CHIPS for America
Financial Information for Full Application

June 29, 2023
TODAY’S CHIPS PROGRAM OFFICE SPEAKERS

Sara O’Rourke
Investments Office Chief of Staff and Head of Operations

Franklin Keller
Investments Office Investment Director

Mary Alex Smith
Investments Office Investment Principal

Olivia Briffault
Investments Office Investment Principal

Sophia Rubio
Public Engagement
AGENDA & OBJECTIVES FOR TODAY

Agenda

• Intro & Reminder of CHIPS for America Vision, Application Process, and Program Priorities – 20 mins
• Overview of and Deep Dives into Financial Information Sections of Full Application – 40 mins
• Next Steps and Additional Resources – 5 mins
• Q&A – 5 min

By the end, attendees should understand

• What financial information applicants should submit as part of a full application
• What the program’s expectations are with respect to financial information submitted
• How to demonstrate whether an application aligns with the financial and commercial program priorities
The CHIPS Incentives Program - Commercial Fabrication Facilities NOFO is the official funding announcement document. Nothing in this presentation or the accompanying materials is intended to contradict or supersede information in the NOFO. The NOFO controls in the event of any conflicts.
CHIPS FOR AMERICA VISION

Economic Security
The CHIPS Act will strengthen supply chain security and increase economic resilience in critical sectors.

National Security
The CHIPS Act will support U.S. manufacture of high-quality and secure chips for defense and other critical infrastructure applications.

Future Innovation
The CHIPS Act will spur innovation, increase competitiveness, and ensure long-term U.S. leadership in the sector.
## FUNDING OPPORTUNITIES

<table>
<thead>
<tr>
<th>1st Notice of Funding Opportunity</th>
<th>Released February 28, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus of today’s webinar</td>
<td></td>
</tr>
<tr>
<td>For <strong>commercial</strong> leading-edge, current, and <strong>mature node fabrication facilities</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Amendment to 1st Notice of Funding Opportunity</th>
<th>Released June 23, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>For <strong>large semiconductor materials</strong> and <strong>equipment facility projects</strong></td>
<td>$300M+ capital investments</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2nd Notice of Funding Opportunity</th>
<th>3rd Notice of Funding Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>For <strong>smaller semiconductor materials</strong> and <strong>equipment facility projects</strong></td>
<td>To support the construction of <strong>semiconductor R&amp;D facilities</strong></td>
</tr>
<tr>
<td>Projects under $300M capital investments</td>
<td></td>
</tr>
</tbody>
</table>
APPLICATION PROCESS

1. Statement of interest (open to all)
2. Pre-application (optional)
3. Full application (Feedback)
4. Due diligence
5. Award preparation

Submissions accepted as of:

<table>
<thead>
<tr>
<th></th>
<th>Leading-edge</th>
<th>Current-gen, mature-node, and back-end</th>
<th>Large Supply Chain Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading-edge</td>
<td>February 28, 2023</td>
<td>February 28, 2023</td>
<td>February 28, 2023</td>
</tr>
<tr>
<td>Pre-application</td>
<td>March 31, 2023</td>
<td>May 1, 2023</td>
<td>September 1, 2023</td>
</tr>
<tr>
<td>Full application</td>
<td>March 31, 2023</td>
<td>June 26, 2023</td>
<td>October 23, 2023</td>
</tr>
</tbody>
</table>

Focus for today
PROGRAM PRIORITIES

- Economic and national security objectives
- Commercial viability
- Financial strength
- Technical feasibility and readiness
- Workforce development
- Broader impacts

Deep dive on next pages
**Commerical Viability**

- Demand for the product
- Size / diversity of customer base
- Existing and planned supply
- Expected volume and pricing dynamics
- Ability to counter potential technological obsolescence of the facility
- Stability and predictability of key supplies
Financial Strength

- Financial strength of the applicant/parent
- Financial strength of the project
- Commitment of private / third party investment
- Reasonableness / suitability of CHIPS funding request
Funding Instruments & Allocation

Funding Instruments
- **Fundings Instruments** can be combined in multiple ways

Direct funding
- CHIPS Incentive Awards are not meant to be a primary source of funding

Loan guarantees

Loans

Total funding
- For CHIPS **Direct Funding**, up to $38.2B available in total

Funding by project
- Direct funding is generally expected to be 5-15% of project capital expenditures

For CHIPS **Loans** and **Loan Guarantees**, up to $75B in total in direct loan or guaranteed principal

