INDEMNITY CALCULATIONS

Expense Percentage = Expenses for Insurance Year/Approved Expenses for Insurance Year
(Field 28)   (Field 26)   (Field 27)

Expense Reduction Percentage = 70% - Expense Percentage
(Field 29)   (Field 28)

Expense Reduction (Dollar Amount) = Expense Reduction Percentage * Approved AGR
(Field 31)   (Field 29)   (Field 30)

Adjusted AGR for Expenses = Approved AGR - Expense Reduction (Dollar Amount)
(Field 32)   (Field 30)   (Field 31)

Adjusted
AGR for Coverage Level = Adjusted AGR for Expenses * Coverage Level(Percentage)[1]
(Field 33)   (Field 32)   (Field 24)

Adjusted   Revenue to Count
Revenue to Count = for Insurance Year (+/-) Inventory (+/-) Accounts Receivable
(Field 37)   (Field 34)   (Field 35)   (Field 36)

                     Adjusted
Revenue Deficiency = AGR for Coverage Level - Adjusted Revenue to Count
(Field 38)   (Field 33)   (Field 37)

Indemnity = Revenue Deficiency * Payment Rate(Percentage)[1]
(Field 39)   (Field 38)   (Field 25)

Note: Dollar amount field are rounded to whole dollars.

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[1]These fields are whole numbers on record 23, but must be percentages in the
calculations (i.e. .65, .75, etc.)