

WORKING DRAFT - FOR DISCUSSION PURPOSES ONLY

EXHIBIT A: Tangible Net Worth Credit Matrix

| SENIOR UNSECURED DEBT/CREDIT RATING | TANGIBLE NET WORTH |
|-------------------------------------|--------------------|
| AAA - A+ | 7.50% |
| A | 6.50% |
| A- | 5.00% |
| BBB+ | 4.00% |
| BBB | 2.50% |
| BBB- | 1.50% |
| Below BBB- | 0.00% |

Starting Point Calculation

| Market Participant ABC | |
|------------------------|-------------------|
| Tangible Net Worth | 4,800,000 |
| Rating | A+ (S&P) |
| % of TNW | 7.50% |
| Baseline Amount | \$ 360,000 |

| Market Participant XYZ | |
|------------------------|----------------|
| Tangible Net Worth | 2,800,000 |
| Rating | BBB+ (S&P) |
| % of TNW | 4% |
| Baseline Amount | 112,000 |

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EXHIBIT B: Credit Score Components

| | |
|---|--|
| AREA 1 - CASH FLOW | |
| | |
| AREA 1 COMPONENTS | |
| a. | Cash from operations |
| b. | Net cash flows from investing |
| c. | Net cash flows from financings |
| d. | Net change in cash |
| | |
| AREA 2 - LIQUIDITY INDICATORS | |
| | |
| AREA 2 COMPONENTS | |
| a. | Cash Ratio |
| b. | Quick Ratio |
| c. | Current Ratio |
| d. | Working Capital |
| e. | Accounts Receivable Turnover (annualized) |
| f. | Accounts Payable Turnover (annualized) |
| g. | Days Sales Outstanding |
| | |
| AREA 3 - LEVERAGE & DEBT COVERAGE | |
| | |
| AREA 3 COMPONENTS | |
| a. | Short-term debt as a % of total debt |
| b. | Interest Coverage |
| c. | Total debt to tangible equity ratio |
| | |
| AREA 4 - PERFORMANCE & PROFITABILITY | |
| | |
| AREA 4 COMPONENTS | |
| a. | Total Operating Revenue |
| | |
| b. | Earning before taxes, interest, depreciation & amortization (EBITDA) |
| c. | Net Income |
| d. | Gross Margin as a % of sales |
| e. | SG&A as a % of sales |
| f. | Net Profit as a % of sales |
| | |
| AREA 5 - QUALITATIVE CONSIDERATIONS | |
| | |
| AREA 5 COMPONENTS | |
| a. | Size and availability of committed, unused revolving credit |
| | |
| b. | Trigger point covenants resulting in acceleration of debt repayment |
| c. | Debt Refinancing Schedule |
| d. | Short-term credit ratings & financial trends |
| e. | Contingent liabilities |

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EXHIBIT C: Example of Customer Credit Score Components

| | ABC Company | ABC 12/31/2001 |
|---|---|-------------------|
| AREA 1 - CASH FLOW | | |
| AREA 1 COMPONENTS | | |
| a. | Cash from operations | 908,000 |
| b. | Net Cash flows from investing | 200,000 |
| c. | Net Cash flows from financings | -100 |
| d. | Net Change in Cash | 1,000 |
| AREA 2 - LIQUIDITY INDICATORS | | |
| AREA 2 COMPONENTS | | |
| a. | Cash Ratio | 2.3 |
| b. | Quick Ratio | 1.76 |
| c. | Current Ratio | 2.5 |
| d. | Working Capital | 500,000 |
| e. | Accounts Receivable turnover (annualized) | 4.3 |
| f. | Accounts Payable turnover (annualized) | 15 |
| g. | Days Sales Outstanding | 38.35 |
| AREA 3 - LEVERAGE & DEBT COVERAGE | | |
| AREA 3 COMPONENTS | | |
| a. | Short-term debt as % of total debt | 10.07% |
| b. | Interest Coverage | 1.3 |
| c. | Total debt to tangible equity ratio | 160 |
| AREA 4 - PERFORMANCE & PROFITABILITY | | |
| AREA 4 COMPONENTS | | |
| a. | Total Operating Revenue | 5,725,000 |
| b. | Earnings before interest, taxes, depreciation and amortization | 1,360,000 |
| c. | Net Income | 179,000 |
| d. | Gross Margin as a % of sales | 73.35% |
| e. | SG&A as a % of sales | 3.12% |
| f. | Net Profit as a % of sales | 4.03% |
| AREA 5 - QUALITATIVE CONSIDERATIONS | | |
| AREA 5 COMPONENTS | | |
| a. | Size and availability of committed, unused revolving credit | Very good |
| b. | Trigger point covenants resulting in acceleration of debt repayment | Good |
| c. | Debt Refinancing Schedule | Very good |
| d. | Short-term credit ratings & financial trends | Very good |
| e. | Contingent liabilities | Excellent |

