D&B® Scores and Ratings

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D&B® Scores and Ratings Overview

A D&B BUSINESS CREDIT PROFILE CONTAINS 6 CRITICAL SCORES AND RATINGS. THESE CONSIST OF PREDICTIVE SCORES AND PERFORMANCE-BASED SCORES WHICH ARE DERIVED USING INFORMATION DUN & BRADSTREET HAS IN ITS DATABASE.

Predictive Scores

Predictive scores suggest how a business will perform over the next 12 months

3 PREDICTIVE SCORES

suggest how a business will perform over the next 12 months:

1. THE D&B® DELINQUENCY PREDICTOR SCORE predicts whether a business will pay its bills on time.

2. THE D&B FINANCIAL STRESS SCORE® predicts the chance that a business will experience financial distress.

2. THE D&B® SUPPLIER EVALUATION RISK RATING predicts whether a business will stop delivering its goods and services.

The purpose of predictive scores is to forecast a company's expected performance over the next year.

Performance-Based Scores

Performance-based scores use historical information in a company's D&B credit.

3 PERFORMANCE-BASED SCORES

use historical information in a company's D&B credit profile to help paint a picture of the company's past performance:

1. THE D&B PAYDEX® SCORE indicates how a company has paid its bills over the last 24 months.

2. THE D&B® RATING indicates a company's net worth range based on company financial statements, as well as a company's overall condition. If a company's financial statements are not provided, the score is based on company size, industry, or other related factors.

2. THE D&B VIABILITY RATING® assesses the probability that a company will go out of business, become dormant/inactive, or file for bankruptcy/insolvency within the next 12 months.

Taken together, these scores can help showcase a company's strengths to potential partners, vendors, suppliers, and lending institutions.

To learn more about building and protecting your business credit, call a D&B Credit Advisor at 1-855-464-2473.

D&B® Delinquency Predictor Score

The Delinquency Predictor Score predicts the likelihood that a business will make a severely late payment. In other words, this score predicts whether a business will pay its bills on time.

The score ranges from 101 to 670, where the higher the score, the better. This score is then broken into Classes. The classes range from 1 to 5, where 1 represents a low risk of late payment and 5 represents a high risk.

Your Delinquency Predictor Score is influenced by information in the D&B® database about your past payment performance, demographic and financial information, and outstanding suits and liens.

1 = Low Risk

5 = High Risk

Delinquency Predictor Risk Class	% of Businesses within this Delinquency Predictor Class	Delinquency Predictor Percentile	Delinquency Predictor Score
1	10%	91-100	580-670
2	20%	71-90	530-579
3	40%	31-70	481-529
4	20%	11-30	453-480
5	10%	1-10	101-452

See Glossary for full definition

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D&B Financial Stress Score®

The Financial Stress Score predicts whether your business will experience financial distress or failure. The score ranges from 1,001 to 1,875 where the higher the score, the better. The score is then broken into Classes ranging from 1 to 5, where 1 represents a low risk of financial distress and 5 represents a high risk.

Your Financial Stress Score is influenced by information in the D&B® database about your payment history, demographic and financial information, and outstanding suits and liens.

1 = Low Risk

5 = High Risk

Potential business partners, banks, other financial institutions, and customers could use the Financial Stress Score to help determine whether your company will have the financial resources to handle its expenses.

Dun & Bradstreet defines a financially stressed company as one that:

- Ceased operations following assignment or bankruptcy
- Ceased operations with loss to creditors
- Voluntarily withdrew from business operation leaving unpaid obligations
- Is in receivership, reorganization, or has made an arrangement for the benefit of creditors.

Risk Class	Score Range	Percentile Range (approx)	% Within Range (approx)	Failure Rate
1	1570-1875	95-100	6%	0.03%
2	1510-1569	69-94	26%	0.09%
3	1450-1509	34-68	35%	0.24%
4	1340-1449	2-33	32%	0.84%
5	1001-1339	1	1%	4.70%

See Glossary for full definition

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D&B® Supplier Evaluation Risk Rating

The Supplier Evaluation Risk Rating, or SER Rating, predicts the likelihood that a supplier will cease business operations or become inactive over the next 12 months. In other words, it predicts whether a business will deliver goods and services as promised. The SER Rating ranges from 1 to 9, where 1 represents a low supplier risk and 9 represents a high risk.

