

Contract formalization

Corning Energy / Citizens Bank - September 12, 2024

Model: DemoEnergy_2025_Q4

DRAFT UNAPPROVED

1. Variables

Variable	Definition	Page
Consolidated debt	Input: Contract-defined consolidated indebtedness; USD at quarter end	12
Shareholders equity	Input: Consolidated shareholders equity; USD at quarter end; exclude the current cure being tested	12
EBITDA before cure adjustments	Input: Contract-defined EBITDA over the four-quarter computation period; USD before cure adjustments	15
Interest expense	Input: Contract-defined interest expense over the four-quarter computation period; USD	19
Earlier lifetime cure exercises	Input: Lifetime cure exercises before the current quarter; integer	67
Current cure election	Input: Current quarter cure election; 0 or 1	66
Eligible equity cash received	Input: Actual eligible equity cash received for this cure; USD, whole cents	66
Written notice	Input: Written notice; 0 or 1	66
Irrevocable notice	Input: Irrevocable notice; 0 or 1	66
Effective delivery of notice	Input: Notice effective under section 9.1; 0 or 1	67
Notice date relative to cure deadline	Input: Notice delivery calendar-day offset from cure deadline; negative means earlier	66
Cure deadline after quarter end	Input: Reviewed cure deadline calendar-day offset after quarter end; positive integer. Calculated from the applicable reporting due date plus 10 New York banking Business Days.	66
Cash receipt date after quarter end	Input: Cash receipt calendar-day offset after quarter end	66
Cash receipt date relative to cure deadline	Input: Cash receipt calendar-day offset from cure deadline	66
Assessment date relative to cure deadline	Input: Assessment calendar-day offset from cure deadline; prevents recognizing future receipts or notices	66

Variable	Definition	Page
Common equity contribution	Input: Cash is common equity; 0 or 1	66
Preferred equity of the closing-date type	Input: Cash is preferred equity of the type issued at closing; 0 or 1	66
Other equity accepted by lender	Input: Other equity terms accepted by lender; 0 or 1	66
Historical EBITDA cure: 1 quarter earlier	Input: Original recognized EBITDA cure in quarter t-1, inside current computation period; USD	66
Cure exercised: 1 quarter earlier	Input: Cure exercised in quarter t-1; 0 or 1	67
Historical EBITDA cure: 2 quarters earlier	Input: Original recognized EBITDA cure in quarter t-2, inside current computation period; USD	66
Cure exercised: 2 quarters earlier	Input: Cure exercised in quarter t-2; 0 or 1	67
Historical EBITDA cure: 3 quarters earlier	Input: Original recognized EBITDA cure in quarter t-3, inside current computation period; USD	66
Cure exercised: 3 quarters earlier	Input: Cure exercised in quarter t-3; 0 or 1	67
Capitalization before current cure	Derived: Debt plus equity before current cure	12
EBITDA including historical cures	Derived: EBITDA plus eligible historical cure amounts	66
Debt ratio before current cure	Derived: Debt/capitalization before current cure; unrounded	62
Interest coverage before current cure	Derived: EBITDA/interest before current cure; unrounded	62
Cure needed for debt ratio	Derived: Smallest whole-cent cure needed for debt test	66
Cure needed for interest coverage	Derived: Smallest whole-cent cure needed for coverage test	66
Total cure needed	Derived: Maximum of the two required cure amounts; interpretation pending	66
Current cure amount recognized	Derived: Current cash recognized only if all modeled cure requirements hold	66
Capitalization after current cure	Derived: Capitalization after eligible current cure, if debt test needs it	66
EBITDA after current cure	Derived: EBITDA after eligible current cure, if coverage test needs it	66
Final debt ratio	Derived: Final debt/capitalization ratio; unrounded	62
Final interest coverage	Derived: Final EBITDA/interest ratio; unrounded	62

2. Financial rules

Proposed rules for discussion and approval. No financial inputs or verification results are included. Rule numbers link to the exact expressions in the technical appendix.