Expected total amount of a CHIPS Incentives Awards generally expected not to exceed 35% of project capital expenditures

Primary funding sources:
- Private Investments
- Investment Tax Credit (26 U.S.C. § 48D)
- State & Local Incentives

CHIPS Incentives Request guidelines are calculated from project capital expenditures, not total project costs
# FULL APPLICATION FINANCIAL INFORMATION

## Key Differences vs. Pre-Application

<table>
<thead>
<tr>
<th>Overall Objective</th>
<th>Pre-Application</th>
<th>Full Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create an opportunity for dialogue between CPO and the potential applicant to ensure the proposed application would meet program requirements and address program priorities</td>
<td>Enable the evaluation of the merit of proposed projects and the negotiation of preliminary terms of a potential award</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources and Uses of Funds &amp; CHIPS Incentives Request</th>
<th>Pre-Application</th>
<th>Full Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figures provided are expected to be estimates and are permissible to be rough approximations for high-level cost categories</td>
<td>Figures expected to be completed on a best-efforts basis with exact amounts and additional breakdown of categories</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dynamic, Integrated Spreadsheet</th>
<th>Pre-Application</th>
<th>Full Application</th>
</tr>
</thead>
</table>
| High-level summary of the expected revenues, costs, and cash flows for each project | • Detailed project cash flow, income statement, and balance sheet projections and relevant performance and risk metrics for each project  
• Scenario analysis to explore potential outcomes and evaluate financial resilience of each project |
KEY SECTIONS TO COVER TODAY

Full Application
A. Cover Page

B. Covered Incentive
State or Local Government letter offering offered a qualifying covered incentive – required for award; should also be indicated as a source of funds

C. Description of Project
Includes Justification for CHIPS Incentives – important to explain how the CHIPS incentives requested will incentivize the applicant to make investments in the US that would not occur otherwise

D. Applicant Profile
Key applicant information including company financials, equity capital structure, and outstanding debt

E. Alignment with Economic Resilience and National Security Objectives

F. Commercial Strategy
Includes information on customer and end-market demand – important to provide top customer, actual use cases, and potential use cases as available

G. Financial Information
Key financial information for the project, including sources and uses, financial statement and metrics, scenario analysis, incentives request, loan or loan guarantee request

H. Project Technical Feasibility

I. Organization Information
Key details on the organization including structure, past project history and others

J. Workforce Development Plan

K. Broader Impacts

L. Standard Forms
D. APPLICANT PROFILE

Full Application

Applicant Profile

I. Descriptive Applicant Information □ □ □ Descriptive narrative

II. Company Financials □ □ □ Provide audited and interim financial statements, key financial metrics, and credit rating information

III. Equity Capital Structure □ □ □ Provide information on shareholders, equity structure, and planned equity issuances

IV. Outstanding Debt □ □ □ Provide details of outstanding debt and planned debt issuances
II. COMPANY FINANCIALS

Application Materials

Document Upload, including
• Audited Consolidated Financial Statements - At fiscal year-end for each of the past 5 years
• Interim Financial Statements (if available) - For current year
• Financial metrics - Include all available metrics
• Credit Ratings - Include NRSRO ratings and latest rating reports

If applicants are unable to provide all information requested they should provide what they can

Financial Metrics should include,
• Margin
• Free cash flow and return information
• Leverage
• Debt service coverage
• Related ratios – refer to NOFO Section IV.I.4 for full list of related ratios
• Asset coverage ratios
• Working capital ratios

Resources Available
• Commercial Fabrication Facilities NOFO
IV. OUTSTANDING DEBT

Application Materials

Document Upload

• Schedule listing outstanding debt
• Description of planned debt instruments
• Cash information and net debt calculations

Provide details on Outstanding Debt including information such as size, cost of financing, seniority of instruments, maturity, collateral pledged to lenders, and any restrictive covenants inhibiting the company’s ability to take on additional debt.

If applicants are unable to provide exact figures due to confidentiality restrictions, they should provide approximate information.