Your SER Rating is influenced by information in the D&B® database about your past payment performance, demographic and financial information, and outstanding suits and liens.

Vendors, suppliers, and other business partners can use the SER Rating to help them reduce the cost and risk of choosing suppliers, and to gain competitive advantage.

1 = Low Risk

9 = High Risk

Supplier Evaluation Risk Rating	% of Businesses in D&B Supplier Database (approx.)	Projected Out of Business (OOB) Rate	% of OOBs Identified (approx.)
1	13%	1.28%	3%
2	15%	2.14%	6%
3	12%	3.06%	7%
4	13%	3.74%	9%
5	18%	5.37%	17%
6	11%	8.02%	15%
7	3%	9.27%	6%
8	12%	12.96%	26%
9	3%	21.05%	11%

See Glossary for full definition

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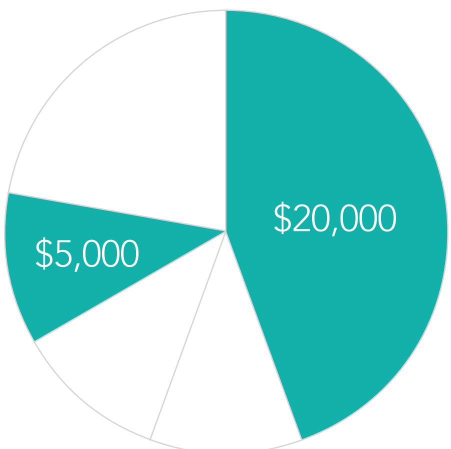
D&B PAYDEX® Score

The PAYDEX Score indicates how quickly your company has paid its bills. The bigger the bill, the more weight it may have on the PAYDEX Score.

For example, how quickly you paid a $20,000 invoice may influence your PAYDEX score more than a $5,000 invoice.



PAYDEX® Score

The score ranges from 1 to 100, where higher scores indicate better payment performance.

What makes a good PAYDEX score? Generally speaking, any score of 70 or above. A score of 80 represents prompt payment, while a score of 70 represents payments within 15 days of terms. Scores of 50 or lower indicate 30 or more days past terms.

Higher PAYDEX scores may result in better payment terms, insurance premiums, or credit limits, allowing you to better manage your company cash flow.

Score to Payment Habit

100	30	Days sooner than terms
90	20	
80	0	On Due Date
70	15	Days beyond terms
60	22	
50	30	
40	60	
30	90	
20	120	
UN	unavailable	

[Reference next page for detailed average days to pay]

See Glossary for full definition

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D&B PAYDEX® Score

PAYDEX	Average Days to Pay
100	30 days sooner than terms
99	29 days sooner than terms
98	28 days sooner than terms
97	27 days sooner than terms
96	26 days sooner than terms
95	25 days sooner than terms
94	24 days sooner than terms
93	23 days sooner than terms
92	22 days sooner than terms
91	21 days sooner than terms
90	20 days sooner than terms
89	18 days sooner than terms
88	16 days sooner than terms
87	14 days sooner than terms
86	12 days sooner than terms
85	10 days sooner than terms
84	8 days sooner than terms
83	6 days sooner than terms
82	4 days sooner than terms
81	2 days sooner than terms
80	ON TERMS
79	2 days beyond than terms
78	3 days beyond than terms
77	5 days beyond than terms
76	6 days beyond than terms
75	8 days beyond than terms
74	9 days beyond than terms
73	11 days beyond than terms
72	12 days beyond than terms
71	14 days beyond than terms
70	15 days beyond than terms
69	16 days beyond than terms
68	17 days beyond than terms
67	18 days beyond than terms
66	19 days beyond than terms
65	19 days beyond than terms
64	19 days beyond than terms
63	20 days beyond than terms
62	21 days beyond than terms
61	22 days beyond than terms
60	22 days beyond than terms

