

Early Payment Option for Customer Approved Invoices

CVS BNYM

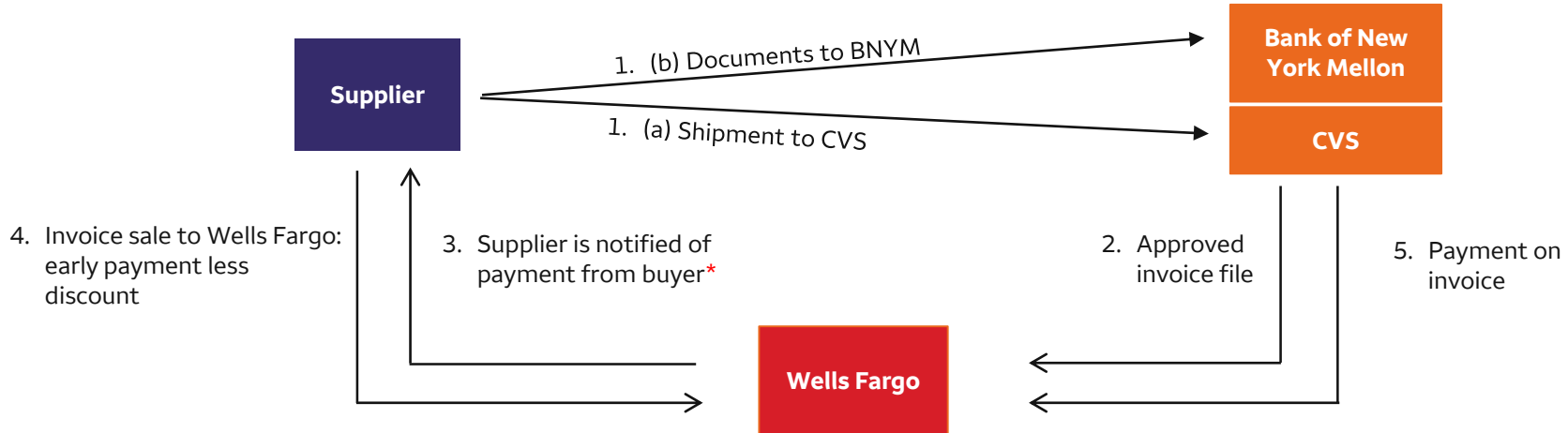
Summary of early payment option

Wells Fargo is pleased to offer the opportunity to purchase your customer (buyer) approved invoices prior to maturity date. You have the option to receive cash early at a competitive rate that leverages your buyer's financial strength. As you will see, it may provide excellent cash flow and economic benefits to you!

How It Works

- Supplier ships goods and invoices to buyer
- Using existing buyer process, buyer approves invoices for payment and sends an approved invoice file to Wells Fargo
- Supplier is notified via email of buyer invoice approval and sees settlement details
- Supplier may immediately and electronically elect early payment of invoice at a competitive rate
- Buyer funds Wells Fargo for the full amount of the payment due on the invoice due date

Process Flow Diagram



* Only new presentations received by BNY Mellon after Supplier's go-live date on the program are eligible for early payment

Potential benefits of selling invoices to Wells Fargo

Selling your buyer-approved invoices to Wells Fargo offers many advantages

Potential for improved liquidity and lower cost of borrowing

- Accelerated cash flow
- Possibility to significantly lower cost of carry
- Reduced accounts receivable and days sales outstanding
- Reduced capital costs
- Reduced borrowing pressure

Flexible purchase options

- Simple discount calculation
- No Wells Fargo processing fees – only discount cost
- Automatic discounting after acceptance of approved invoices or other preferred timing (e.g., daily, weekly, by invoice aging, etc.)
- If a supplier does **not** elect to be paid early, buyer will provide full payment on due date and Wells Fargo will pass funds to the supplier

