Presale:

Five Guys Funding LLC

June 22, 2021

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Preliminary Ratings

Class	Preliminary rating	Balance (mil. $)	Anticipated maturity	Legal maturity (years)
A-1	BBB- (sf)	50	July 2026	30
A-2	BBB- (sf)	200	July 2028	30

Note: This presale report is based on information as of June 22, 2021. The ratings shown are preliminary. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. Accordingly, the preliminary ratings should not be construed as evidence of final ratings. This report does not constitute a recommendation to buy, hold, or sell securities. We assume a full draw on the variable-funding notes amount in our analysis.

Executive Summary

Five Guys Funding LLC's series 2021-1 issuance is a $250 million corporate securitization of the Five Guys Holdings Inc. (Five Guys) business. The issuance consists of $200 million in class A-2 fixed-rate notes and (up to) $50 million in class A-1 variable-funding notes (VFN; not offered). The company stated it intends to use the proceeds to fund the senior notes interest reserve, repay existing non-securitization debt, and repay amounts drawn on the series 2017-1 VFN, with the remaining proceeds to be used for general corporate purposes. Assuming a full drawdown on the series 2021-1 class A-1 VFN, the total note issuance will result in a trailing 12-month total debt to adjusted EBITDA of 7.8x. Debt repayment is supported by U.S. and Canadian (North American) franchisee payments, bakery subsidiary revenues, international IP fees, and profits from contributed company-owned stores. There were 1,684 locations in the Five Guys system as of March 31, 2021.

The transaction's key credit features include:

- The manager's long operating history of over 30 years.
- Brand recognition and geographic diversity.
- That a sizeable portion of the transaction revenues are derived from company-operated restaurant operating profit, which may be subject to additional volatility during stressful periods. This has decreased somewhat since the 2017 transaction but is still significant.
- The stable growth in historical systemwide sales, with a five-year compound average growth rate (CAGR) of 7.9%.
- Geographic concentration, with the three largest U.S. states accounting for approximately 23%

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of the North American systemwide store count as of March 2021.

- Slight positive performance in 2020. North American same-store sales increased by 0.8% in 2020 after a 5.1% increase in 2019. Same-store sales were positive from June 2020 onward following the impact of negative 24% same-store sales in March and April of 2020.
- That throughout the coronavirus pandemic, the network has relied on take-out and delivery sales to offset the temporary closures and capacity restrictions and has partnered with several of the major third-party delivery providers.

Transaction Timeline/Participants

Transaction Timeline

Expected closing date	July 1, 2021.
First payment date	October 2021.
A-2 anticipated repayment date	July 2028.
A-2 legal maturity date	July 2051.
Note payment frequency	Quarterly.

Participants

Arranger (lead)	Guggenheim Securities LLC.
Master issuer	Five Guys Funding LLC.
Guarantors	Five Guys SPV Guarantor LLC, Five Guys Properties LLC, Five Guys Bakery LLC, and Five Guys Franchisor LLC.
Trustee	Citibank N.A.
Servicer/control party	Midland Loan Services (a division of PNC Bank N.A.).
Manager	Five Guys Enterprises LLC.
Backup manager	FTI Consulting Inc.

Rationale

The preliminary ratings assigned to Five Guys Funding LLC's senior secured notes series 2021-1 reflect our assessment of:

- The brand strength. This includes the strength of the Five Guys brand, the likelihood for the brand to survive through a Five Guys bankruptcy, and the brand's resulting capacity to continue generating sufficient cash flows from business operations, provided that adequate servicing remains in place.
- The replaceable manager. The manager's responsibilities are generally limited to sales and general and administrative (SG&A) functions, which we believe increases the likelihood of successful replacement following a termination of the current manager. In addition, the transaction has a backup manager, FTI Consulting Inc. (established in the initial series 2017-1 securitization), that has reviewed the business' cost structure relative to the sizing of the management fee and believes it is adequate should it need to step in.
- The legal isolation of the assets. As of the initial series 2017-1 transaction, the manager no longer owns substantially all of the business' North American cash-generating assets. They have been sold through a true sale to the securitization issuer and guarantors, which are bankruptcy-remote entities. This should decrease the likelihood that existing Five Guys creditors could disrupt cash flow to the securitization following a manager bankruptcy. Legal opinions related to true sale and nonconsolidation have been or will be provided before this transaction's closing.
- Asset performance that is not fully correlated with manager performance. A system of

franchised restaurants will likely continue to generate cash flow following the manager's bankruptcy because individual franchisees generally operate independently from the manager (aside from SG&A functions, which we believe can be transferred to a backup).

