

Federal Reserve Board Main Street Lending Program

As of June 2, 2020 Summary of Key Terms

This “Term Sheet” provides some of the primary terms and conditions regarding (i) the Main Street New Loan Facility (the “MSNLF”), (ii) the Main Street Priority Loan Facility (the “MSPLF”) and (iii) the Main Street Expanded Loan Facility (“MSELF” and collectively, the “Facilities”), which collectively constitute the “Main Street Lending Program”(the “Program”) referenced in Section 4003 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Unless otherwise noted below, the same terms apply to each Facility. Direct links to the Federal Reserve Board’s (“FRB”) term sheets for the MSNLF, MSELF, and MSPLF are available [here](#), [here](#) and [here](#). A link to the FRB’s “Frequently Asked Questions” publication dated May 27, 2020 (“FAQs”) is available [here](#).

Eligible Borrowers; Size Limitations:	<p>An eligible borrower is an entity which:</p> <ul style="list-style-type: none"> • is a “business” organized for profit as a partnership; a limited liability company; a corporation; an association; a trust; a cooperative; a joint venture with no more than 49% participation by foreign business entities; or a tribal business concern (subject to certain ownership requirements); • was created or organized in the U.S. or under the laws of the U.S. before March 13, 2020; • has “significant operations”¹ in the U.S.; • has a majority of its employees (all full-time, part-time, seasonal, or otherwise employed persons, excluding volunteers and independent contractors) based in the U.S.; • has either (a) 15,000 employees or fewer or (b) 2019 annual revenues of \$5 billion or less (see additional information regarding calculation of number of employees and annual revenue under the heading “Affiliation Rules” below); • was in sound financial condition prior to the onset of the COVID-19 pandemic; and • does not otherwise constitute an “ineligible entity” (as described immediately below). <p>A borrower that has received a Paycheck Protection Program (PPP) loan may</p>
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¹ To determine if a business has “significant operations” in the US, the business’s operations should be evaluated on a consolidated basis together with its subsidiaries, but not its parent companies or sister affiliates. For example, a business has significant operations in the U.S. if, when consolidated with its subsidiaries, greater than 50% of the businesses’ (a) assets are located in the U.S., (b) annual net income is generated in the U.S., (c) annual net operating revenues are generated in the U.S. or (d) annual consolidated operating expenses (excluding interest expense and any other expenses associated with debt service) are generated in the U.S. The examples are a non-exhaustive list.

	<p>participate in a Facility if it meets the eligibility criteria.²</p> <p>The following entities are ineligible:</p> <ul style="list-style-type: none"> • any entity that has received “specific support” under the Coronavirus Economic Stabilization Act of 2020 (Subtitle A of Title IV of the CARES Act); • non-profit organizations (although a for-profit subsidiary of a non-profit organization that otherwise meets the requirements may be eligible); and • generally, any organization that is ineligible to receive an Small Business Administration (SBA) loan under SBA regulations for purposes of the PPP on or before April 24, 2020 (these organizations are described in paragraphs (b) through (j) and (m) through (s) provided here).
<p>Affiliation - Counting Employees and Calculating Revenue:</p>	<p>The “affiliation test” used for the SBA’s PPP (available here) is used for purposes of counting employees and calculating revenue.</p> <ul style="list-style-type: none"> • <u>Counting Employees:</u> A business must use the average of the total number of its own employees and its affiliates’ employees for each pay period over the 12 months before origination or upsizing, as applicable, to determine the relevant number of employees. • <u>Calculating 2019 Revenues:</u> A business must aggregate its revenue with the revenue of its affiliates to determine its 2019 annual revenues. Either of the following methods is permissible: <ul style="list-style-type: none"> ○ a business may use its (and its affiliates’) annual revenue based on its 2019 GAAP audited financial statements; <u>or</u> ○ a business may use its (and its affiliates’) annual “receipts” for the fiscal year 2019, as reported to the Internal Revenue Service. <p>If a business (or its affiliate) does not have audited financial statements or annual receipts for 2019, the business (or its affiliate) should use its most recent audited financial statements or annual receipts. The term “<i>receipts</i>” has the same meaning used by the SBA provided here.</p>
<p>Eligible Lenders:</p>	<p>U.S. federally-insured depository institutions (including banks, savings associations, and credit unions), U.S. branches or agencies of foreign banks, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of foreign banking organizations and any U.S. subsidiary of any of the preceding are eligible to participate in the Program as lenders. Nonbank financial institutions are <u>not</u> currently eligible.</p> <p>To upsize a tranche of an existing multi-lender/syndicated facility pursuant to an</p>

