreed to make and the payment of all loans and interest accrued on them made by Lending Members to that Member as a Defaulting Member pursuant to paragraph 15.01(b) of this Agreement, a security interest in, and a general lien on its Membership Interest and the proceeds thereof, all under the Uniform Commercial Code of the State of Texas. It is expressly agreed that the security interest created thereby shall be governed by Chapter 8 of the Uniform Commercial Code of the State of Texas. On any default in the payment of a Capital Contribution or in the payment of such a loan or interest accrued on it, the Company or the Lending Member, as applicable, is entitled to all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Texas with respect to the security interest granted in this Article. Each Member shall execute and deliver to the Company and the other Members all financing statements and other instruments that the Members or the Lending Member, as applicable, may request to effectuate and carry out the preceding provisions of this Article. At the option of the Members or a Lending Member, this Agreement or a carbon, photographic, or other copy hereof may serve as a financing statement.

15.03 Compromise or Release. The obligation of a Defaulting Member or its legal representative or successor to make a contribution or otherwise pay cash or transfer property or to return cash or property paid or distributed to the Defaulting Member in violation of the TBOC or this Agreement may be compromised or released only with the approval of the unanimous consent of the other Members. Notwithstanding the compromise or release, a creditor of the Company who extends credit or otherwise acts in reasonable reliance on that obligation, after the Member signs a writing that reflects the obligation and before the writing is amended or canceled to reflect the compromise or release, may enforce the original obligation.

15.04 Expulsion. A Member may be expelled from the Company by unanimous vote of all other Members (not including the Member to be expelled) if that Member (a) has willfully violated any provision of this Agreement; (b) committed fraud, theft, or gross negligence against the Company or one or more Members of the Company, or (c) engaged in wrongful conduct that adversely and materially affects the business or operation of the Company. Such a Member shall be considered a Defaulting Member, and the Company or other Members may also exercise any one or more of the remedies provided for in Article 15.01. The Company may offset any damages to the Company or its Members occasioned by the misconduct of the expelled Member against any amounts distributable or otherwise payable by the Company to the expelled Member.

ARTICLE XVI WINDING UP AND TERMINATION

16.01 Event Requiring Termination. The Company shall begin to wind up its affairs upon the first of the following to occur:

(a) the execution of an instrument approving the termination of the Company by unanimous consent of the Members;

(b) the occurrence of any event that terminates the continued membership of the last remaining Member of the Company; provided, however, that the Company is not dissolved if, no later than ninety (90) days after the termination of the membership of the last remaining Member, the legal representative or successor of the last remaining Member agrees to cancel the event requiring winding up, to continue the Company and to become a Member, or to designate another person who agrees to become a Member, as of the date of termination of the membership of the last remaining Member;

(c) entry of a decree of judicial dissolution of the Company;

(d) the occurrence of a nonwaivable event under the terms of the TBOC which requires the Company to be terminated; or

(e) by the act of a Simple Majority of the Members, if no capital has been paid into the Company, and the Company has not otherwise commenced business.

16.02 Business May Be Continued. Except as provided in paragraph 16.01(b) of this Agreement:

(a) an event that requires the winding up of the Company's business shall not terminate the Company if, no later than one year after the date of the event, the Members unanimously consent to cancel the event requiring winding up.

(b) the expiration of a period of duration that requires the winding up of the Company's business shall not terminate the Company if, no later than three years after the date the period of duration expires, the Members unanimously consent to amend the Company's Certificate of Formation and this Agreement to extend the Company's period of duration.

16.03 Purchase of Former Member's Membership Interest. Upon an event requiring winding up as provided in 16.01 of this Agreement, the Company's books shall be closed upon the date of such event, so as to determine the Former Member's Membership Interest value on the date ending all of the Former Member's financial interest in the Company. Within one hundred eighty (180) days of such event, the Company shall purchase the Former Member's Membership Interest at Fair Value (as determined by paragraph 14.07 of this Agreement), upon terms of purchase as provided in Article XIV of this Agreement.

16.04 Liquidation. As soon as possible following an event requiring termination of the Company, the Members shall act as liquidator or may appoint one or more Members as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the TBOC. The costs of liquidation shall be borne as a

Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Members. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after such event and again after final liquidation, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the termination occurs or the final liquidation is completed, as applicable;

(b) the liquidator shall cause the notice described in Section 11.052 of the TBOC to be delivered to each known claimant against the Company;

(c) the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including, without limitation, all expenses incurred in liquidation and any advances described in paragraph 4.04 of this Agreement) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(d) all remaining assets of the Company shall be distributed to the Members as follows:

(i) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members;

(ii) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in the Capital Accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(iii) Company property shall be distributed among the Members in accordance with the positive Capital Account balances of the Members, as determined after taking into account all Capital Account adjustments for the taxable year of the Company during which the liquidation of the company occurs (other than those made by reason of this clause (iii)); and those distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, ninety (90) days after the date of liquidation).

All distributions in kind to the Members shall be made subject to the liability of each distributee for costs, expenses, and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses, and liabilities shall be allocated to the distributee

pursuant to this paragraph. Upon completion of all distributions to the Member, such distribution shall constitute a complete return to the Member of its Capital Contributions and release all claims against the Company. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

16.05 Deficit Capital Accounts. Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, to the extent that the deficit, if any, in the Capital Account of any Member results from or is attributable to deductions and losses of the Company (including non-cash items such as depreciation), or distributions of money pursuant to this Agreement to all Members in proportion to their respective Percentage Interests, upon termination of the Company such deficit shall not be an asset of the Company and such Members shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

16.06 Certificate of Termination. On completion of the distribution of Company assets as provided herein, the Company is terminated, and the Members (or such other person or persons as the TBOC may require or permit) shall execute, acknowledge and cause to be filed a Certificate of Termination, at which time the Company shall cease to exist as a limited liability company.

ARTICLE XVII AMENDMENT OR MODIFICATION

17.01 Amendment or Modification. This Agreement may be amended or modified from time to time only with a written instrument executed with the unanimous consent of the Members.

17.02 Special Provisions for Certain Amendments or Modifications.

(a) An amendment or modification reducing a Member's Percentage Interest or increasing its Capital Commitment (other than to reflect changes otherwise provided by this Agreement) is effective only with that Member's consent.

(b) An amendment or modification reducing the required Percentage Interest or other measure for any consent or vote in this Agreement is effective only with the consent or vote of Members having the Percentage Interest or other measure theretofore required.

(c) An amendment to establish the relative rights and preferences of the Membership Interests of any class or series may be made by a committee of Members, within the authority of Members or otherwise provided in the Certificate of Formation, the TBOC, or resolutions by Members forming the committee.

(d) An amendment or modification made solely to reflect the admission or withdrawal of a Member (such as to Exhibit A) need not be approved by any Member if the requirements set forth in this Agreement with respect to the admission or withdrawal of the Member are otherwise satisfied.

ARTICLE XVIII GENERAL PROVISIONS

18.01 Construction. Whenever the context requires, the gender of all words used in this Agreement includes the masculine, feminine, and neuter. In the event there is only one Member, then references to Members in the plural should be construed as singular.

18.02 Offset. Whenever the Company is to pay any sum to any Member, any amounts that Member owes the Company may be deducted from that sum before payment.

18.03 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests, or consents provided for or permitted to be given under this Agreement must be in writing and must be given either by depositing that writing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested or by delivering that writing to the recipient in person, by courier, or by facsimile transmission; and a notice, request, or consent given under this Agreement is effective on receipt by the person. All notices, requests, and consents to be sent to a Member must be sent to or made at the addresses given for that Member on Exhibit A or such other address as that Member may specify by notice to the other Members. Any notice, request, or consent to the Company or the Members must be given to the Members at the following address:

310 W. Wall Street, Suite 500
Midland, Texas 79701

Whenever any notice is required to be given by law, the Certificate of Formation or this Agreement, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

18.04 Entire Agreement; Supersedes Other Agreements. This Agreement includes the entire agreement of the Members and their Affiliates relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

18.05 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any person in the performance by that person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that person of the same or any other obligations of that person with respect to the Company. Failure on the part of a person to complain of any act of any person or to declare any person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that person of its rights with respect to that default until the applicable statute-of-limitations period has run.

18.06 Binding Effect. Subject to the restrictions on Transfers set forth in this Agreement, this Agreement is binding on and inure to the benefit of the Members and their respective heirs, legal

representatives, successors, and assigns. However, unless and until properly admitted as a Member, no Assignee will have any rights of a Member beyond those provided expressly set forth in this Agreement or granted by the TBOC to assignees.

18.07 Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION.

18.08 Severability. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by law.

18.09 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

18.10 Waiver of Certain Rights. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

18.11 Indemnification. To the fullest extent permitted by law, each Member shall indemnify the Company, each other Member and hold them harmless from and against all losses, costs, liabilities, damages, and expenses (including, without limitation, costs of suit and attorney's fees) they may incur on account of any breach by that Member of this Agreement.

18.12 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same instrument.

ARTICLE XIX NOTICES AND DISCLOSURES

19.01 Compliance with Regulation D of the Securities Act of 1933. THE OWNERSHIP INTERESTS THAT ARE THE SUBJECT OF THIS COMPANY AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. THE INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, TRANSFERRED, OR OTHERWISE DISPOSED OF UNTIL THE HOLDER THEREOF PROVIDES EVIDENCE SATISFACTORY TO THE MEMBERS (WHICH, IN THE DISCRETION OF THE MEMBERS, MAY INCLUDE AN OPINION OF COUNSEL) THAT SUCH OFFER, SALE, PLEDGE, TRANSFER, OR OTHER DISPOSITION WILL NOT VIOLATE APPLICABLE FEDERAL OR STATE SECURITIES LAWS. THE OWNERSHIP INTERESTS THAT ARE THE SUBJECT OF THIS COMPANY AGREEMENT ARE SUBJECT

TO RESTRICTIONS ON THE SALE, PLEDGE, TRANSFER, OR OTHER DISPOSITION AS SET FORTH IN THIS COMPANY AGREEMENT.

19.02 Notice to Members. By executing this Agreement, each Member acknowledges that it has actual notice of all of the provisions of this Agreement, including, without limitation, the restrictions on the transfer of Membership Interests set forth in this Agreement, and all of the provisions of the Certificate of Formation. Except as otherwise expressly provided by law, each Member hereby agrees that this Agreement constitutes adequate notice of any notice requirement under Chapter 8 of the Uniform Commercial Code, and each Member hereby waives any requirement that any further notice thereunder be given.

19.03 Limitation of Liability. Pursuant to Article 581-1 *et seq.* of the Texas Revised Civil Statutes (the "Texas Securities Act"), the liability under the Texas Securities Act of a lawyer, accountant, consultant, the firm of any of the foregoing, and any other person engaged to provide services relating to an offering of securities of the Company ("Service Providers") is limited to a maximum of three times the fee paid by the Company or seller of the Company's securities, unless the trier of fact finds that such Service Provider engaged in intentional wrongdoing in providing the services. By executing this Agreement, each Member hereby acknowledges the disclosure contained in this paragraph.

IN WITNESS HEREOF, the Members have executed this Company Agreement, as of the Effective Date.

MEMBERS:



John Bick

Date signed: 10-1-2010



Padraig Ennis

Date signed: 10/1/2010

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EXHIBIT A
MEMBERS OF Priority Power Management, LLC

<u>Member's Name and Address</u>	<u>Initial Capital Contribution</u>	<u>Capital Commitment</u>	<u>Percentage Interest</u>
John Bick _____ _____, Texas _____	\$0	\$0	50%
Padraig Ennis _____ _____, Texas _____	\$0	\$0	50%

EXHIBIT A
MEMBERS OF Priority Power Management, LLC

<u>Member's Name and Address</u>	<u>Initial Capital Contribution</u>	<u>Capital Commitment</u>	<u>Percentage Interest</u>
John Bick 1409 Crowley Rd Arlington, TX 76012	\$0	\$0	50%
Padraig Ennis 2821 Marmon Midland, TX 79705	\$0	\$0	50%

**CHANGE OF REGISTERED AGENT
AND CHANGE OF REGISTERED OFFICE BY
PRIORITY POWER MANAGEMENT, LLC
A LIMITED LIABILITY COMPANY**

Entity Information

1. The name of the entity is Priority Power Management, LLC, which is a Texas limited liability company.
2. The file number issued to the filing entity by the secretary of state is 0800912669.
3. The registered agent and registered office of the entity as currently shown in the records of the secretary of state are Kris Oliver, 303 W. Wall Street, Suite 1700, Midland, Texas, 79701.

Change to Registered Agent and Office

4. The entity is a limited liability company, which has authorized the changes indicated below through its board of directors or by an officer of the company so authorized by its board of directors, as provided by the Texas Business Organizations Code.
 - a. The NEW registered agent is an individual resident of the state whose name is Padraig Ennis.
 - b. The business address of the registered agent and registered office address is CHANGED to 310 W. Wall Street, Suite 500, Midland, Texas 79701.
5. The street address of the registered office and the street address of the office of the registered agent are the same.

Statement of Approval

6. The changes specified in this statement have been authorized by the entity in the manner required by the BOC or in the manner required by the law governing the filing entity, as applicable.

Effectiveness of Filing

7. This document becomes effective when the document is filed by the secretary of state.

Execution

8. The undersigned affirms that the person designated as registered agent has consented

to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Dated: 10/1, 2010

Priority Power Management, LLC

By: Padraig Ennis
Padraig Ennis, Member (A person authorized
to sign on behalf of the entity)

Exhibit A-15. "Secretary of State"

Provide evidence that the applicant has registered with the Ohio Secretary of the State.

PPM has provided evidence of our registration with the Ohio Secretary of the State (certificate number 1926206) herein.

201009200620

DATE:	DOCUMENT ID	DESCRIPTION	FILING	EXPED	PENALTY	CERT	COPY
04/05/2010	201009200620	REG. OF FOR. PROFIT LIM. LIAB. CO. (LFP)	125.00	100.00	.00	.00	.00

Receipt

This is not a bill. Please do not remit payment.