Resources Available

• Commercial Fabrication Facilities NOFO
## G. Financial Information

### I. Financial Plan
- Detailed description of project financial plan

### II. Sources and Uses of Funds
- Descriptive narrative and details on project costs and project capital sources

### III. Project Financial Statements and Metrics
- Project cash flow, income statement, and balance sheet projections and relevant metrics for each project

### IV. Scenario Analysis
- Evaluation of financial resilience of each project by illustrating the financials under a plausible range of scenarios

### V. CHIPS Incentives Request
- Summary of requested dollar amounts for CHIPS Direct Funding, Loan and/or Loan Guarantee

### VI. CHIPS Loan or Loan Guarantee Request
- Description of proposed terms for Loan and/or Loan Guarantee Request
Application Materials

Financial Plan
Detailed description of project financial plan including,
• **Sources and Uses of Funds** – written summary of the project costs and capital sources
• **Cash Flow projections** – description and justification on the assumptions and methodology used for use the financial model
• **Key equity return and debt service metrics** – description and justification for metrics used in the financial model
• **CHIPS Incentives request** - narrative description of rationale and justification for the incentives request
• **Scenario Analyses** - description of rationale for the scenarios selected and summary of the financial resilience of each project

Pre-App and Full App Comparison
- Both Pre-App and Full App require a summary narrative for the financial information
- However, the Full Application requires a financial plan per project proposed and incorporates narratives on cash flow projections, key equity return and debt service metrics and the sensitivity analysis

Resources Available
• Commercial Fabrication Facilities NOFO
II. SOURCES AND USES OF FUNDS

Application Materials

- Narrative
  Descriptive summary of the project costs and capital sources *(in I. Financial Plan)*

- Spreadsheet Template
  Figures for the project costs and capital sources for each facility reported and the aggregated total for all facilities

- Web Form
  Spreadsheet calculated totals for project uses, sources and the sum of state and local government incentives

Pre-App and Full App Comparison

- Both Pre-App and Full App require Sources & Uses of Funds
- However, there are different templates for Pre- and Full App – the Full Application Full Application requires more detail

Resources Available

- Commercial Fabrication Facilities NOFO
- Sources and Uses of Funds Instructions
- Full Application Sources and Uses of Funds template

Deep Dive on the next page
II. SOURCES AND USES OF FUNDS

Template Sources and Uses

A “project” is a set of capital expenditures for the construction, expansion, or modernization of a single facility.

The Sources and Uses spreadsheet template contains multiple sheets:

- Complete a separate “S&U – Project #” for each project
- Populate the “S&U - Summation across projects” sheet

Each sheet contains 3 schedules:

A. Schedule A – Uses

B. Schedule B – Funding Sources

C. Schedule C - Operating Cash Flows until Project breaks even on a Cash Flow basis

D. The summation sheet also contains Free Response Questions

In Sources and Uses, Total project capital sources should equal the project costs.

Note: Screenshots from Pre-App Template shown. Make sure to use the Full App S&U template.
## II. SOURCES AND USES OF FUNDS

**G. Financial Information - II. Sources and Uses of Funds**

**II. SOURCES AND USES OF FUNDS**

*Template Sources and Uses – Schedule A*

### Components

1. **Capital Investment**
2. **Operating losses and other cash outflows until project breaks even on a cash flow basis**
3. **Workforce development costs**
4. **Other Uses of Funds**

#### Schedule A - Uses Schedule

Figures for both hard/physical asset costs and soft/implementation costs in the cost estimate

*Investment Tax Credit*

Indicate the estimated percentage of costs that will be eligible for the Investment Tax Credit for each line item in this schedule

*Funds made available under the CHIPS Incentives Program may be put only to eligible uses – refer to NOFO Section I.B.6*

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Amount (USD)</th>
<th>Percentage eligible for ITI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capital Investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. Land</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.1. Land acquisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.2. Land improvements and site restoration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Operating losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. Operating losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1. Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Other Uses of Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1. Other Uses</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
II. SOURCES AND USES OF FUNDS

Template Sources and Uses – Schedule B

Schedule B: Funding Sources Schedule

Components

1. Equity Funding
2. Debt Funding
3. Government Support
4. Other Sources of Funds

**Investment Tax Credit**
The estimation should take into consideration the initial ITC received on the asset net of the loss of depreciation on the portion of assets receiving the credit.
II. SOURCES AND USES OF FUNDS

Template Sources and Uses – Schedule C

II. SOURCES AND USES OF FUNDS

G. Financial Information

Schedule C - Operating Cash Flows until Project breaks even on a Cash Flow basis

Detailed breakdown of revenues, operating expenses, other operating income, other cash flow items and financing costs & taxes until project breaks even on a cash flow basis

Components

1. Total sales until projects break even on cash flow basis

2. Total operating expenses until projects break even on a cash flow basis

3. Other operating income until projects break even on a cash flow basis

4. Other cash flow items until projects break even on a cash flow basis

5. Total financing costs and taxes until projects break even on a cash flow basis

Break even is the point in time when cashflows turn positive and the facility can sustain itself without additional funding.
II. SOURCES AND USES OF FUNDS

Template Sources and Uses – Schedule D

Questions (abbreviated)

Question 1: Provide an explanation on how the equity injected into the project legal entity (by the applicant, its corporate parent or third-party partners) is funded...