- Cash flow coverage. Given the brand's strength, the replaceable nature of the manager, and the legal isolation of the assets from the manager, we have projected long-term cash flows for the business. Our analysis incorporates cash flow haircuts that reflect our view of how the business' assets could weaken in adverse economic conditions. Under these conditions, our analysis shows that the cash flows the business generates are sufficient to meet all debt service obligations of the rated notes.
- Liquidity. The liquidity comprises a reserve account funded with three months of interest expenses and/or a letter of credit.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

The class A-1 notes contain stated interest at LIBOR plus a fixed margin. While the original deadline for LIBOR cessation was December 2021, the phase-out date is now expected after June 2023 for most U.S. dollar LIBOR maturities, such as one- and three-month maturities. In 2019, the Federal Reserve's Alternative Reference Rates Committee published recommended guidelines for fallback language in new securitizations, and the language in this transaction is generally consistent with its key principles: trigger events, a list of alternative rates, and a spread adjustment. We will continue to monitor reference rate reform and consider changes specific to this transaction when appropriate.

Environmental, Social, And Governance (ESG) Credit Factors

Our rating analysis considered the potential exposure of the transaction to ESG credit factors. We have not identified any material ESG credit factors in our analysis. Therefore, ESG credit factors do not influence our assessment of the transaction's credit quality.

Table 1

Key Credit Metrics And Peer Comparisons

Brands	Series	S&P Global Ratings' credit rating(i)	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	International (%)(ii)	Operating history (from founding)	Concept type	Leverage (total debt/adjusted EBITDA)(iii)	S&P Global Ratings' min. base-case DSCR(iv)	S&P Global Ratings' min. downside DSCR(iv)
Five Guys(v)	2021-1	BBB- (sf)	1,684	1.3	73	18	Over 30 years	QSR	7.8	1.7	1.5
Wendy's	2021-1	BBB (sf)	6,838	1.8	95	14	Over 30 years	QSR	6.9	1.8	1.5

Table 1

Key Credit Metrics And Peer Comparisons (cont.)

Brands	Series	S&P Global Ratings' credit rating(i)	Store count (no.)	AUV (mil. $)	Franchised (%)(ii)	International (%)(ii)	Operating history (from founding)	Concept type	Leverage (total debt/adjusted EBITDA)(iii)	S&P Global Ratings' min. base-case DSCR(iv)	S&P Global Ratings' min. downside DSCR(iv)
Domino's	2021-1	BBB+ (sf)	17,644	0.9	98	64	Over 30 years	QSR	6.4	1.8	1.4
SERVPRO	2021-1	BBB- (sf)(ii)	1,860	1.5	100	0	Over 30 years	Restoration services	8.1	1.7	1.4
ServiceMaster Brands	2020-1	BBB- (sf)	2,392	1.1	99	31	Over 30 years	R/R	7.1	1.7	1.3
Hardee's/Carl's Jr.	2020-1	BBB (sf)	3,840	1.2	93	25	Over 30 years	QSR	6.8	1.8	1.5
Driven Brands	2020-2	BBB- (sf)	3,229	1.0	84	19	Over 30 years	Auto services	6.7	1.9	1.6
Sonic	2020-1	BBB (sf)	3,583	1.3	94	0	Over 30 years	QSR	5.9	1.8	1.6
Jersey Mike's	2019-1	BBB (sf)	1,615	0.8	99	0.3	Over 30 years	QSR	6.4	2.2	1.7
Planet Fitness	2019-1	BBB- (sf)	1,899	2.1	96	2.7	29 years	Fitness	6.5	1.7	1.3
Wendy's	2019-1	BBB (sf)	6,710	1.6	95	8	Over 30 years	QSR	6.6	1.7	1.4
Jack in the Box	2019-1	BBB (sf)	2,240	1.5	94	0	Over 30 years	QSR	4.9	1.9	1.6
Applebee's/IHOP	2019-1	BBB (sf)	3,652	2.2	98	7	Over 30 years	CDR	6	1.7	1.4
Dunkin' Brands	2019-1	BBB (sf)	20,912	0.8	100	43	Over 30 years	QSR	6.2	1.6	1.4
Taco Bell	2018-1	BBB (sf)	6,505	1.6	91	6	Over 30 years	QSR	5.3	1.6	1.5
Jimmy John's	2017-1	BBB (sf)	2,690	0.8	98	0	Over 30 years	QSR	5.2	1.8	1.7
Cajun Global	2017-1	BBB- (sf)	1,588	0.7	85	32	Over 30 years	QSR	5.2	1.8	1.4
Five Guys	2017-1	BBB- (sf)	1,437	1.2	69	5	Over 30 years	QSR	6.7	1.6	1.5
TGIF	2017-1	B (sf)	903	2.7	94	48	Over 30 years	CDR	5.6	1.3	1
Arby's	2015-1	BBB- (sf)	3,335	1.0	72	1	Over 30 years	QSR	5.3	1.6	1.2

