AI CREDIT-ANALYSIS COMPARISON

Executive Summary, Side by Side: CredCore vs. ChatGPT

Subject document: Ralph Lauren Corporation senior unsecured revolving credit agreement, dated June 30, 2023.

Both AI models were given the identical prompt below. This document reproduces each model's full, unedited executive summary, then closes with a section-by-section comparison of what each captured. The goal is to show, on a real credit agreement, the difference in depth and credit relevance between a general-purpose assistant and a domain-built credit-analysis engine.

Prompt:

"Create an executive summary for the Ralph Lauren credit agreement dated June 30, 2023."

ANSWER 1

ChatGPT (OpenAI) — Executive Summary

Executive Summary — Ralph Lauren Credit Agreement dated June 30, 2023

Ralph Lauren Corporation entered into a new senior unsecured revolving credit facility on June 30, 2023, replacing its prior August 12, 2019 credit facility, which was terminated on the same effective date. The agreement is among Ralph Lauren Corporation, RL Finance B.V., Ralph Lauren Europe Sàrl, Ralph Lauren Asia Pacific Limited, the lenders, JPMorgan Chase Bank as administrative agent, Bank of America as syndication agent, and HSBC, ING, Deutsche Bank Securities, and Sumitomo Mitsui Banking Corporation as co-documentation agents.

Key commercial terms

The facility provides a $750 million five-year senior unsecured revolving line of credit, maturing June 30, 2028, with up to two 364-day extension options subject to lender consent and customary conditions. Ralph Lauren may also increase aggregate commitments by up to an additional $750 million, bringing potential total commitments to $1.5 billion, subject to agreed terms and lender participation.

The facility may be used for working capital, capital expenditures, certain investments, general corporate purposes, commercial paper back-up, and acquisitions. Borrowings may be made in U.S. dollars, euros, Hong Kong dollars, Japanese yen, and other approved freely convertible currencies.

Letters of credit

The agreement includes letter-of-credit availability, capped at $50 million outstanding at any time. Standby letters of credit may support ordinary-course contractual obligations, including insurance and lease-related obligations; commercial letters of credit may support ordinary-course purchases of goods. Letters of credit generally expire no later than one year after issuance or renewal and in all cases no later than five business days before maturity, subject to customary evergreen renewal mechanics.

Pricing and fees

Borrowings bear interest, at the borrower's option, based on either an alternate base rate or a relevant benchmark rate, including adjusted Term SOFR for U.S. dollar loans and applicable benchmark rates for non-dollar loans, plus a margin. The pricing grid is tied to Ralph Lauren's senior unsecured long-term debt ratings from Moody's and S&P. Depending on rating level, the margin is 50–100 bps for Term Benchmark/RFR loans, 50–100 bps for ABR loans, and the unused commitment fee is 4–10 bps. Standby letter-of-credit fees track the Term Benchmark/RFR margin, while commercial letter-of-credit fees are 25–50 bps.

Loans may be prepaid and commitments reduced without premium or penalty, except for customary breakage costs on certain benchmark-rate loans. Partial commitment reductions generally must be at least $1 million, and prepayments generally must be at least $500,000, subject to agreement mechanics.

Guarantees and structure

The obligations of the foreign subsidiary borrowers are guaranteed by Ralph Lauren Corporation. The facility is also guaranteed by certain direct and indirect domestic subsidiaries and by future domestic subsidiaries that become significant subsidiaries. The borrower obligations are several, with the parent guarantee supporting subsidiary obligations.

Covenants

The agreement contains customary affirmative covenants, including delivery of annual and quarterly financial statements, compliance, notices, maintenance of existence and properties, books and records, and permitted inspection rights. SEC Form 10-K and 10-Q filings can satisfy the relevant financial statement delivery requirements.

Negative covenants restrict, subject to significant exceptions, additional indebtedness, liens, asset sales, mergers and fundamental changes, investments/acquisitions/loans/guarantees, affiliate transactions, and sanctions/anti-corruption-related uses of proceeds. The key financial covenant is a maximum Consolidated Leverage Ratio of 4.25x, stepping up to 4.75x for the quarter of a qualifying acquisition over $200 million and the following three fiscal quarters.