PRIORITY POWER MANAGEMENT, LLC
RANDY BRANNON
2080 N. HIGHWAY 360 #360
GRAND PRAIRIE, TX 75050

**STATE OF OHIO
CERTIFICATE**

Ohio Secretary of State, Jennifer Brunner

1926206

It is hereby certified that the Secretary of State of Ohio has custody of the business records for

PRIORITY POWER MANAGEMENT, LLC

and, that said business records show the filing and recording of:

Document(s)

REG. OF FOR. PROFIT LIM. LIAB. CO.

Document No(s):

201009200620



United States of America
State of Ohio
Office of the Secretary of State

Witness my hand and the seal of
the Secretary of State at Columbus,
Ohio this 1st day of April, A.D.
2010.

A handwritten signature in cursive script, appearing to read "Jennifer Brunner".

Ohio Secretary of State

Jon Husted
Ohio Secretary

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[Prior Business Name](#)

Business Search by Name

Entity Number	Business Name	Type	Original Filing Date	Expiry Date	Status &	Business Location	County	State
1926206	PRIORITY POWER MANAGEMENT, LLC	FOREIGN LIMITED LIABILITY COMPANY	04/01/2010	-	Active	-	-	TEXAS

1 - 1

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B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

Exhibit B-1. "Jurisdictions of Operation"

Provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.

Priority Power Management, LLC is currently licensed to provide energy consulting, brokering and or aggregation services in the following jurisdictions:

- Illinois
- Maryland
- New Jersey
- New York
- Pennsylvania
- Texas

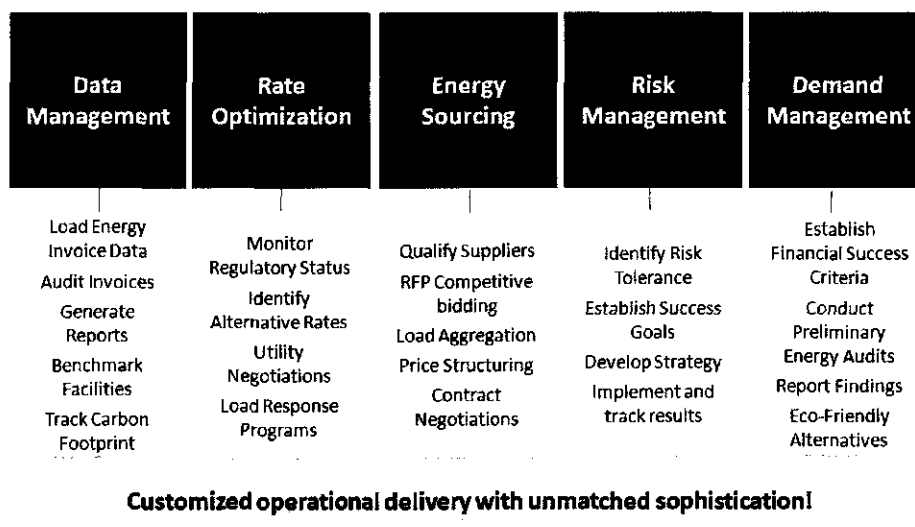
Exhibit B-2. "Experience & Plans"

Provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

Experience

PPM provides Portfolio-Wide Energy Planning and Consulting Services to a multitude of clients.

Portfolio-Wide Energy Planning



Plan

PPM plans to provide our services to our customers in Ohio based on their specific needs and requirements. Since PPM does not take title to any electricity supply, we will not be providing billing statements to the customer for their electricity purchases. PPM and the customer will have a separate agreement defining the scope of work and services that PPM will provide to the customer, as well as the amount of compensation to be paid to PPM. The PPM fee will in most cases be a volumetric fee measured in \$/kWh. The supplier that wins the customers' business will include the PPM fee in the electricity contract price and then remit the collected fee monthly as the customer pays the electricity supplier. In some cases, the customer may elect to have PPM invoice them separately each month rather than including the fee in the electricity contract price.

Once the electricity contract has been executed, PPM remains engaged with the customer to manage any customer inquiries and or supplier issue resolution matters. The customer will have an assigned account manager, which will be available to assist in this regard.

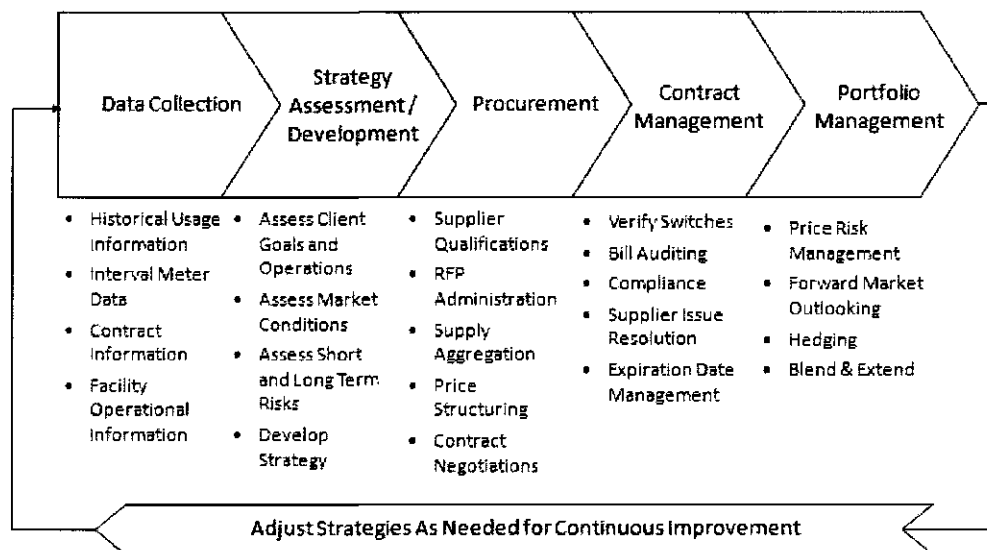
PPM expects that most customer engagements in Ohio will be with existing PPM clients that have locations in Ohio and PPM is already providing services to the client in other states.

Priority Power Managements services to clients are focused around our core business of Energy Supply and Risk Management. Our methodologies have been developed and refined through years of personal energy experience that is focused in the people who will be actively working with our clients. Our services include the following subject areas:

- Energy Data Management
- Energy Acquisition Management
- Energy Account Management
- Energy Billing Management

Energy Management Process

Being effective requires a commitment to excellence that begins with a proven process. PPM provides energy acquisition management services to clients using a structured five (5) step process as depicted in the diagram below.



Data Collection

PPM will gather the historical usage information for least the last 12 months of data for each meter and some will also require interval data to further define the load history for pricing. Once the data is in hand, a review of the data will be conducted to define any questionable data that may need correction. This data analysis is critical in determining the most suitable structuring and pricing options that will deliver the lowest cost to the client.

As a part of the data collection and analysis phase, PPM will not only be analyzing the historical usage information for competitive supply pricing, but will also assess the rate (tariff) and delivery charges assessed by the Transmission and Distribution Service Provider ("TDSP"). In this assessment, PPM identifies potential demand ratchet, power factor and other TDSP related issues that may highlight savings opportunities for the client.

In addition to historical data, PPM will request copies of current electricity supply contracts to review past performance and establish a baseline for use in determining forward cost savings. The supply contracts will also determine the exact contract end date for each meter, which will be used in the procurement and contracting process to ensure that no early termination penalties are assessed to the client once the new contract becomes effective.

Strategy Assessment and Development

PPM manages client's electricity spend on a portfolio basis driven by strategies discussed and agreed to by the client. Various strategies will be developed and deployed based on several factors including the following:

- Budgetary constraints
- Growth expectations
- Required flexibility to account for the unexpected
- Decision making process – individual or by committee
- Agreement term requirements
- Key individuals
- Financial constraints
- Risk Profile

One of the most important parts of the process is to understand the structure of the products available to meet any given strategy. Higher energy prices have forced many end users to consider energy structures other than fixed price. As clients migrate up the Price vs Risk Continuum curve, the available products inherently created greater risk for the client with the opportunity for higher rewards in terms of savings. PPM will also evaluate potential applicable pricing structures to fit the client's operational characteristics and risk tolerance.

Also as a part of the Strategy phase, PPM would want to understand if the client has a desire to include renewable energy supply into their product mix. PPM is experienced in procuring renewable energy supply to meet a specific client goal. Goals and pricing options can be included in the RFP for electricity supply, although it is important to understand that the physical electricity supply can be contracted separately from the procurement of renewable energy credits.

Procurement

Once a strategy has been determined, a Request for Proposal is developed for the solicitation. PPM is very experienced in developing, soliciting and negotiating large scale energy purchases.

A professional and detailed RFP document will be developed that includes detailed electricity pricing instructions for the products and terms that were defined in the Strategy phase.

Next a list of qualified certified Retail Electricity Providers (REP) will be developed for RFP distribution. PPM has experience working with over 20 REPs in various markets and is able to assist our clients in developing a qualified list of bidders. Because of our deep energy experience, PPM also provides insight into the REP landscape for our clients.

Once the RFP is issued, PPM will work closely with the client to ensure that any questions from REPs are answered and managed so that the client is not distracted from its core business operations during this solicitation process.

Each client may have different criteria for selecting a supplier. PPM generally uses the following criteria when qualifying suppliers for clients:

Qualitative Criteria

The qualitative criteria are centered on the completeness of the response, and the creativeness in developing solutions for the client based on the data and requirements presented in the request. These criteria include, but are not limited to:

- Completeness of Supplier Information & Price Proposals
- Creativeness in presenting options and incentives that improve the economic value proposition for Client
- Extent of representation network and overlay with Client network
- Extent of supplier delivery and service program capabilities
- Contract terms and conditions

The largest contributor to how PPM scores the Qualitative aspects is based on the terms and conditions of each REP contract. PPM understands all aspects of electricity contract negotiations.

Quantitative Criteria

The quantitative criteria relates specifically to the economic value proposition presented in the Pricing proposal. Clients are interested most in creative solutions to conventional sourcing problems. Key criteria include:

- Options and incentives for engaging in a long term agreement
- Options and incentives for becoming the sole-source supplier for multiple facilities
- A service provider who will work to provide complete and consistent services to all Client facilities.
- Total delivered overall cost by class and location consistent with Client standards and specifications
- Other incentive programs

As a part of the Quantitative Scoring, PPM will develop detailed analysis of REP pricing. A simple ranking of effective costs to the Client based on suppliers pricing will be developed to illustrate the rankings by term and the spread between the lowest cost supplier and the others.

Supplier Scoring

A cross-functional PPM & client selection committee will use the following criteria to evaluate the bidders' responses:

- Total Cost (cost of the commodity and related services, plus delivery; with focus on achieving first year bottom-line savings)
- Continuous Improvement capabilities (ability to assist Client with process improvement throughout long-term relationship)
- Breadth of products and services provided
- Quality of Service to Facilities

Contract Management

After the procurement process has been completed, PPM moves into a Contract Management phase that includes the following activities:

- Monitoring timely switching of accounts;
- Auditing invoices for compliance with contract terms;
- Providing assistance to the client in any Supplier issue resolution process;
- Administration of adding and deleting accounts as necessary;
- Facilitating emergency restoration during unplanned power outages.
- Provide the client with estimated annual budgets and or ongoing performance metrics.

Portfolio Management

After the procurement process has been completed, PPM also moves into a Portfolio Management phase that includes the following activities:

- Provide the client with market reports highlighting market events and pricing levels on a periodic basis;
- Provide the client with price discovery by querying market suppliers to ensure incremental energy purchases are at market price;
- Maintain a customized hedging position report for the client outlining various purchases and risk positions, if applicable;
- Perform continuous market outlook and forward price discovery to meet the client's specific trigger levels;
- Analyze "blend & extend" opportunities to meet desired budget goals;
- Adjust strategies as needed to meet changing client goals and market environment.

These strategies are focused on the client specific needs and opportunities that are intrinsic to the portfolio being managed.

Exhibit B-3. "Summary of Experience"















Provide a concise summary of the applicant's experience in providing aggregation service(s) including contracting with customers to combine electric load and representing customers in the purchase of retail electric services. (e.g. number and types of customers served, utility service areas, amount of load, etc.).

PPM's expertise in providing energy management and consulting services is very broad and deep. Because customer base of small-medium to very large, government to non-government, is very diverse in every way possible, PPM has been driven to continue to grow our expertise in many areas since our establishment in 2001. Today, PPM is recognized as a leader in providing electric utility procurement solicitations with a high degree of expertise.


Our client base includes oil and gas companies, industrial manufacturing, healthcare, commercial real estate, governmental, food service, hospitality, retail and financial services firms. Priority Power Management business highlights include:

- *Management staff has over 300 years of combined experience in regulated and deregulated energy markets;*
- *Approximately 1,200 clients representing 18,000+ utility accounts;*
- *Over 1,300MW of peak power demand under management;*
- *Over 8.0+TWh of power managed annually, enough to power 350,000 residential homes a year;*
- *Managing power requirements for 32 of the top 100 independent oil and gas producers in Texas, which represent nearly 600 Bcf/yr of natural gas production and 75 MMB/yr of oil production;*
- *An estimated 40 Bcf of physical and financial natural gas positions managed annually;*
- *Procurement and management of an estimated \$1 billion in annual energy spend.*

Our staff is comprised largely of energy professionals that spent their entire careers working in the regulated and deregulated market place. The combined energy experience from our key staff surpasses 300+ years of energy experience. A partial listing of our staff and experience is highlighted below.