Question 2: If known, provide information on the key features and terms & conditions related to the debt funding raised by the applicant...

Question 3: Explain how you estimated the value of the benefit from the Investment Tax Credit.

Question 4: Are there any other state or local incentives that provide funding in a form that is not a direct grant or loan, such as reduced utilities costs, reduced taxes, etc.? ....

Summation across projects – Free Response Questions

Six free response questions are included to allow the applicant to provide commentary.
III./IV. PROJECT FINANCIAL STATEMENTS AND METRICS & SCENARIO ANALYSIS

Financial Model
The Example Financial Model provided for the Pre-Application is not suitable for the Full Application due to lower granularity, metrics and scenario analysis; Applicants are encouraged to use their own internal models so long as they adhere to the guidelines.

Pre-App and Full App Comparison

- Both Pre-App and Full App require dynamic, integrated spreadsheet for project financial information
- However, the Full Application also requires **more detailed inputs and assumptions**, the **addition of key performance** and **risk metrics**, and a range of embedded **scenario analysis**

Resources Available

- Commercial Fabrication Facilities NOFO
- Guiding Principles for Full Application Financial Model

---

Application Materials

III./IV. Dynamic, Integrated Spreadsheet
Project-level financial statements should include detailed cash flow, income and balance sheet statements for each facility, through the end of the facility’s useful life as well as a scenario analysis with stressing model parameters under a range of scenarios or assumptions

IV. Scenario Analysis - Narrative
Description of rationale for the scenarios selected and summary of the financial resilience of each project *(in I. Financial Plan)*

Deep Dive on the next page
III./IV. PROJECT FINANCIAL STATEMENTS AND METRICS & SCENARIO ANALYSIS

Guiding Principles – Model Structure

Model Structure

Model worksheets should be fully dynamic and linked through formulas and calculations, rather than hardcoded values, to allow traceability across the various inputs, processing, and output spreadsheets.
### Guiding Principles – Granularity

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consistency</strong></td>
<td>Assumptions should generally have a consistent level of detail across the model, informed by the size and complexity of the project and the level of detail the applicant uses to evaluate its business</td>
</tr>
<tr>
<td><strong>Reasonableness</strong></td>
<td>Assumptions should be sensible and derived from reputable data sources</td>
</tr>
<tr>
<td><strong>Functionality</strong></td>
<td>Assumptions should be broken down into a comprehensive set of underlying drivers, there should be traceability to all underlying components, such that they can be validated and sensitized</td>
</tr>
</tbody>
</table>

Submissions that lack sufficient granularity may require requests for additional information, which could cause delays in the review process.

Detailed financial inputs are critical for a comprehensive review of the project’s financial strength.
### Guiding Principles – Metrics

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relevance</strong></td>
<td>Metrics should reflect the most appropriate measures of performance and risk based upon the project type and underlying business</td>
</tr>
<tr>
<td><strong>Comprehensive</strong></td>
<td>Applicants should include all metrics needed to assess project risks and performance</td>
</tr>
<tr>
<td><strong>Standardized</strong></td>
<td>Metrics should be consistent with industry standards and best practices</td>
</tr>
</tbody>
</table>
### III./IV. PROJECT FINANCIAL STATEMENTS AND METRICS & SCENARIO ANALYSIS

**Guiding Principles – Scenario Design**

<table>
<thead>
<tr>
<th>Principle</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriateness</td>
<td>Scenarios should reflect historical events or hypothetical situations to test how a project would perform under a range of possible outcomes with varying degrees of likeliness of occurring</td>
</tr>
<tr>
<td>Variety</td>
<td>Define and test a diverse range of scenarios and magnitudes to comprehensively assess key project risks and upsides.</td>
</tr>
<tr>
<td>Impact</td>
<td>Scenarios that are highest impact on the forecast should be prioritized to understand what the most material risks to the project are and how they impact the risk and return distributions</td>
</tr>
<tr>
<td>Directionality</td>
<td>Scenarios should show how the project performs under a variety of positive and negative scenarios to show the upside and downside ranges that may occur</td>
</tr>
<tr>
<td>Timing</td>
<td>Scenarios should assess impacts across the useful life of the facility to understand the stress at other points that may cause the project to become at risk</td>
</tr>
</tbody>
</table>
V. CHIPS INCENTIVES REQUEST

