

August 20, 2003

Dear WGQ Contracts Subcommittee:

After the meeting today, I went back to review the definition of "Transfer" or "Transferred" in Paragraph 2. In particular, I wanted to re-look at the proposed language that Elizabeth had proposed at the end of item (ii). To be candid, I reviewed that language because it is the type of thing that Elizabeth never makes a mistake on and I felt that I must have missed something there despite the widespread agreement to the contrary. What I found in that review was that I believe Elizabeth was right in her proposal. That portion of item (ii) is addressing the delivery of an executed amendment from the SECURED PARTY to the PLEDGING PARTY after that amendment is signed by the Secured Party. I believe that I am right in thinking that the Secured Party, as beneficiary to the LC, would have to sign an amendment reducing the amount available thereunder. The whole sentence structure in the definition is a bit tortured, but I think that portion of item (ii) after the semicolon should read as follows:

"and for purposes of Paragraph 5, the return of the Letter of Credit by the Secured Party to the Pledging Party or delivery of an executed amendment (which amendment shall be given by the Pledging Party to the Secured Party) to the Letter of Credit in form and substance satisfactory to the Secured Party (reducing the amount available to the Secured Party thereunder) from the Secured Party to the Pledging Party, in each case to the address specified in the applicable demand letter or this CSA: and"

I will be happy to discuss this on Monday. Please note that I also put parenthesis around a portion of the words above to make it consistent with the first part of item (ii). I believe that that change makes the language a little clearer with respect to the change proposed by Elizabeth. I apologize for the confusion, but I have not been too involved in this and I needed a little time to piece it together. If you have any questions, please do not hesitate to call me.

Jeff

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