Rule 1 / Yes / no answers

Use 1 for yes and 0 for no. This applies to the current cure election, the three notice confirmations, the three permitted equity-type confirmations and cure exercise in each of the three previous quarters.

PDF p. 67 | Boolean input domains; modeling validation

Rule 2 / Valid amounts and supported scope

Debt and eligible equity cash received must each be zero or positive. Cash received must be stated in whole cents.

Capitalization before the current cure and interest expense must each be strictly positive. These positive-denominator requirements define the supported scope of this model; they are not additional contractual covenants.

PDF p. 12 | Supported numerical domain; positive denominators are a demo assumption

Rule 3 / Historical cure frequency

The lifetime number of earlier cure exercises must be a whole number from 0 to 3. It must be at least the number of exercises reported across the three previous quarters.

Among quarters one and two before the current quarter, no more than one may have a cure exercise. The same restriction applies to quarters two and three before the current quarter. This prevents consecutive exercises in that history.

PDF p. 67 | Section 8.4 historical election limits and input consistency

Rule 4 / Historical EBITDA cure: 1 quarter earlier

The historical amount must be zero or positive and stated in whole cents.

If no cure was exercised 1 quarter before the current quarter, its historical EBITDA cure amount must be zero. An exercise does not by itself require a positive EBITDA adjustment: a debt-only cure may leave this amount at zero.

PDF p. 66 | Section 8.4 historical cure facts; whole cents

Rule 5 / Historical EBITDA cure: 2 quarters earlier

The historical amount must be zero or positive and stated in whole cents.

If no cure was exercised 2 quarters before the current quarter, its historical EBITDA cure amount must be zero. An exercise does not by itself require a positive EBITDA adjustment: a debt-only cure may leave this amount at zero.

PDF p. 66 | Section 8.4 historical cure facts; whole cents

Rule 6 / Historical EBITDA cure: 3 quarters earlier

The historical amount must be zero or positive and stated in whole cents.

If no cure was exercised 3 quarters before the current quarter, its historical EBITDA cure amount must be zero. An exercise does not by itself require a positive EBITDA adjustment: a debt-only cure may leave this amount at zero.

PDF p. 66 | Section 8.4 historical cure facts; whole cents

Rule 7 / Calendar-day inputs

The notice date, cash receipt date and assessment date offsets must be whole calendar days.

For offsets relative to the cure deadline, a negative number means before the deadline, zero means on it, and a positive number means after it. The cure deadline is supplied as a reviewed calendar fact: 10 New York banking Business Days after the applicable reporting due date.

The cure deadline offset after quarter end must be a positive whole number of calendar days.

When cash received is positive: Cash receipt days after quarter end = Cure deadline days after quarter end + Cash receipt days relative to the cure deadline. This ensures both offsets describe the same receipt date.

When no cash is received, the receipt offsets may be zero placeholders and this date identity does not apply. Calendar computation of the reviewed deadline remains outside the solver.

PDF p. 66 | Calendar-day integer domains and consistency of cash receipt offsets; modeling validation

Rule 8 / Capitalization before current cure

Capitalization before current cure = Consolidated debt + Shareholders equity.

PDF p. 12 | Definition of Consolidated Capitalization

Rule 9 / EBITDA including historical cures

EBITDA including historical cures = EBITDA before cure adjustments + Eligible historical EBITDA cure amounts from each of the three previous quarters.

These are original recognized amounts for cured quarters within the current four-quarter computation period. Each amount is supplied explicitly in this quarter's inputs; no earlier solver result is read.

PDF p. 66 | Section 8.4 carry cure into computation periods containing the cured quarter

Rule 10 / Debt ratio before current cure

Debt ratio before current cure = Consolidated debt / Capitalization before current cure.

PDF p. 62 | Section 7.12(a)

Rule 11 / Interest coverage before current cure

Interest coverage before current cure = EBITDA including historical cures / Interest expense.