Application Materials

Web Form
A summary of the funding request and available credit ratings

Narrative
Narrative description that includes the rationale for the incentives request, how the financial information submitted supports a conclusion that the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the U.S., description of how the CHIPS Incentives requested were sized based on applicable analyses and why the request is appropriate, and description of specific efforts to date to bring other capital (in I. Financial Plan)

Pre-App and Full App Comparison

• Both Pre-App and Full App require summary of the funding request and accompanying narratives
• However, the Full Application requires exact amounts for the funding request as well as a rationale for the incentives request and a description of specific efforts to bring other capital

Resources Available

• Commercial Fabrication Facilities NOFO
• Full Application Instructions

Applicants should justify their incentives request – including the extent to which the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the United States that would not occur in the absence of the incentives.
VI. LOAN OR LOAN GUARANTEE REQUEST

Application Materials

Narrative
Description of the proposed terms of the Loan / Loan Guarantee, explanation of efforts to attract debt financing from other sources, and financial / credit related information for any third-party lenders or other entities providing credit support

Resources Available
- Commercial Fabrication Facilities NOFO
- Full Application Instructions

Deep dive on the next page for Terms for Loan and/or Loan Guarantees
VI. LOAN OR LOAN GUARANTEE REQUEST

*Typical / Expected Terms*

**Interest Rate**
Rates will generally be based on the cost of funds to the Department of Treasury for obligations of a comparable maturity plus a portion of the spread to the market rate for similar commercial loans or debt.

**Tenor**
Loans may be extended for a term that covers the construction period, plus up to 15 years. The maximum tenor is 25 years.

**Structure**
Depending on the project, loans will be available on both a corporate and project finance basis.

**Amortization**
Corporate finance loans may be bullet loans repayable at maturity. Project finance loans may be non-amortizing during the construction period of a project and then amortizing until maturity.

**Prepayment**
CHIPS Loans may be prepaid at the election of the borrower, subject to prepayment periods, waiting periods, and other terms to be agreed upon.
I. ORGANIZATION INFORMATION

I. Organization Information

I. Ownership, Legal Entity, and Org Structure

II. Managerial Capability

III. Consortium Applications

IV. Past Project History

Summaries of previous comparable facilities, summary financials for each project, and risk and return metrics

V. Intellectual Property Security

VI. Litigation and / or Conflicts

VII. Advisors and Key Partners
IV. PAST PROJECT HISTORY

Application Materials

Document Upload, including
- Descriptions of previous comparable facilities – Details for each comparable facility commissioned by the applicant or parent company, such as type of production, years in operation, location, etc.
- Summary financials for previous comparable facilities
- Risk and return metrics – Including project IRR

Applicants should provide realized and projected (at time of planning) IRR for comparable prior facilities.

Previous comparable facilities refer to similar facilities or initiatives (which can include facilities built on previous generation technologies). Applicants should submit information for comparable facilities occurring in the last 10 years (and are encouraged to provide beyond that).

Resources Available
- Commercial Fabrication Facilities NOFO
**Funding Instruments**

- **Direct funding**
- **Loans**
- **Loan guarantees**

**Alternate (primary) funding sources:**
- Private Investments
- Investment Tax Credit (26 U.S.C. § 48D)
- State & Local Incentives

**CHIPS Incentive Award Expectations**

- CHIPS Incentive Awards are expected to supplement existing or potential funding from private markets — awards are not meant to be a primary source of funding and applicants should consider creative sources.

- CHIPS Incentive Awards will be negotiated and tailored to every recipient and may include a mix of Direct funding, Loans, and Loan Guarantees.

- Loans and Loan Guarantees should be considered as an important tool for financing. Applicants that have an existing lender that support loan guarantees should proactively name the lender in the application.

- Direct funding awards are generally expected to fund 5-15% of project CapEx.

- The total amount of incentive awards is generally expected to not exceed 35% of project CapEx (this does not include the ITC).

