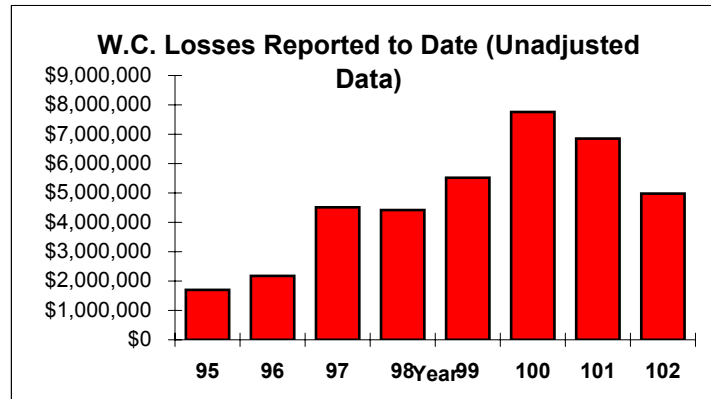


**Metroville, Texas**  
**Self-Insured Workers Compensation**  
**HISTORICAL LOSS SUMMARY**

| Policy Yr.<br>Incepting<br>(1/1-1/1) |         | Losses valued as of 12/11/2002<br>Months Following Policy Inception: |           |           |           |           |           |           |           |           |           |           |
|--------------------------------------|---------|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                      |         | 12   | 18        | 24        | 30        | 36        | 42        | 48        | 54        | 60        | 66        | 72        |
| 1995                                 | Paid    | 359,796  | 674,792   | 920,328   | 1,076,263 |           | 1,375,427 | 1,436,943 | 1,550,847 | 1,562,441 | 1,574,036 | 1,634,109 |
|                                      | Inc'd   | 952,670  | 1,358,408 | 1,557,904 | 1,522,735 |           | 1,579,707 | 1,599,753 | 1,681,030 | 1,684,604 | 1,686,280 | 1,707,976 |
|                                      | Total # | 885  | 986       | 1,001     | 1,005     |           | 1,007     | 1,010     | 1,009     | 1,009     | 1,009     | 1,009     |
|                                      | Med #   |  |           |           |           |           |           |           |           |           |           |           |
| 1996                                 | Paid    | 458,905  | 863,970   |           | 1,308,049 | 1,421,252 | 1,588,840 | 1,673,864 | 1,756,563 | 1,892,118 | 1,926,644 | 1,985,030 |
|                                      | Inc'd   | 1,394,120  | 1,520,035 |           | 1,855,076 | 1,786,781 | 1,941,885 | 1,907,430 | 1,989,326 | 2,154,496 | 2,353,575 | 2,172,289 |
|                                      | Total # | 1,036  | 1,155     |           | 1,176     | 1,178     | 1,185     | 1,186     | 1,185     | 1,185     | 1,185     | 1,185     |
|                                      | Med #   |  |           |           |           |           |           |           |           |           | 794       | 794       |
| 1997                                 | Paid    | 1,130,513  | 2,230,111 | 2,423,823 | 2,790,562 | 3,056,563 | 3,361,841 | 3,546,080 | 3,706,645 | 3,785,023 | 3,866,440 | 3,942,223 |
|                                      | Inc'd   | 2,505,601  | 3,291,515 | 3,498,402 | 3,883,260 | 4,218,080 | 4,326,260 | 4,386,614 | 4,464,123 | 4,473,921 | 4,494,260 | 4,511,060 |
|                                      | Total # | 1,851  | 1,996     | 2,002     | 2,002     | 2,003     | 2,004     | 2,005     | 2,006     | 2,007     | 2,010     | 2,008     |
|                                      | Med #   |  |           |           |           |           |           | 1,442     | 1,441     | 1,442     | 1,442     |           |
| 1998                                 | Paid    | 1,156,574  | 2,069,333 | 2,567,131 | 3,137,593 | 3,486,441 | 3,749,096 | 3,920,970 | 4,057,416 | 4,178,318 |           |           |
|                                      | Inc'd   | 3,040,307  | 3,664,696 | 4,015,216 | 4,285,091 | 4,348,043 | 4,307,670 | 4,319,449 | 4,407,049 | 4,418,731 |           |           |
|                                      | Total # | 2,160  | 2,305     | 2,310     | 2,316     | 2,319     | 2,321     | 2,321     | 2,322     | 2,322     |           |           |
|                                      | Med #   |  |           |           |           | 1,682     | 1,681     | 1,681     | 1,681     |           |           |           |
| 1999                                 | Paid    | 1,094,488  | 2,578,810 | 3,290,267 | 3,845,444 | 4,254,795 | 4,633,275 | 4,878,971 |           |           |           |           |
|                                      | Inc'd   | 2,911,913  | 4,305,038 | 4,869,218 | 5,033,096 | 5,255,481 | 5,448,572 | 5,518,629 |           |           |           |           |
|                                      | Total # | 2,010  | 2,486     | 2,507     | 2,516     | 2,521     | 2,525     | 2,524     |           |           |           |           |
|                                      | Med #   |  |           | 1,767     | 1,769     | 1,772     | 1,774     |           |           |           |           |           |
| 2000                                 | Paid    | 2,310,642  | 3,848,973 | 5,180,161 | 5,982,306 | 6,622,850 |           |           |           |           |           |           |
|                                      | Inc'd   | 5,288,014  | 6,455,376 | 7,073,126 | 7,514,547 | 7,757,136 |           |           |           |           |           |           |
|                                      | Total # | 2,535  | 2,669     | 2,683     | 2,695     | 2,695     |           |           |           |           |           |           |
|                                      | Med #   | 1,729  | 1,812     | 1,812     | 1,814     |           |           |           |           |           |           |           |
| 2001                                 | Paid    | 1,930,181  | 3,425,449 | 4,576,883 |           |           |           |           |           |           |           |           |
|                                      | Inc'd   | 4,675,987  | 5,915,108 | 6,852,977 |           |           |           |           |           |           |           |           |
|                                      | Total # | 2,585  | 2,762     | 2,771     |           |           |           |           |           |           |           |           |
|                                      | Med #   | 1,804  | 1,918     |           |           |           |           |           |           |           |           |           |
| 2002                                 | Paid    | 1,970,043  |           |           |           |           |           |           |           |           |           |           |
|                                      | Inc'd   | 4,979,240  |           |           |           |           |           |           |           |           |           |           |
|                                      | Total # | 3,126  |           |           |           |           |           |           |           |           |           |           |
|                                      | Med #   |  |           |           |           |           |           |           |           |           |           |           |



