Davis Polk

May 3, 2020

$600 Billion Main Street Lending Program: Loans to Small and Medium-Sized Businesses[1]

<table>
<tr><th></th><th>Main Street New Loan Facility
(MSNLF)</th><th>Main Street Priority Loan Facility
(MSPLF)</th><th>Main Street Expanded Loan Facility
(MSELF)</th></tr>
<tr><td>Eligible Lenders</td><td colspan="2"><u>Includes</u>: U.S. federally insured depository institutions (including a bank, savings associations or credit unions), U.S. branches or agencies of a foreign bank, U.S. bank holding companies, U.S. savings and loan holding companies, U.S. intermediate holding companies of a foreign banking organization, or U.S. subsidiaries of any of the foregoing
<u>Excludes</u>: direct lending funds, foreign lenders (excluding U.S. branches or agencies of foreign banks), customary term loan B lenders, including CLOs and institutional investors, and “affiliates” (other than subsidiaries) of otherwise “Eligible Lenders”</td><td>Eligible Lender must also be one of the existing lenders in the underlying eligible loan, otherwise, the same as MSNLF and MSPLF</td></tr>
<tr><td>Eligible Borrowers</td><td colspan="3">An entity established before March 13, 2020
Up to 15,000 employees (vs. 10,000) or up to $5 billion (vs. $2.5 billion) in 2019 annual revenues[2]
The Main Street program imports the SBA’s affiliation rules, which generally require a potential borrower to aggregate its employees and 2019 revenues with those of its affiliates when determining eligibility for the Paycheck Protection Program and other SBA programs. It is unclear whether the affiliation rules for Main Street consider both U.S. and non-U.S. resident employees.
Is <u>not</u> an “Ineligible Business” including non-profit businesses, private equity firms and hedge funds, banks, life insurance companies and cannabis companies.
Has not received a loan or guarantee from Treasury under specific programs for air carriers, certain related companies and businesses critical to national security. Not excluded for a pending application, only receipt of support. Also not excluded for support received from other programs, e.g. payroll support for airlines and the Paycheck Protection Program.
Must be created or organized in the U.S. and must have significant operations in, and a majority of employees based in, the U.S.
Eligible Borrower must choose to participate in only one of the MSNLF, the MSPLF, the MSELF or the Primary Market Corporate Credit Facility</td></tr>
</table>

[1] Items identified in ***bold italics*** are updates or new terms in the April 30, 2020 amended term sheets for the Main Street Loan Facility Program.

[2] See the FAQs for additional color on (i) determining the number of employees and (ii) determining the 2019 annual revenue based on the company’s fiscal year: https://www.federalreserve.gov/monetarypolicy/files/main-street-lending-faqs.pdf. Term Sheets and FAQs for the programs are regulatory guidance. Until incorporated into a contract, they can be changed by the Federal Reserve at will. They must fit within the requirements of pre-existing statutes and regulations even if those requirements are not repeated or cross-referenced in the Term Sheets or FAQs.

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	Main Street New Loan Facility (MSNLF)	Main Street Priority Loan Facility (MSPLF)	Main Street Expanded Loan Facility (MSELF)
Eligible Loans	• ***Secured or*** unsecured***, senior unsubordinated*** term loan made by an Eligible Lender to an Eligible Borrower • Originated after April 24, 2020	• Must be senior or pari passu in terms of priority and security with all other debt, other than mortgage debt • Otherwise, terms consistent with MSNLF terms	• ***An incremental, senior unsubordinated term loan "tranche"*** to an existing term loan ***or revolving credit facility*** made by an Eligible Lender to an Eligible Borrower, with the existing loan originated on or before April 24, 2020, ***and that has a remaining maturity of at least 18 months (taking into account adjustments made to the maturity after April 24, 2020, including at the time of upsize)*** • ***Must be senior or pari passu in terms of priority and security with all other debt, other than mortgage debt*** (i.e., if existing loan is secured, then upsized tranche must be secured ***pari passu and*** at a minimum by the same collateral)
Terms of Loans	• 4 year maturity • Principal and interest cash payments deferred for one year, and the deferred interest payments will be capitalized and added to the outstanding principal amount of the Eligible Loan[3] • Adjustable rate of ***LIBOR (1 or 3 month*****) + *3.00%*** (vs. *SOFR + 250-400 basis points*), ***and loan provisions should provide customary SOFR "fallback" provisions*** • ***Amortization of 1/3rd at the end of year 2, 1/3rd at the end of year 3 and 1/3rd at maturity*** • Minimum loan size of ***$500,000*** (vs. $1 million) • No prepayment premium or penalty	• Amortization of 15% at the end of year 2, 15% at the end of year 3 and 70% balloon payment at maturity • Otherwise, terms consistent with MSNLF terms	• Minimum loan size of ***$10 million*** (vs. $1 million) • Otherwise, terms consistent with MSPLF terms