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EXHIBIT D: Example of Associated Industry Peer Group Comparison

| | ABC Company | ABC 12/31/2001 | Peer Group Median |
|---|---|-------------------|----------------------|
| AREA 1 - CASH FLOW | | | |
| AREA 1 COMPONENTS | | | |
| a. | Cash from operations | 908,000 | 198,288 |
| b. | Net Cash flows from investing | 200,000 | (153,132) |
| c. | Net Cash flows from financings | -100 | -725 |
| d. | Net Change in Cash | 1,000 | 770 |
| AREA 2 - LIQUIDITY INDICATORS | | | |
| AREA 2 COMPONENTS | | | |
| a. | Cash Ratio | 2.3 | 0.06 |
| b. | Quick Ratio | 1.76 | 0.48 |
| c. | Current Ratio | 2.5 | 0.81 |
| d. | Working Capital | 500,000 | (63,075) |
| e. | Accounts Receivable turnover (annualized) | 4.3 | 8.2 |
| f. | Accounts Payable turnover (annualized) | 15 | 11.3 |
| g. | Days Sales Outstanding | 38.35 | 42 |
| AREA 3 - LEVERAGE & DEBT COVERAGE | | | |
| AREA 3 COMPONENTS | | | |
| a. | Short-term debt as % of total debt | 10.07% | 0 |
| b. | Interest Coverage | 1.3 | 3.8 |
| c. | Total debt to tangible equity ratio | 160 | 107.8 |
| AREA 4 - PERFORMANCE & PROFITABILITY | | | |
| AREA 4 COMPONENTS | | | |
| a. | Total Operating Revenue | 5,725,000 | 1,944,211 |
| b. | Earnings before interest, taxes, depreciation and amortization | 1,360,000 | 306,507 |
| c. | Net Income | 179,000 | 76,694 |
| d. | Gross Margin as a % of sales | 73.35% | 95.70% |
| e. | SG&A as a % of sales | 3.12% | 4.20% |
| f. | Net Profit as a % of sales | 4.03% | 5.80% |
| AREA 5 - QUALITATIVE CONSIDERATIONS | | | |
| AREA 5 COMPONENTS | | | |
| a. | Size and availability of committed, unused revolving credit | Very good | Average |
| b. | Trigger point covenants resulting in acceleration of debt repayment | Good | Average |
| c. | Debt Refinancing Schedule | Very good | Average |
| d. | Short-term credit ratings & financial trends | Very good | Average |
| e. | Contingent liabilities | Excellent | Average |

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EXHIBIT E: Ordinal Ranking Score

