

**409 3rd St., SW • Washington, DC 20416 • (202) 205-6510**

The SBIC Program

**Application Instructions**

Form 2181, 2182 & 2183

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| --- | --- |
| **Form 2181:**  *Applicant Narrative*  *Excel Supplement*  **Form 2182: Principal Exhibits**  Exhibits A through F: MAQ & License Application   1. *Experience* 2. *Legal Questionnaire* 3. *Other SBIC Activities & Relationships* 4. *References* 5. *Track Record* 6. *Portfolio Detail*   Exhibits G through J: License Application ONLY   1. *Identified Parties & Fingerprint Cards* 2. *Statement of Personal History (Individuals)* 3. *Statement of Personal History (Entities)* 4. *Authorization to Release Information*   **Form 2183: Firm Exhibits**   1. *Capital Certificate* 2. *Transferor’s Liability Contract* 3. *Declaration of Significant Investors* 4. *Offering Memoranda & Other Documents* 5. *Organizational Documents of Applicant* 6. *Opinions of Counsel* 7. *Management Services & Other Agreements* 8. *Bank Letter & Third Party Debt* 9. *Legal Documentation Certification* 10. *SBIC Directory Profile*   *Pre-Licensing Worksheet* | **Form Format:**  Word  Excel  Word  Word  Word  Excel  Excel  Word  Word  Word  Word  Word  Word  Word  Word  Word  Word  Word  Word  Word  Word  Excel  Word |

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# The SBIC Application Process

Applying for an SBIC license is a three-part process that consists of a Pre-Screening review, the submission of the **Management Assessment Questionnaire (“MAQ”)** and the submission of the **License Application.**

### Pre-Screening

The “Pre-Screening” review is an optional step but one that is highly recommended for first-time applicants to the SBIC Program. Prospective applicants are invited to submit an Executive Summary of their SBIC fund proposal and receive feedback from Investment Division staff. The feedback is informal and non-binding, but it helps prospective applicants better understand SBA’s underwriting criteria and reassess their own fit with the program. More information on the “Pre-screening” process is available online at <http://www.sba.gov/content/pre-screening-instructions>.

### Management Assessment Questionnaire

Once you have decided to move forward with the application process, the next step is to prepare and submit the MAQ, which consists of the following:

**Form 2181:**

*Applicant Narrative*

*Excel Supplement*

**Form 2182: Principal Exhibits:**

*Exhibits A through F*

Upon receipt of your MAQ, an SBA analyst will be assigned to review your application and will make an initial assessment of your qualifications. The analyst will present his/her recommendations to SBA’s Investment Committee, which will vote on whether to invite your team for an in-person interview at SBA headquarters.

After the interview, the Investment Committee will again consider whether your management team has the experience and skills necessary to manage an SBIC. If they vote affirmatively, your team will be e-mailed a “green light” letter inviting you to submit a **License Application**.

### License Application

The License Application consists of an updated version of your MAQ and two additional forms. The entire package includes the following:

**Form 2181 (UPDATED):**

*Applicant Narrative*

*Excel Supplement*

**Form 2182: Principal Exhibits:**

*Exhibits A through F (UPDATED)*

*Exhibits G through J*

**Form 2183: Firm Exhibits:**

*Exhibits K through S*

*Pre-Licensing Worksheet*

Upon receipt of the License Application, a licensing analyst will review the materials and present a recommendation to SBA’s Divisional Licensing Committee for approval. If approved, the analyst will make a final presentation to SBA’s Agency Committee, which will vote on whether to recommend your application for final approval by the Administrator of SBA.

Throughout this process, from Pre-Screening through Licensing, you will be working closely with the analysts and managers of SBA’s Investment Division. At various times, you may receive both informal questions and formal SBA Comment Letters. Prompt and courteous replies will minimize delays and help ensure your experience as an SBIC applicant is a positive one.

# Submitting your Applications

### Pre-Screening

Guidance on how to prepare your Executive Summary is available on our website at: <http://www.sba.gov/content/pre-screening-instructions>.

### Management Assessment Questionnaire

Follow the steps below to properly submit your MAQ. Please note that other than the certification pages listed below, your MAQ should be submitted electronically. Hard copies will not be accepted:

1. Compress your MAQ files into a single or multiple “ZIP” files and e-mail them to [SBICapply@sba.gov](mailto:SBICapply@sba.gov) using the subject line “MAQ: **Name of Applicant**”. Please be aware that any single e-mail exceeding 10 MB will be rejected by SBA’s e-mail network due to size restrictions. If necessary, submit your files in a series of e-mails, identifying each part in the subject line as follows: “MAQ: **Name of Applicant** (Part **#** of #)”
2. Each principal should sign and date the certification pages of Exhibits B of Form 2182 ONLY.
3. Deliver hard copies of these certification pages ONLY to:

ATTN: Sr. Investment Officer

Office of Program Development

Investment Division

U.S. Small Business Administration

409 3rd St., SW

Washington, DC 20416

You will be notified of the receipt of your application via e-mail within 5-7 working days.

### License Application

Follow the steps below to properly submit your License Application. Please note that unlike the submission of your MAQ, your License Application must be submitted both electronically and in hard copy as described below:

1. Update your MAQ submission as necessary, prefacing any changes you make with the marker [CHANGE]. This will help your analyst quickly identify areas in need of review.
2. Compress your License Application files into a single or multiple “ZIP” files and e-mail them to [SBICapply@sba.gov](mailto:SBICapply@sba.gov) using the subject line “License Application: **Name of Applicant**”. Please be aware that any e-mail exceeding 10 MB will be rejected by SBA’s e-mail network. If necessary, submit your files using a series of e-mails in order to bypass the size restriction.
3. Prepare three (3) hard copies of all application materials except Exhibit F, which should be submitted in electronic format only.
4. Prepare a package for mailing that includes the following:
   1. Three (3) signed and dated copies of your License Application and accompanying attachments
   2. A check for the applicable application fee payable to the *U.S. Small Business Administration* (see [13 CFR 107.300](http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR) for latest fee schedule):
      1. All Applicants (Base Fee): $10,000
      2. Partnership Licensees: Base fee + $5,000 = $15,000
      3. Early Stage SBIC Applicants: Base fee + $15,000 = $25,000
5. Deliver the package to:

Chief of Licensing

Investment Division

U.S. Small Business Administration

409 3rd St., SW

Washington, DC 20416

### Saving your Files for Submission

The list below provides guidance on how you should name each of the files included in your application. Using these file naming conventions will help your SBA analysts quickly identify the materials in your application. The text in **bold** should be replaced with your information:

Form 2181:

* Form 2181 – Narrative (**Applicant Name**).docx
* For the attachments requested in Section 8 of Form 2181: Applicant Narrative, please use the following file naming convention:

Form 2181 – Attachment **##** (**Title of Document**).**xxx**

* Form 2181 – Supplement (**Applicant Name**).xlsx

Form 2182:

* Form 2182 – (**Principal Name**).docx
* Exhibit D – (**Applicant Name**).xlsx
* Exhibit E1:
  + Exhibit E1 – (**YYYY** **Portfolio Name**).xlsx
  + For synthesized track records, please use the following file naming convention:

Exhibit E1 – (SYN **YYYY** **Portfolio Name**).xlsx

* Exhibit E2 – (**Portfolio Name**).xlsx
* For the documents requested in Exhibit F – Portfolio Detail, please use the following naming conventions:

*LP Annual Reports:* Exhibit F – LP Annual (**Fund Name – YYYY)**.**xxx**

*Recent Quarterly Reports:* Exhibit F – LP Quarterly (**Fund Name – #QYY**).**xxx**

*Investment Memoranda:* Exhibit F – Memo **##** (**Portfolio Company Name**).**xxx**

*Deal Summaries:* Exhibit F – Deal Summary **##** (**Portfolio Company Name**). **xxx**

Form 2183:

* Form 2183 – (**Applicant Name**).docx
* Exhibit **?** – (**Applicant Name**). **xxx**

# Application Instructions

## General Instructions

Before you begin completing the Application, you should read each section of this document. For assistance with any questions during the preparation of your responses, send an e-mail with your question to [SBICinquiry@sba.gov](mailto:SBICinquiry@sba.gov) and include your name, the name of your firm and a phone number at which you can be reached.

