

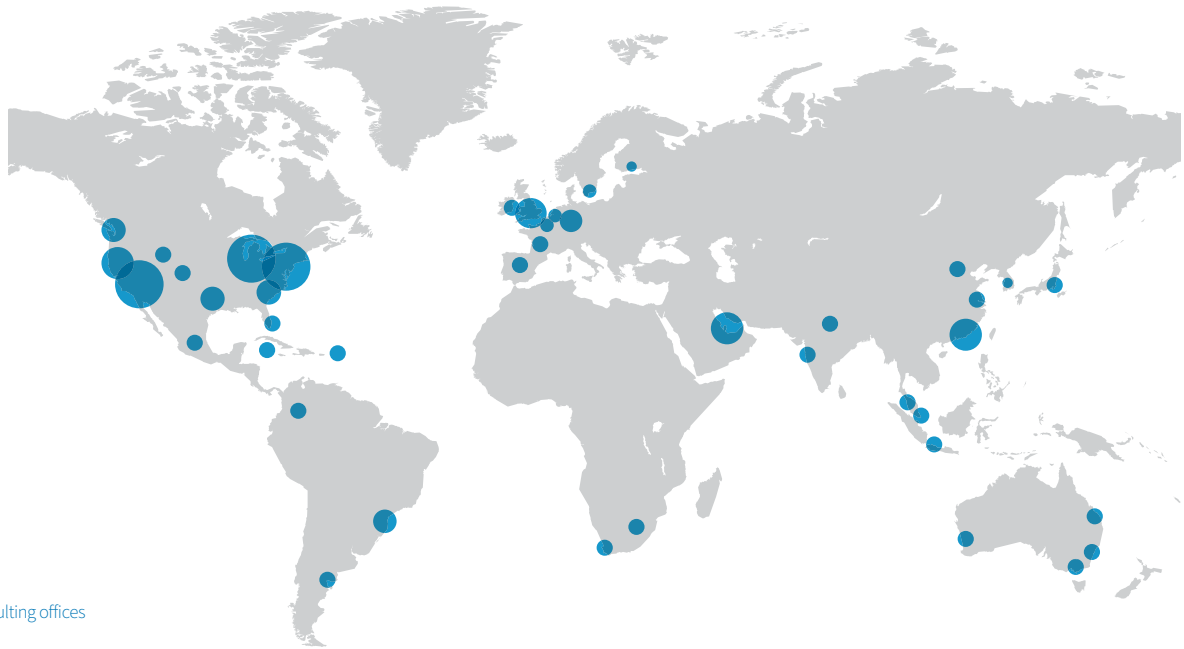


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Navigating the LIBOR Transition

About FTI Consulting

FTI Consulting is a global business advisory firm. With more than 5,400 professionals in 27 countries, we work closely with our clients to anticipate and overcome complex business challenges.



Advisor to **8** of the **world's top 10** bank holding companies

Founded in **1982** and **\$4.4BLN** equity market capitalization*

Combines unparalleled **expertise** and **industry knowledge** to address critical challenges for clients

With over **5,400** employees on six continents, our breadth and depth extend across every major social, political and economic hub **around the globe**

A **global advisory firm** that provides multi-disciplinary solutions to **complex challenges** and **opportunities**

49 of **Global 100 corporations** are clients

Advisor to **95** of the **world's top 100** law firms

Our largest industry groups are: Financial Institutions & Insurance, Energy, Power & Products, Healthcare, Life Science, Real Estate, Retail & Consumer and Telecom, Media & Technology

Trusted advisors serving clients globally with **diverse expertise** and **exceptional credentials** including accountants, economists, engineers, former CFOs and strategists

*Number of total shares outstanding as of October 17, 2019, times the closing share price as of October 24, 2019.