PPM Employee		Specialty		Team Member		Specialty	
Years Energy Experience		Other Notable		Years Energy Experience		Other Notable	
	John Bick	23	Strategy, Risk Management Formerly Director, TXU Energy		Mike Brasovan	20	Procurement, Risk and Data Management Formerly with THG, GDF Suez, C&B, Fowler
	Pat Ennis	30	Procurement, Regulations, Tariffs Formerly with TXU, Founder PPM		Bob Forman	34	Account Management, Supply Formerly with AEP, Reliant, Constellation
	Kevin Yung	26	Risk Management, Project Development Formerly with TXU and CEO of REP		Brian Craig	28	Risk Management, Procurement Formerly Sr. Sales Exec, TXU
	Trenton Cogdill	35	Procurement, Account Management Formerly with TXU and Cogdill Energy		Pam Mancha	30	Billing, Customer Service Formerly with TXU in Operations
	Jeff Brooks	31	Data Analysis, Procurement Formerly with TXU, National Accounts		Perry Ruthven	13	Senior Consultant, Procurement, Risk Mgt. Formerly President, ParEnergy
	Gayla Wigley	33	Operations, Billing, Customer Service Formerly with TXU and IT Consultant		Susie Cook	27	Customer Account Management Formerly Key Acct Mgr, TXU
	Bob Buckner	34	Legal, Contract Negotiations Formerly with Enserch, Private Practice		Cl Butler	38	Strategy, Procurement, Acct Mgt for CRE 34-yr experience in CRE property mgt

Resumes of some of PPM's key staff are provided for reference.

John J. Bick, Managing Principal, PPM	
	Energy Industry Experience – 25 years
	2003 – Present Priority Power Management, LLC
	2000 – 2003 TXU Energy
	1989 – 2003 TXU Electric & Gas


John Bick is the Managing Principal of PPM and has over 25 years of energy experience. His broad and extensive business experience provides knowledge and insight to companies seeking value-creation in energy-related non-core competencies. John joined PPM in 2003 and leads PPM's strategy, business development, and risk management initiatives, as well as providing hands on expertise to large clients.

Prior to joining PPM, John spent 14-years in both the regulated and deregulated energy markets. He was previously Director of Strategic Business Development for TXU Energy, where he was responsible for identifying and developing multi-million dollar, comprehensive energy management and outsourcing engagements across North America. Throughout these engagements, John directed teams of multi-disciplined professionals spanning functional areas of energy supply, risk management, capital management, engineering, operations and maintenance, and environmental. In addition to energy, John led strategic initiatives into water-related outsourcing services, including groundwater development and industrial wastewater treatment/reuse applications.

Prior to joining TXU Energy, he was the Manager of Strategic Accounts for TXU Electric & Gas, the regulated utility in North Texas. In this role, John managed teams of key account executives which managed direct sales relationships with TXU's largest industrial and commercial clients representing in excess of \$2.2 billion in revenue to the corporation. Under John's leadership, the organization was also recognized in two consecutive years as the "Outstanding National Accounts Organization" by large national commercial and industrial multi-site end-use companies in a poll conducted by the Edison Electric Institute in 1999 and 2000.

He holds a Bachelor of Science in Construction Engineering from Texas Tech University and has completed Executive Management Programs at Southern Methodist University's Cox School of Business and The Wharton School at the University of Pennsylvania. He has completed advanced level training classes at the New York Mercantile Exchange (NYMEX) on Natural Gas Risk Management and Trading. He is a member of the Association of Energy Engineers, the Texas Association of Healthcare Facilities Management, and the internationally known Strategic Account Management Association. John is an active member of the Executive Committee for the Texas Electricity Professionals Association (TEPA).

For the past three consecutive years since 2011, John was honored with recognition by the Dallas Business Journal in its selection of "Who's Who In Dallas, Houston, Pittsburgh Energy." The Dallas Business Journal noted that energy is a vast and fast-moving industry, which makes it simultaneously a key area for business-to-business development and a tough field with which to keep pace. John was selected as one of 300 leaders around the country working in positions throughout the energy industry.

Kevin Yung, P.E., Chief Risk and Development Officer, PPM	
	Electric Industry Experience – 29 years
	2008 – Present Priority Power Management, LLC
	2004 – 2008 W Power & Light
	2002 – 2004 Private Risk Management Practice
	2000 – 2002 TXU Energy
	1998 – 2000 TXU International Development
	1985 – 1998 TXU Electric & Gas

Kevin has 29-years of energy industry experience. He directly manages wholesale energy procurement (natural gas and electricity), buys and sells wholesale energy, oversees and performs load forecasting and scheduling, and manages energy price risk at a portfolio level.


Prior to joining PPM, Kevin was President and CEO of W Power & Light, a certified retail electricity provider in the State of Texas. W Power & Light successfully received regulatory approval and licensing from the Public Utility Commission of Texas (PUCT), and commercially operated with full regulatory compliance for more than four (4) years before its investors decided to exit the retail electricity market. While at W Power & Light, Kevin had responsibility for all aspects of providing retail electricity, from wholesale portfolio management, risk management, and customer operations.

Prior to W Power & Light, Kevin spent two years in energy consulting and aggregation for large commercial and industrial consumers, focusing on energy procurement strategies and commodity price risk management.


He also worked for 20 years in various TXU companies in both regulated and non-regulated businesses. Prior to leaving TXU Energy he was Director of Retail Commodity Management where he developed electricity products, structured pricing options, and managed retail customer credit risk.

Prior to that, he was manager of project finance for TXU/Enserch International Development Corp. In this role he performed economic and financial modeling of domestic and foreign power plants under development or as potential acquisitions. Kevin was also a senior engineer responsible for transmission and distribution forecasting and design.


He holds a Bachelors of Science in Electrical Engineering from Texas A&M University, and an Executive MBA from The University of Texas at Dallas. He is a licensed Professional Engineer in the State of Texas.

Padraig "Pat" Ennis, Founder, PPM	
Electric Industry Experience – 33 years	
	2000 – Present Priority Power Management, LLC
	1981 – 2000 TXU Electric & Gas

Padraig (Pat) Ennis is the Founder and a Principal of Priority Power Management. He has over 33 years of energy experience and was a driving force in enabling commercial and industrial clients to receive benefits through aggregation in the ERCOT power market. Through Pat's leadership, Priority Power Management has grown to be the largest licensed commercial aggregator in ERCOT. In addition to aggregation, Pat's experience includes forward price discovery, data analysis, rate and tariff optimization, bill auditing, metering solutions, as well as a profound knowledge of electrical distribution systems and operations. Prior to forming Priority Power Management, Pat held various account management and supervisory positions with TXU Energy.

Jeff Brooks, VP Operations, PPM	
Electric Industry Experience – 34 years	
	2004 – Present Priority Power Management, LLC
	2000 – 2004 TXU Energy
	1980 - 2000 TXU Electric & Gas

Jeff Brooks is the Vice President of operations and pricing with 34 years of energy experience. Prior to Priority Power Management, Jeff held various roles at TXU Energy. Most recently, Jeff was a Senior Project Coordinator responsible for rate analysis, project management, account management, customer data analysis, customer problem resolutions, sales support and supervision. He is very versed in detailed analysis of load shapes, pricing, cost analysis, procurement, negotiation and bill auditing. Prior to this role, he had Project Management positions leading teams for developing processes and procedures for transition into a deregulated market structure in Texas. Other positions at TXU Energy included Account Manager, Town Manager and Operations Manager. Jeff holds a Bachelor of Science in General Studies from Texas Christian University.


Gayla Wigley, Assistant Vice President, PPM	
Electric Industry Experience – 36 years	
	2004 – Present Priority Power Management, LLC
	2001-2002 City of Fort Worth
	2000-2001 Avison Technologies -IT Consultant
	1976-2000 TXU Energy (and its predecessor companies)

Gayla Wigley is Assistant Vice President, Operations and Customer Services at PPM. She has responsibility for the overall supervision of internal back-office processes and customer service. Additionally, Gayla interfaces daily with electricity and natural gas suppliers to facilitate customer changes in operations (ie, move in's, disconnects of accounts, contract addendums and other daily operational issues).

Prior to joining PPM, Gayla was an independent Information Technology Systems Consultant providing business process analysis and support for clients such as the City of Fort Worth, Texas, Avison Technologies Group and TXU Energy. Prior to

OPUC Certification Application for Aggregators/Power Brokers


her time as a consultant, Gayla spent 24 years at TXU Energy where she held management positions at the corporate and regional levels in the areas of Customer Operations and Information Technology.

Mike Brasovan, Executive Vice President	
Energy Industry Experience – 20 years	
	2012 – present Priority Power Management, LLC
	2004 – 2012 THG Energy Solutions, LLC
	2003-2004 Tractebel Energy Services
	2001-2003 Carter & Burgess, Inc.
	1993-2001 Fowler Energy Company

Mike Brasovan has extensive experience in managing competitive bid solicitations for power and natural gas supplies, as well as negotiating energy supply contracts with all types of utilities. He provides comprehensive energy expertise for clients, designing the best energy options and obtaining pricing from all suppliers in the market based on a client's needs and desires. His knowledge of deregulated energy markets allows him to develop and implement highly effective purchasing strategies for PPM's customers. Mike also has a thorough understanding of demand side management and energy conservation methodologies. In addition to developing and implementing competitive procurement projects for customers, Mike also works with customers to manage their energy supply cost risk.

While president of THG Energy Solutions, LLC, he worked with most of THG's customers to recommend when they should lock in energy costs and, in nearly all cases, assisted them with the implementation of their risk management plans. As part of this work, he helped develop THG's proprietary bill auditing software system to track each customer's usage and cost information as well as provide online invoice retrieval and bill audit information.


Extremely knowledgeable in electric and gas regulation, Mike maximizes the benefits while managing clients' market risks. Mike is experienced in both de-regulated and regulated energy markets.

Jeremiah Bastian, Senior Procurement Manager, PPM	
Energy Industry Experience – 8 years	
	2012 – Present Priority Power Management, LLC
	2006 – 2012 THG Energy Solutions, LLC

Jeremiah Bastian is a Senior Procurement Manager at Priority Power Management in the Arlington office. Prior to joining PPM, Jeremiah was Vice President of THG Energy Solutions, LLC, and was responsible for procuring pricing for all THG customers and managing customers' natural gas portfolios. Additionally, Jeremiah served as database administrator for THG's proprietary auditing system.

Jeremiah is well-versed in energy pricing for various pricing models, utility data analysis, customer account management, procurement, and contract negotiations. As a Senior Procurement Manager for PPM, he is responsible for monitoring the commodities market on a daily basis and giving recommendations to clients on

locking energy costs and managing contract risks. This mainly consists of natural gas futures contracts tracked on the NYMEX.

Stephen J. Houle, P.E., Senior Advisor	
Energy Industry Experience – 33 years	
	2010 - Present
	Priority Power Management, LLC
	Stephen J. Houle & Associates
	Reach Energy, LLC
	2009 – 2010
	Tenaska Power Services
	2006 – 2009
	Black River Capital
	2004 – 2006
	TXU Electric Delivery and Basic Resources
	1999 – 2004
	TXU Electric Delivery, Business Services, Gas Distribution and Lone Star Pipeline
	1977 – 1999
	TXU predecessor companies

Steve Houle a retained specialty consultant at Priority Power Management, LLC and serves as Senior Advisor to PPM and its clients on regulatory matters. He is also a Principal at Stephen J Houle & Associates and serves as Executive Director at Reach Energy, LLC, where he advises senior management on the utility and electric energy markets. He has over 33 years of energy experience.

From February 2009 to April 2010, Mr. Houle was a Director at Tenaska Power Services, responsible for Business Development and Origination.

From 2006-2009, Mr. Houle was a Partner at Black River Capital, an energy-focused Investment Advisor and registered FINRA Broker-Dealer. At Black River, Mr. Houle was responsible for business development, deal analysis, and utility consulting.

From 2004-2006, Houle was Vice President, Corporate Technology and Development, for TXU Electric Delivery and Vice President of Basic Resources. He was responsible for the formulation and development of technology strategies to enhance long-term corporate operating performance. Other responsibilities included directing TXU's participation in Industry R&D efforts such as EPRI, EEI, NEETRAC, and PSERC, and intellectual property.

In 2005, Houle led TXU's team in developing and negotiating TXU's innovative agreement with CURRENT Group LLC to transform TXU Electric Delivery's power distribution network into the nation's first broadband-enabled Smart Grid. Overlaid on the existing electric distribution system, the BPL network uses advanced digital communication to provide real-time monitoring of the electric distribution network to improve network reliability, asset utilization, and customer service.

Mr. Houle was Vice President of Rates and Regulation from 1999-2004 for TXU Electric Delivery, TXU Business Services, TXU Gas Distribution, and TXU Lone Star Pipeline. Houle was responsible for all aspects of Economic Regulation, including managing proceedings before regulatory agencies, regulatory compliance, and legislative advocacy. Houle directed the preparation, filing, and resolution of the various regulatory proceedings required to implement electric restructuring in Texas. He also initiated gas rate cases that resulted in increases in annual non-fuel revenue of \$80 million. Houle has testified in over 40 rate and regulatory proceedings, primarily in the areas of fuel cost recovery, rate design, and cost allocation.

During the period 1977-1999, Houle held a variety of positions in the Electric Distribution, Rates, and Economic Regulation areas of TXU. Responsibilities included contract administration, pricing, load research, and cost analysis.

Houle graduated from the University of Notre Dame in May 1977, with a Bachelor of Science degree in Electrical Engineering. In December 1979, he received the degree of Masters of Business Administration from the University of Dallas. He is a registered Professional Engineer in Texas.

Robert Buckner, Attorney, PPM	
Electric Industry Experience – 37 years	
1998 – Present	Private Practice, Attorney at Law
2001 – 2002	TXU Energy, Deregulated Electricity Contracts
1978 – 1998	Enserch Corporation, Natural Gas Regulatory Law
1975 – 1978	City of Dallas, Asst. City Attorney, Utility Regulation

Robert “Bob” Buckner, is Priority Power Management’s retained general counsel, and provides expertise in negotiating energy and other business contracts for PPM.

Bob has worked with utility legal and contractual issues in the state of Texas since 1975. He has been actively involved with electricity sales contracts since the Texas market was deregulated in January 2002, gaining extensive experience with retail contract provisions, the assignments and renegotiations of contracts, letters of authority and representation, corporate guarantees, and credit, trading and market risk issues.

