



To: Valued ABC Customers, Suppliers and Industry Partners
From: Dane Cornell, Chief Executive Officer
Roman Cornell, President
RE: COVID 19 & CARES Act Update
Date: March 31, 2020

As a family owned and privately held business, ABC Companies recognizes the many hardships being put on our industry during this unprecedented time. While we continue work to safeguard our employees, customers and suppliers, we understand the challenge of simply staying abreast of the many changes impacting our business environment. With the funding that has become available through the CARES Act, we want to ensure that our industry and your business receives the share of support it deserves.

Just like you, we are analyzing the specifics of the CARES Act provisions. As detailed documentation becomes available, we encourage you to discuss and investigate the provisions of this Act with your legal, tax and accounting advisors before making any decisions. After our initial analysis, we have identified some areas of the Act we believe may be beneficial to many of our customers as options are considered:

- The Small Business Administration (SBA) will play an important role in helping small businesses (businesses with less than 500 employees) get through this pandemic. This includes quicker loan processing, increased lending limits and potential LOAN FORGIVENESS.
- The two key areas of relief are essentially the “CARES Act 7a Loan Program” and the more traditional “Economic Injury Disaster Loan.”
- CARES Act Loans will be administered by approved lenders and can be used for expenses including payroll, mortgage, utilities and more.
 - Loans can be up to 2.5x monthly payroll not to exceed \$10 Million.
 - Eligible for forgiveness, with qualifying amounts based on number of full-time equivalent employees.
 - Employees returning to work prior to June 30th, 2020 can be included in loan forgiveness calculations
- Loans may be used for:
 - “Payroll costs” (as defined in the Act);
 - Costs related to the continuation of group health care benefits during periods of paid sick, medical or family leave, and insurance proceeds;
 - Employee salaries, commissions, or similar compensation;
 - Interest payments on any mortgage obligation (excluding prepayments of or principal payments on a mortgage obligation)
 - Rent (including rent under a lease agreement);
 - Utilities; and
 - Interest on any other debt obligations incurred before the covered period (which would begin on February 15, 2020)

- If you do not elect to take advantage of an SBA 7a loan, then the Act offers a partial credit on qualifying wages paid.
 - Eligibility is based on businesses with first quarter gross receipts at or below 50% of previous year, and continues if gross receipts are down 80% or more versus the same period last year.
 - This benefit is potentially available through 12/31/2020.
- There is a potential deferral on your requirement to pay social security taxes on wages
- Of note, due to aggressive tax depreciation in prior years, some of your businesses may have a tax Net Operating Loss carryforward. In some situations, these losses can now be carried back to earlier years and generate a refund for previously paid income taxes.

The Economic Injury Disaster Loan is also available with a cap of \$2.0 million. However, you cannot receive new funds under both programs.

The Act has many more provisions designed to help all our businesses and our current and former employees get through these unprecedented times. While our shared findings are not meant to replace or expand on any final government legislation, the goal is to share our learning with the industry and our customers.

As ABC works to assist you in these challenging times, we will continue to comply with local mandates, keeping you apprised of any changes at our locations. We will work to maintain the highest possible levels of support throughout the pandemic. Our 24/7 CustomerCare Technical call center, Parts Source call center and online parts store, along with our Service, Leasing and Sales teams continue to be ready to assist you.

ABC Companies and the Cornell Family take great pride in being part of the motorcoach industry for almost 70 years, giving us the privilege to work with many of the organizations and individuals that make our industry a success. We are committed to navigating these unprecedented times by working together, so that we can emerge as a stronger industry ready to serve the travel needs of your customers. Please find below a number of resources for your reference. Remember to help make our industries voice heard by communicating with your local, state and national government representatives. As always, thank you for trusting us with your business and let us know if there is anything we can do to assist.

Additional Resources:

<https://www.buses.org//about/consumer-information/coronavirus-facts-not-fears>

<https://www.uma.org/covid19/>

<https://www.limo.org/page/COVID-19>

<https://www.apta.com/public-transit-response-to-coronavirus/>

<https://cutaactu.ca/en/covid-19>

<https://www.uschamber.com/coronavirus>

Information on contacting government officials:

<https://www.usa.gov/elected-officials>

<https://p2a.co/eTZTLRM>