[3] See the FAQs for additional color on interest accruing on the capitalized interest.

	Main Street New Loan Facility (MSNLF)	Main Street Priority Loan Facility (MSPLF)	Main Street Expanded Loan Facility (MSELF)
Maximum Loan Size	Lesser of: (i) $25 million; and (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed four times (4x) the Eligible Borrower's ***adjusted*** 2019 EBITDA – ***i.e., the methodology used by the Eligible Lender to calculate adjusted 2019 EBITDA must be the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower or similarly situated borrowers on or before April 24, 2020***[4]	Lesser of: (i) $25 million; and (ii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times (6x) the Eligible Borrower's ***adjusted*** 2019 EBITDA on terms otherwise consistent with the MSNLF	Lesser of: (i) ***$200 million*** (vs. $150 million); (ii) ***35%*** (vs. 30%) of the Eligible Borrower's existing outstanding and undrawn ***available debt that is pari passu in priority with the Eligible Loan and equivalent in secured status*** (vs. undrawn "*bank*" debt); and (iii) an amount that, when added to the Eligible Borrower's existing outstanding and undrawn available debt, does not exceed six times (6x) the Eligible Borrower's ***adjusted*** 2019 EBITDA
Eligible Borrower *Certifications and Covenants*	The Eligible Borrower must ***certify and covenant*** that: • it will not repay ***any principal or interest of any debt*** (except mandatory principal ***and interest*** payments) unless the Eligible Loan has been repaid in full • it will not cancel or reduce any ***committed*** lines of credit with the Eligible Lender or any other lender • ***it has a reasonable basis to believe that, as of the date of origination of the Eligible Loan and after giving effect to such loan, it 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 time period*** • ***it will use commercially reasonable efforts*** to maintain payroll and retain employees during the term of the Eligible Loan; ***specifically, an Eligible Borrower should***	• The Eligible Borrower may, at the time of origination of the Eligible Loan, refinance existing debt owed by the Eligible Borrower to a lender that is not the Eligible Lender • Otherwise, terms consistent with MSNLF terms	• All terms consistent with MSNLF terms

[4] For purposes of determining "***adjusted*** EBITDA," adjustments will not necessarily include all EBITDA adjustments in a borrower's existing credit agreement to the extent such adjustments are beyond the scope of the lender's underwriting metrics.