PDF p. 19 | Interest Coverage Ratio definition

Rule 12 / Cure needed for the debt ratio

If the debt ratio before the current cure is strictly below 0.655, the required debt cure is zero.

Otherwise, find the smallest amount in whole cents that makes the ratio strictly below 0.655 after adding that amount to capitalization.

The amount must be strictly greater than (Consolidated debt / 0.655) minus Capitalization before current cure. If that gap is already an exact whole-cent amount, one extra cent is required.

This raw boundary represents a displayed maximum of 0.65 under the draft two-decimal half-up rounding interpretation.

PDF p. 28 | Sections 1.5, 7.12(a), 8.4; strict rounding boundary, whole-cent minimum

Rule 13 / Cure needed for interest coverage

If interest coverage before the current cure is at least 1.995, the required coverage cure is zero.

Otherwise: Required coverage cure = $(1.995 \times \text{Interest expense})$ minus EBITDA including historical cures, rounded upward to the next whole cent if necessary.

The amount may equal that gap when the gap is already in whole cents. The raw boundary 1.995 represents a displayed minimum of 2.00 under the draft rounding interpretation.

PDF p. 28 | Sections 1.5, 7.12(b), 8.4; inclusive rounding boundary, whole-cent minimum

Rule 14 / Total cure needed

Total cure needed = The larger of the cure needed for the debt ratio and the cure needed for interest coverage.

This uses the same eligible cash for both tests when both need a cure. Using the maximum rather than adding the two amounts is an interpretation pending agreement.

PDF p. 66 | Section 8.4; maximum interpretation pending sign-off

Rule 15 / Recognition of the current cure

Recognize the total cure needed only when ALL the following requirements hold:

- A current cure has been elected and the total cure needed is greater than zero.
- No cure was exercised in the immediately preceding quarter.
- Including the current exercise, no more than two cures occur across the current and three preceding quarters.
- Including the current exercise, no more than three cures have occurred over the lifetime of the agreement.
- The notice is written, irrevocable and effectively delivered.
- The notice is delivered on or before the cure deadline.
- Cash is received strictly after the testing quarter end and strictly before the cure deadline. The strict receipt deadline is a draft interpretation.
- Both effective notice delivery and cash receipt have occurred on or before the assessment date.
- At least ONE permitted equity type applies: common equity; preferred equity of the closing-date type; or other equity whose terms the lender has accepted.
- Eligible equity cash received is at least the total cure needed.

When every requirement holds: Current cure amount recognized = Total cure needed. Otherwise: Current cure amount recognized = Zero.

Any cash above the amount needed is not recognized as a cure.

PDF p. 66 | Section 8.4 cure eligibility, limits, receipt and notice; strict receipt deadline is a draft interpretation

Rule 16 / Capitalization after current cure

If the debt ratio needs a cure: Capitalization after current cure = Capitalization before current cure + Current cure amount recognized.

Otherwise, capitalization after current cure equals capitalization before current cure.

PDF p. 66 | Section 8.4 capitalization adjustment only where applicable

Rule 17 / EBITDA after current cure

If interest coverage needs a cure: $\text{EBITDA after current cure} = \text{EBITDA including historical cures} + \text{Current cure amount recognized}$.

Otherwise, EBITDA after current cure equals EBITDA including historical cures.

PDF p. 66 | Section 8.4 EBITDA adjustment only where applicable

Rule 18 / Final debt ratio

$\text{Final debt ratio} = \text{Consolidated debt} / \text{Capitalization after current cure}$.

PDF p. 62 | Section 7.12(a)

Rule 19 / Final interest coverage

$\text{Final interest coverage} = \text{EBITDA after current cure} / \text{Interest expense}$.

PDF p. 62 | Section 7.12(b)

Rule 20 / Maximum debt ratio

The final debt ratio, rounded half-up to two decimal places, must not exceed 0.65.

Equivalent exact test used by the solver: Final debt ratio must be strictly less than 0.655. The rounding interpretation remains subject to review.