² A borrower (and its affiliates) may only borrow under one of the Facilities and cannot also participate in the Primary Market Corporate Credit Facility (PMCCF).

	MSELF, only the lender providing the upsized tranche is required to satisfy the eligibility criteria. Other lenders under a multi-lender/syndicated facility are not required to meet such criteria.
Conflict of Interest Exclusions:	In addition to the eligibility criteria noted above, an entity cannot participate in the Program as a borrower or as a lender if more than 20% of its equity is held by the President, Vice President, a member of congress, or a cabinet member and certain of their family members.
Basic Requirements of Underlying Loans for MSELF Upsized Tranche:	<p>An MSELF is available to add an “upsized tranche” to an existing term loan or revolving credit facility that:</p> <ul style="list-style-type: none"> ▪ was originated on or before April 24, 2020; ▪ was made by a lender satisfying the eligibility criteria of the Program; ▪ has a remaining maturity of at least 18 months (note: the maturity of the underlying loan may be extended at the time of upsizing to satisfy this requirement); ▪ is currently held, at least in part, by a lender satisfying the eligibility criteria of the Program; and ▪ received an internal risk rating equivalent to a “pass” by from the lender of the upsized tranche as of December 31, 2019 (or at the time of origination if after December 31, 2019). <p>A multi-lender/syndicated facility loan without an “opening” or “accordion” provision is eligible for upsizing under the MSELF if the required parties amend the underlying credit agreements as needed to comply with the MSELF requirements.</p>
Loan Amount:	<ul style="list-style-type: none"> • <u>MSNLF:</u> <p>Minimum Loan Amount: \$500,000</p> <p>Maximum Loan Amount: Lesser of (i) \$25 million, or (ii) an amount that, when added to existing outstanding and undrawn available debt³, does not exceed 4x 2019 adjusted EBITDA.</p> • <u>MSPLF:</u> <p>Minimum Loan Amount: \$500,000</p> <p>Maximum Loan Amount: Lesser of (i) \$25 million, or (ii) an amount that, when added to existing outstanding and undrawn available debt, does not exceed 6x 2019 adjusted EBITDA. See below under the heading “Adjusted EBITDA Methodology” for guidance on the calculation of 2019 adjusted EBITDA.</p> • <u>MSELF:</u>

³ “Existing outstanding and undrawn available debt” means all amounts borrowed under any loan facility, including unsecured or secured loans from any bank, non-bank financial institution, or private lender, as well as any publicly issued bonds or private placement facilities (including all unused commitments under any loan facility, subject to certain carve-outs).