Bob has drafted and assisted in the negotiation of more than 200 electricity and natural gas contracts and related documents for the sale of electricity and natural gas to large commercial and industrial customers in Texas and around the country.

He has conducted research related to the deregulated market in Texas, as well as the tariffs and substantive rules and regulations of the Public Utility Commission and the Electric Reliability Council of Texas. His experience includes service as assistant general counsel for Enserch Corp, assistant city attorney for the City of Dallas, assistant district attorney for El Paso County, and private practice in El Paso and the Dallas/Fort Worth metroplex.

He graduated with bachelor’s and law degrees from the University of Texas at Austin.

Exhibit B-4. "Disclosure of Liabilities and Investigations"

Provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

PPM does not have any existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matters that could adversely impact the our financial or operational status or ability to provide the services we offer to clients.

Exhibit B-5. "Disclosure of Liabilities and Investigations"

Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☐ YES or ☒ NO

Neither PPM, or a predecessor of PPM, or any principal officer of PPM has ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

Exhibit B-6. "Disclosure of Liabilities and Investigations"

Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

____ YES or X NO

Neither PPM, nor a predecessor of PPM, has ever had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

C. APPLICANT FINANCIAL CAPABILITY AND EXPERIENCE

Exhibit C-1. "Annual Reports"

Provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why.

Priority Power Management, LLC is a privately-held company, thus we have no Shareholders other than the two partners of the firm – John Bick and Padraig Ennis – and do not produce an Annual Report to Shareholders.

Exhibit C-2. "SEC Filings"

Provide the most recent 10-K/8-K Filings with the SEC. If applicant does not have such filings, it may submit those of its parent company. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

Priority Power Management, LLC is a privately-held company, thus we are not required to make any filings with the SEC.

Exhibit C-3. "Financial Statements"

Provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business.

Priority Power Management, LLC has provided audited financial statements herein.



PRIORITY POWER MANAGEMENT, LLC
(A Texas Limited Liability Company)

Financial Statements
December 31, 2013 and 2012

(With Report of Independent Certified Public Accountant Thereon)



Wayne M. Manning
Certified Public Accountant

WAYNE M. MANNING

CERTIFIED PUBLIC ACCOUNTANT



Report of Independent Certified Public Accountant

The Board of Managers
Priority Power Management, LLC

We have audited the financial statements of Priority Power Management, LLC (a Texas limited liability company) (the "Company"), which comprise the balance sheets as of December 31, 2013 and 2012 and the related statements of earnings, changes in members' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Priority Power Management, LLC as of December 31, 2013 and 2012, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

March 4, 2014



Texas Society of
Certified Public Accountants



MEMBER OF
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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Priority Power Management, LLC
(A Texas Limited Liability Company)

Balance Sheets

	December 31, <u>2013</u>	December 31, <u>2012</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 3,387,764	1,270,697
Certificates of deposit	252,546	754,023
Trade accounts receivable, net of allowance	<u>1,002,871</u>	<u>991,609</u>
Total current assets	<u>4,643,181</u>	<u>3,016,329</u>
Property and Equipment, Net of Accumulated Depreciation	994,120	146,805
Contract Rights, Net of Accumulated Amortization	196,151	426,893
Other Assets	<u>314,425</u>	<u>183,183</u>
Total assets	<u>\$ 6,147,877</u>	<u>3,773,210</u>
<u>LIABILITIES AND MEMBERS' CAPITAL</u>		
Current Liabilities		
Accounts payable	\$ 617,993	143,539
Accrued liabilities	64,861	12,913
Deferred revenue	<u>623,393</u>	<u>599,248</u>
Total current liabilities	<u>1,306,247</u>	<u>755,700</u>
Commitments and Contingencies	-	-
Members' Capital		
Common members' interests, no par value, 500 units issued and outstanding at December 31, 2013 and 2012	512,968	512,968
Accumulated earnings	<u>4,328,662</u>	<u>2,504,542</u>
Total members' capital	<u>4,841,630</u>	<u>3,017,510</u>
Total liabilities and members' capital	<u>\$ 6,147,877</u>	<u>3,773,210</u>

The accompanying notes are an integral part of these financial statements.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Statements of Earnings

	Year Ended December 31, 2013	Year Ended December 31, 2012
Revenue		
Aggregation fees	\$ 6,614,319	\$ 5,588,140
Consulting income	1,792,835	1,261,550
Other revenue	<u>3,008,087</u>	<u>275,928</u>
Total revenue	<u>11,415,241</u>	<u>7,125,618</u>
Cost of Revenue		
Direct costs	2,950,030	659,325
Affinity program	50,295	74,339
Commissions	<u>294,629</u>	<u>285,768</u>
Total cost of revenue	<u>3,294,954</u>	<u>1,019,432</u>
Gross Profit	<u>8,120,287</u>	<u>6,106,186</u>
Operating Expenses		
Personnel-related costs	3,010,365	3,003,167
Professional fees	257,644	280,089
Insurance	155,717	159,088
Depreciation	76,275	40,350
Office	142,614	126,662
Office rent	125,850	98,099
Travel and entertainment	116,366	90,709
Utilities	58,571	58,903
Vehicles and small equipment	35,535	24,170
Advertising	8,660	425
Charitable contributions	49,370	38,443
Taxes and licenses	39,744	42,515
Total operating expenses	<u>4,076,711</u>	<u>3,962,620</u>
Income Before Other Income (Expense)	4,043,576	2,143,566
Other Income (Expense)		
Other income/(expense)	(85,583)	107,171
Interest income	6,127	5,301
Interest expense	-	(1,082)
Total other income (expense)	<u>(79,456)</u>	<u>111,390</u>
NET INCOME	<u>\$ 3,964,120</u>	<u>\$ 2,254,956</u>

The accompanying notes are an integral part of these financial statements.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Statement of Changes in Members' Capital
Years Ended December 31, 2013 and 2012

	<u>Number of Common Units</u>	<u>Common Members' Interests</u>	<u>Accumulated Earnings</u>	<u>Total Members' Capital</u>
Balance at December 31, 2011	<u>500</u>	\$ <u>512,968</u>	\$ <u>1,791,586</u>	\$ <u>2,304,554</u>
Cash dividends paid to common members	-		(1,542,000)	(1,542,000)
Net income	<u>-</u>	<u>-</u>	<u>2,254,956</u>	<u>2,254,956</u>
Balance at December 31, 2012	500	\$ 512,968	\$ 2,504,542	\$ 3,017,510
Cash dividends paid to common members		-	(2,140,000)	(2,140,000)
Net income	<u>-</u>	<u>-</u>	<u>3,964,120</u>	<u>3,964,120</u>
Balance at December 31, 2013	<u>500</u>	\$ <u>512,968</u>	\$ <u>4,328,662</u>	\$ <u>4,841,630</u>

The accompanying notes are an integral part of these financial statements.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Statements of Cash Flows

	<u>Year Ended</u> <u>December 31, 2013</u>	<u>Year Ended</u> <u>December 31, 2012</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash flows from operating activities:		
Net income	\$ 3,964,120	\$ 2,254,956
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	76,275	40,350
Amortization of contract rights	230,742	83,603
Gain/loss on sale of fixed assets	6,855	-
Change in assets and liabilities:		
Increase in trade accounts receivable and unbilled revenue	(11,262)	(543,594)
(Increase)/decrease in other assets	(131,242)	14,207
Increase in accounts payable and accrued expenses	526,402	61,828
Increase in deferred revenue	24,145	472,540
Net cash provided by operating activities	<u>4,686,035</u>	<u>2,383,890</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(930,445)	(113,590)
Redemption of certificates of deposit	501,477	-
Purchase of certificates of deposit	-	(3,034)
Purchase of contract rights	-	(492,179)
Net cash used in investing activities	<u>(428,968)</u>	<u>(608,803)</u>
Cash flows from financing activities:		
Payments on long-term obligations		(9,132)
Cash distributions paid	(2,140,000)	(1,542,000)
Capital contributions from members	-	-
Net cash used in financing activities	<u>(2,140,000)</u>	<u>(1,551,132)</u>
Net increase in cash and cash equivalents	<u>2,117,067</u>	<u>223,955</u>
Cash and cash equivalents at beginning of year	<u>1,270,697</u>	<u>1,046,742</u>
Cash and cash equivalents at end of year	<u>\$ 3,387,764</u>	<u>\$ 1,270,697</u>
<u>Cash paid during the year for:</u>		
Interest	<u>\$ -</u>	<u>\$ 1,082</u>

The accompanying notes are an integral part of these financial statements.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

(1) DESCRIPTION OF BUSINESS

Priority Power Management, LLC, a Texas limited liability company, was formed in January 2008, to provide energy management services. As of October 1, 2011, the Company was no longer a wholly-owned subsidiary of AMEN Properties, Inc.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from such estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the recognition of revenues, the estimate of the allowance for doubtful accounts, the estimate of asset impairments and the determination of depreciation and amortization expense.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all cash, money market accounts and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable and Revenue Recognition

The Company records brokerage commissions based on actual usage data obtained from the energy supplier for that accounting period, or to the extent actual usage data is not available, based on the estimated amount of electricity delivered to the energy consumers for that accounting period. The Company develops its estimates on a quarterly basis based on the following criteria:

- Payments received prior to the issuance of the financial statements;
- Usage updates from energy suppliers;
- Comparable historical usage data; and
- Historical variances to previous estimates.

**Priority Power Management, LLC
(A Texas Limited Liability Company)**

**Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Accounts Receivable and Revenue Recognition, Continued

To the extent usage data cannot be obtained, the Company estimates revenue as follows:

- Historical usage data obtained from the energy consumer in conjunction with the execution of the contract;
- Analysis of prior year usage patterns; and
- Specific review of individual energy supplier/location accounts.

Once the data is received, the Company adjusts the estimated accounts receivable and revenue to the actual total amount in the period during which the payment is received. Based on management's current capacity to obtain actual energy usage, the Company currently estimates four to six weeks of revenue at the end of its accounting period. Differences between estimated and actual revenue have been within management's expectations and have not been material to date.

The Company does not invoice bidders for the monthly commissions earned on retail electricity and demand response transactions, and, therefore, reports a portion of its receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates. Commissions paid in advance by certain energy suppliers are recorded as deferred revenue and amortized to commission revenue on a quarterly basis on the energy exchanged that month.

Concentration of Credit Risk and Off-Balance Sheet Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. The Company places its cash with primarily one institution, which management believes has high credit quality.

The Company provides credit in the form of invoiced and unbilled accounts receivable to bidders in the normal course of business. Collateral is not required for trade accounts receivable, but ongoing credit evaluations of bidders are performed. Management provides for an allowance for doubtful accounts on a specifically identified basis, as well as through historical experience applied to an aging of accounts. Trade accounts receivable are written off when deemed uncollectible. To date write-offs have not been material.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair Value of Financial Instruments

Financial Accounting Standards Board ("FASB") ASC 820 (formerly SFAS 157), *Fair Value Measurements*, require disclosure of fair value information about financial instruments, whether or not recognized in the accompanying balance sheet. Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. The fair value estimates of financial instruments are not necessarily indicative of the amounts we might pay or receive in actual market transactions. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the relatively short maturity of these instruments. Disclosure about fair value of financial instruments is based on pertinent information available to management as of December 31, 2013.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated economic useful lives. The method of depreciation does not change when equipment becomes idle. The estimated useful lives of the respective assets are defined below.

Computers and software	3 years
Leasehold improvements	5 years
Office equipment	3 to 5 years
Office furniture and equipment	5 to 10 years

Maintenance and Repairs

Maintenance and repairs are charged to expense when incurred. Renewals or betterments which extend the life or improve existing property and equipment are capitalized.

Retirements

Upon disposition or retirement of property and equipment, the cost and related accumulated depreciation are removed and any resulting gain or loss is credited or charged to operations.

**Priority Power Management, LLC
(A Texas Limited Liability Company)**

**Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012**

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impairment of Long-Lived and Intangible Assets

Generally accepted accounting principles specify circumstances in which certain long-lived and intangible assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. In determining the value of an investment property and whether the investment property is impaired, management considers several factors such as projected rental and vacancy rates, property operating expenses, capital expenditures and interest rates. The capitalization rate used to determine property valuation is based on the market in which the investment property is located, length of leases, tenant financial strength, the economy in general, demographics, environment, property location, visibility, age and physical condition among others. All of these factors are considered by management in determining the value of any particular investment property. The value of any particular investment property is sensitive to the actual results of any of these factors, either individually or taken as a whole. If the actual results differ from management's judgment, the valuation could be negatively or positively affected. Application of this standard during the year ended December 31, 2013 did not result in an impairment loss.

Intangible Assets

The Company uses assumptions in establishing the carrying value, fair value and estimated lives of its intangible assets, the criteria used for these assumptions includes management's estimate of the asset's continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, as well as the strategic significance of any identifiable intangible asset in the Company's business objectives. If the assets are considered impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Useful lives and related amortization expense are based on an estimate of the period that the assets will generate revenues or otherwise be used by the Company. Factors that influence the likelihood of a material change in the Company's reported results include significant changes in the asset's ability to generate positive cash flow, a significant decline in the economic and competitive environment on which the asset depends, and any significant changes in the Company's strategic business objectives.

Intangible assets consist of customer relationship and contracts and are stated at cost less accumulated amortization. Intangible assets with a finite life are amortized using the collections method, which approximates straight-line, over their estimated useful lives. Amortization expense was \$230,742 and \$83,603 was charged to the cost of revenue during the years ended December 31, 2013 and 2012, respectively. Accumulated amortization of intangible assets for ongoing contract rights amounted to \$296,028 and \$65,286 as of December 31, 2013 and 2012, respectively. In 2012, the Company acquired contract rights to THG Energy & Technology Solutions, LLC at a cost of \$492,179.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Comprehensive Income

Comprehensive income is defined as changes in members' capital, exclusive of transactions with members (such as capital contributions and dividends). The Company did not have any comprehensive income items in 2013 other than the net earnings as reported.