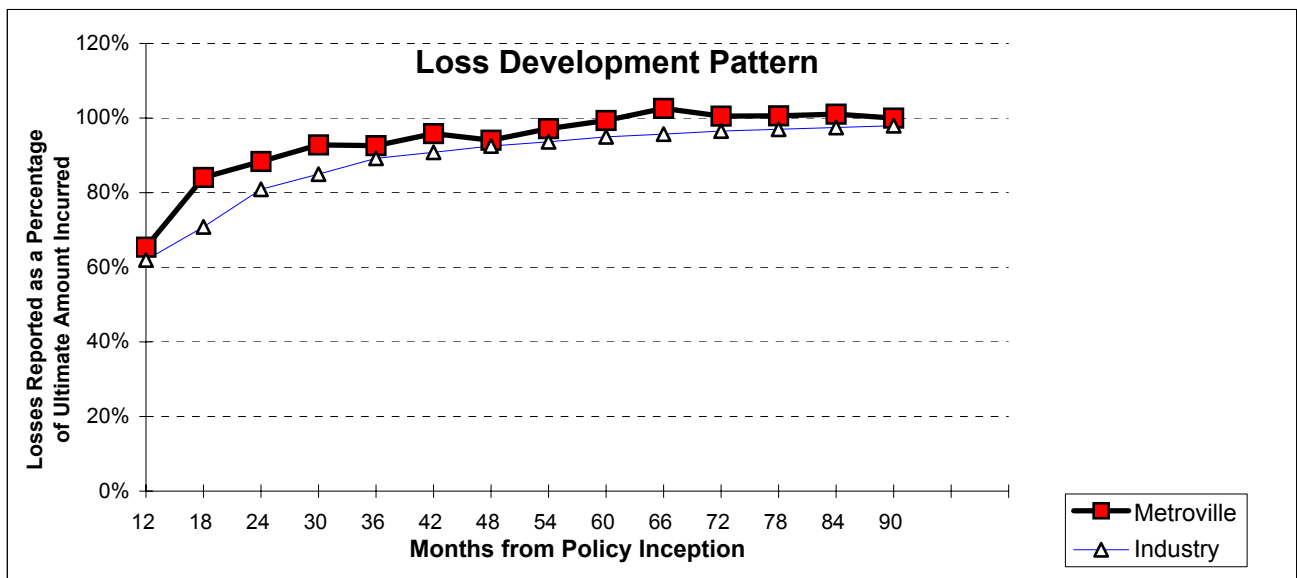
**Metroville, Texas**  
**Self-Insured Workers Compensation**  
**INCURRED LOSS - PERIOD TO PERIOD DEVELOPMENT FACTORS**  
**12/11/2002**