	<p>Minimum Loan Amount: \$10 million</p> <p>Maximum Loan Amount: Lesser of (a) \$200 million, (b) 35% of existing outstanding and undrawn available debt that is pari passu in priority with the MSELF and equivalent in secured status (i.e., secured or unsecured), or (c) an amount that, when added to existing outstanding and undrawn available debt, does not exceed 6x 2019 adjusted EBITDA.</p> <p>See below under the heading “Adjusted EBITDA Methodology” for guidance as to the calculation of 2019 adjusted EBITDA.</p>
Adjusted EBITDA Methodology :	<ul style="list-style-type: none"> • MSNLF and MSPLF: When calculating EBITDA, a lender is required to use the methodology that it used when calculating EBITDA for a borrower in the past; however, if such borrower is a new customer, then a lender must use a methodology that it used for similarly situated borrowers on or before April 24, 2020 (similarly situated borrowers are borrowers in similar industries with comparable risk and size characteristics). • MSELF: When calculating EBITDA, a lender is required to use the methodology that it used when calculating EBITDA for a borrower pursuant to currently outstanding loan documentation that was in place on or before April 24, 2020. <p>With respect to all Facilities, if multiple EBITDA adjustment methodologies have been used by a lender with respect to a borrower or similarly situated borrowers, then it must choose the most conservative method it has employed.</p>
Term:	4 years.
Interest Rate:	<p>LIBOR (1 or 3 month) + 300 bps.</p> <p>Fallback/replacement interest rate language should be included in loan documentation to address LIBOR becoming unavailable during the term of a Facility.</p>
Amortization Payments; Prepayments:	<p>No payments of principal <u>or</u> interest during Year 1. Unpaid interest is capitalized with principal.</p> <ul style="list-style-type: none"> • MSNLF: 33.3% of principal due at the end of each of Years 2, Year 3 and 4 (maturity). • MSPLF and MSELF: 15% of principal due at the end of Year 2 and Year 3 and a balloon payment of 70% of principal due at the end of Year 4 (maturity). <p>All Facilities may be prepaid at any time without premium or penalty.</p>
Forgiveness:	None. However, in the event of restructurings or workouts, the SPV may agree to reductions in interest (including capitalized interest), extended amortization schedules and maturities and higher priority “priming” loans.
Fees:	<ul style="list-style-type: none"> • All Facilities:

	<ul style="list-style-type: none"> • The SPV pays a lender a loan servicing fee equal to 25 bps of the principal amount of its participation per annum. • A lender cannot charge a borrower any additional fees, except de minimis fees for services that are customary and necessary in its underwriting of commercial and industrial loans to similar borrowers (e.g., appraisal and legal fees). • <u>MSNLF</u> and <u>MSPLF</u>: <ul style="list-style-type: none"> ▪ A lender pays the SPV a transaction fee of 100 bps of the principal amount of a Facility at origination (and may pass this fee on to a borrower). ▪ A borrower pays a lender an origination fee of up to 100 bps of the principal amount of a Facility at origination. • <u>MSELF</u>: <ul style="list-style-type: none"> ▪ A lender pays the SPV a transaction fee of 75 bps of the principal amount of the MSELF at upsizing (and may pass this fee on to a borrower). ▪ A borrower pays a lender an origination fee of up to 75 bps of the principal amount of the MSELF at the time of upsizing.
<p>Payment Priority and Security:</p>	<ul style="list-style-type: none"> • <u>MSNLF</u>: <p><u>Payment</u>: Cannot be contractually subordinated in terms of payment priority to any of a borrower’s other loans or debt instruments at the time of origination or at any time during the term of a Facility.</p> <p><u>Security</u>: May be secured or unsecured.</p> • <u>MSPLF</u>: <p><u>Payment</u>: Must be senior to or pari passu with (in terms of payment priority) a borrower’s other loans or debt instruments (other than mortgage debt) at the time of origination/upsizing and at all times during the term of a Facility.</p> <ul style="list-style-type: none"> ▪ Loans or debt instruments means debt for borrowed money and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, and all guarantees of the foregoing. ▪ Mortgage debt means debt secured by real property at the time of origination. <p><u>Security</u>: Must be secured if, at the time of origination, a borrower has any other secured loans or debt instruments (other than mortgage debt). If a Facility is secured by the same collateral as a borrower’s other loans or debt instruments (other than mortgage debt), the lien on such collateral securing such Facility must be and remain senior to or pari passu with the lien of the</p>