PDF p. 62 | Sections 7.12(a), 1.5; maximum displayed ratio 0.65

Rule 21 / Minimum interest coverage

Final interest coverage, rounded half-up to two decimal places, must be at least 2.00.

Equivalent exact test used by the solver: Final interest coverage must be at least 1.995. The rounding interpretation remains subject to review.

PDF p. 62 | Sections 7.12(b), 1.5; minimum displayed ratio 2.00

3. Model assumptions for review

1. Fictional company and financial data. Based on the Corning Energy / Citizens Bank agreement dated September 12, 2024; no client relationship or endorsement is implied.
2. DRAFT MODEL - NOT SIGNED. Ratios use final half-up rounding to two decimals: debt/capitalization < 0.655 and interest coverage $\geq$ 1.995. PDF page numbers include the cover.
3. Cure interpretation pending agreement: the same eligible cash may cure both tests, with only the maximum required amount recognized. Historical equity must already be included in equity without double counting.
4. Conservative timing interpretation: cash arrives strictly before the cure deadline. Deadline offsets are supplied facts, calculated from the reporting due date plus 10 New York banking Business Days; calendar validation is outside this model.
5. CFO confirms contract-defined debt, equity, trailing-four-quarter EBITDA and interest, including contractual exclusions and no duplicate add-backs. Positive capitalization and interest define this demo's supported domain.
6. All periods assume the agreement remains in force. Testing begins September 30, 2024. Historical cure amounts are original eligible amounts for quarters inside the current four-quarter computation period, not fresh contributions.
7. Each quarter is self-contained. Historical elections, recognized amounts and lifetime counts are explicit inputs; their supporting evidence remains subject to review. No signature or legal validation is simulated.
8. Demo cure deadlines are illustrative: 59 calendar days after each quarter end, not a validated contractual calendar. Receipt-date consistency is enforced whenever cash_received is positive; zero receipt offsets are placeholders when cash_received is zero.

Appendix A. Technical identifiers

Names used in the executable model and their corresponding financial labels.

debt: Consolidated debt
equity: Shareholders equity
ebitda: EBITDA before cure adjustments
interest: Interest expense
prior_cure_exercises: Earlier lifetime cure exercises
current_cure_elected: Current cure election
cash_received: Eligible equity cash received
notice_written: Written notice
notice_irrevocable: Irrevocable notice
notice_effectively_delivered: Effective delivery of notice
notice_days_relative_to_deadline: Notice date relative to cure deadline
deadline_days_after_testing_date: Cure deadline after quarter end
cash_days_after_testing_date: Cash receipt date after quarter end
cash_days_relative_to_deadline: Cash receipt date relative to cure deadline
assessment_days_relative_to_deadline: Assessment date relative to cure deadline
common_equity: Common equity contribution
closing_date_preferred_equity: Preferred equity of the closing-date type
other_equity_terms_accepted: Other equity accepted by lender
historical_ebitda_cure_q_minus_1: Historical EBITDA cure: 1 quarter earlier
cure_used_q_minus_1: Cure exercised: 1 quarter earlier
historical_ebitda_cure_q_minus_2: Historical EBITDA cure: 2 quarters earlier
cure_used_q_minus_2: Cure exercised: 2 quarters earlier
historical_ebitda_cure_q_minus_3: Historical EBITDA cure: 3 quarters earlier
cure_used_q_minus_3: Cure exercised: 3 quarters earlier
capitalization_before: Capitalization before current cure
ebitda_before: EBITDA including historical cures
debt_ratio_before: Debt ratio before current cure
coverage_before: Interest coverage before current cure
required_debt_cure: Cure needed for debt ratio
required_coverage_cure: Cure needed for interest coverage
required_cure: Total cure needed
recognized_cure: Current cure amount recognized
capitalization_after: Capitalization after current cure
ebitda_after: EBITDA after current cure
debt_ratio_after: Final debt ratio
coverage_after: Final interest coverage

Appendix B. Executable expressions

Exact expressions, reformatted only for layout. The financial reading and these expressions form one draft specification for review.

