

### Audit Committee Meeting Credit Watch Update

#### Risks

#### Actions Taken

K Mart	Has secured a \$2 billion Secured DIP Credit Line to fund operations while in bankruptcy. Reported losses of \$1 billion through April. Store closings completed. We are limiting exposure at \$50mm and do not need to increase the line at this point.
Maurice	Lost \$8mm at K Mart but still made money in 2001. Sufficient cash and credit line to pay vendors.
Riveter	Important French Customer. Worked out plan to pay down current receivables to stay within credit line and still receive product. Currently in compliance with plan.
Faber Brothers Inc.	Received 2nd position on accounts receivable and inventory to alleviate credit restrictions. Monitoring closely by review of quarterly financial statements.
Lillett Brothers	Management buyout completed. Reviewed and reviewed financial statements and lowered credit line to \$2.5mm based on losses incurred in the transaction.
Bangers	Continues to pay down current receivables in order to receive product and remain within credit line. Waiting on new financials.