PAYDEX	Average Days to Pay
59	23 days beyond than terms
58	24 days beyond than terms
57	25 days beyond than terms
56	26 days beyond than terms
55	26 days beyond than terms
54	27 days beyond than terms
53	28 days beyond than terms
52	29 days beyond than terms
51	29 days beyond than terms
50	30 days beyond than terms
49	33 days beyond than terms
48	36 days beyond than terms
47	39 days beyond than terms
46	42 days beyond than terms
45	45 days beyond than terms
44	48 days beyond than terms
43	51 days beyond than terms
42	54 days beyond than terms
41	57 days beyond than terms
40	60 days beyond than terms
39	63 days beyond than terms
38	66 days beyond than terms
37	69 days beyond than terms
36	72 days beyond than terms
35	75 days beyond than terms
34	78 days beyond than terms
33	81 days beyond than terms
32	84 days beyond than terms
31	87 days beyond than terms
30	90 days beyond than terms
29	93 days beyond than terms
28	96 days beyond than terms
27	99 days beyond than terms
26	102 days beyond than terms
25	105 days beyond than terms
24	108 days beyond than terms
23	111 days beyond than terms
22	114 days beyond than terms
21	117 days beyond than terms
20	120 days beyond than terms
1 to 19	Over 120 days beyond than terms

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D&B® Rating

The D&B Rating is a performance score based on a company's net worth and an overall credit assessment. It is broken into 3 categories that are assigned depending on the amount of information available on a company.

1. THE TRADITIONAL D&B RATING reflects net worth or equity. D&B calculates this using the company's financial statements. This score also contains the Composite Credit Appraisal Score, which is an overall assessment of creditworthiness based on company payments and financial stability.

2. THE EXPANDED CREDIT APPRAISAL SCORE is assigned if financials are not available. It is based on the total number of employees for the business.

3. ALTERNATIVE RATINGS are used if neither financials nor company size is available. Each of the Alternative Ratings has a specific description and use, and all are based on the amount of information available in the company's credit report.

The D&B Rating is measured on both company financials and payment experiences. Both need to be present in the report to qualify for the Traditional D&B Rating. This means that even if your company has payment experiences in its business credit profile, if the financials are not present, the company can be assigned a score in one of the other two categories.

Rating Classification (Based on Worth from Interim or Fiscal Balance Sheet)				Composite Credit Appraisal			
				High	Good	Fair	Limited
5A	$50,000,000		and over	1	2	3	4
4A	$10,000,000	to	$49,999,999	1	2	3	4
3A	$1,000,000	to	$9,999,999	1	2	3	4
2A	$750,000	to	$999,999	1	2	3	4
1A	$500,000	to	$749,999	1	2	3	4
BA	$300,000	to	$499,999	1	2	3	4
BB	$200,000	to	$299,999	1	2	3	4
CB	$125,000	to	$199,999	1	2	3	4
CC	$75,000	to	$124,999	1	2	3	4
DC	$50,000	to	$74,999	1	2	3	4
DD	$35,000	to	$49,999	1	2	3	4
EE	$20,000	to	$34,999	1	2	3	4
FF	$10,000	to	19,999	1	2	3	4
GG	$5,000	to	$9,999	1	2	3	4
HH	up to	to	$4,999	1	2	3	4

Rating Classification (Based on Number of Employees)		Key to Employee Range (Applicable to lines of business not covered by the D&B Rating system)		
		Good	Fair	Limited
1R	10 and over	2	3	4
2R	1-9	2	3	4

Key To Employee Range (Applicable to lines of business not covered by the D&B Rating system)	
ER1	1,000 or more
ER2	500-999
ER3	100-499
ER4	50-99
ER5	20-49
ER6	10-19
ER7	5-9
ER8	1-4
ERN	Not Available

See Glossary for full definition

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D&B Viability Rating®

The D&B Viability Rating assesses the probability that a company will go out of business, become dormant/ inactive, or file for bankruptcy/insolvency within the next 12 months, by comparing like businesses. The rating ranges from 1 to 9, with higher scores indicating a greater probability of a business no longer becoming viable. The Viability Rating uses D&B's proprietary analytics to compare the most predictive business risk indicators and delivers an assessment of the probability that a company will no longer be in business within the next 12 months. The D&B Viability Rating is made up of four components: the Viability Score, the Portfolio Comparison, the Data Depth Indicator, and the Company Profile.