| | ABC Company | ABC 12/31/2001 | Peer Group Median | Ordinal Ranking Score |
|---|---|----------------|-------------------|-----------------------|
| AREA 1 - CASH FLOW | | | | |
| AREA 1 COMPONENTS | | | | |
| a. | Cash from operations | 908,000 | 198,288 | 5 |
| b. | Net Cash flows from investing | 200,000 | (153,132) | 5 |
| c. | Net Cash flows from financings | -100 | -725 | 5 |
| d. | Net Change in Cash | 1,000 | 770 | 5 |
| AREA 2 - LIQUIDITY INDICATORS | | | | |
| AREA 2 COMPONENTS | | | | |
| a. | Cash Ratio | 2.3 | 0.06 | 5 |
| b. | Quick Ratio | 1.76 | 0.48 | 5 |
| c. | Current Ratio | 2.5 | 0.81 | 5 |
| d. | Working Capital | 500,000 | (63,075) | 5 |
| e. | Accounts Receivable turnover (annualized) | 4.3 | 8.2 | 5 |
| f. | Accounts Payable turnover (annualized) | 15 | 11.3 | 5 |
| g. | Days Sales Outstanding | 38.35 | 42 | 5 |
| AREA 3 - LEVERAGE & DEBT COVERAGE | | | | |
| AREA 3 COMPONENTS | | | | |
| a. | Short-term debt as % of total debt | 10.07% | 0 | -1 |
| b. | Interest Coverage | 1.3 | 3.8 | -3 |
| c. | Total debt to tangible equity ratio | 160 | 107.8 | -5 |
| AREA 4 - PERFORMANCE & PROFITABILITY | | | | |
| AREA 4 COMPONENTS | | | | |
| a. | Total Operating Revenue | 5,725,000 | 1,944,211 | 2 |
| b. | Earnings before interest, taxes, depreciation and amortization | 1,360,000 | 306,507 | 1 |
| c. | Net Income | 179,000 | 76,694 | 3 |
| d. | Gross Margin as a % of sales | 73.35% | 95.70% | 0 |
| e. | SG&A as a % of sales | 3.12% | 4.20% | 0 |
| f. | Net Profit as a % of sales | 4.03% | 5.80% | -2 |
| AREA 5 - QUALITATIVE CONSIDERATIONS | | | | |
| AREA 5 COMPONENTS | | | | |
| a. | Size and availability of committed, unused revolving credit | Very good | Average | 4 |
| b. | Trigger point covenants resulting in acceleration of debt repayment | Good | Average | 2 |
| c. | Debt Refinancing Schedule | Very good | Average | 3 |
| d. | Short-term credit ratings & financial trends | Very good | Average | 3 |
| e. | Contingent liabilities | Excellent | Average | 5 |

| Ordinal Ranking Score | |
|-----------------------|-----------------------|
| Percentile Ranking | Ordinal Ranking Score |
| >95% | 5 |
| 85%-95% | 4 |
| 75%-84% | 3 |
| 65%-74% | 2 |
| 55%-64% | 1 |
| 45%-54% | 0 |
| 35%-44% | -1 |
| 25%-34% | -2 |
| 15%-24% | -3 |
| 5%-14% | -4 |
| <5% | -5 |

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EXHIBIT F: Average Component Ordinal Ranking Score Calculation

| | ABC Company | ABC 12/31/2001 | Peer Group Median | Ordinal Ranking Score |
|---|---|-------------------|----------------------|-----------------------------|
| AREA 1 - CASH FLOW | | | | |
| AREA 1 COMPONENTS | | | | |
| a. | Cash from operations | 908,000 | 198,288 | 5 |
| b. | Net Cash flows from investing | 200,000 | (153,132) | 5 |
| c. | Net Cash flows from financings | -100 | -725 | 5 |
| d. | Net Change in Cash | 1,000 | 770 | 5 |
| | Total Score | | | 20 |
| | Average Score | | | 5 |
| AREA 2 - LIQUIDITY INDICATORS | | | | |
| AREA 2 COMPONENTS | | | | |
| a. | Cash Ratio | 2.3 | 0.06 | 5 |
| b. | Quick Ratio | 1.76 | 0.48 | 5 |
| c. | Current Ratio | 2.5 | 0.81 | 5 |
| d. | Working Capital | 500,000 | (63,075) | 5 |
| e. | Accounts Receivable turnover (annualized) | 4.3 | 8.2 | 5 |
| f. | Accounts Payable turnover (annualized) | 15 | 11.3 | 5 |
| g. | Days Sales Outstanding | 38.35 | 42 | 5 |
| | Total Score | | | 35 |
| | Average Score | | | 5 |
| AREA 3 - LEVERAGE & DEBT COVERAGE | | | | |
| AREA 3 COMPONENTS | | | | |
| a. | Short-term debt as % of total debt | 10.07% | 0 | -1 |
| b. | Interest Coverage | 1.3 | 3.8 | -3 |
| c. | Total debt to tangible equity ratio | 160 | 107.8 | -5 |
| | Total Score | | | -9 |
| | Average Score | | | -3 |
| AREA 4 - PERFORMANCE & PROFITABILITY | | | | |
| AREA 4 COMPONENTS | | | | |
| a. | Total Operating Revenue | 5,725,000 | 1,944,211 | 2 |
| b. | Earnings before interest, taxes, depreciation and amortization | 1,360,000 | 306,507 | 1 |
| c. | Net Income | 179,000 | 76,694 | 3 |
| d. | Gross Margin as a % of sales | 73.35% | 95.70% | 0 |
| e. | SG&A as a % of sales | 3.12% | 4.20% | 0 |
| f. | Net Profit as a % of sales | 4.03% | 5.80% | -2 |
| | Total Score | | | 4 |
| | Average Score | | | 0.67 |
| AREA 5 - QUALITATIVE CONSIDERATIONS | | | | |
| AREA 5 COMPONENTS | | | | |
| a. | Size and availability of committed, unused revolving credit | Very good | Average | 4 |
| b. | Trigger point covenants resulting in acceleration of debt repayment | Good | Average | 2 |
| c. | Debt Refinancing Schedule | Very good | Average | 3 |
| d. | Short-term credit ratings & financial trends | Very good | Average | 3 |
| e. | Contingent liabilities | Excellent | Average | 5 |
| | Total Score | | | 17 |
| | Average Score | | | 3.4 |