| Policy Year Incepting | 18/12 | 24/18 | 30/24 | 36/30 | 42/36 | 48/42 | 54/48 | 60/54 | 66/60 | 72/66 | 78/72 | 84/78 |
|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1995                  | 1.426 | 1.147 | 0.977 |       |       | 1.013 | 1.051 | 1.002 | 1.001 | 1.013 | 1.001 | 1.005 |
| 1996                  | 1.090 |       |       | 0.963 | 1.087 | 0.982 | 1.043 | 1.083 | 1.092 | 0.923 | 1.000 |       |
| 1997                  | 1.314 | 1.063 | 1.110 | 1.086 | 1.026 | 1.014 | 1.018 | 1.002 | 1.005 | 1.004 |       |       |
| 1998                  | 1.205 | 1.096 | 1.067 | 1.015 | 0.991 | 1.003 | 1.020 | 1.003 |       |       |       |       |
| 1999                  | 1.478 | 1.131 | 1.034 | 1.044 | 1.037 | 0.895 |       |       |       |       |       |       |
| 2000                  | 1.221 | 1.096 | 1.062 | 0.881 |       |       |       |       |       |       |       |       |
| 2001                  | 1.265 | 0.774 |       |       |       |       |       |       |       |       |       |       |
| 2002                  |       |       |       |       |       |       |       |       |       |       |       |       |

**CUMULATIVE DEVELOPMENT FACTORS**

Months from Inception:

|                                     | 12-18 | 18-24 | 24-30 | 30-36 | 36-42 | 42-48 | 48-54 | 54-60 | 60-66 | 66-72 | 72 to78 |
|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| Avg. Incremental Cumulative to Ult. | 1.286 | 1.051 | 1.050 | 0.998 | 1.035 | 0.981 | 1.033 | 1.022 | 1.033 | 0.980 | 1.001   |
| Industry to Ult:                    | 1.529 | 1.189 | 1.132 | 1.078 | 1.080 | 1.043 | 1.063 | 1.029 | 1.007 | 0.975 | 0.995   |
| Wt. to Metroville Fact              | 1.614 | 1.412 | 1.236 | 1.177 | 1.121 | 1.101 | 1.081 | 1.068 | 1.053 | 1.045 | 1.036   |
| Wt. to Ind. Factor                  | 70%   | 60%   | 50%   | 50%   | 40%   | 50%   | 40%   | 40%   | 30%   | 30%   | 20%     |
| Selected Factors*                   | 1.555 | 1.278 | 1.184 | 1.127 | 1.105 | 1.072 | 1.074 | 1.052 | 1.039 | 1.024 | 1.028   |