The completion of the SBIC Application Materials requires the following two computer software programs:

* Microsoft Word (version 2007 or later)
* Microsoft Excel (version 2007 or later)

The instructions that follow provide guidance on how to complete the forms using these two programs. If you do not have access to Word or Excel, please contact SBA via e-mail at [sbic@sba.gov](mailto:sbic@sba.gov) for guidance.

**Defined Terms**

The application contains terms that carry special meaning within the context of the SBIC Program:

Use of the term “SBIC:” This term refers to a proposed SBIC if you are submitting a MAQ or a License Application. It can refer to an existing SBIC if you are applying for a change of management or change of control.

Use of the term “principal:” This refers to any individual who engages or proposes to engage in the management of the applicant, and customarily includes officers and directors of a corporation, general partners of a partnership and managers of a limited liability company. However, it may also include other individuals, especially if they have either a vote or a veto in the investment decision. **Whether one qualifies as a *principal* is based upon authority, responsibility and actions. Title is not determinative and, in its sole discretion, SBA may determine that a person with a relationship to the SBIC is a principal.**

Regulatory Terminology: When the Application refers to specific sections of SBA regulations, you should read those particular sections of the regulations before composing your response. Where you find words capitalized that are normally not capitalized in ordinary usage, it indicates that this is a defined term with a specific meaning within SBA regulations. For example, you may find the term Associates used in some questions. This term, which describes certain categories of related parties, is defined in 13 CFR 107.50 and should be read carefully.

## Forms in Microsoft Word

With the exception of *Form 2181: Excel Supplement*, *Form 2182: Exhibits D & E* and *Exhibit T,* the entire SBIC Application should be prepared using Microsoft Word. Follow these instructions to ensure you complete these forms correctly.

Applicants are encouraged to draw from existing materials in preparing their SBIC application. The content you have already prepared for your Private Placement Memorandum or LP “pitch decks” may be useful in completing the application. However, you must ensure that your responses are direct, complete and concise. Failure to provide the requested information or unnecessarily long responses may delay the review of your application.

The application takes advantage of several features included in Microsoft Word versions 2007 and later of which you should be aware:

* You will notice that each question is followed by a text box that contains sample text in light gray. Select these boxes to enter your response. This will ensure your answers are properly formatted. If you encounter difficulties using the text boxes, simply delete them and format your responses as follows:

Font: Times New Roman

Font Size: 11pts.

Line Spacing: Single (1)

* The forms also make use of checkboxes. Where you see a series of boxes, simply click on the box next to the appropriate response.
* Please **DO NOT** edit the section headings (colored in blue) used in the application document. These headings are linked to the Table of Contents located at the beginning of the form and are helpful in navigating the application.

To easily navigate the document, select the “View” tab in the ribbon (Microsoft Word 2007 and later), then click the box next to “Navigation Pane.” A navigation pane will open on the left side of the document with links to each of the sections of the application.

To update the Table of Contents, click on the “Table of Contents” button in the Navigation Pane. Next, right-click on any of the text in the Table of Contents. A menu will appear. Select “Update Field,” then “Update Page Numbers Only” to update the page numbers contained in the Table of Contents.

* Please **DO** edit the headers of the document, where applicable. At several points in the application document you will notice the header (the section of the document colored in gray and located above the main body of the text) contains a text box asking you to enter the name of your fund or the date of submission [Ex. Enter Name of Applicant (Date of Submission)]. Where you see these text boxes, double click on the header region and enter the information requested. To return to the main body of the text, double-click the main body.

## Forms in Microsoft Excel

*Form 2181: Excel Supplement*, *Form 2182: Exhibits D & E* and *Exhibit T,* should be completed using Microsoft Excel to facilitate the input and analysis of applicant information. The instructions that follow not only discuss how to input your data, but also contain important information on the type of data you should include.

### Form 2181: Excel Supplement

Specific instructions on how to complete the Excel Supplement are included in the document itself. Generally, though, you will only be able to enter information in yellow **cells**. Other cells may contain formulas and cannot be edited. If you encounter difficulties completing the exhibit due to these restrictions or have other special needs, please contact SBA for guidance at SBICinquiry@sba.gov.

SBA analysts will review the Excel Supplement alongside the Applicant Narrative. Please ensure that the information you provide is consistent across these two documents. For example, if your investment strategy is described in the Applicant Narrative as having a regional focus, the geographic distribution you provide in the Excel Supplement should reflect this aspect of your strategy.

### Form 2182: Exhibit D. References

The due diligence process is a key component of SBA’s underwriting process and involves confidential calls to references familiar with your qualifications and background. Use the guidance below to compile a list of references for each of the principals included in your SBIC application. Avoid overlapping references. If a person can serve as a reference for two or more principals, simply associate him/her with one principal and include a note in the “Notes” column. You should consolidate each principal’s references and submit only ONE file for the entire team. DO NOT submit separate files for each principal.

Each principal should include five (5) references in each of the following categories:

* Supervisors/Partners
* Associates/Peers/Subordinates
* Portfolio Company Co-Investors (Co-lenders, Deal sponsors)
* Fund Investors

Each principal or team should also provide the following:

* A full roster of portfolio company CEOs or CFOs for each of the companies included in Exhibit E1 or E2. These references should be the primary individuals with whom you or your team dealt during the period of your investment. Provide the most recent contact information you have available and associate the relevant principal with each CEO/CFO.
* Provide the contact information for any employees of the SBIC applicant’s firm that have departed within the last five (5) years.

**Please Note:** SBA’s due diligence process involves reference calls to both "on-list" references you have included in Exhibit D as well as to "off list" references SBA analysts themselves identify.

While SBA analysts will generally contact you before making reference calls, this may not always be the case. Please be aware that the reference calling process may begin immediately upon SBA's receipt of your application. If you have any special concerns about SBA contacting current employers, current partners, or any other on- or off-list references, please notify SBA in advance of submitting your application and include a cover letter notifying us of your concerns.

**Cover Worksheet:**

On the worksheet labeled “Cover,” please enter the name of the SBIC Applicant and the last names of each principal included in the SBIC application.