Date of Management's Review

Management has evaluated subsequent events through March 4, 2014, the date that the financial statements were available to be issued.

Advertising Expense

All advertising costs are expensed when incurred. Advertising expense was approximately \$8,660 and \$425 for the years ended December 31, 2013 and 2012, respectively.

Income Taxes

The Company is taxed under the Internal Revenue Code as a partnership. In lieu of corporate income taxes, the members of a partnership are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal income tax is included in the accompanying financial statements.

Recently Issued Accounting Pronouncements

In January 2010, the FASB issued ASC Update 2010-06, "Fair Value Measurements and Disclosures" ("ASC Update 2010-06") that requires additional disclosures surrounding transfers in and out of Levels 1 and 2, inputs and valuation techniques used to value Level 2 and 3 measurements, and push down of previously prescribed fair value disclosures to each class of asset and liability for Levels 1, 2, and 3. This new authoritative guidance is effective for interim and annual reporting periods beginning after December 15, 2009. The Company will apply the new authoritative guidance in 2010. ASC Update 2010-06 also requires that purchases, sales, issuances, and settlements for Level 3 measurements be disclosed. This portion of the new authoritative guidance is effective for interim and annual reporting periods beginning after December 15, 2010. The Company applied this new authoritative guidance in the Company's 2011 financial statements. The adoption of ASC Update 2010-06 did not have a material impact on the Company's financial statements.

Management believes the impact of recently issued standards, which are not yet effective, will not have a material impact on the financial statements.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

(3) CERTIFICATES OF DEPOSIT

The Company holds the following certificates of deposit as of December 31, 2013:

	<u>2013</u>	<u>Maturity</u>
Certificate of deposit (2819) .39922%	\$ <u>252,546</u>	January 31, 2014
Total	\$ <u>252,546</u>	

(4) TRADE ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

The Company does not invoice bidders for the monthly commissions earned on retail electricity transactions and, therefore, reports a portion of its receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by energy suppliers to the energy consumers for a specific completed time period at contracted commission rates.

Trade accounts receivable, net of allowance consists of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Billed accounts receivable	\$ 1,002,061	991,609
Unbilled accounts receivable	<u>810</u>	<u>-</u>
	1,002,871	991,609
Allowance for doubtful accounts	<u>-</u>	<u>-</u>
Trade accounts receivable, net of allowance	\$ <u>1,002,871</u>	<u>991,609</u>

(5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Computers and software	\$ 524,550	\$ 118,011
Leasehold improvements	13,913	11,992
Office equipment	151,015	130,162
Office furniture and equipment	64,688	64,016
Nuevo Substation	480,693	-
Land	<u>52,000</u>	<u>52,000</u>
	1,286,859	376,181
Less accumulated depreciation	<u>(292,739)</u>	<u>(229,376)</u>
	\$ <u>994,120</u>	\$ <u>146,805</u>

Depreciation expense included in the accompanying statement of earnings and changes in members' capital for the years ended December 31, 2013 and 2012 aggregated \$76,275 and \$40,350, respectively.

Priority Power Management, LLC
(A Texas Limited Liability Company)

Notes to Financial Statements
For the Years Ended December 31, 2013 and 2012

(6) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company may be involved in disputes and/or claims made by others against it. Management believes that the ultimate outcome of any disputes will not have a material effect on the financial statements at December 31, 2013.

(7) CONCENTRATIONS

The Company maintains cash balances at various financial institutions, which at times may exceed federally insured limits. At December 31, 2013, the Company had cash balances of approximately \$3,448,299 in financial institutions that were in excess of amounts guaranteed by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks on such accounts.

(8) OPERATING LEASES

The Company leases office space under a non-cancelable operating lease with a term of five years. Lease expense for the year ended December 31, 2013 was \$125,850. The following is a schedule by year of future minimum rentals under leases at December 31, 2013:

Due in:		
2014	\$	107,952
2015		86,127
2016		79,281
2017 - 2021		349,416
		<hr/>
Total minimum lease payments	\$	<u>622,776</u>

(9) LINE OF CREDIT

On October 4, 2013, Priority Power Management, LLC entered into a loan agreement with FirstCapital Bank of Texas, N.A. The line of credit amount is up to \$4,000,000 and proceeds must be used to construct an electric high voltage substation and primary distribution feeder for unrelated third party.

As part of the loan agreement, the Company must maintain a \$2,000,000 life insurance policy, maintain a minimum tangible net worth of \$2,500,000, maintain its primary demand deposit accounts with FirstCapital Bank of Texas, N.A. with a combined minimum cash balance of \$1,000,000, and also maintain a cash flow ratio equal to or greater than 1.5x. As of December 31, 2013, there was no outstanding balance on the line of credit.

Exhibit C-4. "Financial Arrangements"

Provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.,).

Priority Power Management, LLC will fund our Aggregator/Power Broker operations and services from current operating cash, thus we do not have any required guarantees, bank commitments, contractual arrangements, credit agreements, etc. and none are necessary to conduct business as an Aggregator/Power Broker.

Exhibit C-5. "Forecasted Financial Statements"

Provide two years of forecasted financial statements (balance sheet, income statement, and cash flow statement) for the applicant's CRES operation, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer.

Priority Power Management, LLC has provided two (2) years of forecasted financial statements as requested herein.

The preparers of the enclosed forecast are:

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Priority Power Management, LLC
310 W. Wall St., Suite 500
Midland, TX 79701
T (432) 620-9100
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clawrence@prioritypower.net

BALANCE SHEET		ACTUALS	FORECASTED ESTIMATE	
		Dec 31, 13	Dec 31, 14	Dec 31, 15
ASSETS				
Current Assets				
Checking/Savings				
Total Checking/Savings		3,640,310	3,500,000	3,500,000
Accounts Receivable				
Total Accounts Receivable		1,002,061	800,000	800,000
Other Current Assets				
Total Other Current Assets		219,163	222,000	222,000
Total Current Assets		4,861,533	4,522,000	4,522,000
Fixed Assets				
Total Fixed Assets		994,120	3,991,000	3,791,000
Other Assets				
Total 1570 - THG Contract Rights		196,151	0	0
Total Other Assets		292,224	93,050	89,050
TOTAL ASSETS		6,147,877	8,606,050	8,402,050
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Total Accounts Payable		617,993	620,000	620,000
Other Current Liabilities				
Total Other Current Liabilities		688,254	263,600	263,600
Total Current Liabilities		1,306,247	883,600	883,600
Total Liabilities		1,306,247	883,600	883,600
Equity				
3001 - Retained Earnings		7,623,246	11,600,000	15,600,000
3009 - Capital				
Total 3009 - Capital				
3109 - Distributions				
Total 3109 - Distributions				
Net Income		3,964,120	5,000,000	6,000,000
Total Equity		4,841,630	7,722,450	7,518,450
TOTAL LIABILITIES & EQUITY		6,147,877	8,606,050	8,402,050

PROFIT & LOSS STATEMENT	ACTUALS	FORECASTED ESTIMATE	
	Dec 31, 13	Dec 31, 14	Dec 31, 15
Ordinary Income/Expense			
Income			
Total Income	11,645,983	15,200,000	17,600,000
Cost of Goods Sold			
Total COGS	2,950,030	4,000,000	5,000,000
Gross Profit	8,695,954	11,200,000	12,600,000
Expense			
Total Expense	4,660,715	6,203,500	6,603,500
Net Ordinary Income	4,035,238	4,996,500	5,996,500
Other Income/Expense			
Other Income			
Total Other Income		3,500	3,500
Other Expense			
Total Other Expense	70,000	0	0
Net Other Income		3,500	3,500
Net Income	3,964,120	5,000,000	6,000,000

CASH FLOW STATEMENT

Increase (Decrease) in Cash and Cash Equivalents	ACTUAL	FORECASTED ESTIMATES	
Cash flows from operating activities:	2013	2014	2015
Net Income	\$ 3,964,120	\$ 5,000,000	\$ 6,000,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	\$ 76,275	\$ 107,261	\$ 200,000
Amortization of contract rights	\$ 230,742	\$ 196,151	\$ -
Gain/loss on sale of fixed assets	\$ 6,855	\$ -	\$ -
Change in assets and liabilities:			
Increase in trade accounts receivable and unbilled revenue	\$ (11,262)	\$ (2,837)	\$ -
(Increase)/decrease in other assets	\$ (131,242)	\$ (2,615,000)	\$ (4,174,613)
Increase in accounts payable and accrued expenses	\$ 526,402	\$ 2,007	\$ -
Increase in deferred revenue	\$ 24,145	\$ 424,654	\$ -
Net cash provided by operating activities	\$ 4,686,035	\$ 3,112,236	\$ 2,025,387
Cash flows from investing activities:			
Acquisition of property and equipment	\$ (930,445)	\$ -	\$ -
Redemption of certificates of deposit	\$ 501,477	\$ -	\$ -
Purchase of certificates of deposit	\$ -	\$ -	\$ -
Purchase of contract rights	\$ -	\$ -	\$ -
Net cash used in investing activities	\$ (428,968)	\$ -	\$ -
Cash Flows from financing activities			
Payments on long-term obligations	\$ -	\$ -	\$ -
Cash distributions paid	\$ (2,140,000)	\$ (3,000,000)	\$ (4,000,000)
Capital contributions from members	\$ -	\$ -	\$ -
Net cash used in financing activities	\$ (2,140,000)	\$ (3,000,000)	\$ (4,000,000)
Net increase in cash and cash equivalents	\$ 2,117,067	\$ 112,236	\$ (1,974,613)
Cash and cash equivalents at beginning of year	\$ 1,270,697	\$ 3,387,764	\$ 5,474,613
Cash and cash equivalents at end of year	\$ 3,387,764	\$ 3,500,000	\$ 3,500,000
Cash Paid during the year for:			
Interest	\$ -	\$ -	\$ -

Exhibit C-6. "Credit Rating"

Provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Dun and Bradstreet Information Services, Fitch IBCA, Moody's Investors Service, Standard & Poors, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant.

Priority Power Management, LLC has the following scores from the two credit agencies listed below:

- Dun and Bradstreet: **80**
- Experian: **82**

Exhibit C-7. "Credit Report"

Provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization.

Priority Power Management, LLC has provided credit reports from Experian, as well as Dun and Bradstreet herein.


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Search inquiry: 788301415 / (My company)

CreditScoreSM Report

as of: 04/16/14 17:50 ET

Priority Power Management LLC

Address: 310 W Wall St Ste 500
Midland, TX 79701-5142
United States

Phone: 972-664-1610

Website: www.prioritypower.net

**Experian
BIN:** 788301415

Key Personnel:

CFO: Kris Oliver
Coo: Kevin Yung
Vp: Trenton Cogdill

SIC Code:

8748-Business Consulting
Services, Nec
8742-Management
Consulting Services
1389-Oil & Gas Field
Services, Nec

NAICS Code:

541618-Other
Management
Consulting
Services
541610-Management
Consulting
Services
213112-Support Activities
For Oil And Gas
Operations

Family Linkage:

Ultimate [Amen Properties, Inc](#)
Parent Midland, TX United States

Parent / [Amen Properties, Inc](#)
Headquarters Midland, TX United States

Business Type:

Corporation

Experian File

January 2001

Established:

Experian Years on File: 13 Years

Years in Business: 13 Years

Total Employees: 4

Sales: \$14,311,000

**Current Days Beyond
Terms (DBT):**

0

**Predicted DBT for
06/11/2014:**

1

Average Industry DBT:

8

Payment Tradelines (see [charts](#)): 5

UCC Filings: 1

✓ **Businesses Scoring Worse:** 82%

✓ **Bankruptcies:** 0

Payment Trend Indicator: Stable**Lowest 6 Month Balance:** \$100**Highest 6 Month Balance:** \$184,300**Current Total Account Balance:** \$600**Highest Credit Amount Extended:** \$184,200**Median Credit Amount Extended:** \$15,700

✓ **Liens:** 0

✓ **Judgments Filed:** 0

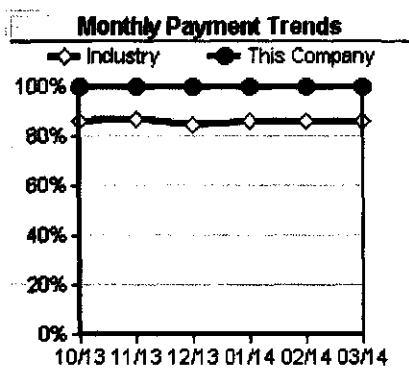
✓ **Collections:** 0

Credit Summary[Back to top](#)**Credit Ranking Score: 82**High
RiskLow
Risk

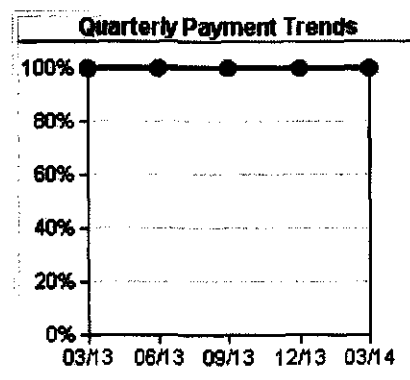
The objective of the Credit Ranking Score is to predict payment behavior. High Risk means that there is a significant probability of delinquent payment. Low Risk means that there is a good probability of on-time payment.

Key Score Factors:

- Risk associated with the company's industry sector.
- Number of active commercial accounts.
- Risk associated with the business type.
- Employee size of business.
- Number of good commercial accounts.
- Length of time on experian's file.
- Number of commercial accounts with high utilization.
- Nbr of leasing accts as pct of total nbr of accts.

Recommended Action: Low Risk**Payment Summary**[Back to top](#)

*Percentage of on-time payments by month.