(i)Ratings for the senior-most securitization notes issued (closed transactions). (ii)Percentage of total store count. (iii)As reported. (iv)As of each series' closing date unless otherwise noted. (v)Preliminary. AUV--Average unit volume. DSCR--Debt service coverage ratio. QSR--Quick-service restaurant. CDR--Casual dining restaurant. R/R--Remediation/reconstruction. Five Guys--Five Guys Funding LLC. Wendy's--Wendy's Funding LLC. Domino's--Domino's Pizza Master Issuer LLC. ServPro--ServPro Master Issuer LLC. Hardee's/Carl's Jr.--Hardee's Funding LLC/Carl's Jr. Funding LLC. Driven Brands--Driven Brands Funding LLC (Maaco, Meineke, and others). Sonic--Sonic Capital LLC. Jersey Mike's--Jersey Mike's Funding LLC. Planet Fitness--Planet Fitness Master Issuer LLC. Jack in the Box--Jack in the Box Funding LLC. Applebee's/IHOP--Applebee's Funding LLC/IHOP Funding LLC (Dine Brands Global). Dunkin' Brands--DB Master Finance LLC (AUV represents domestic for both brands, leverage assumes no variable-funding note). Taco Bell--Taco Bell Funding LLC. Jimmy John's--Jimmy John's Funding LLC. Cajun Global--Cajun Global LLC (Church's Chicken). TGIF--TGIF Funding LLC. Arby's--Arby's Funding LLC.

Industry Outlook

The restaurant industry is highly competitive in price and product offerings. Many operators focus on altering the menu mix and new products toward value offerings to drive guest traffic. Leading into 2020, the sector's performance was mixed due to tepid economic conditions and meaningful weakness at certain restaurant operators. Amid the COVID-19 pandemic, there was a large shift toward delivery options as consumers obeyed stay-at-home orders. This led to an increase in delivery orders and ticket sizes due to the influx of people working from home.

However, with the rollout of several vaccines globally and the easing of lockdown, we expect this shift to delivery to slow in 2021. In addition, many independently owned businesses closed during the pandemic-induced lockdowns, creating opportunities for larger players to increase their market share. However, this trend likely won't continue as restrictions ease.

Quick-service restaurants (QSRs) have been performing well overall, while casual dining restaurants continue to face challenges. We expect limited domestic growth and believe restaurants' ability to take market share will drive revenue and profit growth. We also expect slow economic growth to continue to limit guest traffic gains, and any cost inflation would pressure operating margins over the near term because it likely will not be fully passed along to customers. And while labor inflation would affect store profits, the impact may not be meaningful for the highly franchised models. Companies with an international presence have expansion opportunities in various markets.

Summary Of The Business

Founded in 1986, the Lorton, Va.-based Five Guys Holdings Inc. operates and franchises a chain of QSRs in the U.S., Canada, Europe, Asia, and the Middle East. Five Guys aims to deliver fresh and quality food with a focus on burgers, fries, and milkshakes.

The Five Guy's system is composed of 1,684 total restaurants as of March 31, 2021, in the U.S. and across multiple countries, with more than 1,060 franchised locations, 441 company-operated locations, and 170 joint venture-owned and -operated locations in the U.K, France, Spain, and Germany. Approximately 87% of restaurants are located in the U.S. and Canada, primarily concentrated in the Northeast and South. The company also operates and owns Five Guys Bakery LLC, which manufactures and distributes all bakery products to every restaurant in the Five Guys system.