Our Comprehensive Services

Forensic & Litigation Consulting	Economic Consulting	Technology	Corporate Finance & Restructuring	Strategic Communications
Compliance Services	Litigation Support & Expert Witness	Computer Forensics & Investigations	Financial Restructuring	Creative Engagement
Global Risk & Investigations	Securities Litigation & Risk	Discovery Consulting	Financial Due Diligence	Corporate Communications
Forensic Accounting & Advisory	Business Valuation	E-discovery Software & Services	Insolvency / Enforcement	Financial Communications
Dispute Advisory Services	Intellectual Property	Information Governance, Privacy & Security	Valuation	Public Affairs
Trial Services	International Arbitration		Interim Management	Strategy Consulting & Research
Risk Management	Labor & Employment		Performance Improvement	Employee Engagement
Cybersecurity	Public Policy		Distressed M&A	
Data & Analytics	Antitrust & Competition Economics		Transaction Services	
Monitorships	Regulated Industries		Tax Structuring	

Why FTI Consulting?

Senior Leaders

Our senior staff members lead from the front and actively participate throughout engagements. We maintain a program of continuous quality assurance and internal challenge.

Industry, Regulatory and Consulting Experience

Our teams are composed of professionals with senior executive industry, regulatory and consulting experience which enables us to provide practical regulatory insights and support.

Quality and Integrity

Our heritage of litigation and regulatory assignments underpins a consistent commitment to quality and integrity. Our experience in investigating failures and errors means we know how to ensure they are avoided in the future.

Credibility and Independence

We are recognized for our credibility with regulators and our independence. We do not provide audit attestation services.

Innovative Solutions

We bring FTI Consulting's experiences from a wide range of industries which face similar challenges, to deliver innovative, pragmatic, and effective solutions for our clients.

Local Language Capabilities

We have extensive experience working on complex issues and multi-faceted assignments, in which we bring a wide range of experience, skills and practical knowledge. We provide staff with local language capabilities when needed and work across segments in a collaborative and efficient manner.

Advanced Technology Solutions

We offer advanced technology solutions to enable our clients to better manage their governance, risk and regulatory challenges. We have access to a range of economists, statisticians and analysts to support our work.

Our Definitive Expertise

Our professionals are acknowledged leaders in their chosen field, not only for the level of clarity and understanding that they bring but for their ability to identify practical, workable answers to complex questions. Viewed in aggregate, FTI Consulting is unmatched in the depth and breadth of expertise we bring to bear on our clients' behalf.

America's Best Management Consulting Firms

Forbes (2016 - 2019)

Global M&A Public Relations Firm of the Year

M&A Atlas Awards, Global M&A Network (2017 - 2018)

#1 Crisis Management Firm

The Deal (2017 - 2018)

Who's Who Legal: Arbitration Expert Firm of the Year

Law Business Research (2015 - 2019)

Gold Winner: Public Relations Agency of the Year

PR World (2019)

Top Intellectual Property Litigation Consulting Services Provider

2018 Best of the NLJ
ALM Media Properties (2016 - 2019)

Corporate Counsel: Top Service Provider in the Legal Industry

ALM Media Properties (2016 - 2018)

Global Turnaround Consulting Firm of the Year

M&A Atlas Awards, Global M&A Network (2018 - 2019)

#1 Cybersecurity Provider

Corporate Counsel (2016 - 2017)

#1 IT Consultant Services

Corporate Counsel
Best of 2018,
American Lawyer (2018)

GAR: Expert Witness Firms' Power Index

Law Business Research (2019)

Consulting Magazine's Best Firms to Work For List

ALM Media Properties (2018)

Navigating the LIBOR Transition

THE SITUATION

The London Interbank Offered Rate (LIBOR) is embedded in an estimated \$400 trillion of financial contracts¹, and panel banks will no longer be compelled by the UK Financial Conduct Authority (FCA) to submit rates to publish LIBOR beyond 2021.

The US Securities and Exchange Commission (SEC)² and the FCA³ have advised public companies (and regulated entities) affected by LIBOR to assess their risk exposure, quantify the financial impact, develop remediation plans, and communicate material information to stakeholders.