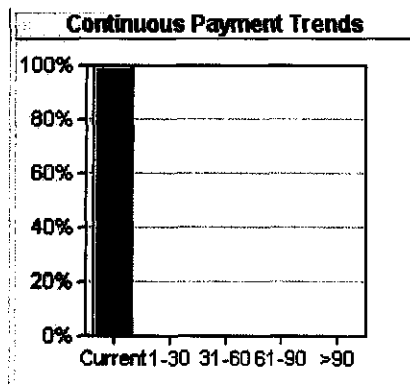


*Percentage of on-time payments by quarter.

Monthly Payment Trends - Recent Activity**Quarterly Payment Trends - Recent Activity**

Date	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
10/13	\$100	100%	0%	0%	0%	0%
11/13	\$100	100%	0%	0%	0%	0%
12/13	\$184,300	100%	0%	0%	0%	0%
01/14	\$27,700	100%	0%	0%	0%	0%
02/14	\$1,600	100%	0%	0%	0%	0%
03/14	\$6,900	100%	0%	0%	0%	0%

Date	Balance	Current	Up to 30 DBT	31-60 DBT	61-90 DBT	>90 DBT
03/13	\$100	100%	0%	0%	0%	0%
06/13	\$100	100%	0%	0%	0%	0%
09/13	\$100	100%	0%	0%	0%	0%
12/13	\$70,700	100%	0%	0%	0%	0%
03/14	\$4,100	100%	0%	0%	0%	0%



*Continuous distribution with DBT.

Number of Accounts: 3
Present Balance: \$600
Highest Balance: \$200,000

Insufficient information to produce Newly Reported **Payment Trends** chart.

Number of Accounts: 0
Present Balance: \$0
Highest Balance: \$0

Insufficient information to produce Combined **Payment Trends** chart.

Number of Accounts: 3
Present Balance: \$600
Highest Balance: \$200,000

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Priority Power Management, Llc

DUNS: 12-838-6344

Dashboard

Company Info

310 W Wall St Ste 500
Midland, TX 79701

Phone: (432) 620-9100

URL: www.prioritypower.net

Scores

PAYDEX®	Delinquency Predictor		Financial Stress		Supplier Eval. Risk Rating	Credit Limit Rec.	DandB Rating
Score	Score	Class	Score	Class	Rating	Recommendation	Rating
80 ▼	586 ▲	1	1477 ▲	3	1 ▼	\$25K	1R3

Recent Alerts

INQUIRY 04/16/14 **1 New Inquiry**

INQUIRY 04/10/14

2 New Inquiries

SCORE 02/26/14 **Financial Stress Score Declined**

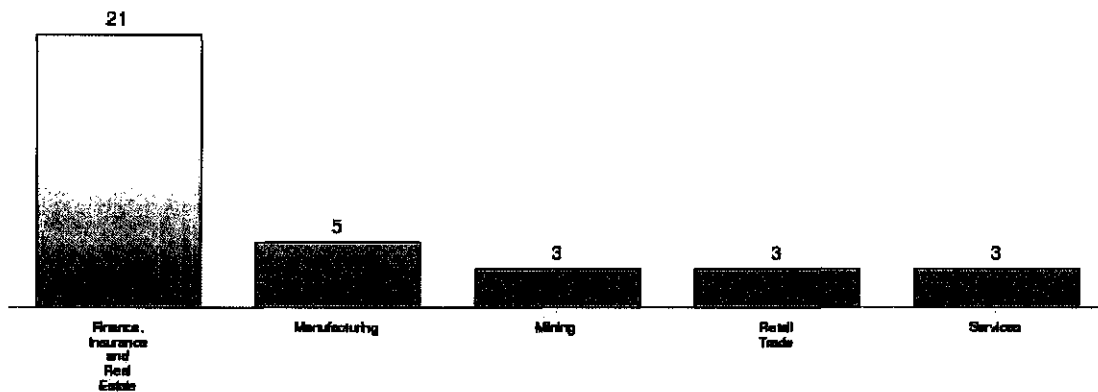
SCORE 02/26/14 **Supplier Evaluation Risk Rating Improved**

Inquiries

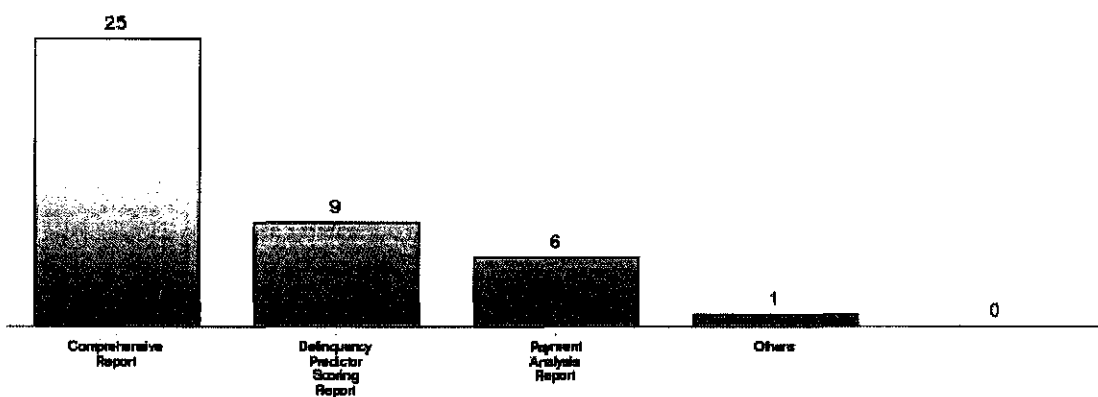
Most Recent

Date	SIC / Sector	Report type
04/10/14	Transportation, Communications, Electric, Gas and Sanitary Services	Comprehensive Report
04/07/14	Retail Trade	Comprehensive Report
04/07/14	Retail Trade	Comprehensive Report
02/20/14	Manufacturing	Comprehensive Report
02/20/14	Manufacturing	Comprehensive Report

Top 5 Inquiries by SIC / Sector (12 Months)



Top 5 Inquiries by Report Type (12 Months)



Scores

PAYDEX®

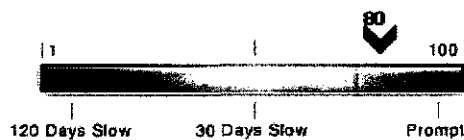
80



3 Month PAYDEX®

80

ON TERMS



Understanding My Score

The D&B PAYDEX® is a unique, dollar weighted indicator of payment performance based on payment experiences as reported to D&B by trade references.

Recent Payments

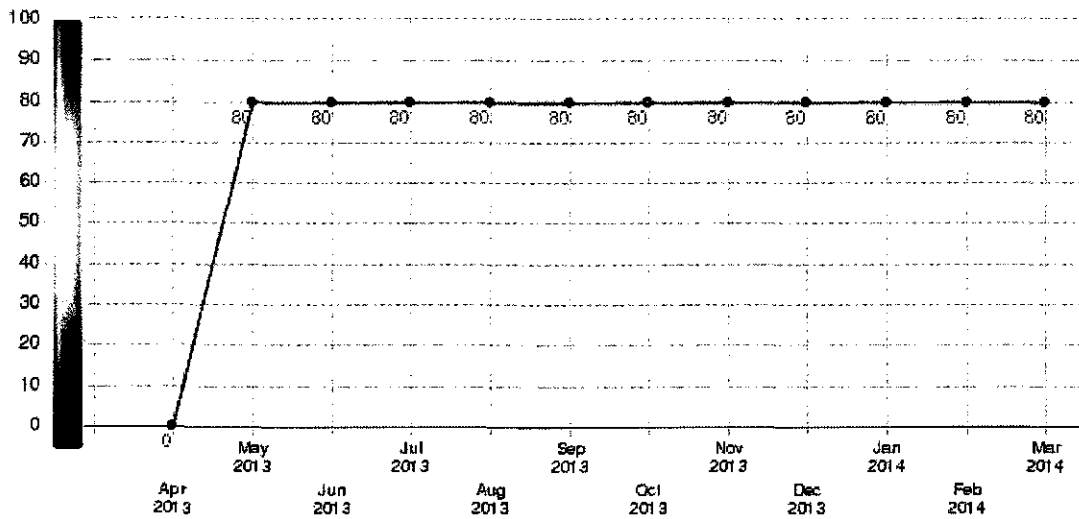
Total (Last 12 Months): 18

Date	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo.)
04/2014	Ppt	\$250	\$0	\$0	--	4-5 mos
03/2014	Ppt	\$0	\$250	\$0	--	1 mo
03/2014	Ppt	\$200,000	\$1,000	\$0	--	1 mo
03/2014	Ppt	\$250	\$0	\$0	--	1 mo
03/2014	Ppt	\$100	\$0	\$0	N30	1 mo

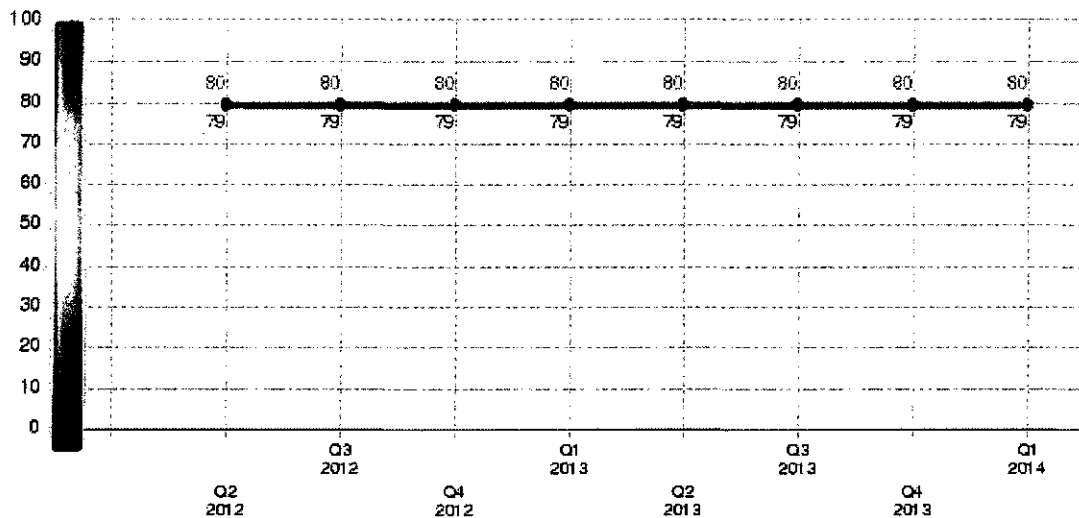
Key

PAYDEX®	Payment Practices	PAYDEX®	Payment Practices
100	Anticipate	40	60 Days Beyond Terms
90	Discount	30	90 Days Beyond Terms
80	Prompt	20	120 Days Beyond Terms
70	15 Days Beyond	1-19	Over 120 Days Beyond Terms
60	22 Days Beyond Terms	UN	Unavailable
50	30 Days Beyond Terms		

Trends



Industry Comparison



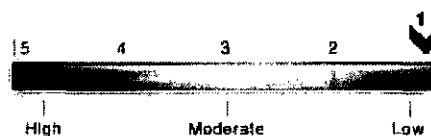
- My Company (80)
- Industry Median: (79)

Based on payments collected over the last 4 quarters.

- Current PAYDEX® for this business is 80, or equal to ON TERMS
- The present industry median score is 79, or equal to 2 days beyond terms.

Delinquency Predictor Score

Score **586** ▲ Class **1** Percentile **92%**



Low risk of severe payment delinquency over next 12 months

Understanding My Score

The D&B Delinquency Predictor (formerly the Commercial Credit Score) predicts the likelihood that a company will pay in a severely delinquent manner (91+ days past term) over the next 12 months, seek legal relief from creditors, or cease operations without paying all creditors in full over the next 12 months based on the information in D&B's database. A severely delinquent firm is defined as a business with at least 10% of its dollars 91+ days slow.

Incidence of Delinquent Payment:

Among Companies with this Classification: **1.10%**

Factors Affecting Your Score:

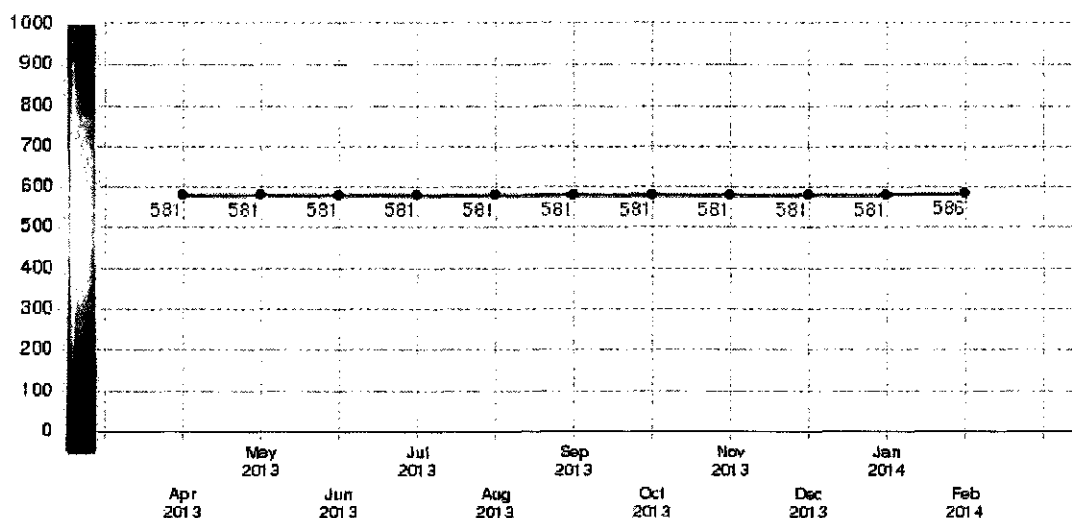
Limited time under present management control