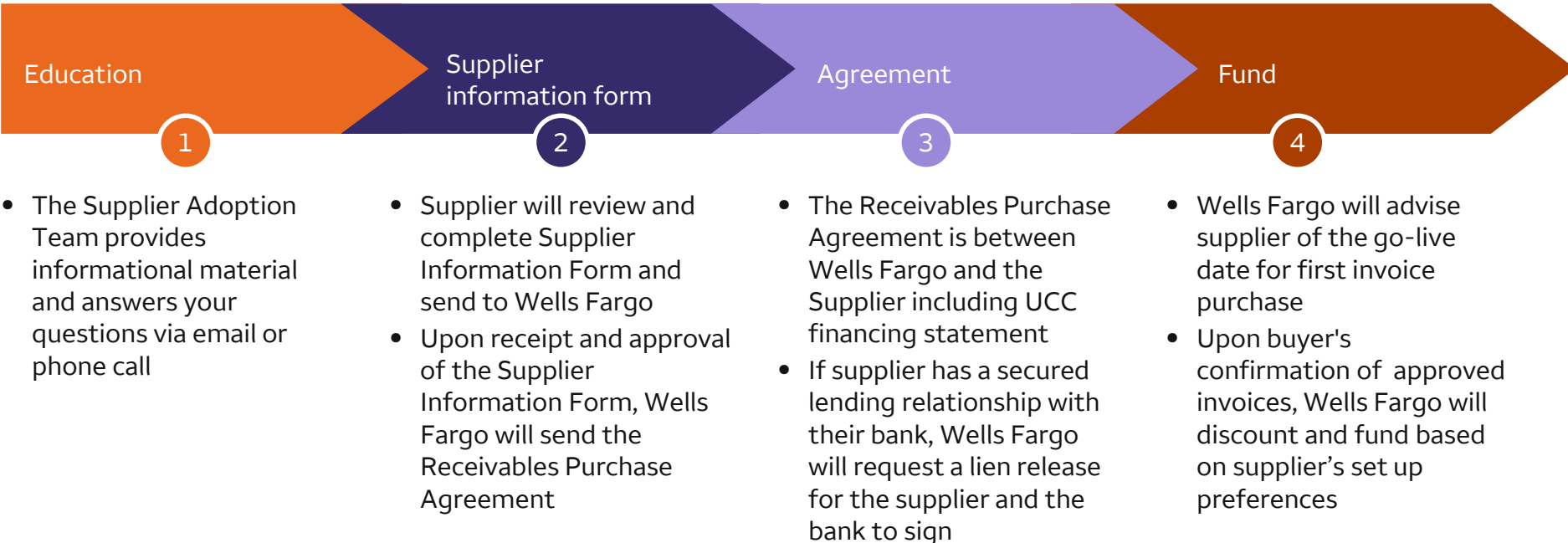
Flexible payment options

- You **do not** have to set up a bank account with Wells Fargo
- Wells Fargo will pay into any bank account you provide
- No limit to the amount a supplier can discount

Payment transparency

- Invoice detail visibility on each transaction
- Email notification of full remittance detail for each payment
- Embedded CTX data with ACH payments capability
- Historical transaction details

Steps for selling invoices to Wells Fargo



Key provisions of the Receivables Purchase Agreement

- Supplier assigns rights of receivables to Wells Fargo
- Wells Fargo assumes ownership and title to receivables upon payment
- Only invoices approved by buyer are eligible for purchase
- Transactions are intended to be non-recourse
- Invoice purchase is not a loan to supplier

Example: Discount calculation

Assumptions		
Invoice Amount	\$ 1,000	
SCF Margin	1.00%	Rate is annualized and based on Buyer's financial strength
SCF Payment Day	10	Day early payment is received [estimate]
Terms of Invoice	60	Terms
Market Reference Rate (MRP)	1.136%	LIBOR based on purchase tenor, as applicable

Payment Received	
Original Invoice	\$ 1,000
Cost of Discount	\$2.97
Supplier Receives	\$997.03
Effective Discount	0.30%
Supplier Receives	99.70%

Invoice Amount	X	MRP + Margin	X	(Terms - SCF Payment Day)/360
\$1,000	X	2.14%	X	13.89%

Discount Interest Amount
\$3

Cash Discount Interest (e.g. 2% 10 Net 30)
\$20

Compare the lower cost of the Early Payment Option to the higher cost of a Cash Discount Term on Invoice Amount

*Rates and terms are for representative purposes only. Terms are mutually agreed between Wells Fargo Bank, N.A. and the supplier. Nothing herein constitutes a credit commitment. Participation and selection is subject to further review and documentation.

Wells Fargo team

Your dedicated Supplier Engagement Team is ready to assist with reviewing your early payment options.

United States & EMEA

(Eastern Time Zone, M-F 8:00 a.m.- 5:00 p.m.)

WFCFSupplierFinance@wellsfargo.com

Supplier Engagement Leadership

Sabria Chidomere

(704) 410-1419

sabria.chidomere@wellsfargo.com

Licy Glosser

(704) 715-6935

licy.glosser@wellsfargo.com

Holly Jackson

(704) 715-5165

holly.jackson@wellsfargo.com

Asia

Supplier Engagement Leadership

Jason Lim – (Singapore Time Zone, M-F, 8am-5pm)

65-6395-6530

jason.lim@wellsfargo.com

Alison Phua – (Singapore Time Zone, M-F, 8am-5pm)

65-6395-2541

alison.phua@wellsfargo.com

Disclosures

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