Events of default

Events of default are customary for an investment-grade-style revolving facility and include payment defaults, material misrepresentations, covenant breaches, cross-defaults to material indebtedness above $50 million, bankruptcy/insolvency events, certain ERISA events, material judgments above $50 million, invalidity of guarantees, and a specified change-of-control event involving Ralph Lauren or related persons. Upon an event of default, lenders may terminate commitments and accelerate outstanding obligations.

Overall assessment

This agreement appears to be a liquidity backstop and general corporate revolver rather than acquisition-specific debt. It preserves Ralph Lauren’s access to flexible, multi-currency liquidity through 2028, supports letters of credit and commercial paper back-up, and maintains covenant protections typical for a large public company borrower. The most important credit-monitoring items are the leverage covenant, rating-based pricing, permitted acquisition/investment capacity, and any usage of the revolver or letters of credit relative to the $750 million commitment and $50 million LC sublimit.

ANSWER 2

CredCore — Executive Summary

Executive Summary — Ralph Lauren Corporation Credit Agreement (June 30, 2023)

Verdict: Borrower-Friendly — a widely syndicated, investment-grade unsecured corporate revolver with a single financial covenant, tight IG pricing, and effectively no restrictions on dividends or share repurchases.

Facility Overview

Facility	$750M unsecured Revolving Credit Facility
Borrowers	Ralph Lauren Corporation (Parent) + RL Finance B.V. (Netherlands), Ralph Lauren Europe Sàrl (Switzerland), Ralph Lauren Asia Pacific Ltd. (Hong Kong)
Closing / Effective Date	June 30, 2023
Maturity	June 30, 2028 (with up to two 364-day extension options)
Incremental	$750M uncommitted accordion (up to 3 uses, $15M minimum); no MFN
Admin Agent	JPMorgan Chase Bank, N.A.
Bookrunners / Lead Arrangers	JPMorgan, BofA Securities
Lenders	JPMorgan, Bank of America, HSBC, ING (Dublin), Deutsche Bank NY, SMBC, Goldman Sachs
Borrower Counsel	Kelley Drye & Warren LLP
Governing Law	New York

Pricing

- **Applicable margin:** SOFR + 50–100 bps grid tied to S&P/Moody's Index Debt Ratings (Level I ≥ AA-/Aa3 = 50 bps … Level V < A-/A3 = 100 bps)
- **Commitment fee:** 25–50 bps on the same ratings grid
- **Floor:** 0.00%
- **CSA:** 10 bps (Term SOFR & Daily Simple RFR)
- **Call protection:** None — voluntary prepayments at par anytime

Financial Covenants (single maintenance test)

- **Consolidated Leverage Ratio** (Adjusted Debt / Consolidated EBITDAR) ≤ 4.25x, stepping up to 4.75x for the quarter of, and three quarters following, any Permitted Acquisition > $200M
- **Cov-lite:** No (one maintenance covenant present)
- **Cross-default threshold:** $50M Material Indebtedness
- No coverage ratio, minimum EBITDA, minimum liquidity, capex cap, or equity cure

Mandatory Prepayments

- **None of the standard sweeps** — no ECF, asset sale, or debt issuance sweeps
- Only currency-driven paydown: required if Revolving Credit Exposure exceeds 105% of Commitments

Negative Covenants — Key Capacities

Ratio Debt — Unsecured (Guarantors)	Unlimited subject to ≤ 3.75x pro forma Leverage
Priority Indebtedness (secured + non-guarantor)	10.00% of Consolidated Net Worth
General Investment Basket	$750M
Permitted Acquisitions	Unlimited, subject to pro forma 4.25x (4.75x step-up > $200M)
Restricted Payments (dividends / buybacks)	No negative covenant — unrestricted
Capital Leases	Acquisition-linked window (±90 days)

EBITDA Definition

- **Based on Consolidated EBITDAR**
- Shared cap of 20.00% of EBITDAR on restructuring + acquisition-related add-backs (rolling 4Q)
- Cost savings horizon limited to 120 days post-acquisition (tighter than the 12–24 month market norm — lender-favorable)