Rule 1 / Exact expression

```
And(  
  Or(current_cure_elected == 0, current_cure_elected == 1),  
  Or(notice_written == 0, notice_written == 1),  
  Or(notice_irrevocable == 0, notice_irrevocable == 1),  
  Or(notice_effectively_delivered == 0, notice_effectively_delivered == 1),  
  Or(common_equity == 0, common_equity == 1),  
  Or(closing_date_preferred_equity == 0, closing_date_preferred_equity == 1),  
  Or(other_equity_terms_accepted == 0, other_equity_terms_accepted == 1),  
  Or(cure_used_q_minus_1 == 0, cure_used_q_minus_1 == 1),  
  Or(cure_used_q_minus_2 == 0, cure_used_q_minus_2 == 1),  
  Or(cure_used_q_minus_3 == 0, cure_used_q_minus_3 == 1)  
)
```

PDF p. 67 | Boolean input domains; modeling validation

Rule 2 / Exact expression

```
And(  
  debt >= 0,  
  cash_received >= 0,  
  cash_received * 100 == ToReal(ToInt(cash_received * 100)),  
  capitalization_before > 0,  
  interest > 0  
)
```

PDF p. 12 | Supported numerical domain; positive denominators are a demo assumption

Rule 3 / Exact expression

```
And(  
  prior_cure_exercises == ToReal(ToInt(prior_cure_exercises)),  
  prior_cure_exercises >= 0,  
  prior_cure_exercises <= 3,  
  prior_cure_exercises >= cure_used_q_minus_1 + cure_used_q_minus_2 +  
cure_used_q_minus_3,  
  cure_used_q_minus_1 + cure_used_q_minus_2 <= 1,  
  cure_used_q_minus_2 + cure_used_q_minus_3 <= 1  
)
```

PDF p. 67 | Section 8.4 historical election limits and input consistency

Rule 4 / Exact expression

```
And(
  historical_ebitda_cure_q_minus_1 >= 0,
  historical_ebitda_cure_q_minus_1 * 100 == ToReal(ToInt(historical_ebitda_cure_q_minus_1
* 100)),
  Or(cure_used_q_minus_1 == 1, historical_ebitda_cure_q_minus_1 == 0)
)
```

PDF p. 66 | Section 8.4 historical cure facts; whole cents

Rule 5 / Exact expression

```
And(
  historical_ebitda_cure_q_minus_2 >= 0,
  historical_ebitda_cure_q_minus_2 * 100 == ToReal(ToInt(historical_ebitda_cure_q_minus_2
* 100)),
  Or(cure_used_q_minus_2 == 1, historical_ebitda_cure_q_minus_2 == 0)
)
```

PDF p. 66 | Section 8.4 historical cure facts; whole cents

Rule 6 / Exact expression

```
And(
  historical_ebitda_cure_q_minus_3 >= 0,
  historical_ebitda_cure_q_minus_3 * 100 == ToReal(ToInt(historical_ebitda_cure_q_minus_3
* 100)),
  Or(cure_used_q_minus_3 == 1, historical_ebitda_cure_q_minus_3 == 0)
)
```

PDF p. 66 | Section 8.4 historical cure facts; whole cents

Rule 7 / Exact expression

```
And(
  notice_days_relative_to_deadline == ToReal(ToInt(notice_days_relative_to_deadline)),
  cash_days_after_testing_date == ToReal(ToInt(cash_days_after_testing_date)),
  cash_days_relative_to_deadline == ToReal(ToInt(cash_days_relative_to_deadline)),
  assessment_days_relative_to_deadline ==
ToReal(ToInt(assessment_days_relative_to_deadline)),
  deadline_days_after_testing_date == ToReal(ToInt(deadline_days_after_testing_date)),
  deadline_days_after_testing_date > 0,
  Or(
    cash_received == 0,
    cash_days_after_testing_date == deadline_days_after_testing_date +
cash_days_relative_to_deadline
  )
)
```

