



MEMORANDUM

TO: NAESB Contracts Subcommittee
FROM: JannaLyn Allen
DATE: February 19, 2003
SUBJECT: WGQ Credit Support Addendum

Cinergy made the following changes to the documents based on the NAESB Contracts Subcommittee meeting on January 21, 2003:

- Incorporated the miscellaneous items listed on the redlined document from the meeting
 - Included header information and introductory paragraph, including statement of purpose
 - Included the requested definitions, changed to reflect the addition of a cover/elections sheet
 - Changed Requesting Party, Exposed Party, Non-Requesting Party and Non-Exposed Party to Secured Party and Pledging Party throughout
 - Accepted other changes agreed to in the meeting (such as edits to the "Eligibility to Hold Posted Collateral" section
 - Miscellaneous spell-check type corrections
- Incorporated the major sections requested
 - Sections III and IV, Delivery of Credit Support and Reduction and Substitution of Credit Support, are now directly from the EEI MNA Collateral Annex, Paragraphs 4 and 5
 - Section V, Disputed Calculations, has been inserted from Paragraph 8 of the EEI MNA Collateral Annex
- As a result of adding the new language from the EEI MNA Collateral Annex, a number of new definitions also needed to be included; following is a list of newly added defined terms for discussion:
 - Credit Elections Coversheet
 - Credit Support
 - Defaulting Party
 - Event of Default
 - NAESB Event of Default
 - Potential Event of Default
 - Specified Leter of Credit Issuer
 - Reference Market Maker
 - Substitute Posted Collateral