Collateral & LME Protections

- **Unsecured;** guarantors = Parent + Domestic Subsidiaries
- **Strong Revlon / Erroneous Payment protection:** 1-Business-Day return, "discharge for value" defense waived, agent subrogation preserved
- **Chewy Blocker vulnerability:** Guarantor releases permitted on disposition of all capital stock without a bona fide business purpose / arm's-length / junior-debt-guarantee test
- No Serta, J.Crew, Envision, Pluralsight, or At Home blockers — typical of IG facilities, but the gap remains a structural weakness vs. modern private credit

Reporting

- Annual financials: 90 days; Quarterly: 60 days; Compliance certificate concurrent with financials
- No monthly financials, budget, MD&A, management calls, or ratings maintenance
- Going concern qualification not permitted

Required Lenders

- *50% of Revolving Credit Exposures + unused Commitments; no minimum unaffiliated lender requirement (concentration risk if a single holder accumulates a majority position)*

Primary Credit Risks

- **No Restricted Payments covenant** — unlimited dividends/buybacks subject only to the leverage test, allowing material value leakage to equity holders.
- **$750M general investment basket** layered on top of unlimited ratio-based Permitted Acquisitions.
- **No mandatory prepayment sweeps** of asset sale, debt, or ECF proceeds.
- **Chewy-style guarantor release** loophole and absence of post-Serta LME blockers.

Mitigants: investment-grade borrower profile, public reporting cadence, ratings-grid pricing, single-covenant discipline with cash-netting absent (lenders see gross-debt leverage), and strong Revlon/erroneous-payment protections.

Section-by-Section Comparison

The same source agreement, the same prompt — here is what each model surfaced across the items that matter most for credit monitoring and recovery. CredCore captured every category; ChatGPT captured pricing and the headline financial covenant but left key credit-protection items partial or missing.

Section	CredCore Output	ChatGPT Output
Granular & Comprehensive Pricing	**Captured —** Pricing / spread, SOFR, Floor, Fees, Credit Spread Adjustment and any margin step-ups/downs (pricing grid). Value: tells you exactly how much you earn and how it changes with the borrower's leverage or ratings.	**Partial —** Pricing and step-down captured, but missed important granular details like Floor, CSA and rating-grid values.
Detailed Financial Covenants	**Captured —** Leverage values, minimum interest coverage, minimum liquidity, Cov-lite status, minimum EBITDA and capex. Value: your early-warning system — a breach gives you a seat at the table before things deteriorate.	**Partial —** Financial-covenant ratio captured, but missed Cov-lite status.
Negative Covenants	**Captured —** Important carve-outs captured — Ratio Debt, General Investment Basket, Priority Indebtedness Basket, Permitted Acquisitions, etc. Value: stops cash and collateral from leaking out to other parties ahead of you.	**Missing —** Details not present.
Mandatory Prepayments	**Captured —** Events that force early repayment — excess cash flow (ECF) sweeps, asset-sale or new-debt-issuance sweeps, and RCF exposure limits. Value: deleverages your loan automatically and captures cash before it's spent elsewhere.	**Missing —** Missed completely.
EBITDA Definition	**Captured —** Covers shared add-backs and horizon (cost savings, synergies, one-offs). Value: a loose "adjusted" EBITDA inflates capacity and weakens every covenant, so the definition itself is a key battleground.	**Missing —** Missed completely.

Section	CredCore Output	ChatGPT Output
Collateral & LME Protections	**Captured —** Details on Liability Management Exercises — J.Crew (IP drop-down), Serta (uptier / non-pro-rata) and Chewy trapdoors, etc. Value: protects your priority and recovery if the borrower runs an aggressive restructuring.	**Missing —** Missed completely.
Reporting Requirements	**Captured —** Detailed annual and quarterly reporting requirements are captured. Value: helps you be proactive in monitoring financial health.	**Missing —** Details not present.
Required Lenders	**Captured —** Required Lender definition with presence of an unaffiliated-lender clause. Value: determines whether you can be steamrolled by a majority or hold a blocking position in a workout.	**Missing —** Missed completely.

Note: CredCore's output is more granular and to the point; ChatGPT's output is more descriptive.

Legend: **Captured** = fully surfaced · **Partial** = surfaced but missing key detail · **Missing** = not present.