**References Worksheet:**



|  |  |
| --- | --- |
| Principal/Firm: | From the drop-down list, select the principal with whom the reference is associated. If the reference is not associated with any particular principal, but is associated with the Applicant more generally (such as a departed employee), you may select “Firm” from the drop-down. |
| First Name: | Enter the first name of the **reference.** |
| Last Name: | Enter the last name of the **reference.** |
| Title: | Enter the current title of the **reference.** |
| Current Firm: | Enter the name of the firm at which the reference is currently employed. If the reference is not employed, please indicate “retired,” “unemployed” or another relevant term. |
| Reference Type: | From the drop-down list, select the reference type. If the reference does not fit within one of the categories provided, type-in your own category. |
| Associated Fund/Company: | Enter the name of the fund or company at which the **principal** was employed when he/she worked with the reference. For example, if the reference was a co-investor in a deal the principal completed while working for “SBIC Investors I, LP,” you would enter in this cell “SBIC Investors I, LP” |
| Associated Portfolio Company: | If the relationship between the principal and the reference involved a particular portfolio company included in Exhibit E1 or E2, please enter the name of the portfolio company. For example, if the reference was the CEO of a company in which the principal’s firm was an investor, you would enter the name of that company in this cell. |
| Start Year of Relationship: | Enter the year in which the relationship with the reference effectively began. |
| End Year of Relationship: | Enter the year in which the relationship with the reference effectively ended. |
| Work Phone: | Please provide at least one phone number and e-mail address, if available. Additional contact information is not required, unless it will be needed to reach the reference in a timely manner. |
| Mobile Phone: |
| Home Phone: |
| E-mail 1: |
| E-mail 2: |
| Notes: | Briefly explain the context of the relationship and any other notes that may be relevant. |

### Form 2182: Exhibit E1. Track Record – *Preparing the Exhibit*

Exhibit E (1 & 2) is critical to the analysis of your team’s qualifications for an SBIC application and should be completed with care. SBA will treat your submission of Exhibit E as a representation of your complete investment experience. Exhibit E1 should be used to present investment experience that meets the eligibility criteria outlined below. All other experience should be presented using Exhibit E2.

**E1 Eligibility**

Prepare an Exhibit E1 for all funds or individual investments in which your decision-making role meets either of these two criteria:

1. You were a voting member of the investment or credit committee responsible for approving the investment, or;
2. You were the “deal lead,” responsible for conducting the due diligence, structuring the investment, presenting the opportunity to the investment committee, and monitoring the transaction post-close.

For investment experience in which your role differs from the two descriptions above, use Exhibit E2.

**E1 Presentation**

For E1 eligible investment experience, please follow these general presentation guidelines:

1. Submit an Exhibit E1 for all funds that are currently active or which include investments that have been exited within the past ten years. Principals that share investment history should only prepare one exhibit for each portfolio.
2. For track record that qualifies under the first eligibility criterion (investment/credit committee membership), you must include all transactions approved by that committee during your membership, whether or not you were the “deal lead.” You should not include deals approved prior to or after your committee membership, nor should you present performance results past the date of your departure from the fund.
3. For track record that qualifies under the second eligibility criterion (deal leadership), include only those transactions that meet the eligibility criterion. Do not include investments you did not lead, even if they were part of the same portfolio.
4. Use the “Notes” section of Exhibit E1-A to explain the criteria you used to select the investments included in the exhibit. Indicate whether any transactions have been excluded as a result of the restrictions discussed here (e.g. “the exhibit excludes those investments the fund made after my departure”).

While SBA places the greatest weight on investment experience gained as a principal in a traditional fund environment, we recognize that other types of investment experience may be relevant. If you have made investments on a “one-off” basis, but your track record lends itself to being viewed as if it were an actual fund, you may present a “synthesis” of those transactions using Exhibit E1. Synthesized track records should include all qualifying investments currently held or which were terminated within the last ten years. Follow these guidelines to determine if your investments qualify for inclusion in a synthesized Exhibit E1:

1. You may include investments made:
   1. Individually with your personal funds;
   2. Through an entity for which you had full discretionary voting authority, such as a trust of which you were the trustee;
   3. Through an entity (such as a limited partnership or LLC) that was formed for the specific purpose of making the investment, where you had decision-making authority over all aspects of the investment as general partner or managing member and were primarily responsible for raising the entity’s capital from investors.
2. You may NOT include investments in which you were a founder of the company, an officer or employee of the company, or an advisor or consultant to the company prior to your initial investment in the company.
3. The amount of your investment should be limited to those funds over which you had control. If your investment was made as part of a club or syndicate, do not include investment amounts other than your own.
4. Use the “Notes” section of Exhibit E1-A to explain the criteria you used to select the investments included in the exhibit.

### Form 2182: Exhibit E1. Track Record – *Completing Exhibit E1*

#### General Data Entry Guidelines:

* The worksheets in Exhibit E1 are locked. You will only be able to enter data into the yellow **cells**. Other cells may contain formulas and cannot be edited.
* Though the worksheets are locked, several of them do give you the ability to Hide/Unhide rows. Hiding unused rows will make it easier for you to navigate and print the exhibit. To Hide a row or a series of rows, select the rows you would like to hide, right-click to reveal a drop-down menu and select “Hide”.

To Unhide a set of hidden rows, left-click and hold the row above the set of hidden rows. Drag your cursor down to the row below the set of hidden rows. Release the left button of your mouse, then right-click on the selected rows. A drop-down menu will appear, from which you should select “Unhide”

* Where necessary, you may add rows to the Exhibit. To ensure the formulas work correctly, always add rows above the last row in the table. To do so, select the last row in the table, right-click, and then select “Insert Row” from the menu that appears.
* Any numbers you input should be rounded to the nearest dollar. Do not round to the nearest thousand or million. The spreadsheet will automatically apply the appropriate formatting. For example, ‘$50,350,200’ should be entered as ‘50350200’ and NOT as $50 or $50.4 M.

Please note that Exhibit E1 is designed for the presentation of traditional, private equity fund track record information. For those presenting non-traditional track records, please refer to the [*Guidance for Non-Traditional Fund Track Records*](#_Guidance_for_Non-Traditional) at the end of the section.

#### E1-A: Fund Overview:



|  |  |
| --- | --- |
| **[NAME OF FUND]** | Enter the name of the fund/portfolio being presented in the exhibit in the yellow bar at the top of the worksheet. The name you enter here will be carried over to the rest of the worksheet and will not need to be entered again. |
| SBIC Applicant Name: | Enter the name of the SBIC Applicant. |
| Principal Name: | Enter the names of all the senior-level personnel involved in managing this portfolio, including all deal leads and investment committee members. First list in **bold** the names of those included in the SBIC application as principals. Next list any other senior-level person involved in managing the portfolio but who are not part of the SBIC application. |
| Initials: | Enter two letter initials for all those listed as principals. |
| Vintage Year: | Enter the vintage year of the fund (YYYY). This should be the year in which the first investment was made. |
| Mgmt. Fee: | Enter the initial management fee charged during the fund’s investment period. Enter ‘0’ if not applicable. |
| Preferred Return: | Enter the LP preferred return (“hurdle rate”) agreed to in the fund’s LPA. This is the minimum return to investors before the GP may earn carry. A preferred return of 8% means that the limited partners need to achieve a return of at least 8% per annum before the profits are shared with the GP. Enter ‘0’ if not applicable. |
| Carry (%): | Enter the carry percentage earned by the GP of the fund as established in the fund’s LPA. Enter ‘0’ if not applicable. |
| Fund Type: | Use the drop-down menu provided to select the fund type that most appropriately describes the portfolio being presented. If none of the options are satisfactory, select “Other” and enter a one or two word term to describe the fund type in the box that appears. |
| Total Private Committed Capital: | Enter the total amount of private capital that has been committed to the fund. If the fund being presented is a participating securities SBIC, include SBA participating securities leverage here. |
| Total SBA Leverage Commitment: | IF APPLICABLE, enter the total amount of SBA debenture leverage committed to the fund. If this fund was not an SBIC or did not receive SBA debenture leverage commitments, enter ‘0.’ |
| Total Other Leverage Commitment: | IF APPLICABLE, enter the total amount of non-SBA leverage committed to the fund. If this fund did not receive third-party leverage commitments, enter ‘0.’ |
| Strategy Description & Benchmark Type: | Provide a brief description of (i) the investment strategy used to make the investments included in the portfolio and (ii) the benchmark category you feel is the most relevant representation of peer performance (e.g. small buyout, mezzanine, etc.). Justify your selection. |
| Limited Partner Information: | Provide the requested information for each of the 10 largest limited partners of this fund. |
| Notes: | Use this space to explain how you determined which investments to include in the exhibit. You may reference this instruction document and the eligibility criteria listed above.  For instance, in some cases a principal may not have been a member of a fund’s investment committee throughout its entire investment period. In such a case, the principal would only include in the exhibit those deals on which he/she voted while an investment committee member. This space would be used to provide the following comment: “This portfolio contains the transactions on which Polly Partner voted as a member of the investment committee. Excluded are two transactions the committee approved after Polly Partner departed the firm in December 2012.” |