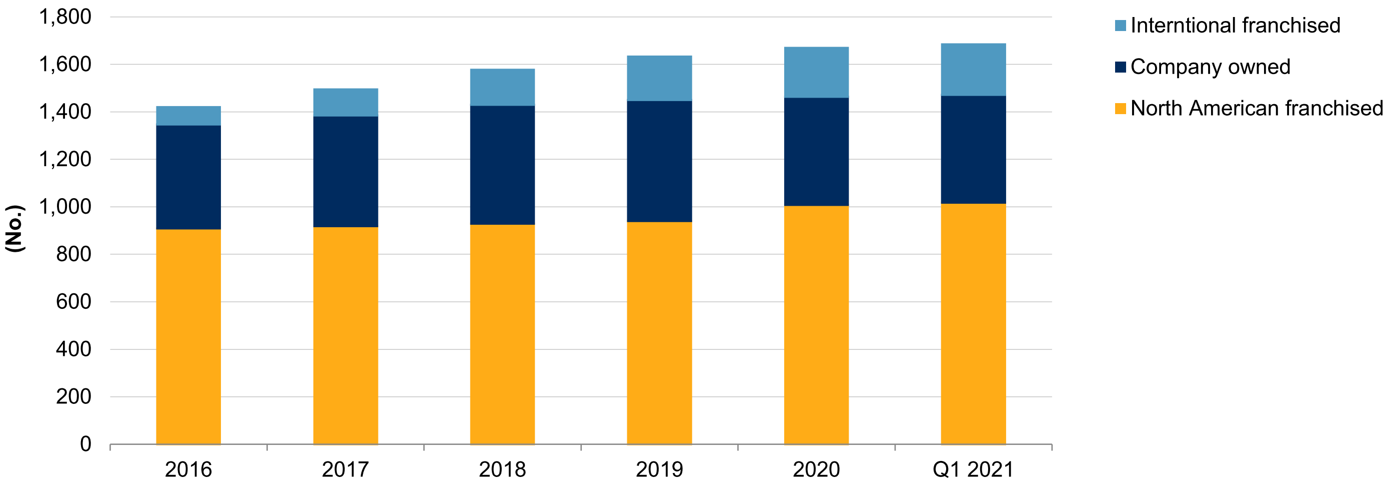
Cash flows from Five Guys' restaurant business are derived from U.S. and Canadian franchisee payments, bakery subsidiary revenues, international intellectual property (IP) fees, and profits from contributed company-owned stores.

Approximately 73% of Five Guys restaurants were franchised as of March 2021. Each franchised location in North America operates under a franchise agreement that requires an initial franchise fee payment to Five Guys and a recurring royalty fee of approximately 6% of gross sales.

Systemwide store count growth has steadily increased over the last few years, with a CAGR of 4.1% since 2016 (see chart 1). This has moderated from the rapid growth rate in previous years when the system grew from 25 stores in 2004 to 1,420 stores in 2016. While the North American franchised and company-owned segments demonstrated 2.09% and 0.81% CAGR over past five years, the international franchised segment grew by 23.00% over the same time period, albeit off of a low base. In the first quarter of 2021, North American and International franchised stores grew by 10 and seven locations, respectively, from year-end 2020.

Chart 1

Historical Store Counts
Systemwide restaurant count

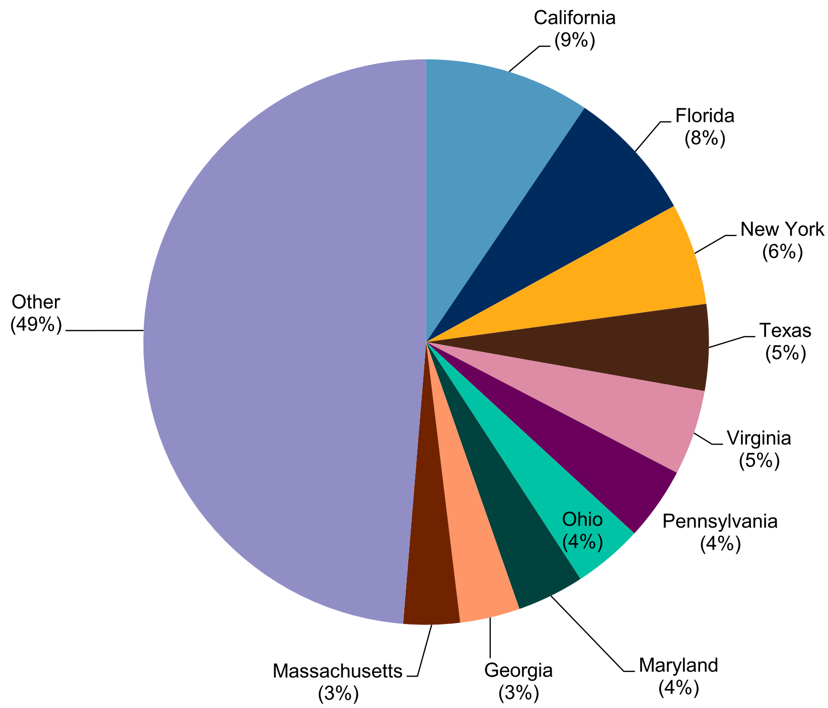


Source: Five Guys Funding LLC. Q1--First quarter.