THE CONSEQUENCE

The LIBOR transition will impact counterparties to each LIBOR-based contract, creating winners and losers, and heighten uncertainty over the interim period.

Substitute rates will, at a minimum:

- Complicate the amending of contracts for financial products, especially those not governed by standard documentation or for those requiring a complex re-approval processes (e.g. floating rates bonds and notes, syndicated loans, and securitizations)
- Necessitate the creation and adoption of a broad range of new hedging instruments
- Increase capital erosion risk through differences in bank and corporate funding costs
- Create gap-risk in hedging accounting, increasing need for basis swaps

THE RESPONSE


Firms must proactively identify exposures to LIBOR, as well as evaluate and quantify the impact of cessation. Risk assessments should be comprehensive, with segment-level focus on firm products, clients, processes, and information technology. Risks within critical financial, operational, and risk management systems should be evaluated with LIBOR-dependencies identified within a detailed remediation plan.

Firms should also consider disclosing progress on evaluation and mitigation of related risks. If material exposures have been identified but the impact not yet fully assessed and quantified, they should consider disclosing these facts.

¹"Beyond LIBOR: a primer on the new reference rates," *BIS Quarterly Review*, March 2019.

² See SEC Staff Statement on LIBOR Transition, jointly by the Division of Corporation Finance, Division of Investment Management, Division of Trading and Markets, and Office of the Chief Accountant, July 12, 2019.

³ The FCA and the Prudential Regulation Authority (PRA) jointly issued "Dear CEO Letter." See Dear CEO letter, Bank of England PRA and the FCA, September 19, 2018.



■ We combine deep industry knowledge and academic rigor: our people are true experts. They have contributed to the theory, written seminal books on derivatives, traded global markets across asset classes, built and managed leading trading businesses in major financial institutions, and advised on high-profile transactions and litigation in global capital markets and commodity trading. Our unique combination of quantitative and trading expertise across asset classes, and proprietary analytics and risk management technologies gives us an unparalleled ability to support our clients through the LIBOR transition.

How FTI Consulting Can Help



Public Companies have a duty to inform investors of any material impact of LIBOR cessation on the company and should place importance on keeping investors informed of the company's progress in evaluating and identifying relevant risks. Investors must also be informed if a material impact has been identified but not fully evaluated.

HOW FTI CONSULTING CAN HELP

- Provide guidance regarding evaluation and mitigation of risks to companies that may arise from failures to disclose material information about impacts resulting from the LIBOR transition
- Quantify the potential economic impact to companies using FTI Consulting's proprietary Analytics and Risk Management Quantum ("Quantum")
- Assist in evaluating the materiality of information to investors

Banks are likely to be adversely affected by the LIBOR transition, since deposit liabilities may shift away from LIBOR faster than loan assets. This mismatch could affect net interest income measures and firm profitability. Routine stress testing of the banking industry is also likely to be impacted by the transition.

HOW FTI CONSULTING CAN HELP

- Evaluate bank portfolios to quantify any material impact on firm income resulting from the uneven transition of firm assets and liabilities away from LIBOR
- Conduct independent stress tests under new rate regimes

How FTI Consulting Can Help

Broker-dealers and Central Counterparties should evaluate how the LIBOR transition and interim-period risks will impact operating models, clearing protocols, listing standards, and hedging mechanisms. The results of such investigations may warrant disclosure to stakeholders or the broader market.

HOW FTI CONSULTING CAN HELP

- Quantify client risk in central counterparty clearing mechanisms
- Evaluate hedge accounting and assess the need for basis swaps

Asset Managers and Funds should evaluate the impact of the LIBOR transition on the value and liquidity of investments. Specific risks may justify disclosure within prospectuses.

HOW FTI CONSULTING CAN HELP

- Quantify the range of possible effects of transition scenarios on specific financial instruments using our proprietary Quantum system
- Evaluate investment portfolios using Quantum, quantify fund-specific risks, and compile tailored descriptions for stakeholders

Financial Advisors should be prudent when recommending investments and financial products affected by the LIBOR. Advisors should consider disclosing relevant risks to clients and the existence of alternative investment products.