| Ordinal Ranking Score | |
|-----------------------|---------------|
| Percentile Ranking | Ordinal Score |
| >95% | 5 |
| 85%-95% | 4 |
| 75%-84% | 3 |
| 65%-74% | 2 |
| 55%-64% | 1 |
| 45%-54% | 0 |
| 35%-44% | -1 |
| 25%-34% | -2 |
| 15%-24% | -3 |
| 5%-14% | -4 |
| <5% | -5 |

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EXHIBIT G: Weighting Factors Assigned to Average Component Ordinal Ranking Score

| | ABC Company | ABC 12/31/2001 | Peer Group Median | Ordinal Ranking Score | | Weighting Assigned to Ordinal Ranking Score |
|---|---|-------------------|----------------------|-----------------------------|----------|---|
| AREA 1 - CASH FLOW | | | | | | |
| AREA 1 COMPONENTS | | | | | | |
| a. | Cash from operations | 908,000 | 198,288 | 5 | | |
| b. | Net Cash flows from investing | 200,000 | (153,132) | 5 | | |
| c. | Net Cash flows from financings | -100 | -725 | 5 | | |
| d. | Net Change in Cash | 1,000 | 770 | 5 | | |
| | Total Score | | | 20 | | |
| | Average Score | | | 5 | x | 15% |
| AREA 2 - LIQUIDITY INDICATORS | | | | | | |
| AREA 2 COMPONENTS | | | | | | |
| a. | Cash Ratio | 2.3 | 0.06 | 5 | | |
| b. | Quick Ratio | 1.76 | 0.48 | 5 | | |
| c. | Current Ratio | 2.5 | 0.81 | 5 | | |
| d. | Working Capital | 500,000 | (63,075) | 5 | | |
| e. | Accounts Receivable turnover (annualized) | 4.3 | 8.2 | 5 | | |
| f. | Accounts Payable turnover (annualized) | 15 | 11.3 | 5 | | |
| g. | Days Sales Outstanding | 38.35 | 42 | 5 | | |
| | Total Score | | | 35 | | |
| | Average Score | | | 5 | x | 50% |
| AREA 3 - LEVERAGE & DEBT COVERAGE | | | | | | |
| AREA 3 COMPONENTS | | | | | | |
| a. | Short-term debt as % of total debt | 10.07% | 0 | -1 | | |
| b. | Interest Coverage | 1.3 | 3.8 | -3 | | |
| c. | Total debt to tangible equity ratio | 160 | 107.8 | -5 | | |
| | Total Score | | | -9 | | |
| | Average Score | | | -3 | x | 7.50% |
| AREA 4 - PERFORMANCE & PROFITABILITY | | | | | | |
| AREA 4 COMPONENTS | | | | | | |
| a. | Total Operating Revenue | 5,725,000 | 1,944,211 | 2 | | |
| b. | Earnings before interest, taxes, depreciation and amortization | 1,360,000 | 306,507 | 1 | | |
| c. | Net Income | 179,000 | 76,694 | 3 | | |
| d. | Gross Margin as a % of sales | 73.35% | 95.70% | 0 | | |
| e. | SG&A as a % of sales | 3.12% | 4.20% | 0 | | |
| f. | Net Profit as a % of sales | 4.03% | 5.80% | -2 | | |
| | Total Score | | | 4 | | |
| | Average Score | | | 0.67 | x | 7.50% |
| AREA 5 - QUALITATIVE CONSIDERATIONS | | | | | | |
| AREA 5 COMPONENTS | | | | | | |
| a. | Size and availability of committed, unused revolving credit | Very good | Average | 4 | | |
| b. | Trigger point covenants resulting in acceleration of debt repayment | Good | Average | 2 | | |
| c. | Debt Refinancing Schedule | Very good | Average | 3 | | |
| d. | Short-term credit ratings & financial trends | Very good | Average | 3 | | |
| e. | Contingent liabilities | Excellent | Average | 5 | | |
| | Total Score | | | 17 | | |
| | Average Score | | | 3.4 | x | 20% |