Chart 2

State Concentrations In North America

Top 10 states by total North American restaurant store count

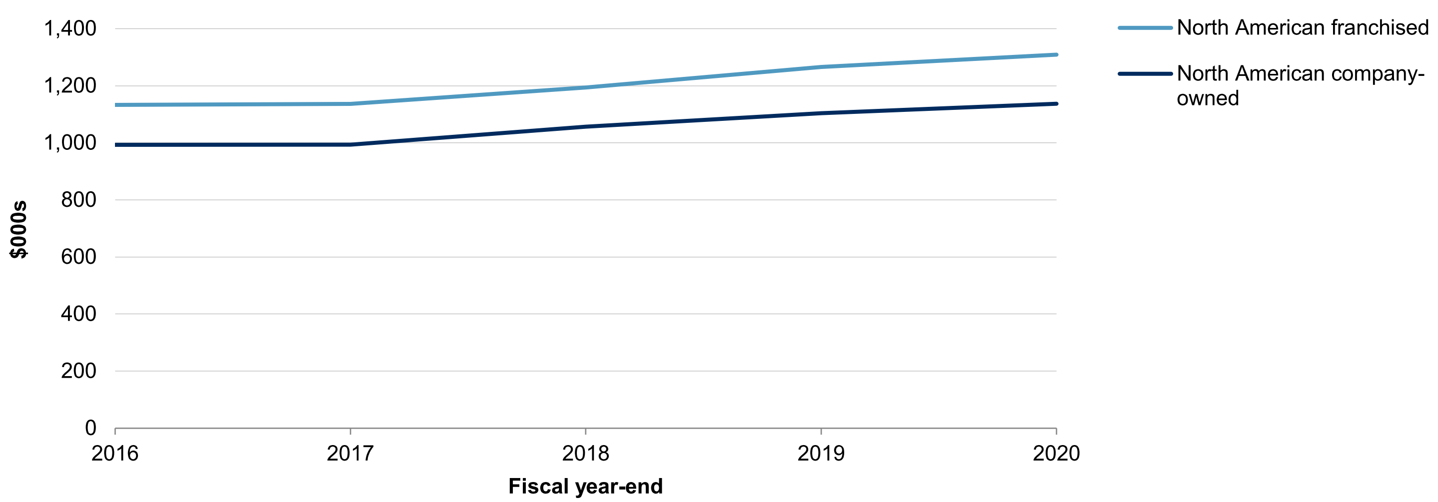


Source: Five Guys Funding LLC.

North American franchised and North American company-owned stores, which make up the vast majority of Five Guys locations, have increased average unit volume (AUV) gradually year over year since 2016, to $1.4 million and $1.2 million, respectively as of the last 12 months from Q1 2021. The international locations have demonstrated the opposite trend, with international franchised locations as well as international company-owned locations experiencing declines in the last few years but still remaining at a higher level than in the U.S. at approximately $1.7 million. International joint venture AUVs had experienced a more moderate decrease during this time. International locations were more negatively impacted than the North American locations due to greater level of pandemic restrictions. We note that international assets are not contributed to the transaction.

Chart 3

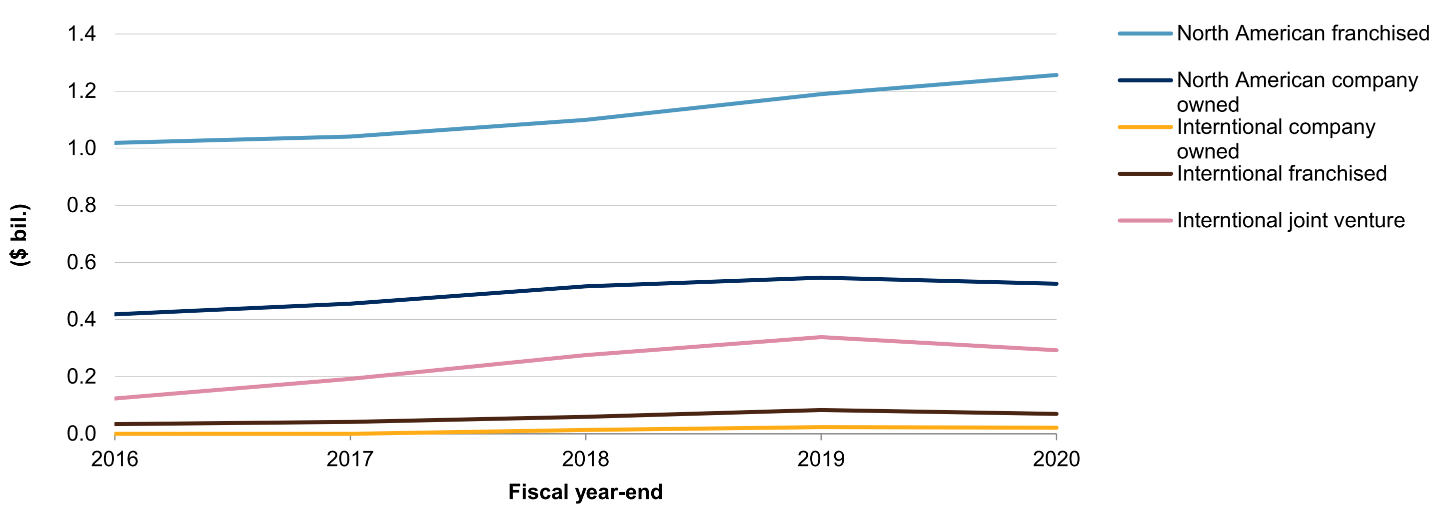
Historical Average Unit Volume--North America



Source: Five Guys Funding LLC.