Higher risk industry based on delinquency rates for this industry

Key

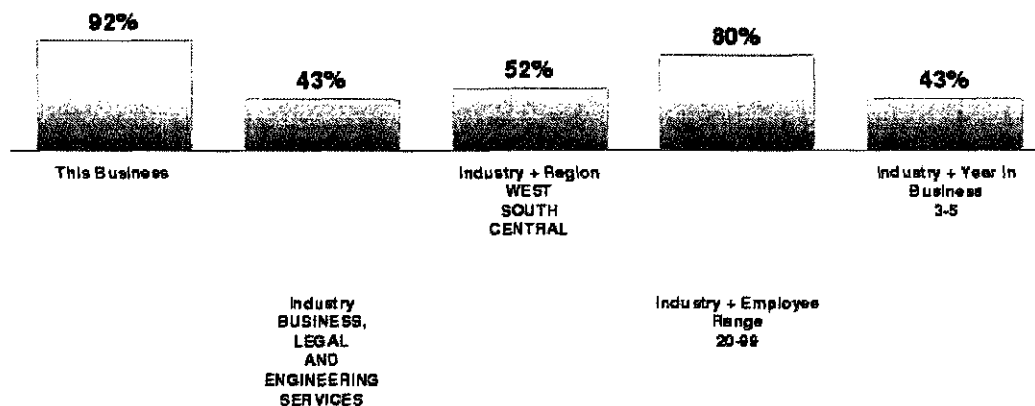
Risk Class	% of Businesses within this Class	Percentile	Score
1	10%	91-100	580-670
2	20%	71-90	530-579
3	40%	31-70	481-529
4	20%	11-30	453-480
5	10%	1-10	101-452

Trends - Scores, 12 Month



• My Company (586)

Industry Comparison



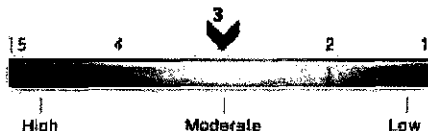
This business has a Credit Score Percentile that shows:

- Lower risk than other companies in the same region.
- Lower risk than other companies in the same industry.
- Lower risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Financial Stress Score

Priority Power Management, LLC
 Score Class Nat'l %

1477 ▼ 3 50%



Moderate risk of severe financial stress, such as a bankruptcy, over the next 12 months

Understanding My Score

Incidence of Financial Stress:

Among Companies with this Classification: 0.24 (84 per 10000)

Factors Affecting Your Score:

High number of inquiries to D & B over last 12 months.

Limited time under present management control

- The Financial Stress Class Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&B's extensive data files.

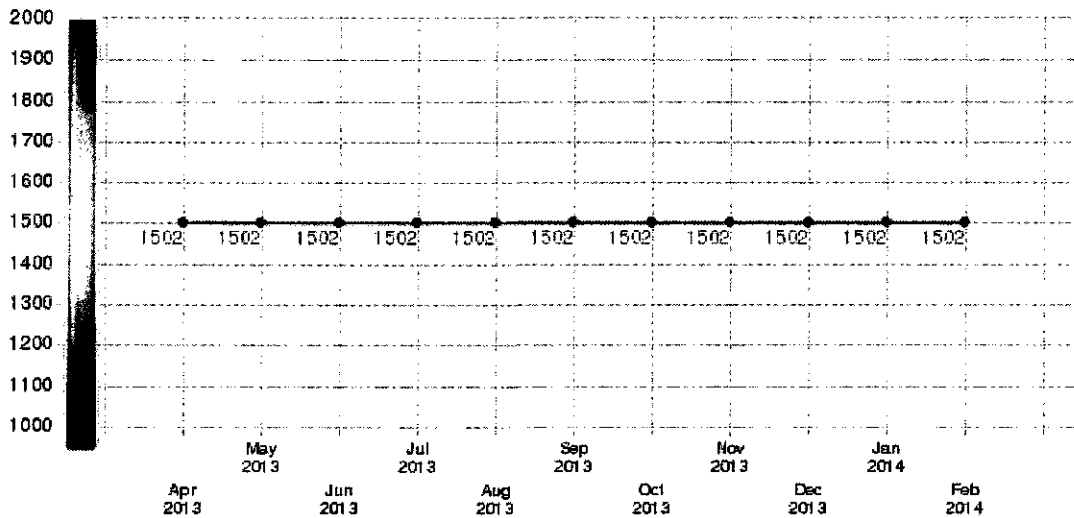
Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&B's file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on sample data from

Key

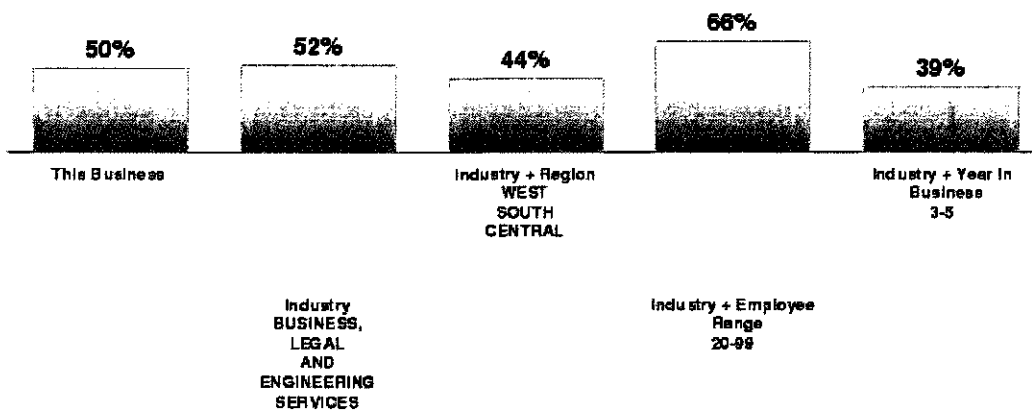
Score	Class	Percentile	Incidence of Financial Stress
1570-1875	1	95-100	6.0%
1510-1569	2	69-94	10.6%
1450-1509	3	34-68	18.4%
1340-1449	4	2-33	31.5%
1001-1339	5	1	70.0%

Trends - Scores, 12 Month



• **My Company (1,477)**

Industry Comparison



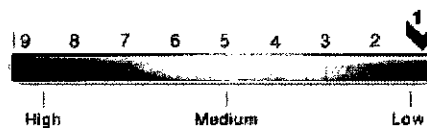
Based on payments collected over the last 4 quarters.

- Lower risk than other companies in the same region.
- Higher risk than other companies in the same industry.
- Higher risk than other companies in the same employee size range.
- Lower risk than other companies with a comparable number of years in business.

Supplier Evaluation Risk Rating

1 ▼

Low risk of supplier experiencing severe financial stress over the next 12 months.



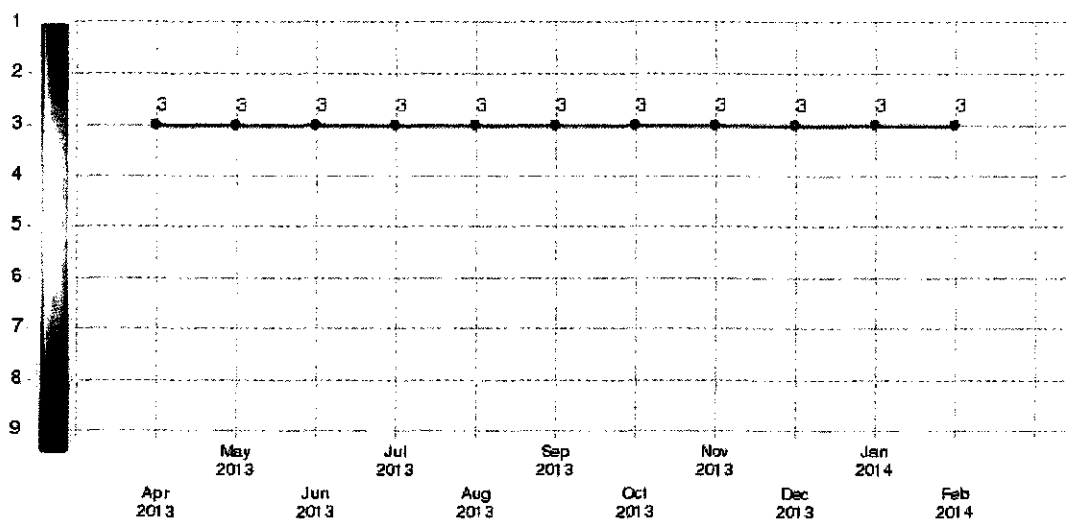
business operations or become inactive over the next 12 month period based on the depth of predictive data attributes available on the business. The SER Rating scoring system uses statistical probabilities to classify public and private companies into a 1-9 risk rating, where 1 represents low risk and 9 represents high risk.

Factors Affecting This Company's Score:

Higher risk industry based on inactive rate for this industry

Limited time under present management control

Trends



• My Company (1)

Credit Limit Recommendation

Risk Category

1

Conservative Credit Limit

\$25k

Aggressive Credit Limit

\$45k

Low



Understanding My Score

D&B's Credit Limit Recommendation is intended to help you more easily manage your credit decisions. It provides two recommended dollar guidelines:

A conservative limit, which suggests a dollar benchmark if your policy is to extend less credit to minimize risk.

An aggressive limit, which suggests a dollar benchmark if your policy is to extend more credit with potentially more risk.

The dollar guideline amounts are based on a historical analysis of credit demand of customers in D&B's U.S. payments database which have a similar profile to your business.

D&B Rating®

Priority Power Management, LLC
Rating

Page 98

Number of employees: 1R indicates 10 or more employees

D&B Rating

Date Applied

1R3

2011-03-16

Understanding My Score

Factors Affecting Your Score

of Employees Total: 26 (5 here)

Sales: \$7,200,000.00

Payment Activity (based on 18 experiences):

Average High Credit: \$12,734

Highest Credit: \$200,000

Total Highest Credit: \$204,350

Note: The Worth amount in this section may have been adjusted by D&B to reflect typical deductions, such as certain intangible assets.

Inquiries

12 Month Summary

Over the past 12 months ending 4-2014, 41 individual requests for information on your company were received; this represents a 51.22% increase over the prior 12 month period. The 41 inquiries were made by 21 unique companies indicating that some companies have inquired on your business multiple times and may be monitoring you. Of the total products purchased, 21, or 51.22% came from the Finance, Insurance and Real Estate sector; 5, or 12.20% came from the Manufacturing sector; 3, or 7.32% came from the Mining sector.

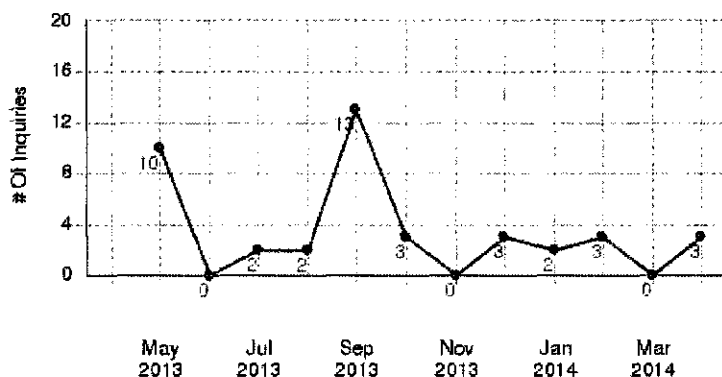
12 Mo. Total: 41

12 Mo. Unique Companies: 21

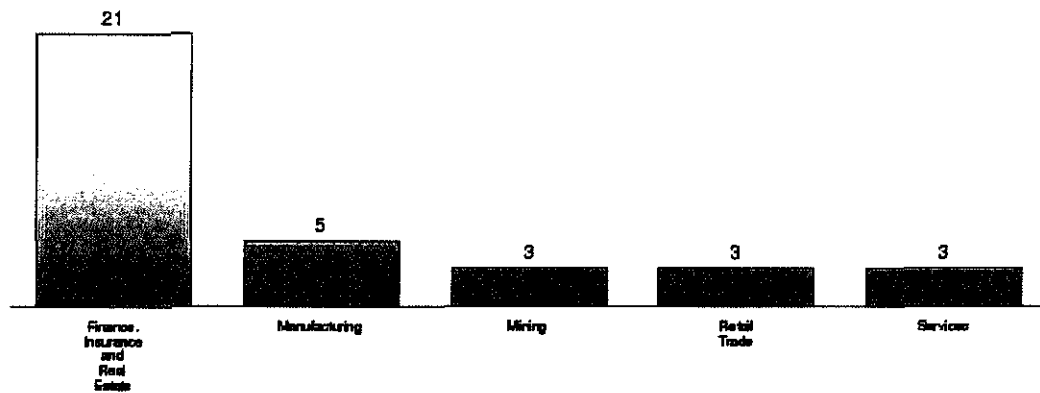
Date ▼	Report type	SIC / Sector
04/10/14	Comprehensive Report	Transportation, Communications, Electric, Gas and Sanitary Services
04/07/14	Comprehensive Report	Retail Trade
04/07/14	Comprehensive Report	Retail Trade
02/20/14	Comprehensive Report	Manufacturing
02/20/14	Comprehensive Report	Manufacturing
02/17/14	Comprehensive Report	Mining
01/10/14	Comprehensive Report	Mining
01/10/14	Comprehensive Report	Mining
12/16/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
12/16/13	Comprehensive Report	Finance, Insurance and Real Estate
12/06/13	Delinquency Predictor Scoring Report	Manufacturing
10/21/13	Delinquency Predictor Scoring Report	Retail Trade
10/04/13	Comprehensive Report	Construction
10/04/13	Priority Power Management, LLC Comprehensive Report	Construction