PDF p. 66 | Calendar-day integer domains and consistency of cash receipt offsets; modeling validation

Rule 8 / Exact expression

```
capitalization_before == debt + equity
```

PDF p. 12 | Definition of Consolidated Capitalization

Rule 9 / Exact expression

```
ebitda_before == ebitda + historical_ebitda_cure_q_minus_1 +  
historical_ebitda_cure_q_minus_2 + historical_ebitda_cure_q_minus_3
```

PDF p. 66 | Section 8.4 carry cure into computation periods containing the cured quarter

Rule 10 / Exact expression

```
debt_ratio_before == debt / capitalization_before
```

PDF p. 62 | Section 7.12(a)

Rule 11 / Exact expression

```
coverage_before == ebitda_before / interest
```

PDF p. 19 | Interest Coverage Ratio definition

Rule 12 / Exact expression

```
required_debt_cure == If(  
    debt_ratio_before < 0.655,  
    0,  
    ToReal(ToInt(100 * (200 * debt / 131 - capitalization_before)) + 1) / 100  
)
```

PDF p. 28 | Sections 1.5, 7.12(a), 8.4; strict rounding boundary, whole-cent minimum

Rule 13 / Exact expression

```
required_coverage_cure == If(  
    coverage_before >= 1.995,  
    0,  
    -ToReal(ToInt(-100 * (399 * interest / 200 - ebitda_before))) / 100  
)
```

PDF p. 28 | Sections 1.5, 7.12(b), 8.4; inclusive rounding boundary, whole-cent minimum

Rule 14 / Exact expression

```
required_cure == If(  
    required_debt_cure > required_coverage_cure,  
    required_debt_cure,  
    required_coverage_cure  
)
```

PDF p. 66 | Section 8.4; maximum interpretation pending sign-off

Rule 15 / Exact expression

```

recognized_cure == If(
  And(
    current_cure_elected == 1,
    required_cure > 0,
    cure_used_q_minus_1 == 0,
    cure_used_q_minus_1 + cure_used_q_minus_2 + cure_used_q_minus_3 + 1 <= 2,
    prior_cure_exercises + 1 <= 3,
    notice_written == 1,
    notice_irrevocable == 1,
    notice_effectively_delivered == 1,
    notice_days_relative_to_deadline <= 0,
    cash_days_after_testing_date > 0,
    cash_days_relative_to_deadline < 0,
    notice_days_relative_to_deadline <= assessment_days_relative_to_deadline,
    cash_days_relative_to_deadline <= assessment_days_relative_to_deadline,
    Or(
      common_equity == 1,
      closing_date_preferred_equity == 1,
      other_equity_terms_accepted == 1
    ),
    cash_received >= required_cure
  ),
  required_cure,
  0
)

```

PDF p. 66 | Section 8.4 cure eligibility, limits, receipt and notice; strict receipt deadline is a draft interpretation

Rule 16 / Exact expression

```

capitalization_after == capitalization_before + If(required_debt_cure > 0, recognized_cure,
0)

```

PDF p. 66 | Section 8.4 capitalization adjustment only where applicable

Rule 17 / Exact expression

```

ebitda_after == ebitda_before + If(required_coverage_cure > 0, recognized_cure, 0)

```

PDF p. 66 | Section 8.4 EBITDA adjustment only where applicable

Rule 18 / Exact expression

```

debt_ratio_after == debt / capitalization_after

```

PDF p. 62 | Section 7.12(a)

Rule 19 / Exact expression

```

coverage_after == ebitda_after / interest

```

PDF p. 62 | Section 7.12(b)

Rule 20 / Exact expression

`debt_ratio_after < 0.655`

PDF p. 62 | Sections 7.12(a), 1.5; maximum displayed ratio 0.65

Rule 21 / Exact expression

`coverage_after >= 1.995`

PDF p. 62 | Sections 7.12(b), 1.5; minimum displayed ratio 2.00