Chart 4

Historical Systemwide Sales



Source: Five Guys Funding LLC.

Collateral

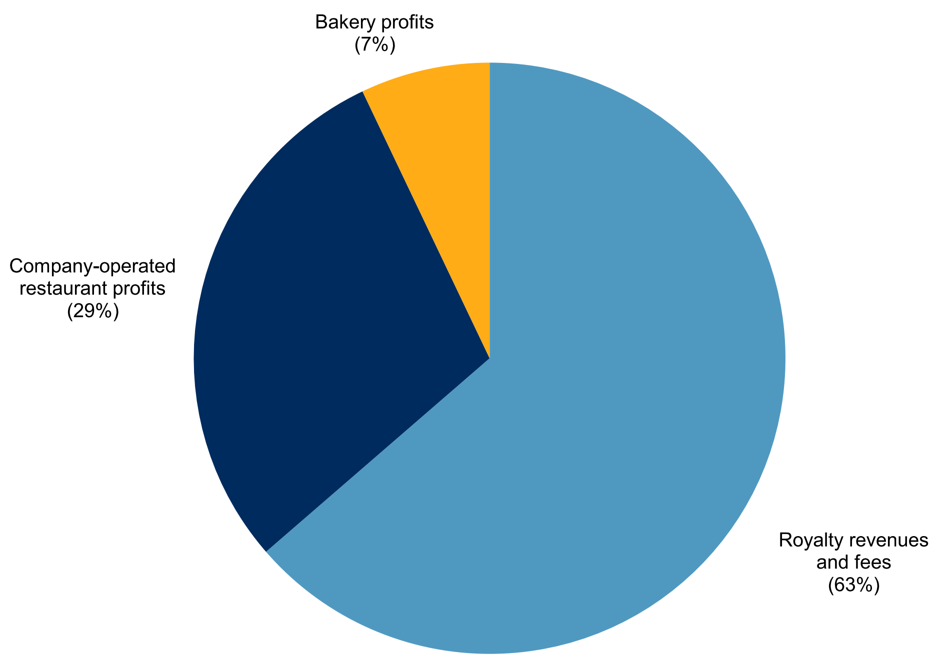
The notes will be secured by a security interest in substantially all of the issuer's and guarantors' revenue-generating assets and will include:

- Existing and future U.S. and Canadian franchise royalties and fees;
- Royalties and operating profit on existing and future company-owned restaurants;
- Bakery income;
- Existing and future U.S. and Canadian IP;
- Certain transaction accounts;
- International IP license fees (the only international asset backing the issuance), which terminate in 2024; and
- A pledge of the equity interests in the issuer and its subsidiaries.

Chart 5 illustrates the relative initial contributions of the various cash flow streams to the transaction (see table 4 for more details on each category of securitization collections).

Chart 5

Securitized Net Cash Flows



Source: Five Guys Funding LLC.

Key Credit Considerations

Table 2 outlines the key credit factors we considered in our analysis.

Table 2

Key Credit Considerations

Long operating history	The first Five Guys in 1986, and the brand has survived multiple economic downturns and built a loyal customer base. This supports the likelihood that brand loyalty, and thus sales, will continue even if Five Guys International LLC is replaced as the manager.
High franchised percentage	As of March 31, 2021, approximately 73% of Five Guys system is operated by franchisees, up from 69% at the time of the 2017 securitization. We believe a high franchised percentage provides better cash flow stability and independence from the manager than a lower percentage of franchised stores.
Large domestic geographic concentrations	The geographic concentration in the three largest states accounts for more than 20% of the company's U.S. store count.

Credit Rating Methodology

Our conclusions for each of the five analytical steps in our rating process for the series 2021-1 transaction are shown in table 3.