| Ordinal Ranking Score | |
|-----------------------|---------------|
| Percentile Ranking | Ordinal Score |
| >95% | 5 |
| 85%-95% | 4 |
| 75%-84% | 3 |
| 65%-74% | 2 |
| 55%-64% | 1 |
| 45%-54% | 0 |
| 35%-44% | -1 |
| 25%-34% | -2 |
| 15%-24% | -3 |
| 5%-14% | -4 |
| <5% | -5 |

| Weighting Assigned to the Ordinal Ranking Score | |
|---|-------------|
| Weightings | % |
| Cash Flow | 15% |
| Liquidity | 50% |
| Leverage & Debt Coverage | 7.50% |
| Performance & Profitability | 7.50% |
| Qualitative | 20% |
| Total | 100% |

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EXHIBIT H: Positive Credit Score Adjustment Formula and Example Application

| | ABC Company | ABC 12/31/2001 | Peer Group Median | Ordinal Ranking Score | X | Weighting Assigned to Ordinal Ranking Score | = | Credit Score Adjustment |
|---|---|-------------------|----------------------|-----------------------------|----------|---|----------|----------------------------|
| AREA 1 - CASH FLOW | | | | | | | | |
| AREA 1 COMPONENTS | | | | | | | | |
| a. | Cash from operations | 908,000 | 198,288 | 5 | | | | |
| b. | Net Cash flows from investinc | 200,000 | (153,132) | 5 | | | | |
| c. | Net Cash flows from financings | -100 | -725 | 5 | | | | |
| d. | Net Change in Cash | 1,000 | 770 | 5 | | | | |
| | Total Score | | | 20 | | | | |
| | Average Score | | | 5 | x | 15% | = | 0.75 |
| AREA 2 - LIQUIDITY INDICATORS | | | | | | | | |
| AREA 2 COMPONENTS | | | | | | | | |
| a. | Cash Ratio | 2.3 | 0.06 | 5 | | | | |
| b. | Quick Ratio | 1.76 | 0.48 | 5 | | | | |
| c. | Current Ratio | 2.5 | 0.81 | 5 | | | | |
| d. | Working Capital | 500,000 | (63,075) | 5 | | | | |
| e. | Accounts Receivable turnover (annualized) | 4.3 | 8.2 | 5 | | | | |
| f. | Accounts Payable turnover (annualized) | 15 | 11.3 | 5 | | | | |
| g. | Days Sales Outstanding | 38.35 | 42 | 5 | | | | |
| | Total Score | | | 35 | | | | |
| | Average Score | | | 5 | x | 50% | = | 2.5 |
| AREA 3 - LEVERAGE & DEBT COVERAGE | | | | | | | | |
| AREA 3 COMPONENTS | | | | | | | | |
| a. | Short-term debt as % of total debt | 10.07% | 0 | -1 | | | | |
| b. | Interest Coverage | 1.3 | 3.8 | -3 | | | | |
| c. | Total debt to tangible equity ratio | 160 | 107.8 | -5 | | | | |
| | Total Score | | | -9 | | | | |
| | Average Score | | | -3 | x | 7.50% | = | -0.23 |
| AREA 4 - PERFORMANCE & PROFITABILITY | | | | | | | | |
| AREA 4 COMPONENTS | | | | | | | | |
| a. | Total Operating Revenue | 5,725,000 | 1,944,211 | 2 | | | | |
| b. | Earnings before interest, taxes, depreciation and amortization | 1,360,000 | 306,507 | 1 | | | | |
| c. | Net Income | 179,000 | 76,694 | 3 | | | | |
| d. | Gross Margin as a % of sales | 73.35% | 95.70% | 0 | | | | |
| e. | SG&A as a % of sales | 3.12% | 4.20% | 0 | | | | |
| f. | Net Profit as a % of sales | 4.03% | 5.80% | -2 | | | | |
| | Total Score | | | 4 | | | | |
| | Average Score | | | 0.67 | x | 7.50% | = | 0.05 |
| AREA 5 - QUALITATIVE CONSIDERATIONS | | | | | | | | |
| AREA 5 COMPONENTS | | | | | | | | |
| a. | Size and availability of committed, unused revolving credit | Very good | Average | 4 | | | | |
| b. | Trigger point covenants resulting in acceleration of debt repayment | Good | Average | 2 | | | | |
| c. | Debt Refinancing Schedule | Very good | Average | 3 | | | | |
| d. | Short-term credit ratings & financial trend | Very good | Average | 3 | | | | |
| e. | Contingent liabilities | Excellent | Average | 5 | | | | |
| | Total Score | | | 17 | | | | |
| | Average Score | | | 3.4 | x | 20% | = | 0.68 |
| Total Average Score | | | | | | | | 3.76 |

