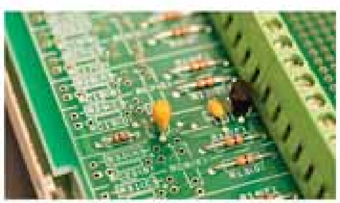
MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION
THE UPPER HAND



Michigan Global Marketplace Program

Expand Exports

Lower Business Costs

Induce More Export Lending

Contents

- Problem:
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  - Increased Cost for Business
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Problem: Not Enough Export Lending

Two issues related to capital restrict exports in Michigan:

Export sales are more expensive to finance than domestic sales due to legal enforcement and securitization issues.

The cost to issue loans is nearly uniform leaving loans on the smaller side of the scale in an unprofitable position which causes banks to "pass" on those opportunities.

Solution: Credit Enhancement

- Credit Enhancement designed to defray some of the borrower cost difference between export and domestic sales financing

- Subsidy to the lending institution to induce them to become involved in the space.

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- **Eligibility**
- Businesses that will be eligible to be enrolled in the program will be those businesses which meet all of the following criteria:
- Have currently or will create a physical facility in Michigan with employees which will in whole or in part be producing goods or services for export.
- Increase an existing or establish a new loan at a participating lending institution for the purpose of financing the export of goods produced in part within the State of Michigan.
- Have or will have revolving credit exposure limited to $2,000,000 dedicated to a new export market or to increased sales in an existing export market. Or, have or will have a terminating loan who's maximum total availability is no greater than $5,000,000 dedicated to a new export market or to increased sales in an existing export market.
- Have fewer than 750 global employees.
- Supported loan or line may not exceed $20,000,000 in total size of combined availability.
- Can comply with all state and federal laws and agree to comply with all guidance issued by the US Department of Treasury in conjunction with the State Small Business Credit Initiative and the Michigan Strategic Fund.

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Program Benefits

Enrollees will be able to receive benefits under the program up to a maximum of $100,000 per company or group of related companies during a 24 month enrollment period. Those benefits include:

- Reimbursement to the lending institution of 75% of the actual cost of field exams which the bank or governmental unit requires.
- Reimbursement to the lending institution of $500.00 in borrowing base evaluation costs in each month in which the lender performs and certifies that a borrowing base evaluation was completed limited to no more than four (4) reimbursed reviews per calendar year.
- Reimbursement to the lending institution of 75% of the assessed fee for a letter of credit or stand by letter of credit including the assessed costs for negotiating documents and confirming foreign letters which is associated with the export of goods or services.
- For a period not to exceed 24 months and limited to the first $5.0M in receivables or products financed on any export dedicated loan or line of credit, reimbursement to the bank of up to 30% of the actual interest cost incurred by the borrower. Cost to be evaluated and reimbursed no more frequently than quarterly.

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Additional Guidelines

- Borrower agrees to provide to the lender and lender agrees to provide to the program the historical level and any future increase in exports along with any additional reporting required by state or federal law or policy through the end of the accounting year twenty-four months after the last reimbursement is provided to the bank.
- Lender agrees to provide, at enrollment, a schedule of anticipated costs to be reimbursed including the amount and timing of such costs as may be reasonably predicted.
- Lender may not pass through to the borrower any cost which is otherwise reimbursed by the program with the exception of the reimbursement of actual interest cost which the lender may keep.
- Payments to the lender will be processed in no less than 30 days from receipt of acceptable requests for reimbursement.
- The loan will be enrolled prior to closing and the program will confirm enrollment and compliance with the program guidelines and standards.
- The lender and borrower will, at enrollment, certify their adherence to all applicable state and federal laws as well as any SSBCI requirement as provided within the enrollment forms.
- The reimbursement of a portion of insurance premiums must be connected with the financing of those goods and services for export covered by the insurance by a participating lending institution.
- In the event that a private insurance company offers a product that is comparable to a covered product, the lender may apply for reimbursement of the covered cost provided the lender certifies that the product meets its risk mitigation needs and is functionally equivalent to a specifically covered cost or product under the program.

Source of Funding & Scale

- Funds supplied for the program in the amount of $4,500,000 over three years from the State Small Business Credit Initiative.
- SSBCI is a $1.5B program from the US Department of Treasury. It provided Michigan with $79 Million in capital to make loan enhancements available during the tight lending market.
- Also under the SSBCI program are the Collateral Support Program and Loan Participation Program and the Capital Access Program.
- Administered by the Michigan Strategic Fund under its General Powers

Capital Services Team

- Paul Brown Vice President, Capital Services
- Mike Flanagan, Capital Services Associate-Equity Markets Development
- Eric Hanna, Capital Services Associate-Debt Programs
- Chris Cook, Capital Services Associate-SSBCI and MSDF Programs
- Elisabeth Alexandrian, Capital Services Associate-SSBCI & MSDF Programs
- Greg West, Capital Services Associate-Community Based Lending
- Diane Cranmer, Program Specialist-Industrial Development Bonds
- Ricardo Gonzalez, Public Asset Manager Assistant

Team Assets

• 2010 Bond Inducements	$219M
• Venture Michigan Fund I & II	$300M
• Invest Michigan	$120M
• 21 Century Investment Fund	$109M
• Accelerator Fund I & II	$12M
• SBITC (Angel Credit)	$9M
• Spark Pre-Seed	$6M
• MSDF – State Program	$26M
• MBGF – Federal Program	$79M
• CAP Program	$4M
• CDBG RLF Program	$25M
• Total Assets Under Management	$909M

Example: Michigan Global Marketplace

Loan Amount	Foreign Cost	Program Benefit	Foreign Cost to Borrower	Domestic Cost
$2,500,000 -Terminating Line				
Valuation of Assets	$5,000	$0	$5,000	$5,000
Field Exam Costs	$10,000	$7,500	$2,500	$2,500
Stand By Letter of Credit	$25,000	$18,750	$6,250	
Customer Cost Total	$40,000	$26,250	$13,750	$7,500
Closing Costs Bank	$2,500	$0	$2,500	$2,500
Interest Cost Annual at 5%	$125,000	$37,500	$87,500	$125,000
Lender Returns Total	$127,500	$37,500	$90,000	$127,500

Participation Expected

- MEDC-STEP Program
- Bank Partners
  - Comerica
  - Huntington
  - Fifth Third
  - PNC
  - Chase
  - Wells Fargo

Questions

- When will the program be active?
  - Submission to UST will be this week.
  - Revised MSF Approval on ?
  - Review by Banks between UST Approval and MSF Approval.
- How can a company access the program?
  - Access will be by enrollment at a bank partner. Benefits are tied to the loan.
  - Partner banks will manage the documentation and enrollment process