09/27/13	Comprehensive Report	Manufacturing
09/27/13	Comprehensive Report	Services
09/24/13	Comprehensive Report	Wholesale Trade
09/24/13	Others	Wholesale Trade
09/20/13	Payment Analysis Report	Finance, Insurance and Real Estate
09/20/13	Payment Analysis Report	Finance, Insurance and Real Estate
09/20/13	Payment Analysis Report	Finance, Insurance and Real Estate
09/20/13	Payment Analysis Report	Finance, Insurance and Real Estate
09/20/13	Payment Analysis Report	Finance, Insurance and Real Estate
09/20/13	Payment Analysis Report	Finance, Insurance and Real Estate
09/20/13	Comprehensive Report	Finance, Insurance and Real Estate
09/20/13	Comprehensive Report	Finance, Insurance and Real Estate
09/09/13	Comprehensive Report	Manufacturing
08/21/13	Comprehensive Report	Finance, Insurance and Real Estate
08/21/13	Comprehensive Report	Services
07/23/13	Comprehensive Report	Finance, Insurance and Real Estate
07/11/13	Comprehensive Report	Wholesale Trade
05/20/13	Comprehensive Report	Services
05/10/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/10/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/10/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/10/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/10/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/10/13	Delinquency Predictor Scoring Report	Finance, Insurance and Real Estate
05/10/13	Comprehensive Report	Finance, Insurance and Real Estate
05/10/13	Comprehensive Report	Finance, Insurance and Real Estate
05/10/13	Comprehensive Report	Finance, Insurance and Real Estate

Trends - 12 Month

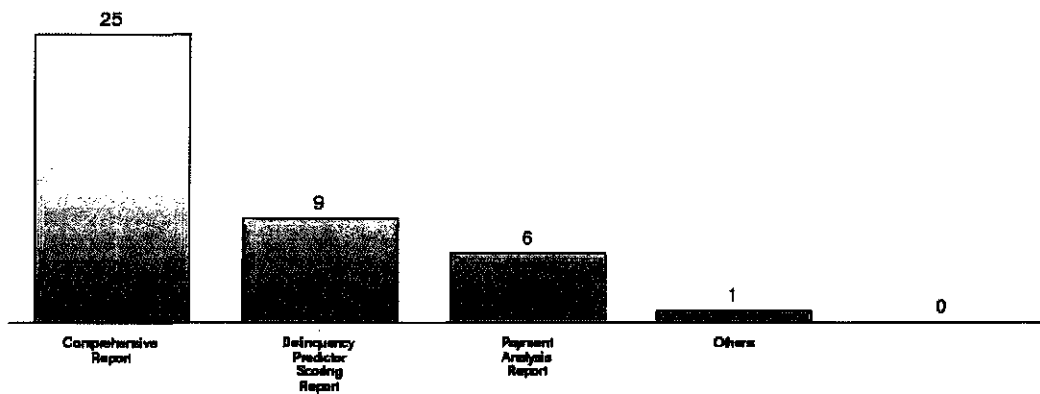


Type (12 Months)



Top 5 Report Types

Graph(12 Months)



All Inquiries by Industry and SIC / Sector

SIC/Sector	Jul 2013 to Sep 2013	Oct 2013 to Dec 2013	Jan 2014 to Mar 2014	Apr 2014 to Jun 2014	Total Inquiries
Construction	0	2	0	0	2
Finance, Insurance and Real Estate	10	9	2	0	21
Manufacturing	0	2	1	2	5
Mining	0	0	2	1	3
Retail Trade	0	1	0	2	3
Services	1	2	0	0	3
Transportation, Communications, Electric, Gas and Sanitary Services	0	0	0	1	1
Wholesale Trade	1	2	0	0	3

Inquiries by Report Type

Report Type	Jul 2013 to Sep 2013	Oct 2013 to Dec 2013	Jan 2014 to Mar 2014	Apr 2014 to Jun 2014	Total
Business Information Report	0	0	0	0	0
Comprehensive Report	6	10	3	6	25
Delinquency Predictor Scoring Report	6	1	2	0	9
Others	0	1	0	0	1
Payment Analysis Report	0	6	0	0	6

Payments

Currency: Shown in USD unless otherwise indicated

Payments Summary

Current 80 Equal to ON TERMS
PAYDEX®:
Industry Median: 79 Equal to 2 DAYS BEYOND terms
Payment Trend: ↔ Unchanged, compared to payments three months ago

Total payment Experiences in D&Bs File (HQ): 18
Payments Within Terms (not dollar weighted): 100
Total Placed For Collection: NA
Average Highest Credit: 12,734
Largest High Credit: 200,000
Highest Now Owning: 1,000
Highest Past Due: NA

Payments Summary by Industry

Total (Last 12 Months): 18

	Total	Total Dollar	Largest High Credit	Within	Days Slow			
	Received	Amount	Payment summary	Terms	31	30-80	81-90	90
Top Industries								
Electric services	4	\$200	\$50	100%	0	0	0	0
Public finance	2	\$1,250	\$1,000	100%	0	0	0	0
Telephone communictns	2	\$300	\$250	100%	0	0	0	0
Misc business credit	2	\$500	\$250	100%	0	0	0	0
Whol electrical equip	1	\$200,000	\$200,000	100%	0	0	0	0
Management services	1	\$1,000	\$1,000	100%	0	0	0	0
Personal credit	1	\$250	\$250	100%	0	0	0	0
Rat mail order house	1	\$100	\$100	100%	0	0	0	0
Whol office supplies	1	\$100	\$100	100%	0	0	0	0
Lithographic printing	1	\$50	\$50	100%	0	0	0	0
Other Categories								
Cash experiences	2	\$600	\$500	--	--	--	--	--
Unknown	0	\$0	\$0	--	--	--	--	--
Unfavorable comments	0	\$0	\$0	--	--	--	--	--
Placed for collections with D&B:	0	\$0	\$0	--	--	--	--	--
Other	0	N/A	\$0	--	--	--	--	--
Total in D&B's file	18	\$204,350	\$200,000	--	--	--	--	--

Payments Beyond Terms

We currently don't have enough data to display this section.

All Payments

Total (Last 12 Months): 18

Date ▼	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last sale w/f (Mo)
04/2014	Ppt	\$250	\$0	\$0	--	4-5 mos
03/2014	Ppt	--	\$250	\$0	--	1 mo
03/2014	Ppt	\$200,000	\$1,000	\$0	--	1 mo
03/2014	Ppt	\$250	\$0	\$0	--	1 mo
03/2014	Ppt	\$100	\$0	\$0	N30	1 mo
03/2014	Ppt	\$50	\$50	\$0	--	1 mo
03/2014	Ppt	\$50	\$50	\$0	--	1 mo
03/2014	Ppt	\$50	\$50	\$0	--	1 mo
03/2014	Ppt	\$50	\$50	\$0	--	1 mo
02/2014	Ppt	\$50	\$50	\$0	--	--
01/2014	Ppt	\$100	\$0	\$0	N30	2-3 mos
12/2013	Ppt	\$1,000	\$0	\$0	--	6-12 mos
10/2013	Ppt	\$250	\$0	\$0	--	6-12 mos
09/2013	(014)	\$100	--	--	Cash account	6-12 mos
06/2013	Ppt	\$1,000	--	--	--	1 mo
05/2013	(016)	\$500	--	--	Cash account	1 mo
04/2013	Ppt	\$250	\$0	\$0	--	1 mo
07/2012	Ppt	\$50	--	--	--	1 mo

Indications of slowness can be the result of disputes over merchandise, skipped invoices, etc. Accounts are sometimes placed in collection even though the existence or amount of debt is disputed.

The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed.

History & Operations

Currency: Shown in USD unless otherwise indicated

Company Overview

Company Name:	PRIORITY POWER MANAGEMENT, LLC	URL:	www.prioritypower.net
Doing Business As:	PRIORITY POWER MANAGEMENT, LLC	Stock Symbol:	NA
Street Address:	310 W Wall St Ste 500 Midland, TX 79701	History:	NA
Phone:	(432) 620-9100	Operations:	NA
Fax:	(432) 620-9145	Present Management Control:	4 Years
		Annual Sales:	\$7,200,000

History

The following information was reported: **03/08/2014**

Officer(s):
PADRAIG ENNIS, MNG MBR
JOHN BICK, MNG MBR
Priority Power Management, LLC

The Texas Secretary of State's business registrations file showed that Priority Power Management, LLC was registered as a Limited Liability Company on December 18, 2007.

Business started 2001. Present control succeeded Oct 2010.

RECENT EVENTS:

On September 7, 2012, John Bick, Managing Principal, stated that Priority Power Management, LLC, Midland, TX, has acquired the energy management and advisory services business unit of THG Energy & Technology Solutions, LLC, Tulsa, OK, last August 31, 2012. The acquired unit is located in Fort Worth, Texas, and will now be an office of Priority Power Management, LLC.

On December 13, 2010, sources stated that Priority Power Management, LLC, Midland, TX, announced the opening of a new office in Abilene, Texas and the addition of two industry veterans to the Priority Power Management team on November 2, 2010. The office will be led by Bob Forman and Kevin Bredemeyer, two industry veterans who have recently joined the company as the Directors of Business Development. Further details are unavailable.

On September 11, 2007, Amen Properties, Inc, Midland, TX, announced that it has acquired Cogdill Enterprises, Inc, dba Cogdill Energy Consultants (CEC), Euless, TX. Cogdill Enterprises, Inc. will be integrated with Amen's wholly-owned subsidiary, Priority Power Management, LLC. Further details and terms were not disclosed.

PADRAIG ENNIS born 1960. 1981- 2001 was employed with TXU as a Key Account Manager. 2001- present active here.

JOHN BICK. 2003-present active here.

Business address has changed from 303 W Wall St Ste 1100, Midland, TX, 79701 to 310 W Wall St Ste 500, Midland, TX, 79701.

Business Registration

CORPORATE AND BUSINESS REGISTRATIONS REPORTED BY THE SECRETARY OF STATE OR OTHER OFFICIAL SOURCE AS OF
APRIL 14 2014.

Registered Name:	PRIORITY POWER MANAGEMENT, LLC
Business Type:	DOMESTIC LIMITED LIABILITY CO
Corporation Type:	NA
Date Incorporated:	NA
State of Incorporation:	TEXAS
Filing Date:	Dec 18 2007
FilingFedID:	NA
Registration ID:	0800912669
Duration:	PERPETUAL
Duration Date:	NA
Status:	IN EXISTENCE
Status Attained Date:	NA
Where Filed:	SECRETARY OF STATE, AUSTIN, TX
Registered Agent:	PADRAIG ENNIS, 310 W. WALL STREET, SUITE 500, MIDLAND, TX, 797010000
Agent Appointed:	NA
AgentStatus:	NA
Principals:	PAT ENNIS, MANAGER, 310 W. WALL ST., SUITE 500, MIDLAND, TX, 797010000

JOHN BICK, MANAGER, 2080 N. HIGHWAY 360, STE 360, GRAND
PRARIE, TX, 750800000

Operations

03/08/2014

Description:

Provides business consulting services, specializing in energy conservation (100%).

Terms are undetermined. Sales to undetermined. Territory : Regional.

Employees: 26 which includes partners and 1 part-time. 5 employed here.

Facilities: Occupies premises in a building.

Location: NA

Branches: This business has multiple branches; detailed branch/division information is available in D & B's linkage or family tree.

Subsidiaries: NA

Subsidiaries: NA

Subsidiaries: NA

Subsidiaries: NA

Subsidiaries: NA

SIC & NAICS

SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific to a company's operations than if we use the standard 4-digit code. The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

8748 9904 Energy conservation consultant

NAICS:

541690 Other Scientific and Technical Consulting Services

Public Filings

Currency: Shown in USD unless otherwise indicated

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	-	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCCs	1	01/21/14

The following Public Filing data is for information purposes only and is not the official record.
Certified copies can only be obtained from the official source.

Judgments

We currently don't have enough data to display this section.

Liens

We currently don't have enough data to display this section.

Suits

We currently don't have enough data to display this section.

Government Activity

We currently don't have enough data to display this section.

Banking & Finance

Financial Statements

We currently don't have enough data to display this section.

Banking

We currently don't have enough data to display this section.

Special Events

We currently don't have enough data to display this section.

Corporate Linkage

Parent

Company Name	DUNS #	City, State
PRIORITY POWER MANAGEMENT, LLC	12-838-6344	MIDLAND, TEXAS

Headquarters (US)

Company Name	DUNS #	City, State
PRIORITY POWER MANAGEMENT, LLC	12-838-6344	MIDLAND, TEXAS

US Linkages

We currently don't have enough data to display this section.

International Linkages

We currently don't have enough data to display this section.

Exhibit C-8. "Bankruptcy Information"

Provide a list and description of any reorganization, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

Priority Power Management, LLC has never conducted any reorganization, protection from creditors or any other form of bankruptcy filings.

Since we do not have a parent company, or any affiliates, the same holds true.

The two principal officers of the company have also never conducted any reorganization, protection from creditors or any other form of bankruptcy filings.

Exhibit C-9. "Merger Information"

Provide a statement describing any dissolution or merger or acquisition of the applicant within the five most recent years preceding the application.

Management Buyout

Prior to October 1, 2010, Priority Power Management, LLC was a wholly-owned subsidiary of Amen Properties, Inc. ("AMEN") (www.amenproperties.com).

In January 2010, AMEN signed new employment agreements with John Bick and Pat Ennis, the executives responsible for the management of Priority Power Management. The agreements were effective December 1, 2009 with a term of five (5) years.

In connection with these new employment agreements, AMEN also issued a warrant to Bick and Ennis entitling them collectively to purchase 80% of the equity of Priority Power Management for a price of \$10. The warrant had an expiration date of December 1, 2014 and vested only upon the delivery of \$1.9 million in cash earnings by Priority Power Management to AMEN. Additionally, AMEN issued an option to Bick and Ennis entitling them to purchase AMEN's retained 20% ownership in Priority Power Management for the price of \$480,000. This purchase option had an expiration date of December 1, 2012.

On October 1, 2010, Bick and Ennis exercised their warrant to purchase 80% of the equity of Priority Power Management for a price of \$10. Additionally, they exercised their option to purchase the remaining 20% of Priority Power Management for a price of \$480,000.

As a result, the ownership of 100% of the equity of Priority Power Management transferred from AMEN to Bick and Ennis equally (50%/50%) on October 1, 2010.