



From the President's Desk

October 28, 2016

Confidential & not for Distribution

Dear USCL Shareholders and Associates:

This communication is a brief update following the recent shareholder status reports. I have received a few emails from people asking what is "due diligence?"

Due diligence is the process investors and corporate partners go through prior to making a commitment to invest in a venture or to partner with it. It is a rigorous process and involves the review of all pertinent company events, contracts, documents, legal issues, financial statements, tax returns and the like. Investors want to be assured that they have received 100% full disclosure from the management of a potential company they invest in. The reason is that investors want to be aware of all liabilities prior to making an investment so that they know exactly where their money is going. They do not want to make an investment in a venture only to have future claims demanding money surface.

Investors typically will not invest in a start-up or late stage start-up with no revenues if their investment funds are being used to pay off old liabilities. An investor's attitude is that old creditors are like the company founders. They have skin in the game and they must be patient and work together to make the venture successful.

Investors will never invest money to buy out unhappy shareholders in start-ups and late stage start-ups. This is why I mentioned in yesterday's shareholder letter, everyone needs to adopt a positive attitude. The objective here is to bring in needed funds to move our company forward; not to sink the ship so everyone loses. In USCL's case, we have had no material investment funds for the last five years. The company must receive outside investment funds or it will cease its endeavors and liquidate whatever assets it has. In USCL's case it does not have sufficient assets to pay off its secured creditors let alone make all shareholders "whole again."

The fact that I have built up the USCL Investor Main Index and Due Diligence Resource signifies that we do indeed have interested viable parties who have expressed strong interest in funding us. We have viable corporate parties beginning due diligence on us now. That is a very positive and encouraging sign.

The process can take anywhere from 60 to 90 days. It cannot be pushed or the potential investors will simply back off and say they are not interested. My job now is to shepherd them through the process and answer all questions they may have.

Typically, an investor will make an offer in the form of a proposed “term sheet” which will outline how much money they will invest, an approved budget with emphasis on how much money can be spent to retire past liabilities (past bills and in our case SBL loans, and the Michel Judgment and Miller judgment) and what % of the funded company they want as well as agreement on a new Board of directors, etc.

Most people, certainly those who have been in business, are familiar with the “golden rule.” The party with the gold (money) rules.

Currently I am under NDA (Non-disclosure Agreement) terms with one specific group that has a high level of interest. Their interest is based on <http://energycite.com> from a product and marketing approach standpoint. The EnergyCite LTD website is not a commercial website per se, but rather a business opportunity site. It is backed up by the USCL due diligence site on the restricted <http://tamarkin.us>

Existing USCL investors should be encouraged that there is light at the end of the tunnel. They should not, however, view this as their “exit” from the company. This will be the potential chance to build the company into a viable business with strong recurring revenues and earnings. Earlier, I mentioned that we spent considerable time in communications with Microsoft Corporation. MS made it clear they have no interest in funding a start-up with no revenues. However, they have encouraged us to resume conversations once we obtain the next round of funding and begin building the utility consortium. At that point we become a candidate for their “Accelerator” program. That can happen in the Seattle, WA MS Accelerator or in the Tel Aviv, Israel MS accelerator given our Israeli patents and the fact that MS is experiencing its greatest new venture growth in Israel due to the degree of innovation and the prevalent culture; i.e., Israel is known as the “Start-Up nation.”

As stressed many times in previous shareholder updates and in the “About” section under “Unfair Business Advantages” on <http://energycite.com/about.php> USCL has a greater than \$2.7 million USD federal tax loss carry forward. That is a significant asset of USCL and it offsets the past due liabilities to a large extent. That is one principal reason that these groups are even considering investing in us given the incendiary tone of Jeffrey Michel in Hamburg Germany, towards the company over the last five years. Mr. Michel is on the USCL shareholder broadcast list and as a matter of full disclosure he will see this communication.

As I said yesterday, we must be totally transparent and positive and move forward together. Otherwise our potential investors will simply back off and everyone loses. For the record it should be known and stressed that I have stayed with this venture for the last 6 years. I have had shareholders...even a past board of director member...ask that we put the company in bankruptcy and certify that we are out of business. Why? Because they want to write off their USCL investment as a loss against their personal taxes. I have refused to do that. I have an obligation to our core group of early shareholders, creditors, and my family to make this venture successful and as importantly I have an obligation and passion to get our products out to the American people. In my book, failure is not an option. Having said that, we are up against certain statutory time lines to preserve the tax loss carry forward and the USCL corporate status once revived. That deadline is mid-April 2017.

Once again I thank everyone for their continued patience and be assured the firm can have a rosy and solid future if everyone works together toward the common good of all shareholders & stakeholders.

This communications is embedded in the attached October 28, 2016 Message From The President and is archived on the USCL due diligence site meaning that it will be reviewed by all potential investor's due diligence team.

Kind regards,

USCL Corporation (inactive status)



Tomer (Tom) D. Tamarkin
President & CEO