HOW FTI CONSULTING CAN HELP

- Provide guidance on which instruments are available and prudent for certain investor classes
- Perform client portfolio analyses using our proprietary Quantum system to evaluate risk exposure

Private Equity Firms need to proactively evaluate contracts that depend on LIBOR, conduct impact analyses, and disclose relevant information to stakeholders. In the event of renegotiation, differences in contract values would need to be resolved.

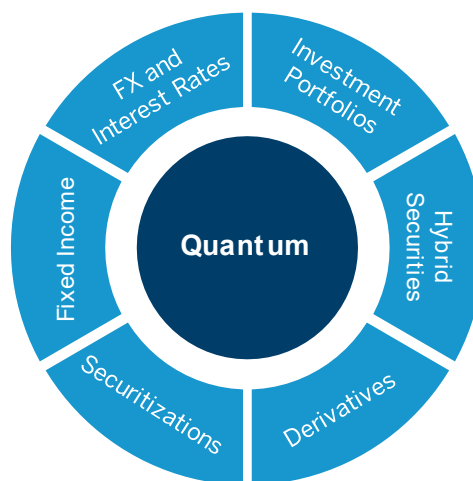
HOW FTI CONSULTING CAN HELP

- Provide expertise and our proprietary technology, Quantum, to conduct independent contract valuations and quantify differences in value
- Quantify the effects of the LIBOR transition on financials and conduct impact analyses
- Assist in the compilation of tailored risk disclosures based on portfolio analysis using Quantum

Our Quantum Solution

Quantum, FTI Consulting’s proprietary analytics and risk management system, is our latest flagship technology solution that enables assessment, estimation, and quantification of the impact of the LIBOR transition through advanced independent valuation and risk analysis capabilities. The system follows best practice in analytics and risk management practices used by the most sophisticated broker-dealers and hedge fund institutions.

Quantum is offered as a service, combined with world-class quantitative and trading expertise. The solution was developed by industry-leading experts with experience building cross asset trading infrastructures at global investment banks and hedge funds. The technology takes a real-time, dynamic modeling approach to quantify the impact of the LIBOR transition in the context of changing targets and market/regulatory uncertainty across products. The system delivers valuations, advanced risk reporting, and sophisticated stress testing tools to identify exposure to LIBOR and transition impact.



BEST PRACTICE

- Advanced financial modeling and proprietary analytics for a broad range of cash and derivative products including complex derivatives and multi-asset products
- Algorithms for calibrating numerical models to market data in accordance with the latest industry standards
- Comprehensive risk analysis including a complete risk reporting capability at product, asset-class and portfolio levels
- Customizable scenario analysis, including nonlinear stress testing

CHARACTERISTICS

<p>Integrated & Scalable</p> <ul style="list-style-type: none"> — Homogeneous and consistent framework under a unified architecture — Flexible system with straightforward integration of new models or analytics 	<p>Adaptable & Efficient</p> <ul style="list-style-type: none"> — Easy to incorporate new stress testing approaches and risk metrics — Computationally efficient, with full access to parallelization and vectorization
<p>Transferable & Secure</p> <ul style="list-style-type: none"> — Professional output ready to be shared with clients via web browsers or reports — Controlled and secured operating protocols for users — Automated quality check tool 	<p>Transparent & Independent</p> <ul style="list-style-type: none"> — Documented models and referenced methods to academic or internal papers — Highly structured code allows for transparent control and verification of output

Our Contract Intelligence

FTI Consulting offers a purpose-built, structured analytics engine that identifies and analyzes a company's relevant contract universe. Working alongside legal counsel, our AI-driven solutions assess the current state of fallback provisions and prioritize contracts that require remediation or renegotiation.