- Applicants should explain the extent to which the CHIPS Incentives requested will incentivize the applicant to make investments in facilities and equipment in the United States that would not occur in the absence of the incentives.

- Applicants should explain the methodology behind sizing the award and justify the reasonableness of their request.
KEY THINGS TO REMEMBER – PT. 2

General

🌟 Provide detailed information where possible (lacking information could cause delays in review)
🌟 Provide what you can if not all information requested is available

Various Sections

🌟 Provide information about top customers (and if any are defense) — specifying current vs. potential customers and use-cases
🌟 In Applicant Profile: Include details on Outstanding Debt — if unable to provide exact figures due to confidentiality restrictions, provide approximate information
🌟 Provide past project history — including realized and projected (at time of planning) IRR for comparable prior facilities for at least the last 10 years (and beyond if applicable)

Sources and Uses

🌟 Check that information provided on spreadsheet matches information provided on web form
🌟 Check that Sources and Uses tie (Total project capital sources should equal the project costs)
🌟 Link the summation sheet of the Sources and Uses spreadsheet across project sheets
🌟 Indicate the estimated percentage of costs that will be eligible for the Investment Tax Credit for each line item on “Schedule A: Uses”
🌟 Take the ITC into account on “Schedule B: Sources”
🌟 Complete all applicable Free Response Questions on the summation sheet

Financial Model

🌟 Read the “Guiding Principles for Full Application Financial Model” whitepaper and check that the financial model adheres to those guidelines (and use internal company models so long as they adhere to the guidelines)
HOW TO SUBMIT A FULL APPLICATION

Earliest submission for leading edge applicants
March 31, 2023

Earliest submission for current-generation, mature-node or back-end production facilities
June 26, 2023

Earliest submission for large supply chain projects
October 23, 2023

Submit the full application through
applications.chips.gov

After Full Application Submission
The CHIPS Program Office may engage to
✓ Provide automatic confirmation of receipt
✓ Seek further information or clarification
✓ Provide feedback on scope of the proposed project and the amount of CHIPS Incentives requested
✓ If applicable, negotiate the preliminary terms of a potential award
Next Steps and Additional Resources

Next Steps

• Submit a Full Application
• Visit CHIPS.gov for additional resources
• Join our mailing list
• Contact us: apply@chips.gov – application-related inquiries

Full Application Guides and Templates

Instruction Guide
• Full Application Portal and Upload Instructions
Cover Page
• Cover Page Instructions
Financial Model
• Guiding Principles for Full Application Financial Model
Sources and Uses
• Sources and Uses of Funds Instructions
• Full Application Sources and Uses of Funds template
Environmental Review
• Environmental Questionnaire
Workforce Development
• Workforce Development Planning Guide
What constitutes a "covered incentive" from a state and local government?

- The CHIPS Act specifies that an applicant must have been offered a covered incentive from a state or local jurisdiction where the project is located for the purposes of attracting the construction, expansion, or modernization of the facility.
- Each applicant must provide a letter from a state or local government entity to demonstrate they have been offered a qualifying covered incentive indicating the estimated size and nature of the incentive.
- A “covered incentive” may take many forms, including a tax incentive, a workforce-related incentive, any concession with respect to real property, funding for research and development with respect to semiconductors, or any other incentive determined appropriate by the CHIPS Program Office.
FREQUENTLY ASKED QUESTIONS – PT. 1

Will the CHIPS Program Office help companies obtain state and local incentives?

It is the applicant’s responsibility to obtain state and local incentives.

Will the CHIPS Program Office accept workforce or community investments and covered incentives committed prior to the release of the funding opportunity?

Yes, the CHIPS Program Office will take such investments and/or incentives into account. The quality and depth of such commitments will be evaluated per the criteria in Section V.A (“Evaluation Criteria”) of the NOFO.
Is the ITC included when calculating the guidance on the total amount of CHIPS Incentive Awards (35% of project capital expenditures)?

No, the ITC is not included in this expectation. CHIPS Incentive Awards, exclusive of the ITC, are generally expected to not exceed 35% of Project CapEx.

If my company only has a private credit rating, should we provide that?

All applicants are highly encouraged to provide any credit ratings that are available.
Why do I need to provide both projected and realized IRR for historical projects?

- Realized IRR is a function of market conditions which could differ from the conditions at the time of project planning.
- The CPO is looking to understand the applicant’s target returns at the time of project planning. Therefore, we are looking for applicants to provide both projected and realized IRRs.
Thank You