| | | |
|------------------------------------|---|-------|
| Positive Adjustment Formula | | |
| 3.76 | X | 8% = |
| 4.00 | | 7.51% |

Positive Adjustment **7.51%**

| Ordinal Ranking Score | |
|-----------------------|---------------|
| Percentile Ranking | Ordinal Score |
| >95% | 5 |
| 85%-95% | 4 |
| 75%-84% | 3 |
| 65%-74% | 2 |
| 55%-64% | 1 |
| 45%-54% | 0 |
| 35%-44% | -1 |
| 25%-34% | -2 |
| 15%-24% | -3 |
| 5%-14% | -4 |
| <5% | -5 |

| Weighting Assigned to the Ordinal Ranking Score | |
|---|-------------|
| Weightings | % |
| Cash Flow | 15% |
| Liquidity | 50% |
| Leverage & Debt Coverage | 7.50% |
| Performance & Profitability | 7.50% |
| Qualitative | 20% |
| | 100% |

| Credit Score Adjustment | |
|-------------------------|------------|
| Average Score | % Assigned |
| 5 | 10% |
| 4 | 8% |
| 3 | 6% |
| 2 | 4% |
| 1 | 2% |
| 0 | 0% |
| -1 | -10% |
| -2 | -20% |
| -3 | -50% |
| -4 | -80% |
| -5 | -100% |

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EXHIBIT J: Comprehensive Example of Credit Assessment Methodology

| | | ABC Company | XYZ Company |
|--------|---|----------------------------|----------------------------|
| | | <i>Positive Adjustment</i> | <i>Negative Adjustment</i> |
| | Tangible Net Worth | \$ 4,800,000 | 2,800,000 |
| | TNW % [A+=7.5%; BBB+=4% respectively] | 7.50% | 4% |
| Step 1 | Starting Point | \$ 360,000 | \$ 112,000 |
| Step 2 | Credit Scoring Adjustment (%) | 7.51% | -82.25% |
| Step 2 | Credit Scoring Adjustment Amount (positive \$ or negative \$) | \$ 27,036 | \$ (92,120) |
| Step 3 | Adjusted Amount [Starting Point + Credit Scoring Adjustment] | \$ 387,036 | \$ 19,880 |
| Step 3 | Market Concentration Cap ¹ | \$ 294,000 | 294,000 |
| Step 3 | Unsecured Credit Limit | \$ 294,000 | \$ 19,880 |
| Step 4 | Operating Requirement | \$ 264,000 | \$ 110,000 |
| Step 4 | Unsecured Credit Limit | \$ 264,000 | \$ 19,880 |
| Step 4 | Amount of Collateral Required (or pay-down agreement) | \$ - | \$ 90,120 |

¹ For purposes of this example, the Market Concentration Cap used is \$294 million, based on the following data:

| | | | | |
|--------|-----------------------|---------------------|---|---------------|
| Energy | August 2001 | \$817M x 1.50 x 20% | = | \$245M |
| ICAP | Aug/Sept/October 2001 | \$246M x 20% | = | \$49M |
| TCC | August 2001 | \$.5M x 20% | = | --- |
| | | | | \$294M |