Table 3

Credit Rating Step

Step	Result	Comment
Step 1		
Eligibility analysis	Pass	We believe a system of franchised restaurants will likely continue to generate cash flow following the manager's bankruptcy because individual franchisees generally operate independently from the manager (aside from their reliance on the manager's SG&A functions, which we believe can be transferred to a backup manager). As long as a brand has sufficient customer loyalty, royalty revenues can remain available to service securitization debt, assuming the assets have been isolated via a true sale to a bankruptcy-remote special-purpose entity. Because we do not believe substantially all cash flow from the system will be at risk following a manager bankruptcy, our subsequent analysis quantifies the impact of the correlated cash flow decline from the Five Guys system and compares that to ongoing required interest and principal payments to the rated debt.
Step 2		
BVS	4(i)	Five Guys' BRP is weak, which maps to an unadjusted BVS of 5(i). We adjusted the BVS upward by one notch to 4 because the cash flows are revenue-based and the system has demonstrated stability for more than 20 years.
Cash flow assumptions	See table 4 below	
Min. base DSCR	1.67x	Principal and interest are fully paid in this scenario.
Anchor	'bb+'	Determined according to table 1 of our corporate securitization criteria, "Global Methodology And Assumptions For Corporate Securitizations," published June 22, 2017.
Min. downside run DSCR	1.50x	Principal and interest are fully paid in this scenario.

Table 3

Credit Rating Step (cont.)

Step	Result	Comment
Step 3		
Resiliency score	Satisfactory	Determined according to table 3 of our Corporate Securitization criteria.
Resiliency adjusted anchor	'bbb'	Determined according to table 4 of our Corporate Securitization criteria.
Step 4		
Modifier analysis	No adjustment	Although this structure is currently on the higher end for leverage, it is not an outlier. The anticipated repayment dates, as well as liquidity and deleveraging triggers, are all comparable to other rated transactions.
Step 5		
Comparable rating analysis	1 notch downward adjustment	Five Guy's franchised percent (73%) and total store count (1,684) are low relative to BBB rated corporate securitizations and more in line with the BBB- peer group.

(i)The mappings from BRP to BVS are: Excellent=1; Strong=2; Satisfactory=3; Fair=4; Weak=5; and Vulnerable=6. SG&A--Sales, general, and administrative. Five Guys--The Five Guys Enterprises LLC. DSCR--Debt service coverage ratio. LTM--Last 12 months. AUV--Average unit volume. BVS--Business volatility score. BRP-- Business risk profile.

Table 4 shows our cash flow assumptions.

Table 4

Cash Flow Assumptions

	Cumulative decline (%)		
Asset cash flow category	**Base case**	**Downside case(i)**	**Description**
Royalty revenue and fees	0	15	Franchise and company-owned store royalties, which comprise most of the overall projected cash flow, are a function of store count, AUV, and royalty rates.
All other securitization collections	0	30	All other securitization collections.

(i)For the downside case, we applied periodic stresses to non-U.S. store revenue to address the risk of foreign exchange rate volatility. We assumed foreign currency depreciation rates consistent with our criteria, "Foreign Exchange Risk In Structured Finance--Methodology And Assumptions," published April 21, 2017. AUV--Average unit volume.

Sensitivity Analysis

Sensitivity run 1: management fee stress

Using the base-case assumptions in table 4, we determined that the management fee could increase by as much as 66.0% (translating to an approximately 56.0% reduction in net securitized cash flow relative to the base case) without any impact on the transaction's ability to pay timely interest and full principal payments by the legal final maturity date. We believe the additional management fee stresses what could occur if Five Guys experiences a bankruptcy. While the management fee is outlined in the transaction documents, we believe it could be renegotiated in a bankruptcy scenario.

Sensitivity run 2: event-driven stress

Starting with the base-case scenario assumptions, we determined the maximum haircut to cash flow that would allow timely interest and full principal payments by the transaction's legal final maturity date. This haircut to cash flow after fees is approximately 55.0%. We examined several event risks associated with cash flow losses, including royalty losses from the top three geographies by store count (California, Florida, and New York) and from the top 10 franchisees. Under these scenarios, our analysis showed that the transaction could pay timely interest and full principal by legal final maturity.

Structural Protection Summary

The transaction's structural features and credit enhancements (see table 5) are generally consistent with those of other recently rated corporate securitizations.

Table 5

Structural Features

Test	Five Guys Funding LLC (Series 2021-1)
Rapid amortization DSCR trigger (P&I)	1.20x.
Cash trap DSCR trigger (P&I)	1.75x (50% trap) and 1.5x (100% trap)
Securitization leverage ratio non-amortization test (total debt/EBITDA)	5.00x (no scheduled amortization if the securitization leverage ratio is less than or equal to this level)
ARD horizon(i)	7 years for class A-2
Scheduled amortization through ARD (%)	1.00.
Manager termination DSCR trigger (IO)	1.20x.
Event-of-default DSCR trigger (IO)	1.10x.
Management fee	The management fee, which includes both fixed and variable components, is a function of the total stores in operation. According to the transaction documents, the fixed component is assumed to be $25 million annually, and the variable component is assumed to be $25,000 for each franchise store and $55,000 for each company store. The management fee is also subject to a 2% annual increase if the increased amount does not exceed 50% of the retained collections in the preceding four quarterly collection periods.