#### E1-B. Portfolio Companies

This worksheet requests data specific to each *company* included in the portfolio. Please begin the list with those companies in which your investments have been fully exited, followed by those in which you have exited one security but still hold another, then finish with those companies in which none of your investments have been fully exited.



|  |  |
| --- | --- |
| Portfolio Company | Enter the name of the portfolio company. Please note, this is the only worksheet in which you will be able to provide the names of your portfolio companies. These names will be carried through the remainder of the spreadsheet to ensure consistency. |
| State of Co.’s Primary Offices (Abbrev.) | Select the state in which the company’s primary offices are located. If the company is located abroad, please select ‘INTL.’ If none of the options provided in the drop-down menu are appropriate, select ‘other.’ |
| Industry | Select the company’s industry from the drop-down. If none of the options are appropriate, please type-in your own industry classification. |
| Description of products/services | Use 4-5 words to describe the product or service this company provides. |
| Deal Source | Use the drop-down menu to select the source of this transaction. If none of the options provided are appropriate, please enter your own 1-2 word term identifying the source of the deal. |
| Stage | Use the drop-down menu to select the stage of this company at the time of investment. The following definitions should serve as your guide:  • *Seed Stage* - The initial stage. The company has a concept or product under development, but is probably not fully operational. Usually in existence less than 18 months.  • *Early Stage* - The Company has a product or service in testing or pilot production. In some cases, the product may be commercially available. May or may not be generating revenues. Usually in business less than three years.  • *Expansion Stage* - Product or service is in production and commercially available. The company demonstrates significant revenue growth, but may or may not be showing a profit. Usually in business more than three years.  • *Later Stage* - Product or service is widely available. Company is generating on-going revenue; probably positive cash flow. If not profitable, usually likely to be within 12 months.  • *Change of Control* - Leveraged buy-outs or management buy-outs such as spin-outs of operating divisions of public companies and ownership succession of private companies.  • *Turnaround* - Investment is made into company that is failing with the goal of making major operational and structural financial changes and achieving profitability. May include working with companies that are in bankruptcy or pre-bankruptcy. |
| Co-Creditors (if applicable) | Enter the names of the company’s creditors during the period in which you were an investor in this company. Separate multiple names with a comma. |
| Equity Investors (if applicable) | Enter the names of any equity sponsors or other investors that held equity shares during the period in which you were an investor in this company. Separate multiple names with a comma. |

#### E1-C. Financing Descriptions

Each row of this exhibit should be used to identify the types of securities used to finance each portfolio company. For example, the purchase of preferred equity shares and subordinated debt securities from the same company should be presented here using two rows, one for the equity and one for the debt. Please list the portfolio companies in the same order in which they are listed in ‘E1-B. Portfolio Companies.’



|  |  |
| --- | --- |
| Portfolio Company | Use the drop-down menu to select the name of the portfolio company from which the security was purchased. You will only be able to use the names of the portfolio companies you provided in E1-B. To add a company to the list, return to E1-B and add it there. |
| Debt or Equity | Indicate whether the security purchased is a ‘Debt’ security or an ‘Equity’ security. |
| Type of Security | Specify the type of security purchased. A drop-down menu has been provided as a guide, but you may enter your own description of the security. Examples include subordinated debt, subordinated debt with warrants, common equity, preferred equity, etc. |
| Percentage Ownership (fully diluted) | Indicate the ownership percentage, on a fully-diluted basis, associated with the security. If the security does not include any ownership stake in the company, please leave the cell blank. |
| STRUCTURE: Current Pay Component (CP/”Blank”) | Indicate whether or not the security was structured with a current pay component at issuance. Current pay includes cash payments only, such as periodic interest payments or dividends. It does not include PIK, accrued interest, accrued dividends or other types of capitalized proceeds.  Select “CP” if the security was structured with current pay at issuance. Leave the cell blank if it was not structured with current pay. |
| DEBT ONLY: Leverage Multiple thru Security (Debt/EBITDA) | This information should be provided only for debt securities.  This multiple should be calculated based on the company’s balance sheet immediately after the transaction was closed. The calculation proceeds as follows: sum the amount invested in your debt security with the amount of debt that was (i) senior to your security’s position in the capital structure, and (ii) *pari-passu* with your security. Divide this sum by the company’s Last Twelve Months (LTM) EBITDA at transaction close.  The resulting multiple provides an indication of where your security was placed in the company’s capital structure and the amount of leverage senior to and *pari passu* with your position. |
| Total Leverage Multiple (Debt/EBITDA) | This information should be provided for all securities.  To calculate this multiple, divide the total amount of debt capital on the company’s balance sheet (on a post-close basis), divided by the company’s LTM EBITDA.  If your security is part of the most junior tranche of debt, the “Leverage Multiple thru Security” and “Total Leverage Multiple” will be equivalent. |
| DEBT ONLY: Covenant Violations (CV), Restructuring (RS) or both | This information should be provided only for debt securities.  Indicate whether at any time in the life of this security the company (i) violated a covenant (CV), (ii) the security was restructured (RS), or (iii) experienced both.  Please note that if you indicate the company violated a covenant or the security was restructured, you will be asked for provide a brief explanation in worksheet ‘E1-D. Covenant Default’ |
| Exit Type | This information is requested for realized/liquidated securities only.  Use the drop-down menu to select the type of exit used to liquidate this security. If none of the options provided are appropriate, please enter your own 1-2 word term identifying the type of exit. |
| Date of Initial Investment | Provide the month and year the security was issued. You may enter the precise day (DD/MM/YYYY), but the spreadsheet will only display the month and year. |
| Date of Exit (if realized) | This information is requested for realized/liquidated securities only.  Provide the month and year the security was liquidated. You may enter the precise day (DD/MM/YYYY) but the spreadsheet will only display the month and year. |
| Realized/Unrealized | Please indicate whether the security has been realized, including any warrants (R) or remains unrealized (U).  A security has been “realized” if the following has occurred:   * The fund liquidated the investment for cash. Full repayment of debt is included in this category. Exit proceeds equal the amount of cash received. * The fund distributed freely tradable public securities to its investors. Exit proceeds equal the value of the securities based on their closing price on the distribution date. * The fund wrote-off the investment. An investment does not have to be written off for income tax purposes in order to be shown as a write-off. You should base your assessment of realized v. unrealized investments on the operating status of the company, the prospects for any meaningful financial recovery and any other relevant facts. |
| Total Financing Amount | Enter the total, cumulative amount of financings made using this type of security. Please be precise as this information will be used in calculating the fund’s performance metrics. Round the amount to the nearest dollar. For example, $50,350,200 should be entered as ‘50350200’ and NOT as 50.4 or $50.35M |

#### E1-D. Covenant Defaults

The securities you indicated had covenant violations or which were restructured will automatically appear in the first column of this worksheet. Please complete the information requested in the yellow cells.