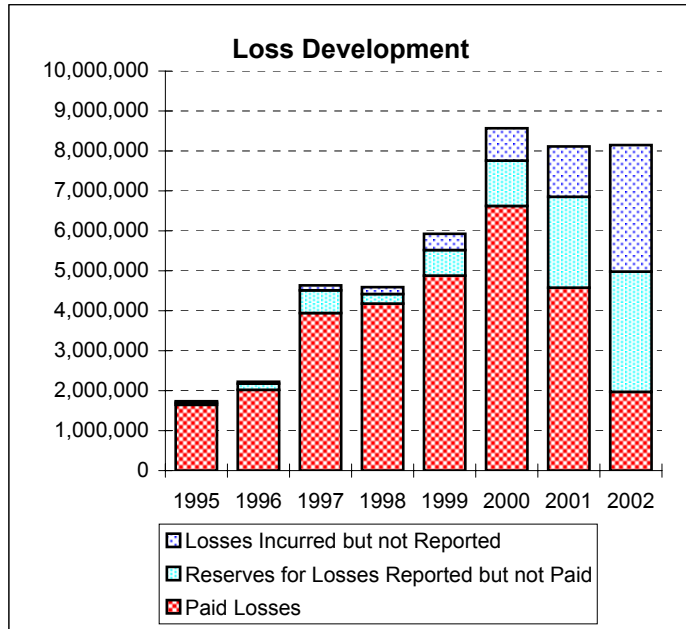


Industry Loss Development Factors are blended Workers' Compensation severity factors from Source #1 (60%) and Source #2 (40%).

**Metroville, Texas**  
**Self-Insured Workers Compensation**

**PRIOR YEARS ULTIMATE RESERVE BALANCES**  
**12/11/2002**

| <b>Policy Year Incepting</b> | <b>Months of Valuation</b> | <b>Paid Losses</b> | <b>O/S Reserve</b> | <b>Total Incurred</b> | <b>Development Factor*</b> | <b>Ultimate Incurred Losses</b> | <b>IBNR</b> |
|------------------------------|----------------------------|--------------------|--------------------|-----------------------|----------------------------|---------------------------------|-------------|
| <b>1995</b>                  | 90                         | 1,645,836          | 54,064             | 1,699,900             | 1.021                      | 1,735,598                       | 35,698      |
| <b>1996</b>                  | 84                         | 2,020,098          | 155,129            | 2,175,227             | 1.022                      | 2,223,873                       | 48,646      |
| <b>1997</b>                  | 72                         | 3,942,223          | 568,837            | 4,511,060             | 1.028                      | 4,636,291                       | 125,231     |
| <b>1998</b>                  | 60                         | 4,178,318          | 240,413            | 4,418,731             | 1.039                      | 4,591,406                       | 172,675     |
| <b>1999</b>                  | 48                         | 4,878,971          | 639,658            | 5,518,629             | 1.074                      | 5,926,183                       | 407,554     |
| <b>2000</b>                  | 36                         | 6,622,850          | 1,134,286          | 7,757,136             | 1.105                      | 8,568,116                       | 810,980     |
| <b>2001</b>                  | 24                         | 4,576,883          | 2,276,094          | 6,852,977             | 1.184                      | 8,112,755                       | 1,259,778   |
| <b>2002</b>                  | 12                         | 1,970,043          | 3,009,197          | 4,979,240             | 1.636                      | 8,147,846                       | 3,168,606   |
| <b>Totals</b>                |                            | 29,835,222         | 8,077,678          | 37,912,900            |                            | 43,942,068                      | 6,029,168   |