BENEFITS

- **Cost-effective solution** for a key component of contract lifecycle management, offering organizations a centralized, organized method to find, review, and analyze their global contract universe
- **Hyperscale data processing technology stack** to detect foreign languages and machine-language-translation capabilities to convert captured data to English or required languages
- **Industry-leading contract scope assessment & collection** leveraging information governance and forensic collection practices to discover and collect documents with a minimum amount of business disruption
- **Industry-leading suite** of OCR technologies and methodologies to transform contract documents so they can be searched, classified, and analyzed with ability to further enrich the transformed contracts to identify key terms, such as entities involved, jurisdictions, key dates, and contract types
- **Customizable project reporting and analytics dashboard** for visual representations of contract content and data trends
- **Foreign language review** in Albanian, Arabic, Azerbaijan, Chinese (Mandarin and Cantonese), Croatian, Czechoslovakian, French, Dutch, Georgian, German, Greek, Hindi, Hungarian, Indonesian, Italian, Japanese, Korean, Malaysian, Polish, Portuguese, Romanian, Russian, Serbian, Spanish, Swedish, Tagalog, Thai, Turkish, Ukraine, and Vietnamese
- **Integrated technology stack** utilizing AI to drive clause extraction and proven review tools for deeper contract analysis and data transformation, supported by robust workflow and quality control methodologies

TECHNOLOGY STACK & DATA PROCESS



As required, contracts are collected from physical sites and electronic repositories using forensic methods to create a centralized corpus of debt and derivative documentation.



Collected contracts are ingested and processed in an AI platform to automatically identify relevant documents and extract implicated elements and clauses.

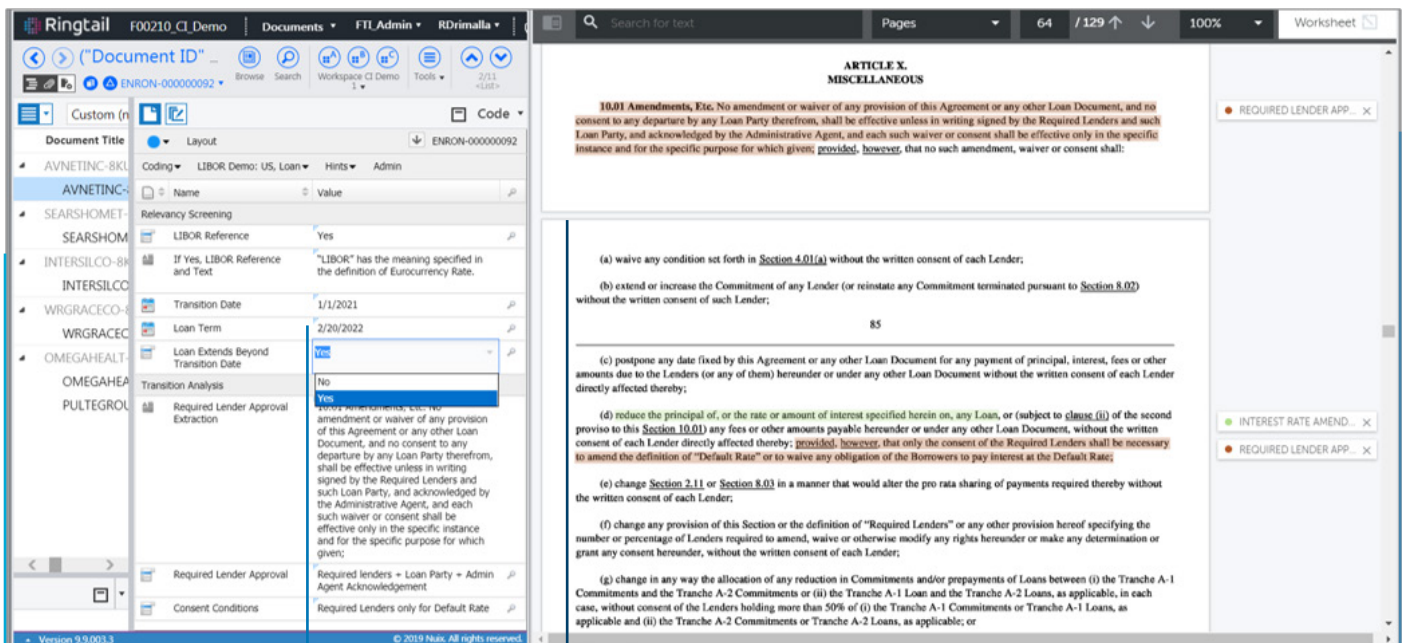


In-scope contracts and extractions are analyzed to codify and structure data in an integrated review platform including legal expert workflows for quality assurance.