|  |  |
| --- | --- |
| Covenant Violation Type | This information is requested only for those securities that experienced covenant violations.  Identify the covenant(s) that were violated. |
| Time in Default (Months) | This information is requested only for those securities that experienced covenant violations.  Indicate the number of months in which the company was in default on its covenant(s). |
| Default Interest Rate Charged | This information is requested only for those securities that experienced covenant violations.  If the company was charged a default rate of interest, please indicate what rate it was charged. |
| Principal Lead | Using the principal initials provided on E1-A., please indicate which principal(s) within your firm took the lead in addressing the covenant violations with company management and co-investors or leading a restructuring. If responsibility for these activities was handled primarily by co-investors, leave blank. |
| Discuss the reasoning… | As explained in the exhibit, please discuss the reasons why the company defaulted on its covenants, what caused it to miss payments or why the security was restructured. Further, describe any measures taken to resolve the issues that caused the default or restructuring. These explanations should be brief. The SBA analyst assigned to review your application will request additional information if necessary. |

#### E1-E. Valuations

This worksheet requires you to classify the *primary* valuation methodology used to determine the residual value of the unrealized positions in your portfolio.



|  |  |
| --- | --- |
| Portfolio Company | This column will automatically populate with the names of portfolio companies with unrealized securities. |
| Security Type | This column will automatically populate with the securities identified as unrealized. |
| Valuation Methodology | Use the drop-down menu to select the *primary* valuation methodology used to determine the residual value of the unrealized security. If the menu does not contain an appropriate description of your methodology, you may type-in your own. |

#### E1-F. Portfolio Company Financials

This worksheet requests financial information about each of the portfolio companies in your portfolio. Provide the requested data for two time periods: (i) at the time of initial investment and (ii) at the time of valuation or full exit, depending on whether the fund still holds unrealized securities in the portfolio company.



|  |  |
| --- | --- |
| Small Business | Indicate whether the portfolio company would have been considered a “small business” at the time of your initial investment based on SBA size standards. SBA’s general definition of a “small business” is a company with (i) less than $18 million in tangible net worth, and (ii) less than $6 million in average net income, after Federal taxes, for the preceding two fiscal years. More specific guidance on SBA size standards, including industry specific standards, can be found in 13 CFR 121.301(c)1 and 2.  Please note: SBA will not consider your response a formal determination of size. Instead, we will consider this information to be your “best estimate.” |
| Number of Employees | Enter the number of full-time equivalent employees at the firm. |
| Enterprise Value | Enter the company’s enterprise value (market value of equity + net debt). |
| LTM Revenue | Enter the company’s revenue, calculated over the last twelve months (LTM). |
| LTM EBITDA | Enter the company’s EBITDA, calculated over the same twelve month period used to calculate the LTM Revenue. |
| Cash & Equivalents | Enter the amount of cash & equivalents on the company’s balance sheet. |
| Total Debt | Enter the total amount of debt on the company’s balance sheet. |

#### E1-G. Active Involvement

The “Active Involvement” spreadsheet will help SBA identify those responsible for executing the transactions included in your portfolio. Your SBA analyst will devote a portion of his/her reference calls to confirming the deal attribution presented here.

Use the same two letter initials you entered in the Principal List on E1-A. to indicate the individual(s) *within your firm* responsible for each element of the investment process. Where more than one person can claim responsibility for leading an activity, enter each set of initials and separate them with a comma (e.g. AB, CD).

Please use this worksheet to present the activities of every member of the fund’s senior management team, including deal leads and members of the investment committee. Do not limit attribution solely to those principals included in your SBIC application. The roles played by former colleagues and partners should be reported here, even if they are not joining your SBIC application. Leave the cell blank if no one *within your firm* was responsible for the activity.



**Pre-Investment Roles**

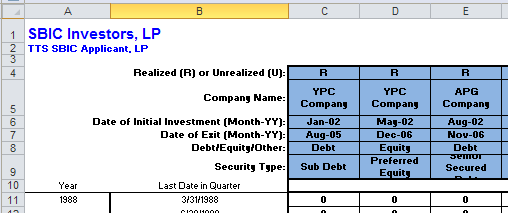
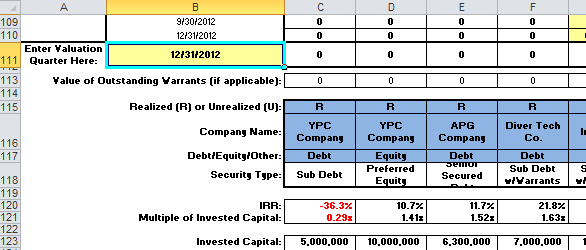
|  |  |
| --- | --- |
| Deal Lead | The “deal lead(s)” have responsibility for moving the investment through the fund’s investment process from sourcing through close to post-monitoring. |
| Deal Co-Lead | The “deal co-lead(s)” also have responsibility for moving the investment through the fund’s investment process, but generally play a more supportive role than the deal lead. |
| Deal Source | The “deal source(s)” can claim responsibility for bringing the investment opportunity to the fund. |
| Financial Analysis | The principal(s) responsible for “Financial Analysis” may either have conducted the analysis themselves or supervised the work of subordinates/colleagues. |
| Market Research | The principal(s) responsible for “Market Research” may either have conducted the analysis themselves or supervised the work of subordinates/colleagues. |
| Lead Structuring | The principal(s) responsible for leading the deal structuring prepared the term sheet or represented the firm with co-investors as the term sheet was prepared. |
| Lead Due Diligence | The principal(s) responsible for leading the due diligence process took the lead in conducting reference calls, managing third-party accounting and legal diligence contracts and synthesizing the results. |
| Made Recommendation to Investment/Credit Committee | The principal(s) responsible for presenting the recommendation to the investment/credit committee prepared the investment memo, distributed it to colleagues and defended the recommendation at committee. |
| Investment Committee | Investment Committee members are identified in the fund’s legal agreements as having the authority to vote on the purchase or sale of investment securities. For non-fund track records, investment committee members are those who individually or collectively have responsibility for the final approval of transactions. |
| Negotiation | The principal(s) responsible for negotiating the transaction take the lead in negotiating the final terms of the transaction with counterparties. |
| Discussion of Pre-Investment Role | Add any important details about each principal’s pre-investment role. Do not simply restate what is already indicated. If no details are relevant, leave blank. |

**Post-Investment Roles:**

|  |  |
| --- | --- |
| Top Ranking Officer Added/Replaced | Enter an ‘X’ if, during the fund’s tenure as an investor, the top-level management team was expanded to include a new position/individual OR if a top ranking officer at the company was replaced. |
| Officer of the Company | Enter the initials of any principal(s) who took a position as an officer of the company. If no one, leave blank. |
| Board of Directors | Enter the initials of any principal(s) who served as a member of the company’s board of directors. If no one, leave blank. |
| Board Observer | Enter the initials of any principal(s) who served as non-voting board observers. If no one, leave blank. |
| Exit Process | Enter the initials of any principal(s) who played a significant role in facilitating an exit from this company for investors. Leave blank if involvement was minimal or if the investment remains unrealized. |
| Discussion of Post-Investment Role | Add any important details about each principal’s post-investment role. Do not simply restate what is already indicated. If no details are relevant, leave blank. |

#### E1-H. Portfolio Cash Flows

SBA analysts use worksheet ‘E1-H. Portfolio Cash Flows’ to assess the performance of your portfolio on a security-by-security basis. To complete E1-H. Portfolio Cash Flows, please follow the steps outlined below:

1. **Verify Prior Entries:** To avoid errors and frustration, please ensure that you have properly completed all prior worksheets contained in Exhibit E1. Verify that all of the portfolio companies and investment securities appear in the top rows of the worksheet E1-H. This data is pre-populated from the entries you made in prior worksheets.
2. **Enter Valuation Date:** Select cell B111 and enter the last day of the *Valuation Quarter* using the format MM/DD/YYYY (Q1: 03/31/YYYY, Q2: 06/30/YYYY, Q3: 09/30/YYYY, Q4: 12/31/YYYY).

