

---

RMG Financial Consulting provides financial research, credit consulting support and credit scoring solutions to companies throughout North America that transact in wholesale energy markets. RMG Financial has been providing in-depth financial analysis of individual companies and industry trends for several years from a perspective gained from working as management at top-ten energy trading companies and from providing credit consulting services to a broad client base. Our credit scoring model incorporates our years of industry experience and includes the follow attributes:

### **Credit Scoring by Company Type**

The RMG Financial scoring model incorporates individual financial profiles for various types of companies. Each company type is scored separately and independently. Investor owned utilities, municipal utilities, financial institutions, energy producers and others have very different profiles, and the RMG Financial scoring model recognizes these differences.

### **Implied Credit Ratings for Non-Rated Companies**

Our scoring model employs financial, ratings (when available) and qualitative indicators to determine a numeric credit score for as many as five historic periods. Numeric credit scores are translated to implied S&P letter grades.

### **Adjustments to Financial Statement Data**

Our model allows the user to post most standard adjustments to financial statement information to translate GAAP reported accounting valuations to economic values. Off balance sheet debt, adjustments to earnings, calculations of tangible net worth and other adjustments can be posted to allow for greater accuracy of financial scores and credit limit estimates.

### **Credit Limit Estimates**

The RMG Financial model calculates estimated credit limits by individual company type. The model allows the user to set minimum and maximum credit limits for each company type and provides a choice of four industry standard methods to calculate estimated credit limits. Methods of credit limit calculation can be adjusted or refined to reflect each user's credit policies.

### **Transparency of Calculations and Scoring Data**

Our credit model is completely transparent – all calculations, financial data and ratios, weightings, scoring tables and mappings are available to the user. Nothing is hidden and there is no “black box”. The model is intuitive and user friendly and, if one chooses, can be easily modified by the user.

### **Validation and Back-testing**

We build our scoring models based on statistical analysis and our experience as financial analysts. We back-test our models with financial data from hundreds of companies and perform a re-validation of our scoring models on an annual basis. A written report of the results of our annual validation process is provided to our clients as an element of our product support.

### **Links to Financial Data**

RMG Financial has established a business relationship with Investortools, Inc. which provides financial data and financial analytic tools to over 200 clients throughout the world. The Investortools ECM and CreditScope products provide a sophisticated engine of pre-populated financial data to derive credit scores using the RMG Financial model.

For pricing information or if you would like to see an online demonstration of the RMG Financial credit scoring model, please don't hesitate to contact us at 509-468-2956, or by email at [grossmann@rmgfinancial.com](mailto:grossmann@rmgfinancial.com).