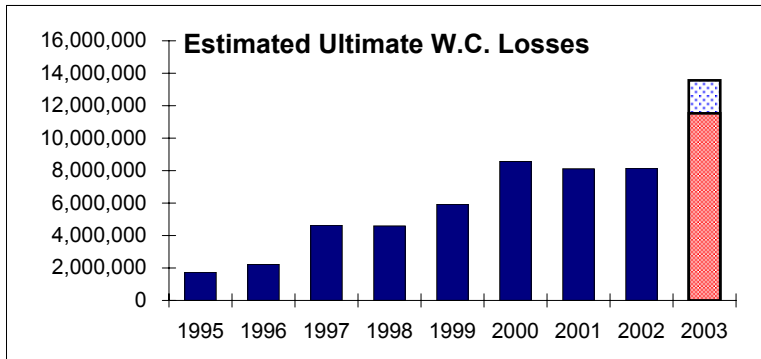
| <b>Cumulative Years Reserve Balances:</b> |
|---|
| <b>* Outstanding</b>                      |
| <b>* Inc'd But Not Reported</b>           |
| <b>* Ultimate Amounts not yet Paid</b>    |

**Metroville, Texas  
Self-Insured Workers Compensation**

**STATISTICAL LOSS ANALYSIS  
12/11/2002**

| <b>Policy Year Incepting</b> | <b>Valued # of Months From Incep.</b> | <b>Number of Claims</b> | <b>Estimated Ultimate Losses</b> | <b>Benefit Level Adj. Factor (A.M. Best)</b> | <b>Inflation-Adjusted Ultimate Losses</b> | <b>Number of Man-hours (Thousands)</b>        |
|------------------------------|---------------------------------------|-------------------------|----------------------------------|--|---|---|
| <b>1995</b>                  | 90                                    | 1,009                   | 1,735,598                        | 1.605  | 2,785,635                                 | 17,985  |
| <b>1996</b>                  | 84                                    | 1,185                   | 2,223,873                        | 1.536  | 3,415,868                                 | 20,804  |
| <b>1997</b>                  | 72                                    | 2,008                   | 4,636,291                        | 1.460  | 6,768,986                                 | 28,245  |
| <b>1998</b>                  | 60                                    | 2,322                   | 4,591,406                        | 1.370  | 6,290,226                                 | 34,069  |
| <b>1999</b>                  | 48                                    | 2,524                   | 5,926,183                        | 1.272  | 7,538,105                                 | 36,965  |
| <b>2000</b>                  | 36                                    | 2,695                   | 8,568,116                        | 1.186  | 10,161,786                                | 38,414  |
| <b>2001</b>                  | 24                                    | 2,771                   | 8,112,755                        | 1.123  | 9,110,623                                 | 39,040  |
| <b>2002</b>                  | 12                                    | 3,126                   | 8,147,846                        | 1.060  | <u>8,636,717</u>                          | <u>39,846</u>                                 |
| <b>2003</b>                  |                                       | +3.3% /yr. avg.         |                                  |  | 54,707,945                                | 255,368 Weighted Avg.<br>Linear Trend to 2003 |

**ESTIMATION OF AVERAGE EXPECTED 2003 ULTIMATE LOSSES:**



| <b>Method of Loss Estimation:</b>               | <b>Loss Rate</b> | <b>Projected Exposure</b> |
|---|------------------|---------------------------|
| <b>1. Weighted Avg. of Previous Loss Rates</b>  | <b>\$214</b>     | <b>53,819</b>             |
| <b>2. Extrapolation of Linear Trend 1989-91</b> | <b>\$252</b>     | <b>53,819</b>             |
| <b>3. Trend in addition to Benefits Incr.</b>   | <b>+2.8%</b>     |                           |

Actual losses which may occur in any future year will, most likely, differ from the estimate of 'Average Expected' losses, which are merely an estimate of the midpoint of a range of pos