VIABILITY SCORE is the first of four components within the D&B Viability Rating. It is a high-level risk indicator that assesses the probability that a company will no longer be in business within the next 12 months, compared to all US businesses within the D&B database. A business is no longer viable when it goes out of business, becomes dormant/inactive, or files for bankruptcy. The ranking ranges from 1 to 9, where 9 reflects the highest probability of becoming no longer viable, and 1 reflects the lowest probability.

PORTFOLIO COMPARISON is the second of four components within the D&B Viability Rating. Portfolio Comparison is a more detailed risk indicator that assesses the viability of a company compared to similar businesses within the same model segment, which are determined by the amount and type of data available. A business is no longer viable when it goes out of business, becomes dormant/inactive or files for bankruptcy. Every business within the D&B database falls into one of the following four profile segments: Available Financial Data Established Trade Payments Limited Trade Payments Firmographics and Business Activity The Portfolio Comparison ranking ranges from 1 to 9, where 9 reflects the highest probability of becoming no longer viable, and 1 reflects the lowest probability.

DATA DEPTH INDICATOR is the third of four components within the D&B Viability Rating. The Depth of Data Indicator presents the level of data available for a company. Data depth assists in the assessment of whether a company will no longer be viable and includes the following: Financial Attributes Commercial Trading Activity Firmographics The level of data is represented by a letter on a scale of A – G, where A reflects the greatest level of predictive data to make a highly reliable assessment of company viability, and G reflects a minimal level of data which can be considered descriptive. The more comprehensive the data, the more precise the overall D&B Viability Rating becomes. If a company has been placed in the Special Category, a letter ranging from H-M will be assigned to identify the specific reason.

COMPANY PROFILE is the last component within the D&B Viability Rating. The Company Profile describes a company based on a combination of four categories: Financial Data Trade Payments Company Size Years in Business A company is characterized by a letter which ranges from A – X; with each letter representing a combination of the 4 categories that make up the company's profile. For example, "A" describes a company with a comprehensive level data, which has been in business 5+ years, with 50+ employees or $500K+ in Sales, while "X" reflects a company with a minimal level data, in business.

See Glossary for full definition

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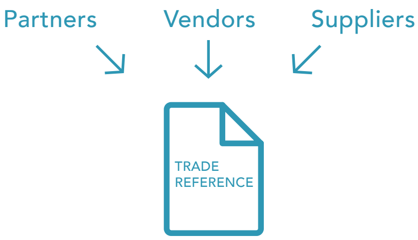
Trade References

WHAT ARE TRADE REFERENCES?

Many of Dun & Bradstreet's scores and ratings are calculated using information on how a company pays its bills. Do you generally pay your bills on time, or are you consistently behind on payments? Dun & Bradstreet collects payment information from suppliers, vendors, and other partners. Some companies report payment behavior to Dun & Bradstreet automatically. Customers can also manually submit Trade References* to Dun & Bradstreet manually via its CreditBuilder™ product. Credit references or payment experiences can be a major factor in scores such as the D&B PAYDEX® Score.



HOW DO TRADE REFERENCES IMPACT MY BUSINESS CREDIT?

Dun & Bradstreet works with thousands of U.S. companies that regularly report payment experiences. But not all companies automatically report their payment experiences.

If you are paying your bills on time and working with suppliers that don't report payment experiences to Dun & Bradstreet, your business credit profile may not be telling the full story of your business creditworthiness or financial strength.

*Trade References will be added subject to Dun & Bradstreet verification and acceptance. Please see https://www.dandb.com/glossary/trade-references/ for eligibility, process, and other information regarding Trade References.

For example, Dun & Bradstreet needs 3 payment experiences to calculate a PAYDEX Score. That means if you don't have 3 suppliers reporting payment experiences to Dun & Bradstreet, Dun & Bradstreet may not be able to assign a PAYDEX Score to your company. Not having a PAYDEX Score could contribute to an incomplete business credit profile, which may contribute to higher premiums, higher interest rates, lost business, or challenges in raising capital.

> My D&B credit file was incomplete and I couldn't gain the business credit I needed. Thereafter, I built my D&B credit file, and was **able to get approval for $10K per week in gas cards for my trucking business.** Not only will this help improve my cash flow but it will help save my company a bundle.

American Orange Trucking

Herbert Lorfing, President

To learn more about building and protecting your business credit, call a D&B Credit Advisor at **1-855-464-2473**.