The *Valuation Quarter* is the last day of the quarter in which the unrealized positions in your track record were valued. As noted in the “eligibility” instructions on page 12, if you departed the firm that managed the portfolio being presented, the *Valuation Quarter* you select should be no later than the date you departed the firm.

Once you enter the *Valuation Quarter* in cell B111, all prior dates in column B will adjust automatically.

1. **Enter Cash Flows:** Each investment security you identified in E1-C is included in this worksheet and has a column dedicated to its quarterly cash flow schedule. Based on the investment and exit dates you provided in E1-C., the cells corresponding with each investment’s hold period should be highlighted in yellow.

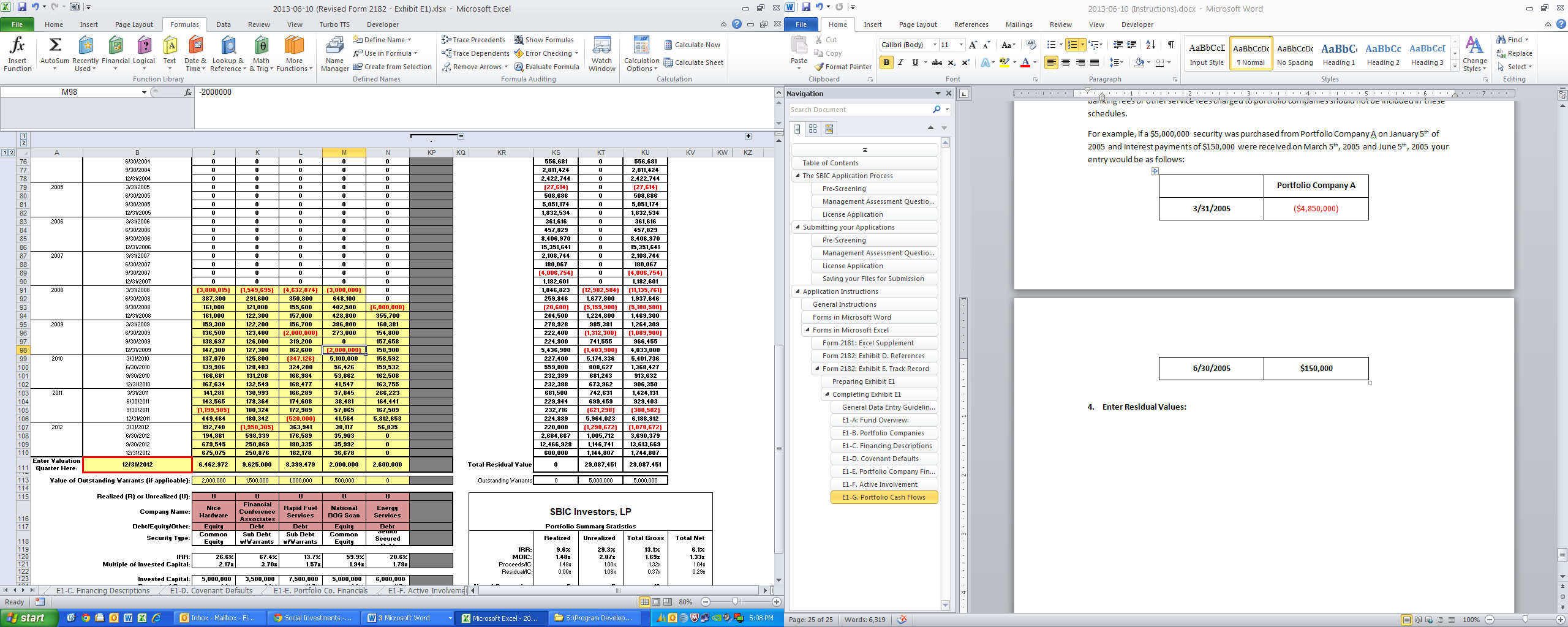
Beginning with the quarter in which the security was initially issued, enter the net quarterly cash flows associated with the investment security. Net cash outflows from the fund should be entered as negative numbers and cash inflows to the fund should be entered as positive numbers. You should only include cash flows associated with the investment security itself. Consulting fees, investment banking fees, origination fees, board fees or any other service fees charged to portfolio companies should not be included in these schedules (the next worksheet, E1-I,will request this information separately).

For example, if a $5,000,000 security was purchased from Portfolio Company A on January 5th of 2005 and interest payments of $150,000 were received on March 5th, 2005 and June 5th, 2005 your entry would be as follows:

|  |  |
| --- | --- |
|  | **Portfolio Company A** |
| **3/31/2005** | ($4,850,000) |
| **6/30/2005** | **$150,000** |

1. **Enter Residual Values:** Once all of the net cash flows have been recorded through the *Valuation Quarter*, you should next enter the value of all unrealized positions. In row 111, the cells highlighted in yellow will correspond to those investment securities you categorized as unrealized. Enter the full “residual value” of each unrealized investment security as of the *Valuation Quarter*.

For debt securities structured with warrants, include the value of any outstanding warrants in the full “residual value” entered in row 111, but also indicate the value of the warrants alone in row 113.



1. **Review**: Verify the data presented below the cash flow schedules for each security, as well as the fund level performance information presented in the bottom right corner of the worksheet. Ensure these numbers are consistent with your own estimates. If there are inconsistencies, consider the following:

* The IRR calculation used in this worksheet annualizes the results of Excel’s IRR function. It does not use Excel’s XIRR function, which employs the exact dates on which each cash flow occurred. The difference in method may be a source of discrepancy.
* The “Multiple of Invested Capital” is a cash-on-cash calculation that uses the “Investment Amount” you entered in Exhibit E1-C. as the denominator. If you failed to enter the exact, cumulative amount invested in each security type, the multiple may not be accurate.

For other problems, you are encouraged to contact SBA for guidance. Send an e-mail with your name, the name of your firm and your phone number to [sbicinquiry@sba.gov](mailto:sbicinquiry@sba.gov).

#### E1-I. Fund Cash Flows

Unlike E1-H, which is concerned exclusively with “gross” portfolio performance, E1-I deals primarily with the cash flows occurring between the fund, the limited partners, the general partner, the management company and any fund-level debt providers.