## Metroville, Texas Self-Insured Workers Compensation

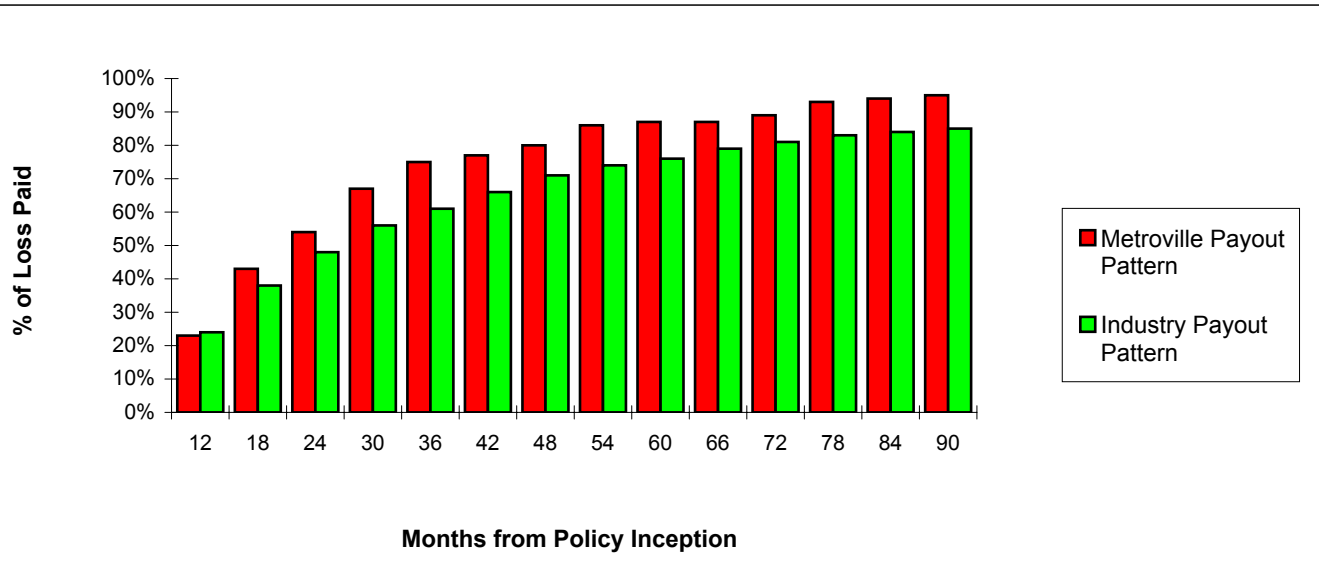
### CLAIMS PAID as a PERCENTAGE of ANTICIPATED ULTIMATE INCURRED LOSS 12/11/2002

#### Period to Period Payout Factors

| Policy Year Incepting | Months from Inception: |     |     |     |     |     |     |     |     |     |     |
|-----------------------|------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
|                       | 12                     | 18  | 24  | 30  | 36  | 42  | 48  | 54  | 60  | 66  | 72  |
| 1995                  | 21%                    | 39% | 53% | 62% |     | 79% | 83% | 89% | 90% | 91% | 94% |
| 1996                  | 21%                    | 39% |     | 59% | 64% | 71% | 75% | 79% | 85% | 87% | 89% |
| 1997                  | 24%                    | 48% | 52% | 60% | 66% | 73% | 76% | 80% | 82% | 83% | 85% |
| 1998                  | 25%                    | 45% | 56% | 68% | 76% | 82% | 85% | 88% | 91% |     |     |
| 1999                  | 18%                    | 44% | 56% | 65% | 72% | 78% | 82% | 93% |     |     |     |
| 2000                  | 27%                    | 45% | 60% | 70% | 77% |     |     |     |     |     |     |
| 2001                  | 24%                    | 42% | 56% | 84% | 96% |     |     |     |     |     |     |