	<p>other creditor on such collateral. There is no requirement that a Facility share in all of the collateral that secures a borrower’s other loans or debt instruments.</p> <ul style="list-style-type: none"> ▪ If secured, then the “Collateral Coverage Ratio” for a Facility at the time of origination must be either (i) at least 200% or (ii) not less than the aggregate Collateral Coverage Ratio for all of a borrower’s other secured loans or debt instruments (other than mortgage debt). ▪ The Collateral Coverage Ratio is (i) the aggregate value of any relevant collateral security, including the pro rata value of any shared collateral, divided by (ii) the outstanding aggregate principal amount of the relevant debt. <ul style="list-style-type: none"> • <u>MSELF:</u> <p><u>Payment:</u> Must be senior to or pari passu with (in terms of payment priority) a borrower’s other loans or debt instruments (other than mortgage debt) at the time of origination/upsizing and at all times during the term of a Facility.</p> <p><u>Security:</u> Must be secured if, at the time of origination, a borrower has any other secured loans or debt instruments (other than mortgage debt). If secured, an MSELF must be senior to or pari passu with (in terms of security) a borrower’s other loans or debt instruments (other than mortgage debt) at the time of origination/upsizing and at all times during the term of a Facility. An MSELF must be secured by the same collateral securing any other term loan tranche of the underlying credit facility on a pari passu basis. A lender may require a borrower to pledge additional collateral to secure an MSELF.</p>
<p>Use of Proceeds:</p>	<p>Loan proceeds may not be used to refinance other debt, except that the proceeds of an MSPLF may be used to refinance debt owed to a lender that is not the lender of a borrower’s Facility.</p>
<p>Employee Retention:</p>	<p>A borrower must make “commercially reasonable efforts” to retain employees during the term of a Facility. Specifically, an eligible borrower must “undertake good-faith efforts to maintain payroll and retain employees, in light of its capacities, the economic environment, its available resources, and the business need for labor.”</p> <p>However, a borrower that has already laid-off or furloughed workers as a result of the disruptions from COVID-19 is still eligible to apply for a Facility.</p>
<p>Restrictions on Repayment of Other Debt and Cancellation or Reduction of Committed Lines of Credit:</p>	<ul style="list-style-type: none"> • <u>MSNLF</u> and <u>MSELF:</u> <ul style="list-style-type: none"> ▪ A borrower cannot repay the principal balance of, or pay any interest on, <u>any</u> debt until a Facility is repaid in full <u>unless</u> the debt or interest payment is “mandatory and due.”⁴

⁴ Debt payments are generally “mandatory and due” on their scheduled payments dates or upon the occurrence of an event that automatically triggers mandatory prepayments, provided, such payments were required to be made as of April, 24, 2020 under an existing credit agreement for outstanding debt or under debt incurred after such date in compliance with the terms and conditions of the Program.

	<ul style="list-style-type: none"> ▪ If a borrower has an existing debt arrangement that requires prepayment of more than a de minimis amount on the incurrence of new debt (meaning that the proceeds of such Facility must be used to prepay currently outstanding debt), it cannot receive an MSNLF or MSELF unless such requirement is waived or reduced to a de minimis amount by the relevant creditor/lender(s). • MSPLF: A borrower cannot repay the principal balance of, or pay any interest on, <u>any</u> debt until the MSPLF is repaid in full <u>unless</u> the debt or interest payment is mandatory and due (<u>however</u>, a borrower can refinance existing debt owed to a lender that is not the lender of such borrower’s Facility at the time of origination of the MSPLF). • All Facilities: <ul style="list-style-type: none"> ▪ A <u>borrower</u> cannot seek to cancel or reduce any of its existing committed lines of credit with the lender of such borrower’s Facility or any other lender. A lender cannot cancel or reduce any existing committed lines of credit in favor of a borrower, except if there is an event of default.
<p>Compensation and Equity Restrictions:</p>	<p>A borrower cannot do any of the following until 12 months after⁵ a Facility is repaid:</p> <ul style="list-style-type: none"> • purchase its own or parent company’s equity securities that are listed on a national securities exchange (absent a pre-existing contractual obligation); • pay dividends on common stock or make other capital⁶ distributions other than those made by an S corporation or other tax pass-through entity to the extent reasonably required to cover its owners’ tax obligations in respect of the entity’s earnings; • pay employees whose 2019 compensation exceeded \$425,000, <ul style="list-style-type: none"> ▪ more than that amount during any 12 consecutive months; or ▪ an amount in severance that is twice the total compensation the employee received in 2019. • pay employees whose 2019 compensation exceeded \$3 million more than \$3 million plus 50% of their 2019 compensation.⁷
<p>Bankruptcy: 90-Day Look Ahead:</p>	<p>In addition to other certifications, a borrower must certify that it has a reasonable basis to believe that, as of the date of the origination or upsizing under the MSNLF, MSPLF or MSELF and after giving effect to such origination or upsizing, it:</p>