How Can I Avoid or Fix Mistakes in my D&B® Credit File?

How can I avoid or fix mistakes in my D&B® credit file?

Occasionally, people notice inaccuracies or omissions in their business credit profile. Fortunately, mistakes and omissions can be fixed through the "Company Update" portal on Dun & Bradstreet's website. With Company Update, you can modify your company's demographic information, dispute reported slow payments, and request investigations on your legal and public filings at any time, free of charge. We also have a team of Credit Advisors who would be happy to speak with you on the phone at 1-866-584-0283.

Update your company's credit profile information for FREE at **www.CompanyUpdate.com**

Glossary

D&B® Delinquency Predictor Score Defined:

The Delinquency Predictor Score predicts the likelihood of a business paying its bills in a severely delinquent manner (91 days or more past terms), obtaining legal relief from creditors or ceasing operations without paying all creditors in full over the next 12 months. Dun & Bradstreet defines a severely delinquent firm as a business with at least 10% of its dollars 91+ days slow. Dollars are weighted based on total balance of 91+ accounts compared to total balance owed, based on the information in D&B's commercial database. The score ranges from 101 to 670, where 101 represent the highest probability and 670 represent the lowest probability of delinquency.

A Delinquency Predictor Risk Class of 1-5 is a segmentation of the scorable universe into five distinct groups where a one (1) represents businesses that have the lowest probability of delinquency, and five (5) represents businesses with the highest probability of delinquency. This Class enables customers to quickly segment new and existing accounts into various risk segments to determine appropriate marketing or credit policies.

D&B Financial Stress Score® Defined:

D&B's Financial Stress Score was designed to help predict a business's potential for failure. It is designed to predict the likelihood that a company will obtain legal relief from creditors or cease operations without paying all creditors in full over the next 12 months. The score uses the full range of D&B information, including financials, comparative financial ratios, payment trends, public filings, demographic data and more.

A Financial Stress Class of 1- 5 is a segmentation of the scorable universe into five distinct risk groups where a one (1) represents businesses that have the lowest probability of financial stress, and a five (5) represents businesses with the highest probability of financial stress. This Class enables customers to quickly segment new and existing accounts into risk groupings to help determine appropriate marketing or credit policies.

D&B® Supplier Evaluation Risk Rating Defined:

The Supplier Evaluation Risk (SER) Rating predicts the likelihood that a supplier will cease business operations or become inactive over the next 12 month period based on the depth of predictive data attributes available on the business. The SER Rating scoring system uses statistical probabilities to classify public and private companies into a 1-9 risk rating, where 1 represents low risk and 9 represents high risk.

D&B® Rating Defined:

D&B's unique dollar-weighted numerical indicator of how a firm paid its bills over the past year, based on trade experiences reported to Dun & Bradstreet by various vendors.

D&B® Rating Defined:

The D&B Rating can help you quickly assess a firm's size and composite credit appraisal, based on information in a company's interim or fiscal balance sheet and an overall evaluation of the firm's creditworthiness.

The "5A" to "HH" Rating Classifications reflect company size based on worth or equity as computed by Dun & Bradstreet. Company size can be an effective indicator of credit capacity. These Ratings are assigned to businesses that have supplied Dun & Bradstreet with a current financial statement.

The "1R" and "2R" Rating categories reflect company size based on the total number of employees for the business. They are assigned to company files that do not contain a current financial statement.

Employee Range (ER) Ratings apply to certain lines of business that do not lend themselves to classification under the D&B Rating system. Instead, we assign these types of businesses an Employee Range symbol based on the number of people employed. No other significance should be attached to this symbol.

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Glossary

D&B Viability Rating® Defined:

The D&B Viability Rating assesses the probability that a company will go out of business, become dormant/inactive, or file for bankruptcy/insolvency within the next 12 months, by comparing like businesses. The rating ranges from 1 to 9, with higher scores indicating a greater probability of a business no longer becoming viable. The Viability Rating uses D&B's proprietary analytics to compare the most predictive business risk indicators and delivers an assessment of the probability that a company will no longer be in business within the next 12 months. The D&B Viability Rating is made up of four components: the Viability Score, the Portfolio Comparison, the Data Depth Indicator, and the Company Profile.

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