#### Selected Payout Percentages of Estimated Ultimate Incurred Losses

|                        | Months from Inception: |            |            |            |           |           |           |           |           |           |           |
|------------------------|------------------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                        | 12                     | 18         | 24         | 30         | 36        | 42        | 48        | 54        | 60        | 66        | 72        |
| Cum. Avg. Payout       | 23%                    | 43%        | 54%        | 67%        | 75%       | 77%       | 80%       | 86%       | 87%       | 87%       | 89%       |
| Y-T-Y Payout           | 23%                    | 20%        | 11%        | 13%        | 8%        | 2%        | 3%        | 6%        | 1%        | 0%        | 2%        |
| Ind. Y-T-Y Payout      | 24%                    | 14%        | 10%        | 8%         | 5%        | 5%        | 5%        | 3%        | 2%        | 3%        | 2%        |
| Ind. Cum. Payout       | 24%                    | 38%        | 48%        | 56%        | 61%       | 66%       | 71%       | 74%       | 76%       | 79%       | 81%       |
| <b>Selected Payout</b> | <b>23%</b>             | <b>18%</b> | <b>11%</b> | <b>11%</b> | <b>6%</b> | <b>4%</b> | <b>4%</b> | <b>4%</b> | <b>2%</b> | <b>3%</b> | <b>2%</b> |



**Cause of Loss Analysis, Part 1  
Part of Body Affected by Injury  
The Three Most Costly Injuries 1987-91**

| Year | Leading Cause | % of Total \$ of Loss | % of Total # of Claims | 2nd Leading Cause | % of Total \$ of Loss | % of Total # of Claims | 3rd Leading Cause | % of Total \$ of Loss | % of Total # of Claims |
|------|---------------|-----------------------|------------------------|-------------------|-----------------------|------------------------|-------------------|-----------------------|------------------------|
| 1997 | Back Sprain   | 27.4%                 | 11.7%                  | Multibody         | 7.7%                  | 1.0%                   | Foot Fracture     | 6.9%                  | 0.3%                   |
| 1998 | Back Sprain   | 31.2%                 | 11.8%                  | Multibody         | 5.4%                  | 1.9%                   | Neck Sprain       | 4.7%                  | 0.9%                   |
| 1999 | Back Sprain   | 22.2%                 | 12.2%                  | Multibody         | 5.3%                  | 2.2%                   | Ruptured Disc     | 5.2%                  | 0.2%                   |
| 2000 | Back Sprain   | 33.5%                 | 14.6%                  | Soft Tissue       | 8.0%                  | 0.4%                   | Multibody Sprain  | 5.9%                  | 2.4%                   |
| 2001 | Back Sprain   | 27.5%                 | 15.6%                  | Multibody         | 5.6%                  | 1.8%                   | Knee Sprain       | 3.4%                  | 2.0%                   |

**Cause of Loss Analysis, Part 2**  
**Part of Body Affected by Injury**  
**The Three Most Frequent Injuries 1987-91**

| Year | Leading Cause | % of Total \$ of Loss | % of Total # of Claims | 2nd Leading Cause | % of Total \$ of Loss | % of Total # of Claims | 3rd Leading Cause    | % of Total \$ of Loss | % of Total # of Claims |
|------|---------------|-----------------------|------------------------|-------------------|-----------------------|------------------------|----------------------|-----------------------|------------------------|
| 1997 | Back Sprain   | 27.4%                 | 11.7%                  | Cut Fingers       | 1.9%                  | 9.7%                   | Eye - Foreign Object | 0.5%                  | 4.2%                   |
| 1998 | Back Sprain   | 31.2%                 | 11.8%                  | Cut Fingers       | 1.1%                  | 9.5%                   | Eye - Foreign Object | 0.3%                  | 6.0%                   |
| 1999 | Back Sprain   | 22.2%                 | 12.2%                  | Cut Fingers       | 2.1%                  | 7.6%                   | Eye - Foreign Object | 0.4%                  | 5.1%                   |
| 2000 | Back Sprain   | 33.5%                 | 14.6%                  | Cut Fingers       | 1.2%                  | 6.9%                   | Eye - Foreign Object | 0.6%                  | 6.1%                   |
| 2001 | Back Sprain   | 27.5%                 | 15.6%                  | Eye - Foreign     | 0.8%                  | 7.1%                   | Cut Fingers          | 2.8%                  | 7.0%                   |