⁵ The remedy for breach of a covenant after a Facility has been repaid remains unclear.

⁶ By limiting the restriction to capital distributions, it appears that the intent is to allow “guaranteed payments” and other distributions of income by LLCs, partnerships, and other flow-through entities.

⁷ As an example, this means an employee who made \$4 million in 2019 could only make \$3.5 million per year during the life of the loan and for one year thereafter.

	<ul style="list-style-type: none"> • has the ability to meet its financial obligations for at least the next 90 days; and • does not expect to file for bankruptcy during that period.
<p>Program Structure and Term:</p>	<p>Loans originated after April 24, 2020 are eligible to participate in any of the three Facilities until September 30, 2020 (unless extended by the FRB and Treasury). The combined size of the Facilities will be up to \$600 billion (subject to adjustment by the FRB and the Treasury).</p> <p>The Federal Reserve Bank of Boston will lend to the SPV and the SPV will purchase at par value:</p> <ul style="list-style-type: none"> • MSNLF and MSELF: A 95% participation. A lender must retain 5% of a loan until it matures or neither the SPV nor a governmental assignee holds an interest in that loan in any capacity, whichever comes first. • MSPLF: An 85% participation. A lender must retain 15% of a loan until it matures or neither the SPV nor a governmental assignee holds an interest in that loan in any capacity, whichever comes first. • All Facilities: The sale of each participation to the SPV will be structured as a “true sale” (no repurchase or buy-back rights, etc.). The SPV and a lender will share risks on a pari passu basis. A lender has two options for funding loans: <ul style="list-style-type: none"> ▪ Funded: Fund a Facility and subsequently (but “expeditiously”) sell a participation to the SPV; or ▪ Conditional: Fund a Facility within 3 business days after receipt of a binding written commitment from the SPV to purchase a participation with the sale of the participation occurring within 3 business days after notification to the SPV of funding of such Facility.
<p>Documentation Generally; Participation Agreement:</p>	<ul style="list-style-type: none"> • A lender must use its <u>own</u> loan documentation in relation to each Facility. Loan documentation is required to contain certain covenants (including financial reporting), mandatory prepayment and cross-acceleration provisions. Model provisions that will fulfill such requirements may (but are not required) to be used can be found in Appendix A to the FAQs. Financial reporting requirements can be found in Appendix C to the FAQs. • The FRB has created form instructions, lender certifications borrower certifications and agreements that govern nearly all other aspects of the Facilities, a summary description of which can be found here with links to actual documents. • The terms governing the SPV participation provide: <ul style="list-style-type: none"> ▪ the SPV with a right to sell or transfer its participation, subject to the consent of a lender in certain circumstances;

	<ul style="list-style-type: none">▪ the SPV with rights to elevate its participation to an assignment (to itself or a third party) and become a direct lender under a Facility with the consent of a lender in certain circumstances;▪ the SPV with consent rights with respect to certain matters referred to as “Core Rights Act”; and▪ a waiver by the SPV of its right to assert special administrative priority under the Bankruptcy Code.
Future Guidance:	The FRB will periodically update the FAQs and may provide additional guidance in other formats. However, we expect the FRB’s form documents for the Program are substantially final.