

Excerpts from Term Sheet

E. Fixed Interest Rate; Fixed Yield. The Participating Bonds will bear a fixed interest rate that will produce a “fixed yield” (as that phrase is defined in Treasury Regulations) over their term.

F. Payment, Accrual of Interest. Interest on the Participating Bonds will be paid in full on each Interest Payment Date (defined below) only if _____ achieves certain agreed upon Performance Targets (described below) during the preceding Semi-Annual Performance Measurement Period (defined below). If _____ does not achieve these Performance Targets interest will be paid on each Interest Payment Date to the extent of Waterman’s success. For example, if the applicable Financial Target is an Operating Margin of 8% and _____ achieves an operating margin of 6% during the applicable Semi-Annual Performance Measurement Period, _____ will pay 6/8 (75%) of the interest otherwise payable. All interest which is not paid on an Interest Payment Date will accrue, with interest at the stated rate of interest, until _____ performance meets or exceeds applicable Performance Targets. At that time all current interest, as well as all accrued interest, will be payable.

G. Performance Targets. The Participating Bonds will have two sets of performance targets: (i) one or more Financial Targets; and (ii) one or more Nonfinancial Targets.

1. Initial Financial Target. The initial Financial Target will be an Operating Margin (defined below) for the applicable period in excess of 8% of Net Revenues (defined below) for the same period.

2. Nonfinancial Targets. The initial Nonfinancial Targets are attached to this Term Sheet at Exhibit “A”.

H. Adjustments and Modifications of Performance Targets.

1. Automatic Adjustments. The Financial and Nonfinancial Targets will adjust automatically on the first day of each Semi-Annual Performance Measurement Period. The amount of the adjustment will equal 50% of the difference, if any, between the Performance Target and actual experience during the preceding Semi-Annual Performance Measurement Period. For example, if the Financial Target is an 8% Operating Margin, and [redacted] has a 10% Operating Margin during one Semi-Annual Measurement Period, the Financial Target for the next succeeding Semi-Annual Performance Measurement Period will be 9%.

2. Other Adjustments; Modifications. Each Financial and Nonfinancial Target can be modified or deleted, and new Performance Targets may be created, at any time by [redacted] with the approval of the [redacted] Corporate Management Committee. Prior to recommending to the [redacted] Corporate Management Committee any adjustment, modification or replacement of a Performance Target, [redacted] will seek input from a committee composed of equal numbers of Referring Investors and [redacted] representatives who are not Referring Investors (the "Performance Target Advisory Committee"). The initial Performance Targets and any subsequent modification or replacement of the Nonfinancial Target must remain in effect for at least one Semi-Annual Performance Measurement Period. The risks associated with failure to achieve the Nonfinancial Target will be taken in account in setting the stated interest rate on the Participating Bonds. Accordingly, [redacted] shall ensure that any adjustment, modification or replacement of a Performance Target does not reduce the risk of an accrual of interest.

I. Interest Payment Cap. The amount of interest payable on any Interest Payment Date (other than at maturity or redemption) will be limited to 50% of [redacted] Operating Margin for the Semi-Annual Performance Measurement Period preceding the current Interest

Payment Date in order to decrease the possibility that [redacted] would be faced with a cash outflow for interest payments that may materially and adversely affect [redacted] ability to perform, particularly if a substantial amount of interest has accrued and then becomes payable. Any interest not paid because of the interest payment cap will continue to accrue and compound.

J. Calculation of Interest Due Currently. [redacted] shall determine that amount of interest due at the next Interest Payment Date after the close of each Semi-Annual Performance Measurement Period. In making this determination [redacted] shall first calculate the extent of [redacted]'s compliance with the Financial Performance Target. [redacted] shall then apply its percentage fulfillment of this target to 50% of the stated interest amount. For example, if [redacted] achieves 80% of the Financial Target, and if that stated interest rate on the Participating Bonds is 10%, [redacted] will determine that 80% of 2.5% is due currently on the next Interest Payment Date. After calculating the amount of interest due currently due to fulfillment of the Financial Target, [redacted] will determine the amount of interest due currently as a result of [redacted]'s fulfillment of the Nonfinancial Targets. The Financial Targets are set forth at Exhibit "A" attached to this Term Sheet. There are three levels of compliance set forth for each target. In addition, there are three different weights attached to each target. Several examples illustrating how this calculation will be made are included in Exhibit "A".