

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 to \$500m and do not see a 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.
Rivolier	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 progress by review of quarterly financial statements
Ellett Brothers	Management buyout completed. Received and reviewed financial statements and lowered credit line to \$2.6mm 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.