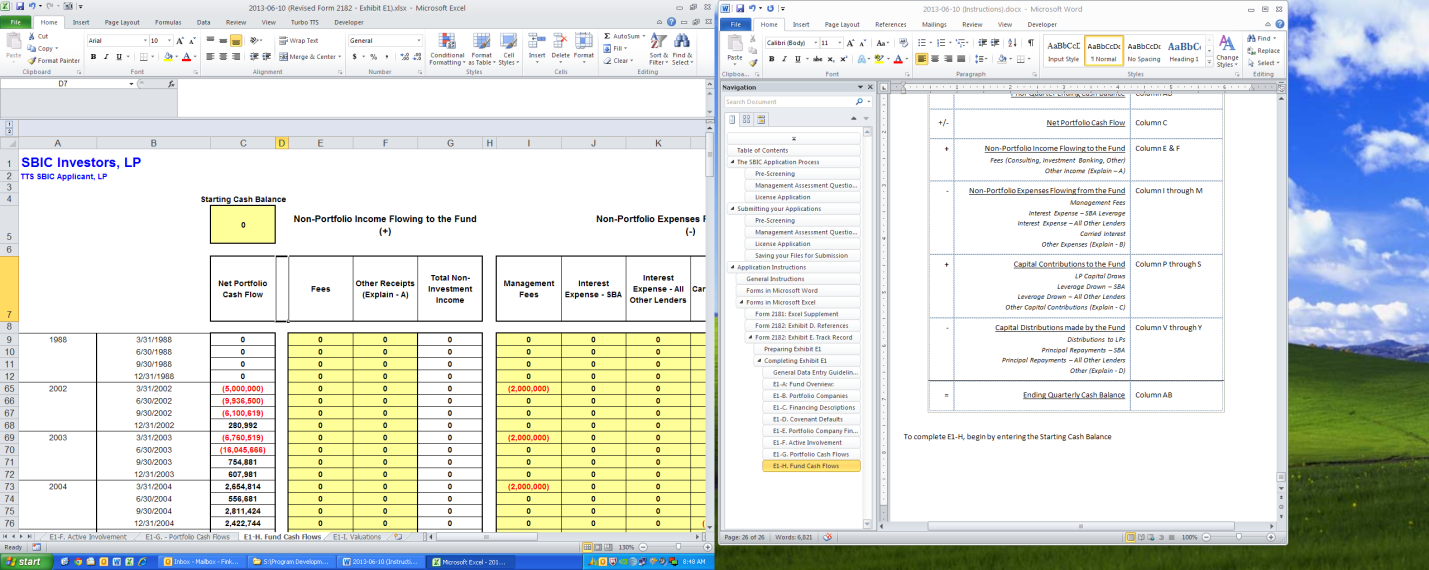
The worksheet is structured to account for the movement of cash to and from the fund:

* Fund Inflows, such as LP capital contributions, borrowing, or fees earned from portfolio companies are recorded as **positive** cash flows. This is cash deposited into the fund.
* Fund Outflows, such as interest payments on debt, distributions to LPs or carried interest paid to the GP are recorded as **negative** cash flows. This is cash withdrawn from the fund.

The worksheet reconciles to a quarterly cash balance and should account for all sources and uses of cash during the quarter. The table that follows outlines the quarterly reconciliation process with references to the columns of the worksheet in which each item is recorded:

|  |  |  |
| --- | --- | --- |
|  | Prior Quarter Ending Cash Balance | Column AB |
| +/- | Net Portfolio Cash Flow | Column C |
| **+** | Non-Portfolio Income Flowing to the Fund  *Fees (Consulting, Investment Banking, Other)*  *Other Income (Explain – A)* | Column E & F |
| **-** | Non-Portfolio Expenses Flowing from the Fund  *Management Fees*  *Interest Expense – SBA Leverage*  *Interest Expense – All Other Lenders*  *Carried Interest*  *Other Expenses (Explain - B)* | Column I through M |
| **+** | Contributions to the Fund  *LP Capital Draws*  *Leverage Drawn – SBA*  *Leverage Drawn – All Other Lenders*  *Other Capital Contributions (Explain - C)* | Column P through S |
| **-** | Distributions made by the Fund  *Distributions to LPs*  *Principal Repayments – SBA*  *Principal Repayments – All Other Lenders*  *Other (Explain - D)* | Column V through Y |
| **=** | Ending Quarterly Cash Balance | Column AB |

**Completing the Worksheet:**

1. **Starting Cash Balance:** To complete E1-H, begin by entering the Starting Cash Balance in cell C5. This is the amount of cash on the fund’s balance sheet prior to any other activity reported in the Exhibit.

If you are unsure of the precise starting cash balance, you may adjust this figure at the end of the process to ensure the Final Cash Balance reconciles to zero (see Step 5).

1. **Non-Portfolio Income Flowing to the Fund (+):** The first column in the worksheet, Column C, is automatically populated with the Net Portfolio Cash Flows you entered in E1-H. In Column E and F, you should account for any income earned that is unrelated to the investments of the fund. Under *Fees* you should input all fee income earned during the quarter.

If the fund earned any other receipts, please enter those in the column labeled *Other Receipts (Explain – A)*. Next, scroll down to row 118 and describe the source of this income in the box labeled “Explain – A.”

1. **Non-Portfolio Expenses Flowing from the Fund (-):** In the next section, you should account for any fund expenses incurred during each quarter. This includes management fees paid to the GP or management company, interest expense paid on SBA-guaranteed leverage, interest expense paid on other debt, carried interest paid to the GP or “Other Expenses” that do not fit within one of these categories.

If the fund had “Other Expenses,” please scroll down to row 119 and describe the nature of these expenses in the box labeled “Explain – B.”

1. **Contributions to the Fund (+):** Use the next section of columns to account for cash inflows from the fund’s capital providers. For each quarter enter the amount of LP capital drawn, SBA-guaranteed leverage drawn, leverage drawn from other lenders and any capital drawn from other capital providers.

If the fund had “Other Capital Drawn,” please scroll down to row 120 and describe the nature of these capital draws in the box labeled “Explain – C.”

1. **Distributions from the Fund (-):** In Columns V through Y, account for the capital distributed from the fund back to the capital providers. This includes distributions to LPs, principal repayments of SBA-guaranteed leverage, principal repayments to other lenders and “Other” distributions to capital providers.

If the fund distributed capital to “Other” capital providers, please scroll down to row 121 and describe these capital providers and the nature of the distribution in the box labeled “Explain – D.”

1. **Reconciliation:** The final step is to reconcile the spreadsheet to a final cash balance of zero. This is accomplished by assuming the fund, along with all of the unrealized positions in the portfolio, is fullly liquidated by the end of the *Valuation Quarter*:
   * The liquidation process begins with the “residual value” of the unrealized positions in the portfolio. This value is presented in cell C111. For the purposes of this final calculation, the worksheet assumes the full conversion of the residual value to cash.
   * Moving left-to-right from cell C111, the worksheet will add all the outstanding “Receivables” you enter in the next two yellow-cells. The worksheet will assume these receivables are fully converted to cash.
   * The worksheet will then subtract all the fund’s outstanding “Payables,” such as management fees, interest payments due, and importantly, the carry payment due to the GP upon the liquidation of the portfolio. The worksheet assumes these payables are fully paid-out in cash.
   * In the next several cells, the worksheet has automatically calculated the total capital drawn from LPs and leverage providers. You do not need to make any additional entries in these cells.
   * The final step in the reconciliation process is to enter the “Final Distribution to LPs” and the “Final Repayment of Leverage.” This represents the total amount of cash that would be distributed to LPs and lenders upon liquidation of the portfolio.

Please note that the “Final Repayment of Leverage” cells have been automatically calculated based on your entries in prior cells. However, these cells are not locked and you are free to adjust these numbers as needed.

* + Based on your entries in row 111 the “Final Cash Balance” reported in cell AB111 should reconcile to zero.

Please be aware that the “Starting Cash Balance” you select at the beginning of the process will remain part of the cash balance unless it is distributed or expensed. If you are unsure of the precise “Starting Cash Balance” you may use this cell as a “plug,” adjusting the amount to ensure the Final Cash Balance reconciles to zero.

#### Guidance for Non-Traditional Fund Track Records:

Exhibit E1 is designed for the presentation of traditional private equity fund track records. If your track record involves the partial presentation of a larger portfolio or is a “synthesis” of investments made outside a fund structure, you may face difficulties in completing the entire exhibit. Please follow these tips to accurately present your performance results.