	Main Street New Loan Facility (MSNLF)	Main Street Priority Loan Facility (MSPLF)	Main Street Expanded Loan Facility (MSELF)
	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" (and borrowers that have already laid-off or furloughed workers as a result of the disruptions from COVID-19 are still eligible to apply) • it will follow the compensation, stock repurchase, and capital distribution restrictions that apply to direct loan programs under section 4003(c)(3)(A)(ii) of the CARES Act for as long as the Eligible Loan is outstanding plus 12 months, ***except that tax pass-through entities may make distributions to the extent reasonably required to cover its owners' tax obligations in respect of the entity's earnings*** • it is eligible to participate in the applicable facility, including in light of conflicts of interest prohibitions under the CARES Act		
Eligible Lender ***Certifications and Covenants***	The Eligible Lender must ***certify and covenant*** that: • it will ***commit that it will not request that the Eligible Borrower*** to repay indebtedness extended by the Eligible Lender to the Eligible Borrower***, or pay interest on such obligations***, ***until the Eligible Loan is repaid in full unless (i) the debt or interest payment is mandatory and due or (ii) in the case of a default and acceleration*** • it will not cancel or reduce any existing ***committed*** lines of credit with the Eligible Borrower***, other than in the event of an event of default*** • ***the methodology used for calculating the Eligible Borrower's adjusted 2019 EBITDA for the leverage requirement described above is the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower or similarly situated borrowers on or before April 24, 2020*** • it is eligible to participate in the applicable facility, including in light of conflicts of interest prohibitions under the CARES Act		• ***Must certify the methodology used for calculating the Eligible Borrower's adjusted 2019 EBITDA for the leverage requirement described above is the methodology it has previously used for adjusting EBITDA when extending credit to the Eligible Borrower under the existing facility or amending the existing facility on or before April 24, 2020*** • Terms consistent with MSNLF terms

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<tr><td>Other Requirements</td><td>If the Eligible Borrower had other loans outstanding with the Eligible Lender as of December 31, 2019, such loans must have had an internal risk rating equivalent to a “pass” in the Federal Financial Institutions Examination Council’s supervisory rating system on such date
Eligible Lenders are expected to conduct an assessment of each potential borrower’s financial condition at the time of the potential borrower’s application
Eligible Lenders are expected to collect the required certifications and covenants from each Eligible Borrower at the time of origination of the Eligible Loan and may rely on such certifications and covenants, as well as any subsequent self-reporting
Statutory requirement that the Eligible Borrower is unable to find “adequate credit accommodation elsewhere”</td><td>Same as MSNLF</td><td>Existing loan must have a risk rating equivalent to a “pass” in the Federal Financial Institutions Examination Council’s supervisory rating system as of December 31, 2019
Otherwise, terms consistent with MSNLF terms</td></tr>
<tr><td>SPV Participation</td><td>SPV will purchase 95% participation and Eligible Lenders will retain 5%
Eligible Lenders must retain their 5% un-participated held portion of the Eligible Loan until the earlier of (i) maturity and (ii) the sale by the SPV of all of its participation
Participation to be structured as true sale and must be completed expeditiously after the Eligible Loan’s origination</td><td>SPV will purchase 85% participation and Eligible Lenders will retain 15%
Eligible Lenders must retain their 15% on the same terms as with the MSNLF terms
Otherwise, terms consistent with MSNLF terms</td><td>Eligible Lenders must retain their existing interests in the underlying loans until the earlier of (i) maturity of the new tranche, (ii) maturity of the existing facility and (iii) the sale by the SPV of all of its participation
Otherwise, so long as the upsize occurs on or after April 24, 2020, terms are consistent with MSNLF terms</td></tr>
<tr><td>Origination / Loan Upsizing Fee</td><td colspan="2">Up to 100 bps on the principal amount of the Eligible Loan payable by the Eligible Borrower to the Eligible Lender</td><td>Up to 75 bps on the principal amount of the Eligible Loan payable by the Eligible Borrower to the Eligible Lender</td></tr>
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	Main Street New Loan Facility (MSNLF)	Main Street Priority Loan Facility (MSPLF)	Main Street Expanded Loan Facility (MSELF)
Transaction Fee	100 bps on the principal amount of the Eligible Loan payable to the SPV, which the Eligible Lender may pass-through to the Eligible Borrower		***75 bps on the principal amount of the Eligible Loan payable to the SPV, which the Eligible Lender may pass-through to the Eligible Borrower***
Loan Servicing Fee	25 bps on the principal amount of the participation per annum payable by the SPV to the Eligible Lender		
Program Termination	• SPV to cease purchasing loan participations on September 30, 2020 unless extended by the Federal Reserve and the Treasury • Federal Reserve Bank of Boston will continue to operate the SPV after September 30, 2020 until the SPV's assets mature or are sold		