(i)The failure to pay the notes in full by their applicable ARDs constitutes a rapid amortization event but not an event of default. Given a rapid amortization event, pro rata rapid amortization will begin for all class A-2 tranches. DSCR--Debt service coverage ratio. P&I--Principal and interest. ARD--Anticipated repayment date. IO--Interest only.

Additional debt incurrence covenants

The transaction also includes the following debt incurrence covenants:

- The holding company leverage ratio must be less than or equal to 7.0x;
- The senior ABS leverage ratio must be less than 6.5x; and

- The DSCR must be greater than or equal to 2.0x, among other conditions.

Payment Priority

Following the series 2021-1 issuance, the transaction will include two class A-2 notes, plus the VFN, that will pay interest and principal quarterly from weekly distributions in the priority shown in table 6. The transaction does not currently include any senior subordinated or subordinated notes, but it may issue these notes if certain conditions are met.

Table 6

Payment Priority

Priority	Payment
1	Solely for amounts from indemnification, permitted asset dispositions, and insurance/condemnation payments: to the trustee and then the servicer for unreimbursed advances; to the manager for any unreimbursed advances; if a class A-1 note amortization event is continuing, to the class A-1 notes; all other senior notes; if item no class A-1 note amortization event, to the class A-1 notes; to the senior subordinated notes, if any; and to the subordinated notes, if any.
2	To the trustee, then to the servicer for unreimbursed advances; then to the manager for unreimbursed advances; and then to the servicer for servicing, liquidation, and workout fees.
3	Successor manager transition expenses, if any.
4	Management fees.
5	Capped securitization operating expense amount; to the trustee, the post-default capped trustee expense amount.
6	Interest on the senior notes, the class A-1 note commitment fee amount, and hedge payments, if any.
7	The capped class A-1 note administrative expense amount.
8	Interest on the senior subordinated notes, if any.
9	The senior note interest reserve account deficiency amount and then the senior subordinated note interest reserve account deficiency amount, if any.
10	The senior notes scheduled principal payment amount, any senior notes scheduled principal payment deficiency amount, and any letter of credit collateralization amounts.
11	Supplemental management fee, if any.
12	If no rapid amortization has occurred but if the class A-1 note amortization event is continuing, to the class A-1 notes' principal.
13	If no rapid amortization has occurred, any cash trapping amount to the cash-trap reserve account.
14	If a rapid amortization has occurred and is continuing, all remaining amounts to pay down the class A notes and then any senior subordinated notes.
15	If no rapid amortization event has occurred, any senior subordinated notes scheduled principal payment amount and then senior subordinated notes scheduled principal payment deficiency amount, if any.
16	Uncapped securitization operating expenses.
17	Uncapped class A-1 note administrative expenses amounts.
18	Other class A-1 note amounts.
19	Interest on the subordinated notes, if any.
20	If no rapid amortization event has occurred, the subordinated notes scheduled principal payment amount and then the subordinated notes scheduled principal payment deficiency amount, if any.
21	If a rapid amortization has occurred and is continuing, all remaining amounts to pay down the subordinated notes, if any.

Table 6

Payment Priority (cont.)

Priority	Payment
22	After the ARD, post-ARD contingent interest on the senior notes.
23	After the ARD, post-ARD contingent interest on any senior subordinated notes.
24	After the ARD, post-ARD contingent interest on any subordinated notes.
25	Hedge termination payments and any other unpaid hedge amounts, pro rata.
26	Any unpaid premiums and make-whole prepayment premiums on the senior notes.
27	Any unpaid premiums and make-whole prepayment premiums on any senior subordinated notes.
28	Any unpaid premiums and make-whole prepayment premiums on any subordinated notes.
29	Any remaining funds at the direction of the master issuer.

ARD--Anticipated repayment date.

Surveillance

We will maintain active surveillance on the rated notes until the notes mature or are retired. The purpose of surveillance is to assess whether the notes are performing within the initial parameters and assumptions applied to each rating category. The transaction terms require the issuer to supply periodic reports and notices to S&P Global Ratings for maintaining continuous surveillance on the rated notes.

While we believe the company's performance is an important part of the transaction, other factors, such as cash flow, debt reduction, and legal framework, also contribute to our analysis.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | Legal: U.S. Structured Finance Asset Isolation And Special-Purpose Entity Criteria, May 15, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | ABS: Global Methodology And Assumptions For Corporate Securitizations, June 22, 2017
- Criteria | Structured Finance | General: Foreign Exchange Risk In Structured Finance--Methodology And Assumptions, April 21, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
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