* **E1-A:** For the presentation of synthesis track records, you may omit information that does not apply such as vintage year, mgmt. fee, carry percentage or LP information. However, please use the notes section to explain any omissions.

For the presentation of partial fund portfolios, please enter the information for the entire fund, including the full private capital commitment to the fund, the total amount of leverage committed, the management fee, carry percentage and other requested information. Use the notes section to indicate that the track record is a partial portfolio.

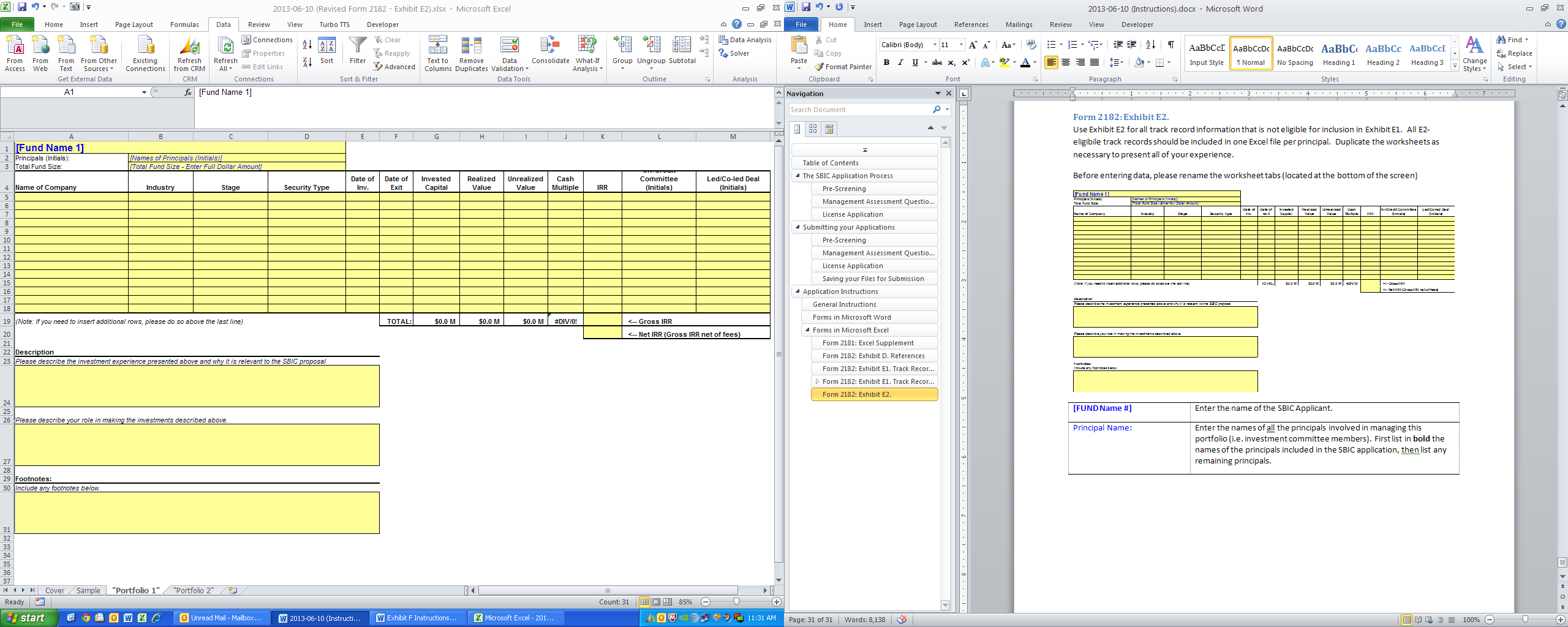
* **E1-B through E1-H**: These worksheets should not pose any difficulties. Complete as instructed.
* **E1-I**: This worksheet is designed to track the cash flows that occur between an investment fund an limited partners, the general partner and the other entities that comprise the traditional limited partnership structure. Completing this worksheet for non-traditional portfolios may be particularly challenging. Follow the guidance below, depending on your particular circumstance. If you have questions or need further guidance, please consult with SBA staff.

Principals presenting “synthesis” portfolios or non-traditional track records, such as bank loan portfolios, do **NOT** need to complete E1-H.

For the presentation of partial fund portfolios, only enter cash flows related to the investments included in Exhibit E1-H. For instance, only include LP capital draws and leverage draws used to finance the investments in the track record. Similarly, you may adjust any “overhead” expenses, such as management fees, on a pro-rata basis. If this approach is not practicable, consult with SBA staff for additional guidance.

### Form 2182: Exhibit E2. Track Record

Use Exhibit E2 for all track record information that is not eligible for inclusion in Exhibit E1. All E2-eligible track records should be included in one Excel file per principal. Duplicate the worksheets as necessary to present all of your experience.

Before entering data, please rename the worksheet tabs (located at the bottom of the screen) from “Portfolio #” to the name of each track record.



|  |  |
| --- | --- |
| **[FUND Name #]** | Enter the name of the portfolio being presented. This name should be the same as the one used to name the worksheet tab. |
| Principals (Initials): | Enter the names of all the principals included in the SBIC application who are claiming involvement in this track record. Unlike Exhibit E1, you are not required to provide the names of former colleagues involved in the track record.  Immediately following the name of the principal, please provide a two-letter initial. For example, Jane Smith should be entered as: Jane Smith (JS) |
| Total Fund Size: | Provide the full dollar amount of capital committed to or invested in this portfolio. |
| Valuation Date: | If the track record contains any unrealized positions, please ensure you enter the date on which the positions have been valued. |
| Name of Company: | Enter the name of the portfolio company. |
| Industry: | Enter the name of the industry sector in which the company operates. |
| Stage: | Enter the stage of the company at the time of the initial investment. |
| Security Type: | Describe the type of security used to make the investment. You are NOT required to use a separate row for each type of security used to invest in a single portfolio company. You may use this space to describe all securities used.  For example, a debt and equity investment in a single portfolio company could be described here as: “subordinated debt w/warrants; preferred equity” |
| Date of Inv. | Enter the date the investment was made. |
| Date of Exit. | IF APPLICABLE, enter the date when the investment was fully exited/realized. |
| Invested Capital | Enter the full amount of capital invested using the investment security or securities you have identified. |
| Realized Value | Enter the full amount of cash proceeds received from inception to the valuation date or exit, which ever applies. |
| Unrealized Value | Enter the full amount of residual value remaining in the investment. This should include any accrued dividends, PIK interest, outstanding principal or the value of any equity positions. |
| Cash Multiple | Enter the cash-on-cash multiple for the investment, calculated as (Realized Value + Unrealized Value)/Invested Capital. |
| IRR | Enter the annualized IRR for the investment. |
| Investment Committee (Initials) | Enter the initials of those principals that were members of the investment, credit or other authorizing committee that approved these deals. If no one, leave blank. |
| Led/Co-led Deal (Initials) | Enter the initials of those principals that led or co-led the transaction on behalf of the firm. If no one, leave blank. |
| <-- Gross IRR | Enter the portfolio IRR before any management fees, carry or other similar charges. |
| <-- Net IRR (Gross IRR net of fees) | Enter the Net IRR of the portfolio, which should be equal to the Gross IRR after any management fees, carry or other similar charges. |
| Descriptions | Follow the instructions provided. |
| Footnotes | Include any footnotes necessary for SBA to understand the data being presented. |

### Form 2183: Exhibit T. SBIC Directory Profile

Specific instructions on how to complete Exhibit R are available in the exhibit itself. Please provide the information requested in the yellow **cells**.