Data output is utilized for analytics dashboard, import to client systems, and template generation platforms for contract amendment and repapering.

Our Contract Analysis Platform



1

Automated clause identification and extraction powered by Kira AI software, trained to identify content relevant to rate transition

2

Relevant clause extractions transformed in Ringtail system to structured data for analytics or import to document generation/repapering system

3

Contract family organization (i.e. primary contracts grouped with related ancillary documents) with data summaries reflecting the entire contract relationship

4

Integrated document navigation across systems including direct-to-clause locations in the contract document

Our Strategic Communications

In recent years, the U.S. financial services system has faced significant challenges that have shaken the public's confidence to the core. While the financial crisis is mostly behind us, the system today continues to operate in choppy waters – enduring global and domestic political uncertainty, looming recession risks, and an overloaded corporate debt market.

The LIBOR transition begins within the financial ecosystem that will ultimately touch the lives of millions of end consumers. Such shifts must be communicated – on an enterprise level - deliberately and carefully, with an eye towards fortifying confidence in each company's ability to manage change.

Firms must be proactive and forward-leaning in LIBOR transition communications. Particularly as the change is not regulatory, the onus falls to each firm to explain 1) What is happening 2) How it is affecting products and customers and 3) How the firm is managing the situation to protect investors and customers.

FTI Consulting is well-suited to drive internal and external communications related to this transformational shift in benchmark rates.

CHARACTERISTICS OF A SUCCESSFUL COMMUNICATIONS STRATEGY

- **Clear** – In the absence of a like-for-like LIBOR replacement, communications as to what the new benchmark will be, the reasons driving the change, and the impact to customers and investors must be clearly conveyed.
- **Paced** – Each element of this complex process must be carefully planned and executed. The changes are complex and must be communicated in stages, paced over 18-24 months.
- **Enterprise-Wide** – Starting at the board level and executives, and including frontline sales teams and call centers, staff members must be made aware of the transition and give consistent responses and address stakeholder concerns.

OUR EXPERTISE

We understand your business. Our client teams are staffed with industry experts with first-hand knowledge of the opportunities and challenges you face.

We simplify the complex. We have helped leading financial services brands craft compelling and differentiated narratives in strategically important markets, in one of the most competitive, complex industries in the world.

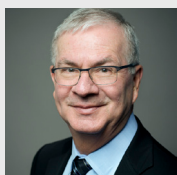
We thrive in disputes. We have provided communications counsel through high-profile regulatory hearings, legal disputes, and arbitration, including work on the Panama papers and LIBOR manipulation.

We manage crises. Our team has led communications for critical industry issues, guiding company leadership and boards through seismic events with significant commercial, public, and political implications, such as the Global Financial Crisis, the Greek bailout plan, and alleged Middle Eastern sanction breaches.

We are global. Our expansive footprint allows us to operate in over 180 countries; we are uniquely positioned to support financial services firms in multiple jurisdictions and to ensure a coordinated and consistent strategy.

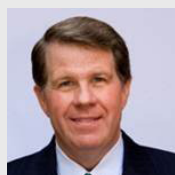
Our Experts

LIBOR TRANSITION TASK FORCE



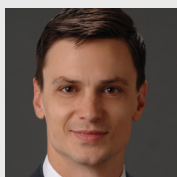
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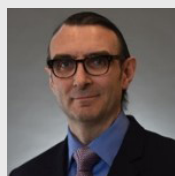
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EXPERTS WITH IMPACT™

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

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